



ARCACONTINENTAL



RISING TO THE CHALLENGE

Integrated Annual Report 2020

TABLE OF CONTENTS

3	COMPANY PROFILE
5	FINANCIAL HIGHLIGHTS
6	SUSTAINABLE DEVELOPMENT
7	CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS
8	ORGANIZATIONAL CULTURE
9	MESSAGE FROM THE CHAIRMAN OF THE BOARD AND THE CEO
17	PRIORITIZING THE ASSOCIATES
19	Taking Care of our Associates
22	Health and Safety
26	Talent Management
37	IMPROVING EXCELLENCE LEVELS
39	Product Performance
40	Safe Products and Ingredients
41	Reduction of the caloric Footprint
42	New Products
43	Logistics Optimization
44	Digitalization
45	Yomp!
46	Customer and Consumer Service
48	Customer Service Innovation
50	Environmental Commitment
77	Continuous Improvement
81	GENERATING SHARED VALUE
83	Customer Support
86	Development Program for Retailers
89	Responsible Marketing
90	Value Chain
97	Sustainable Communities
103	Ethical Behavior
109	Corporate Governance
114	BOARD OF DIRECTORS
117	EXECUTIVE TEAM
119	APPENDICES
120	Associates Statistics
121	Materiality and Stakeholders
124	Risk Management
130	Awards and Honors
137	CONSOLIDATED FINANCIAL STATEMENTS
208	GRI CONTENT INDEX
211	VERIFICATION LETTER

ABOUT THIS REPORT

[102-12, 102-50, 102-54]

This document is an Integrated Report of Arca Continental's performance and main achievements in 2020. The organization's progress under the framework of its development strategy and the generation of social, environmental, and economic value, both in the medium and long term, is approached from the perspective of capacity building to achieve better results that measure up to the challenge. It includes events and consolidated data on all countries and company operations, except where otherwise indicated. The period covered by this report runs from January 1 to December 31, 2020.

This report is technical in nature and responds to the different methodologies, indices, and commitments of the company, such as the Ten Principles of the United Nations Global Compact, the S&P Global CSA, Dow Jones Sustainability Index, FTSE4Good and MSCI. Also, it has been prepared following the <IR> Integrated Reporting Framework and in accordance with the GRI (Global Reporting Initiative) standards under the Essential option.

This report is the main communication tool of the company's annual performance and seeks to open a dialogue with our stakeholders. We would very much appreciate your observations and comments regarding it. This compilation represents the synergy between the private sector, the community, and the authorities, which will undoubtedly be the main engine of sustainable development.

In it we want to demonstrate how our sustainability and risk management strategy and actions are fully integrated into the general strategy of the company to ensure our stakeholders the operational continuity of Arca Continental, community development and the protection of the environment.

→ Company Profile

[102,1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-7, 202-10]

Arca Continental S.A.B. de C.V. produces, distributes and sells beverages under The Coca-Cola Company brands, as well as salty snacks under the Bokados brands in Mexico, Inalecsa in Ecuador, and Wise and Deep River in the United States. The organization's corporate headquarters are located in the city of Monterrey, in the state of Nuevo León, Mexico.

With an outstanding business track record of over 95 years, Arca Continental is the second-largest Coca-Cola bottler in Latin America, and one of the leading bottlers in the world. Within its Coca-Cola franchise, the company serves a population of over 123 million people in the northern and western regions of Mexico, as well as in Ecuador, Peru, in the northern region of Argentina, and the southwestern region of the United States. Arca Continental is listed on the Mexican Stock Exchange under the ticker symbol "AC."



UNITED STATES

8,757 ASSOCIATES
8 PRODUCTION CENTERS
61 DISTRIBUTION CENTERS

MEXICO

36,679 ASSOCIATES
23 PRODUCTION CENTERS
158 DISTRIBUTION CENTERS

ECUADOR

9,394 ASSOCIATES
6 PRODUCTION CENTERS
69 DISTRIBUTION CENTERS

PERU

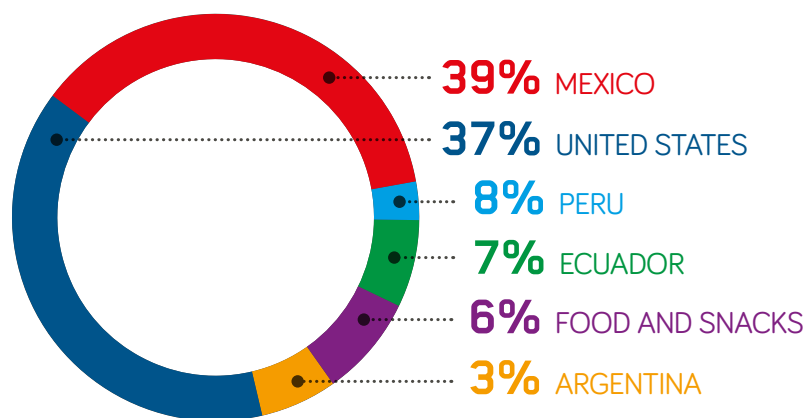
5,016 ASSOCIATES
6 PRODUCTION CENTERS
67 DISTRIBUTION CENTERS

ARGENTINA

2,349 ASSOCIATES
3 PRODUCTION CENTERS
24 DISTRIBUTION CENTERS



→ Sales by country



→ **VOLUME:**
2,155
MILLION UNIT CASES

→ **TOTAL REVENUE:**
171,586
MILLION MEXICAN PESOS

[102-7, 201-1]

DIRECT ECONOMIC VALUE GENERATED	MILLIONS OF MEXICAN PESOS	MILLIONS OF US DOLLARS
Total Revenue	171,586	7,948
Financial Products	6,501	301
Sales of Assets	377	17
TOTAL	178,464	8,266

DISTRIBUTED ECONOMIC VALUE	MILLIONS OF MEXICAN PESOS	MILLIONS OF US DOLLARS
Sales Costs	94,881	4,395
Operating Expenses, including Salaries and Social Benefits	54,447	2,522
Taxes	5,427	251
Dividends	8,680	402
Interests	9,977	462
Community Investment	136	7
TOTAL	173,548	8,038

*Average 2020 exchange rate = Ps. 21.59/US\$1

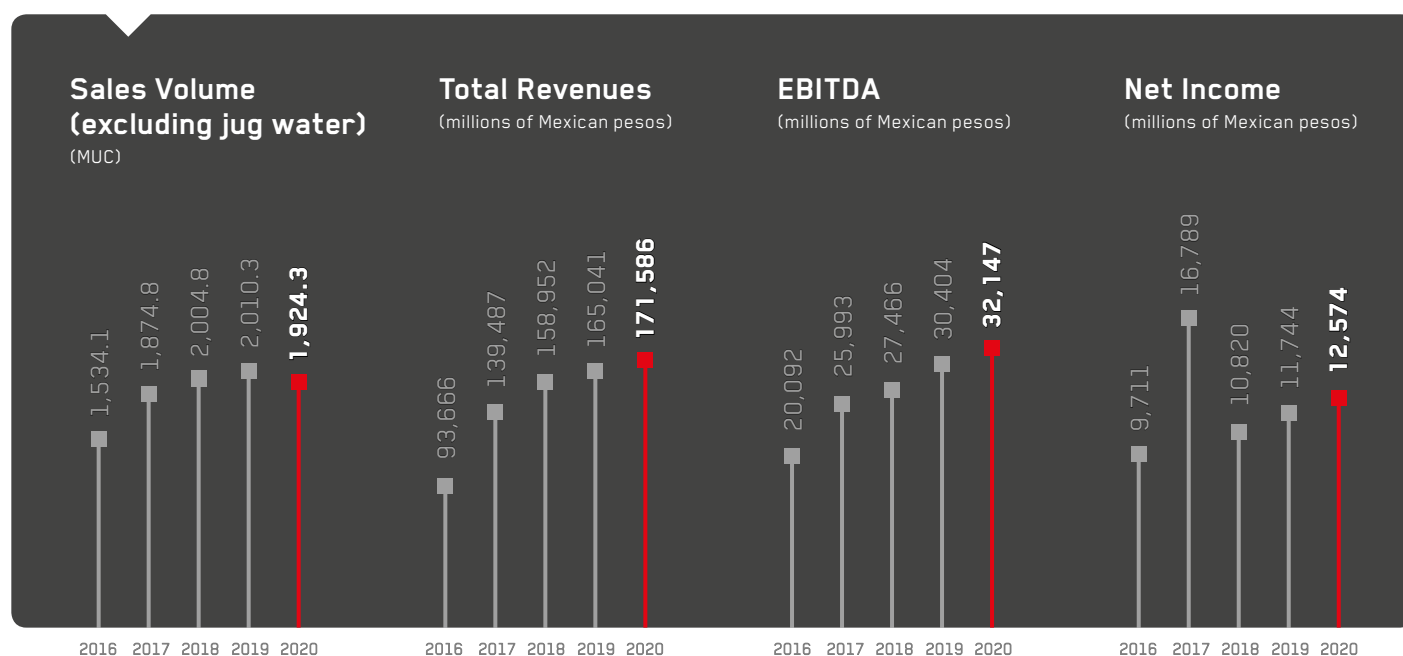
Financial Highlights

Figures in millions of Mexican pesos, except volume and data per share.

[102-7, 201-1]

	2020	2019	VARIATION %
Total Sales Volume (MUC: Million of Unit Cases)	2,154.8	2,240.2	-3.8
Net Sales	171,586	165,041	4.0
Gross Margin	45.3%	44.9%	0.9
Operating Income	21,472	20,200	6.3
Operating Margin	12.5%	12.2%	2.2
EBITDA⁽¹⁾	32,147	30,404	5.7
EBITDA Margin	18.7%	18.4%	1.7
Net Income	12,574	11,744	7.1
Total Assets	245,974	238,447	3.2
Cash	27,336	22,051	24.0
Total Debt	50,577	53,261	-5.0
Controlling Interest	116,854	112,896	3.5
Capital Expenditures	6,723	11,568	-41.9
PER SHARE DATA			
Net Income Per Share	5.82	5.43	
Book Value	66.23	63.99	
Dividends Paid	4.92	2.30	
Average Shares Outstanding (Thousands)	1,764,283	1,764,283	

⁽¹⁾ Operating Income plus depreciation, amortization and non-recurring expenses.



Sustainable Development

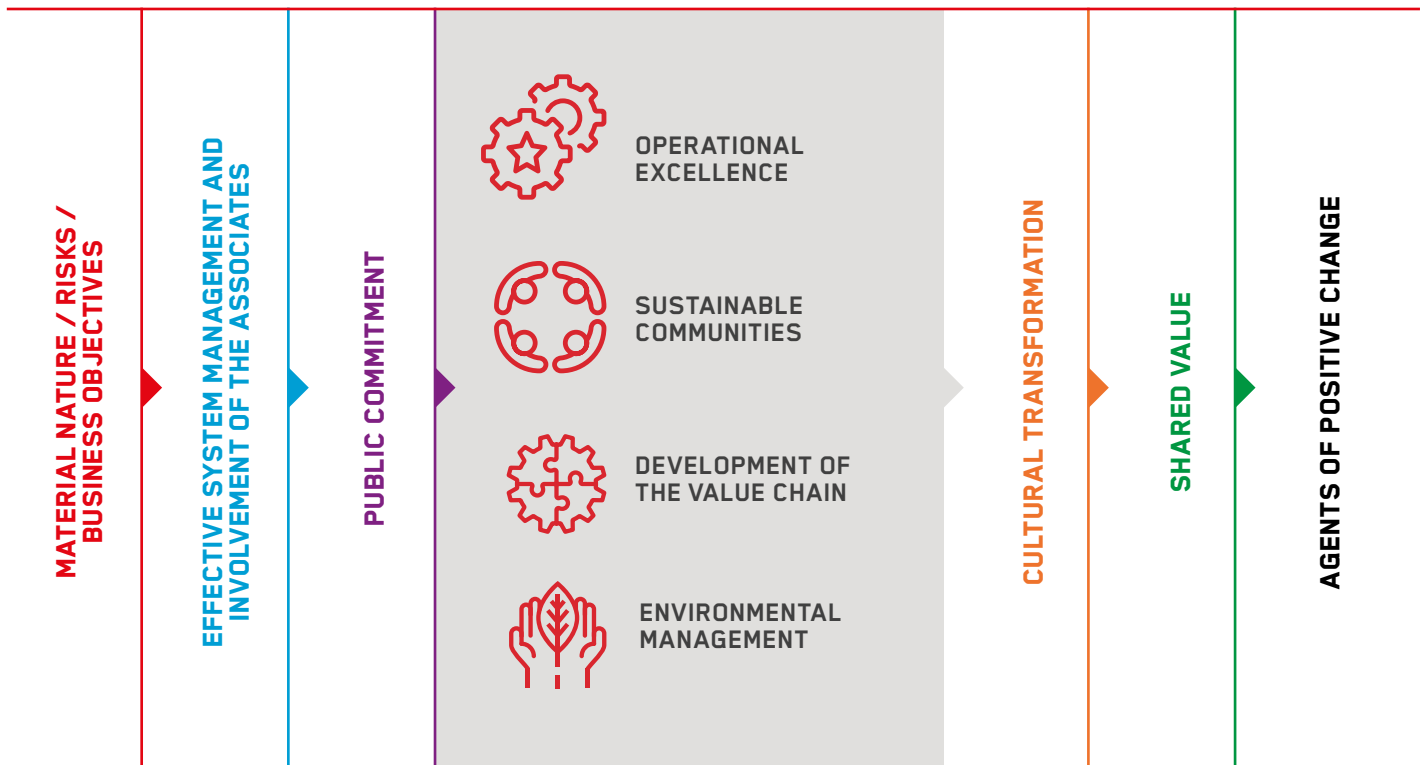


At Arca Continental, we understand that creating value for all our stakeholders is the basis for achieving sustained growth and a future of shared prosperity. The founders of the various companies that made up what is now Arca Continental, established a solid social and environmental commitment. Their vision has evolved in recent years, increasingly strengthening the integration of sustainability in the business strategy. We strive for everyone who has a relationship with the organization—associates, suppliers, customers, neighboring communities or beneficiaries of our programs—to act

as agents of positive change, so that together we can rise to the challenge to create a better future.

The integration of sustainability into the business strategy seeks to generate shared value through initiatives organized in four pillars: Operational Excellence, Sustainable Communities, Development of the Value Chain, and Environmental Management, as shown in the following diagram.

ETHICAL BEHAVIOR, TRANSPARENCY AND SOLID CORPORATE GOVERNANCE



ALLIANCES AND PARTNERSHIPS

Our sustainability actions are fully aligned with our business objectives, with which we seek to make Arca Continental a profitable, permanent, environmentally friendly company that develops in harmony with the society that surrounds us.

Contribution to the Sustainable Development

Arca Continental is one of the leading companies in aligning its strategy to the Sustainable Development Goals (SDG) of the United Nations, based on a deep analysis of our contribution to the objectives. In addition, we conduct numerous community surveys in Mexico, Ecuador, Peru, and Argentina to identify the goals in which each community is most interested that have a positive impact.

Below, we present a table that lists our projects and programs in relation with the SDGs.

SDG	GOALS	PROJECTS & PROGRAMS
	1.1	Micro retailers Development Program
	1.2	Retailers training, sustainable stockbreeding
	2.1	Donations to food banks and community kitchens
	2.3	Mexican Agriculture Project
	2.4	Sustainable Agriculture Principles
	3.9	Programs and goals of environmental footprint reduction
	4.1	Education programs for our Associates
	4.3	Express Open High School Program
	5.1 & 5.2	Peace Promotion Programs. Code of Ethics and Policies of Conduct
	5.5	ANSPAC, 5by20 programs, as well as training for retailers and promotion of entrepreneurship.
	6.2	Safe Water Programs in Argentina, water fountains in Mexico and filtration systems in community tanks.
	6.3	Water Treatment and Reuse Programs.
	6.4	Reforestation and Water Harvest Program, donation of treated water.
	6.5	Participation in Water Funds and Basin Councils.
	6.6	Reforestations and Wetland Protection.
	7.2	Renewable Energy Migration Program.
	7.3	Energy Efficiency Certifications, Continuous Improvement Programs, Cold Front.
	8.1	Average minimum income at Arca Continental vs. minimum wage.
	8.3	Retailer development and training programs, Entrepreneurship Programs.
	8.5	Youth Building the Future Program in Mexico, Incorporation program for people with disabilities, Equal pay for men and women.
	8.6	Building the Future Youth Program in Mexico.
	8.7	Guiding Principles for the Value Chain, Working together with Coca-Cola and ILO to eradicate child labor.
	8.8	Guiding Principles, Internal Safety (associates and contractors).

ODS	GOALS	PROJECTS & PROGRAMS
	9.2	Economic footprint and local employment generation capacity.
	10.1	Operation and generation of wealth in developing countries.
	10.3	Code of Ethics and equal wages between genders.
	11.3 & 11.7	Rescue of public spaces through various programs.
	11.6	Urban reforestation, volunteering, waste recollection programs and promotion of the Circular Economy.
	12.2	Environmental footprint reduction programs and Circular Economy.
	12.5	World Without Waste Strategy and Goals.
	12.6	Sharing best practices in forums and on the sustainability page.
		13.1
	14.1	0% discharges to surface water bodies and 100% treatment of water discharges.
	15.1	Reforestation Programs and Principles of Sustainable Agriculture.
	15.2	Social programs linked to reforestation programs.
	15.4 & 15.5	Reforestation in the upper parts of the watersheds.
	16.1	Peace Promotion Program.
	16.5	Code of Ethics and Transparency Mailbox.
	16.7	Coordination and participation of neighborhood committees.
	17.11	Promotion to export what we produce in developing countries.
	17.16 & 17.17	Active participation and leadership in chambers and associations that promote sustainable development.

ORGANIZATIONAL CULTURE

[102-16]

→ VISION

To be leaders in beverages and snack food consumption for every occasion in all the markets in which we participate, focusing on profitability and sustainability.

→ MISSION

To generate maximum value for our customers, associates, communities, and shareholders, satisfying our consumers' expectations at all times with excellence.

→ CULTURAL PRINCIPLES

In 2019, we defined and launched the company's cultural principles, which are the pillars supporting our goals, thus ensuring that we remain loyal to our essence as a socially responsible company.

Each company has its own interpretation of what is a cultural organization. For us, at Arca Continental, it is the sum of principles that rule our work and the way we work to attain our objectives. These principles determine how we interact, what we put focus on, how we make our decisions, how we react to change and which are the behaviors that we consider acceptable or unacceptable. In short, they represent our company's personality the fundamental concepts that unite us.

→ OUR VALUES

- Customer-centricity and vocation for service
- Integrity based on respect and justice
- Comprehensive human capital development
- Sustainability and social responsibility



Message of the Chairman of the Board and the Chief Executive Officer

[102-10, 102-14, 102-15]

TO OUR SHAREHOLDERS:

In one of the most challenging years in the history of Arca Continental, the company's workforce rose to the challenge of implementing a global plan to protect the health of its 62,000 plus associates and their families, while helping the community to face the unprecedented pandemic; of insuring the continuity of our operations and the survival of our customers in the face of the strict mobility restrictions and the consequent fall of the economic activity in the countries we serve; and, at the same time, of moving forward on the path of the several business strategies defined in our long-term vision, such as those related to digitalization, diversification and sustainability.

Thanks to the commercial execution capabilities, administrative discipline, customer centricity and focus on results we have developed over the years, as well as the commitment and professionalism that characterizes our associates, we were able to adapt to a new normal, to accelerate innovation projects, and to achieve consolidated results superior to what was expected with specific accomplishments in different markets and business aspects.

→ **100%**

of the energy used to operate the new beverage plant in Houston comes from renewable sources.



JORGE HUMBERTO SANTOS REYNA
Chairman of the Board of Directors

ARTURO GUTIÉRREZ HERNÁNDEZ
Chief Executive Officer

In this complex and challenging context, we reached the USD 90 million synergy plan for the United States, driven by the new beverage plant in Houston, Texas, which started operating in January of 2020. This plant will represent almost USD 30 million in yearly savings and efficiency in environmental indicators, since it operates 100% with energy from renewable sources, as well as improvements in security and attention to the market.

In 2020, as the Topo Chico brand evolved and grew internationally, The Coca-Cola Company entered the alcoholic beverages category in Latin America with Topo Chico Hard Seltzer. Arca Continental was worldwide pioneer in its distribution and marketing.



We met the goal of USD 90 million in synergies in the United States in three years.

We implemented new front labeling for foods and beverages on our products in Mexico, reiterating our commitment to transparency and consumer's health, as well as the unrestricted compliance with regulations in each nation we serve. We continue to evolve our products portfolio to meet consumer's needs, incorporating a larger variety of low or no calorie options.

We developed and strengthened Yomp! as a platform to increase the customer's competitiveness in the Traditional Channel in Latin America, reaching 8,700 customers, enables them to adapt to the needs of a digitalized, more demanding and interconnected market while continuing to deliver the closeness, trustworthiness and warmth of the neighborhood store.

In relation to sustainability, our determination to be an agent of positive change in the community has allowed us to make specific advances in the various indicators for water and carbon footprint, as well as in corporate ethics and governance. This was reflected in the progress of Arca Continental's evaluations by international indices such as the Dow Jones Sustainability Index and the FTSE4Good of the London Stock Exchange, among others.

In 2020, as a result of our actions, we achieved record sales of 169,314 million Mexican Pesos at the consolidated level, an increase of 4% against 2019, and a 5.7% growth in EBITDA, reaching MXP 32,147 million.

A correct pricing strategy focused on maintaining the sources of employment, the business profitability and products' competitiveness at the point of sale, together with a plan to optimize the operating expenses, allowed us to achieve a margin of 19%, an improvement of 30 base points in the EBITDA margin at the consolidated level.

In the same period, the accumulated Operating Income reached 21,472 million Mexican pesos, which represents 12.5% Operating Margin while Consolidated Net Income reached 12,573 million Mexican pesos, 7.1% more than in 2019.

In 2020, administrative and selling expenses reached MXP 54,448 million, an increase of only 4.1% and 32.2% as a percentage of Net Sales, thanks to a program developed as part of our efforts to mitigate the effects of the pandemic on our results.

The organizational efficiencies plan brought 2,319 million Mexican pesos in savings, demonstrating our operations' flexibility to align operating expenses with volume performance while executing despite of the harsh conditions.

Capital expenditures in 2020 reached 6,723 million Mexican pesos, 41.9% less than the previous year, in line with the efforts to protect the company's liquidity without impacting our production, distribution and execution capabilities.

MEXICO

In Mexico, our operations reported revenue of 70,174 million Mexican Pesos, 3.1% more than the previous year, and an EBITDA of 16,844 million Mexican pesos, 7.4% higher than in 2019, in spite of a slight decrease in volume due to restrictions to mobility in the various states we serve.

Nevertheless, categories like colas, mineral waters, isotonic and dairy beverages registered positive results in volume, propelled by consumer's preferences together with the increase in coverage and, in the case of colas, the wide array of multi-serve and returnable presentations in the traditional channel.

Our focus on strengthening the traditional channel through numerous marketing and social initiatives proved to be effective, reporting 5.1% growth in the channel.

In line with the above, the "Safe Store" and "Open Kitchen, Local Kitchen" programs succeeded in reactivating over 90% of our customer base, as well as in attracting over 6,000 new customer requests.

We also improved our capabilities in the direct to home channel by digitalizing the business. We managed to close the year with over 70,000 new customers, 1.5 times more than in 2019, and a 23% sales increase.

Thanks to our adjustments in execution of point of sale, supported by tools like the suggested order, we achieved increases in the participation of value in NARTD by 1.2 percentage points.



→ **7.1%**

increase in
Consolidated Net
Income in 2020.

→ **3.1%**

sales increase in our
operations in Mexico.

→ **70,000**

new customers in the Direct to
Home model.



Our focus on strengthening the traditional channel through numerous marketing and social initiatives proved to be effective, reporting 5.1% growth in 2020.

UNITED STATES

In the United States, we obtained an annual revenue of 66,380 million Mexican Pesos a 12.4% increase, as well as an EBITDA of 8,846 million Mexican pesos, a 20.3% increase.

Despite the challenging operating environment, we were able to expand our operating margin by 80 basise points, thanks to various initiatives to strengthen the price-packaging framework, combined with the disciplined savings plan in operating expenses and the continuity of the plan of synergies set in 2017.

The expansion of our digital capabilities has been key during the pandemic to increasing customer loyalty and satisfaction. We implemented the first mobile app of myCoke.com which offers new functionalities for improved customer satisfaction and increased the number of customers by 12.6% in comparison with 2019.

Likewise, we accelerated our execution in the eCommerce channel through Amazon, Walmart, Boxed, Sams and GoPuff, with a significant increase in sales compared to 2019.

Throughout 2020, we continued launching innovative products and brands in several categories, including AHA flavored carbonated water, Coke Energy in 4 flavors, Powerade Ultra and Powerade Water.



→ **20.3%**

increase in the EBITDA in
the United States.

SOUTH AMERICA

South America suffered the strictest mobility restrictions on the continent, as well as an adverse macroeconomic environment; yet, thanks to new execution initiatives in the market, we were able to serve our customers, thus mitigating the effects of the pandemic on the region's profitability.

Net Sales and EBITDA for the region reached 32,760 and 6,458 million Mexican peso respectively, lower than in 2019, derived from the sharp drops in volume due to the established restrictions.

Despite the great economic uncertainty, Argentina was the only operation in the region that reported a 1.4% volume increase in the year, thanks to the wide coverage of returnable products, combined

with an affordability strategy for consumers.

In Peru, we also deployed the "Safe Store" initiative with other associations to encourage reopening, benefitting over 21,000 customers in the traditional channel.

In addition, due to the strong restrictions, we reassigned routes to begin distributing to the Direct to Home channel, reaching over 3,000 customers in Peru and 9,000 in Ecuador.

We implemented new digital service models in the region to continue taking orders without making visits, through the AC Digital platform, where the active customer base has already risen by over 66,000.



FOODS AND SNACKS

The strategies of the snack operations, focused on increasing coverage of our brands, opening new distribution centers, expanding product portfolio offerings and the improvement of digital execution capabilities in the market, all of which helped increase profitability.

As part of our strategy to build alliances that capitalize on the development of our distribution channel and widen our portfolio, while expanding distribution capabilities in new territories, Bokados started a pilot program to distribute Kellogg's products in the traditional channel.

Inalecsa, in Ecuador, began marketing of Tortolines in all its presentations, through Amazon's platform in the United States, to reach coverage in all 50 states.

Wise kept innovating its portfolio, launching products under the Bokados brand and taking advantage of the online consumer trends through Walmart and Amazon, where we reached a 78% growth over the year in that channel.

SUSTAINABILITY AND SOCIAL RESPONSIBILITY

In 2020, the sustainability and social responsibility strategy was focused on the company's response to the COVID-19 health emergency, to meet the needs of the associates and communities, in matters of health, safety, hygiene, and economic reactivation.

Thanks to the efforts of our associates and the constant dialogue and alignment with the authorities and civil organizations, we focused our COVID-19 assistance on supporting the healthcare system, attending vulnerable groups, and protecting the small businesses of our value chain, by donating 2.7 million liters of hydration beverages, 50,000 food packs, 328,000 hygiene kits, 106,000 face shields, 60,000 face masks and 22,000 liters of sanitizing gel, as well as granting loans, training and support material for thousands of grocery stores.

We did all of this without losing sight of the long-term initiatives that allowed us to continue improving the efficient use of water, going from 1.607 liters of water per liter of beverage to 1.548 at the close of 2020, in consolidated terms—a 3.6% improvement. In energy, we went from 0.265 Mega Joules per liter of beverage to 0.256, at the same time as we reached 23.95% of recycled resin in our packaging.



In 2020, in response to the healthcare emergency, we focused our social help on supporting the healthcare system, attending vulnerable groups, and protecting the small businesses of our value chain.

→ **8,000**

associates participated as volunteers in different/several institutional initiatives in benefit of our communities.



We confirmed our adherence to the 10 principles of the United Nations Global Compact, as every year since 2006.

We significantly improved our position on the Dow Jones Sustainability Index, which ranks companies with the best results in environmental and social management and corporate governance. Likewise, we improved the evaluation by various stock indices such as the FTSE4Good of the London Stock Exchange, MSCI Sustainability Index and the Sustainability Index of the Mexican Stock Exchange, among others.

Although restrictions on mobility and group gatherings kept us from carrying out our traditional volunteering events in person, we achieved the participation of, on average, 8,000 associates in institutional initiatives to benefit the community, thanks to donations with which we benefited more than 17,000 individuals in the countries we serve.

RIISING TO THE CHALLENGE

Our team's commitment and determination to lead the change and overcome challenges allowed us to emerge stronger in a year like no other, ready to face new challenges in the 2021, mainly because of the subsequent effects of the pandemic on the economic activity.

We thank the Board of Directors for their support and guidance in difficult times, with the clear vision to protect our associates, support our communities and take care of the shareholders' investment.

We also thank The Coca-Cola Company for its continued collaboration, as well as our associates for their professionalism and talent, to adapt to changing conditions, take care of themselves and their families, customers, and consumers.

The goals that were met in 2020, the advances achieved during challenging circumstances, and the positive results recorded show our company's will to persevere on the path of innovation and excellence, to keep supporting the development of a fairer and more harmonious society.

In 2021, different situations and opportunities will come our way, testing our commitment to delivering our best. Therefore, we reiterate our commitment to innovation, strategic investment in the market, digitalization at points of sale and sustainability, in order to construct a better world together with our customers, suppliers, associates, consumers and the community.



JORGE HUMBERTO SANTOS REYNA
Chairman of the Board of Directors

ARTURO GUTIÉRREZ HERNÁNDEZ
Chief Executive Officer

RISING TO THE CHALLENGE

Prioritizing our associates

In the face of the pandemic, we focused our efforts on the protection of the associates' health, without neglecting the constant development of the long-term vision of the company.



Improving the levels of excellence

The adaptation of the work and customer service environments to make them healthier and more resilient was incorporated into the continuous improvement of commercial execution, for producing with the same quality and efficacy, as well as of fostering innovation as a vehicle to reach excellence in all aspects of the operation.



Generating shared value

Thanks to our associates' professionalism and commitment, we built a safe and healthy environment, fostering the economic continuity of thousands of small shopkeepers and suppliers in the markets we serve, and moving forward towards our sustainability goals, reiterating our determination to be an agent of positive change in the community.



Prioritizing our Associates

We recognize that people drive the value of our organization, not only those that are part of our team but all those that surround us. Therefore, during a health crisis is when we reinforce our commitment to health, safety and the overall development of our associates. We took advantage of the tools at hand in order to operate safely while maintaining long-term programs that make possible the development of all those that comprise Arca Continental.



Protecting Health and Encouraging the Development our Associates

We implemented actions and measure to offer our associates a safe and healthy work environment, while we continue encouraging their development through training and growth initiatives.

TAKING CARE OF THE ASSOCIATES

USD 6.5+ million invested in the adaptation of workspaces to prevent COVID-19 transmission.

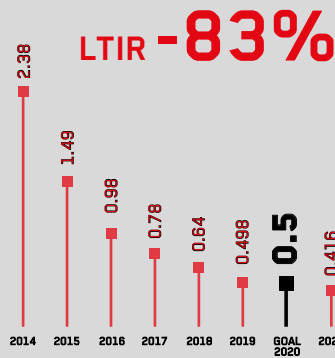
50,000+ COVID-19 tests done randomly and to possibly infected associates.



ACHIEVEMENTS IN SECURITY

0.416

Lost Time Incident Rate (LTIR), which represents an 83% reduction in comparison with 2013 (LTIR 2.38).



Since the beginning of the pandemic, we implemented a plan that allowed us to migrate over 3,500 associates from support areas, to work remotely. Later, we migrated critical mission operations, such as the shared Contact Center and Service Center.

PARTICIPATION IN THE SURVEY OF THE ORGANIZATIONAL CLIMATE SURVEY

→ **97%**
56,745 associates answered the survey.

Over
→ **89.8%**
expressed a high level of commitment, +1.2% vs 2019.

Taking Care of our Associates

Arca Continental acted immediately in the face of the global COVID-19 pandemic.

The company focused first on the health and safety of our associates. After, identifying the best international practices and protocols, we implemented measures to prevent transmission in our facilities and commercial activities, as well as to attend symptoms and support to the associates with COVID-19 and their relatives.

We quickly established protocols, so that the associates who did not need to be physically in the operation center could work from home and we prioritized investment in medical, personal protection and sanitizing equipment, as well as the readaptation of spaces.

In this section, we present some of the most relevant actions of the countries in the context of the COVID-19 pandemic.

MEXICO

→ **6.5+ million** 

dollars invested in adapting and improving our facilities, focusing on the prevention of transmission and attention to our associates, and 38 doctors integrated to the business.

- We equipped the medical centers of our facilities with oxygen tanks, oximeters, concentrators, and PPE.
- 100% of the 87 inspections made by the authorities obtained satisfactory results.

→ **26,000** 
tests conducted

- **Constant monitoring of the associates' oxygenation with over 1,000 oximeters available in the work centers.**
- Personal follow-up with over 70,000 phone calls to associates or relatives in quarantine or in a situation of vulnerability.



ECUADOR

We installed six temporary medical centers, in addition to the 16 the operation in the country already had, especially equipped for the prevention and treatment of COVID-19 related symptoms.

- Over 30 doctors, nurses and trained paramedics.

Over 30,000 tests applied, both randomly and possible cases.

- Periodic medical exams and temperature and oxygenation routine checks.
- Surveys to the associates as they enter the work site to carry out a precise follow-up and to prevent transmission in our operation centers.

ECUADOR

- We developed and implemented an ergonomic and psychosocial preventive program for personnel in working from home. This program includes eight modules that identify risk factors at home and psychologically prepared the associates to carry out their activities from home.
- We reinforced breaks and calisthenics in our operation centers, so as to improve the associates' physical and psychological state.
- We reoriented physical activation and nutrition programs for associates who worked from home.
- We assigned a team of 3 doctors to practice Telemedicine, evaluating over 2,000 cases of associate with high transmission risk and/or confirmed as virus carriers.

PERU

- We implemented strict entrance protocols in the facilities, temperature checks, adaptation of common spaces, and we installed disinfection zones for uniforms, which are washed and disinfected daily.
- We reinforce communication and education with webinars, learning capsules and leaflets, on health and safety related to the prevention of transmission for 100% of the associates.
- We carried out simulations of transmission and/or detection of positive cases on site to train medical personnel and paramedics.
- In personnel transports, we increased coverage and implemented sanitization protocols, PPEs and social distancing.

UNITED STATES

→ **15+** new or adapted protocols



- We carried out an analysis to adapt the CCSWB operation centers, promoting social distancing and standardizing the protocols for cleaning and constant disinfection in the high-traffic areas, as well as personal hygiene and protection.
- We implemented a new deep-cleaning and sanitizing protocol.
- We developed routines to give specific follow-up to each suspicious or confirmed case of COVID-19, and quarantines whenever there were symptoms or suspicion.
- We developed contingency plans for the operations, considering five different scenarios for the pandemic's severity and/or governmental restrictions.
- We developed specific audits for COVID-19 with a team dedicated to case tracking.

SUPPORT TO THE ASSOCIATES' EMOTIONAL HEALTH

From the start of the pandemic, we emphasized the emotional health in the face of the situation at hand, implementing various platforms of attention to provide psychological support.

In all the countries where we operate, we developed alliances with other organizations and companies to assist the associates and their families.

¡En Arca Continental te escuchamos y ofrecemos apoyo emocional!

La situación actual por la pandemia del COVID-19 ha generado en muchas personas ansiedad, estrés y depresión, entre otros, por lo que en el Centro de Contacto de Arca Continental, continuamos con el servicio confidencial de apoyo emocional con psicólogos profesionales para nuestros colaboradores y sus familias.



Llama a los nuevos números:
8000629700 y 8119321505
en un horario de 6:00 am a 10:00 pm
de lunes a domingo.



Taking Care of our Associates



As part of the actions related to the principle of People Focused during the pandemic, all operations established call routines with the organization's leadership teams so as to resolve doubts and offer support to our workers.

In addition, in Mexico, we conducted the program "Spaces of Trust" with a similar dynamic but focused on middle managers, and "Sponsor a Hero," in which 19 corporate managers sponsored the operation's heads and coordinators, resolving doubts and thanking them for their effort and commitment during the pandemic.

IN ECUADOR:

SPACES OF TRUST

- **18**
calls
- **2,544**
connected
- **253**
resolved
questions

Health and Safety

[403-1]

Faced with an unprecedented worldwide situation, we put the health of our associates, consumers, customers and suppliers at the center of our efforts.

All this in addition to the key safety factors that have always characterized Arca Continental, with a clear vision of protecting all associates' integrity.



Ecuador, an example in safety.

- Our Guayaquil and Santo Domingo plants reached **500 days without accidents**.
- The Tonicorp plant and the Dipor Guayaquil distribution center achieved **365 days without an accident**.
- **We reduced traffic accidents by 10%** and controlled route robberies through the implementation of a GPS localization and telemetry system.
- **Control of speed** in our fleet and their entry into high crime areas.



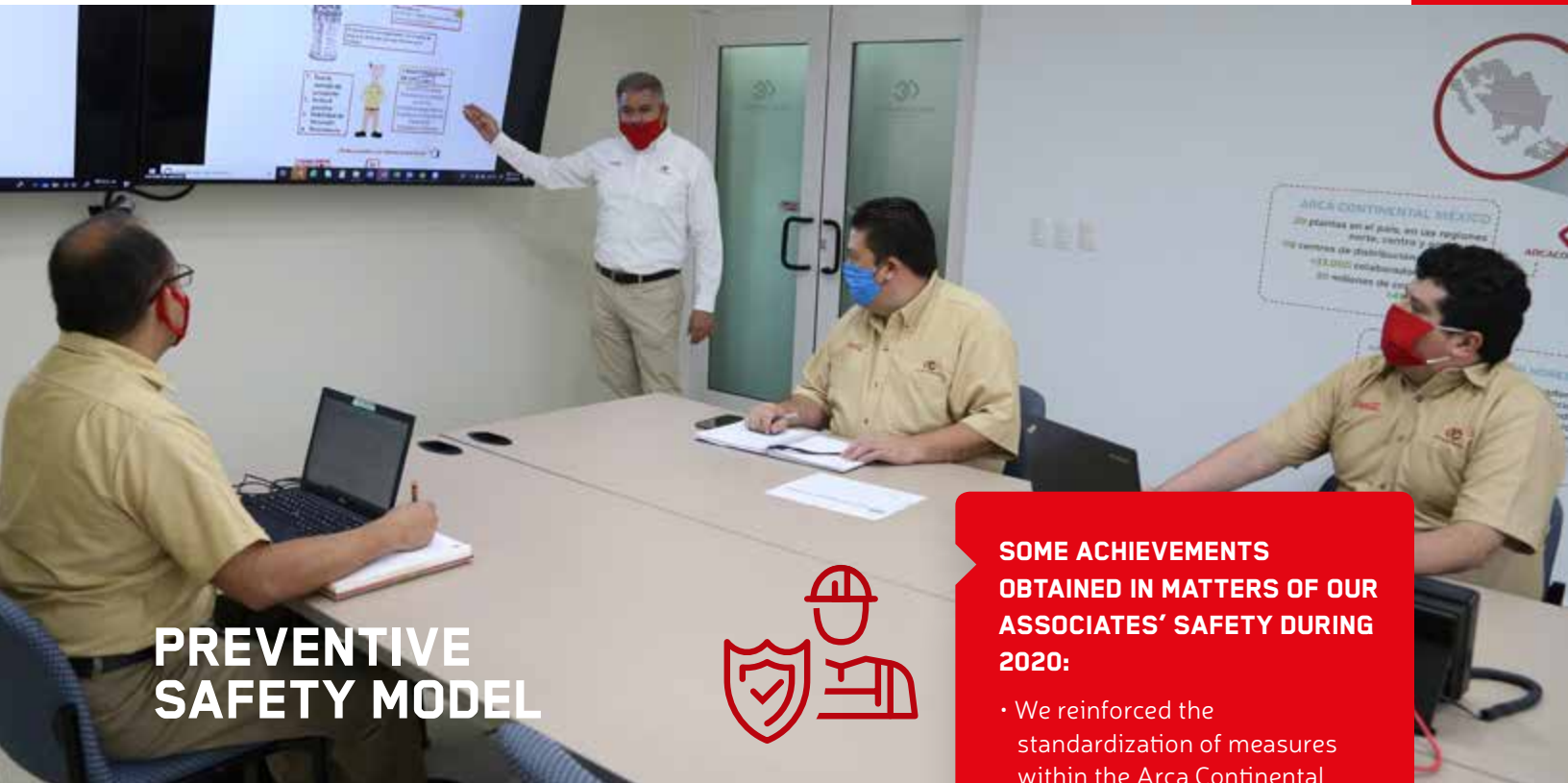
From the start of the pandemic, we implemented plans that allowed us to transition

→ **+3,500**

associates working in support areas to working remotely to protect their health. Later we migrated critical mission operations, such as the Contact Center and Shared Services Center.



Adverse situations invite us to innovate and adapt processes that facilitate management; in this case, an excellent practice triggered by the operation in Peru was considered to develop and implement in AC's operations a WEB COVID information management platform, which served as a platform for recording information and decision-making in AC's operations, identifying and attending cases in a timely manner.



PREVENTIVE SAFETY MODEL



Returning home safely, taking care of ourselves, taking care of our colleagues, of the company's assets, and ensuring the safety of the community we serve are permanent objectives.

Adopting and maintaining a Preventive Safety Culture is one of our sustainable development plan's main objectives.

We attach much importance to each of our associates' responsibility in contributing to safe spaces and activities in the operation and commercialization of our products. Promoting a safe and healthy environment is a requirement of Arca Continental for all of us who are part of it. We must respect the actions to be followed in injuries and illnesses prevention, to take care of our integrity and our colleagues.

During the implementation and adoption of the occupational health and safety culture, we identified that the best way to reach our goal was through behavior change and from a preventive perspective. This has been achieved through programs that allow the employee to observe unsafe or out-of-standard actions or conditions before they occur, be aware of the risks if exposed, and how to act next.

Through our initiatives, we have integrated preventive programs that facilitate a change in culture through behavior change.

SOME ACHIEVEMENTS OBTAINED IN MATTERS OF OUR ASSOCIATES' SAFETY DURING 2020:

- We reinforced the standardization of measures within the Arca Continental Comprehensive Management System.
- Updated a model based on risk identification with management updated to prevent the risk.
- Alignment of the Management System of the CCSWB plants to the general model of Arca Continental.
- Standardization and ratification of internal audit processes in Quality, Safety, Environment, and Industrial Safety in all beverage operations.

To consult our OCCUPATIONAL HEALTH
AND SAFETY POLICY, click here
[http://www.arcacontal.com/
media/330714/politica_seguridad.pdf](http://www.arcacontal.com/media/330714/politica_seguridad.pdf)



INDUSTRIAL AND COMMERCIAL SAFETY PROGRAM

The Industrial and Commercial Safety strategy carries out initiatives with the guidelines and standards that Arca Continental operates and whose success is based on senior management support. This allows it to permeate the operation by ensuring compliance with the three pillars defined in the Occupational Health and Safety Model.



People

Development and reinforcement of the personnel's knowledge and skills through in-person and online courses.



Management

Integration to management systems, verification through internal audits, the implementation of programs and initiatives through the Safety Committee, and the development and use of applications to facilitate management, and the definition of preventive indicators.



Infrastructure

Investment to support and maintain initiatives over time.

A relevant process at Arca Continental has been the **moving from a corrective approach to compliance with requirements to adopt a preventive approach**. We seek to protect the company's various capitals to work optimally and safely.

Requirements of the Coca-Cola Company:

- LTIR (Lost Time Incident Rate)
- TIR (Total Incident Rate)
- Crash rate

Arca Continental's Strategic preventive indicators:

- SR (Safety Rating)
- SCI (Safe Conduct Index)



THE SAFETY RATING (SR) measures the evolution and level of maturity of preventive safety programs through dialogue, activity, and safety routine of the leader by employees, department, business unit, and country, whose objective is:

1. Implementing programs with a preventive approach
2. Using standardized metrics
3. Identifying opportunities
4. Improving the effectiveness of action plans
5. Encouraging teamwork
6. Measuring commitment and leadership at all levels (from Director to Supervisor)
7. Establishing a safety culture focused on prevention based on safe behaviors
8. Achieving zero accidents

THE SAFE CONDUCT INDEX

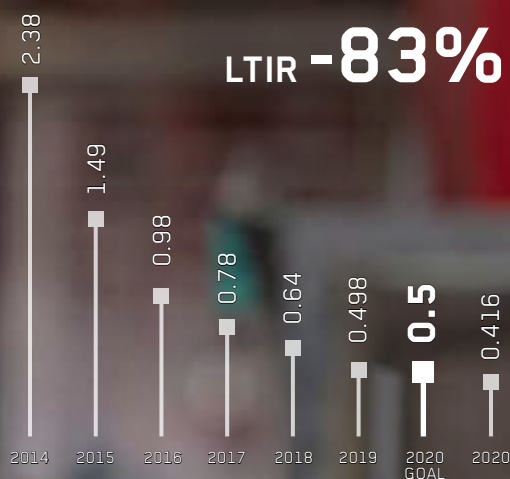
(SCI) is generated from the information reflected in the preventive observation cards by department, risk level, and the number of people observed. The higher the SCI percentage, the more it reflects a culture of safer practices.

ACHIEVEMENTS IN SECURITY 2020

[403-2]

→ 0.416

Lost Time Incident Rate (LTIR), which represents an 83% reduction compared to 2013 (LTIR 2.38)



CONTRACTOR SAFETY

As part of the improvement in the occupational health and safety processes, we are migrating the processes to the Comprehensive Organizational Management System (SIGO, in Spanish). The objective is to facilitate the management of programs, processes, indicators, action plans and better practices in all AC sites and businesses, focus and solve opportunities, guarantee regulatory compliance, and bring the organization to the level of excellence in occupational health and safety.

We are currently developing the REIM, a platform to investigate incidents. This tool will allow us to make reports with our fixed contractors, the number of hours they work, and a report of relevant incidents if applicable. In addition, the data gathered will be integrated into Arca Continental's LTIR and TIR indicators.



Throughout 2020 we adapted our trainings in order to give over 616,102 hours of courses to more than 52,000 associates.

One of our main objectives is to have the most talented people in our organization. That's why we work constantly in trainings that allow them to reach their full potential and develop in the best possible way.

This year was no different, we put all our efforts on digitizing our programs and give the best use to the technological tools at our disposal. We rose to the challenge by strengthening the professional development of our associates with the goal of keeping moving forward even in adverse conditions.

SALES SCHOOL

A Sales School is the sum of different attributes which together serve as catalysts to align the development of associates with the strategy of the business. It is used as a:

- **TOOL** to meet the sales objectives of a the company, providing knowledge and developing the associates' skills through different methodologies and learning formats.
- **METHOD** to develop the organization's sales team, propitiating its formation and providing action guidelines.
- Set of **PROGRAMS** intended to develop commercial skills in the sales team. The critical path is mapped around the major business opportunities and initiatives.
- Project that guarantees the preparation of the sales force by aligning **STRATEGIES** and commercial tactics, and creates project teams that standardize processes and procedures.

- Team responsible for the effective implementation of the commercial **PROCESSES** in the Sales Area.

In addition to training the associates, the Sales School is a means to communicate the commercial strategy to the entire organization, to facilitate the standardization of work systems and procedures, to manage commercial knowledge, and to increase the level of the members' sense of belonging, among other things.

Arca Continental's Sales School makes it easier to identify and develop talented people, helps impact customers' key indicators and make Arca Continental's profitable, and therefore, indirectly, also the customers' operations.

Technical School

Arca Continental has decided to use its Technical School as a means of communicating and implementing business strategies. The objective is to design and manage a learning and development plan that focuses on administrative and technical skills at work, depending on the specialty required.

Some of the benefits offered by the school include:

- Knowledge management
- Development of specific skills
- Improved performance
- Impact on business indicators
- Support for strategy implementation

For key positions within the company, general training is provided in safety, quality, the environment, and profitability, based on 12 modules and 24 e-learning courses on technical abilities. Associates also receive technical training related to their functions, such as maintenance work, waste management, procedures for electrical work, and product integrity, among others.



→ The learning model is based on the “Learning by Doing” methodology in which the participant solves a business case. In order for the student to obtain the training certificate, is required academic accreditation and technical training.

ACTUALIZÁNDONOS (UPDATING) PROGRAM

Arca Continental registered with three globally prestigious digital platforms through which we offer our associates tens of thousands of courses, videos, book summaries and, other learning tools, so that they can continue learning and develop, even while working remotely.

These platforms are compatible with our talent management systems and bring many benefits to our associates, such as being able to choose topics not related to their work, such as stress management and advice on how to be effective while doing home office, and to take their courses at the time and pace that works best for them, among others.

PROGRAM RESULTS:



Over 16,000 Arca Continental associates, almost 1 in 3, are registered on these platforms.

Almost **10 thousand courses or contents** were passed or completed during 2020.

“Wellbeing, coordination and flexibility at home and at work” or **“How to hack your mind and regain control over stress”** were the courses in highest demand, clearly with a mental health dimension.

JOIN AC

Join AC is the name of our onboarding program.

The name stands for "Joining, Orientation, and Integration of New Associates at Arca Continental." In addition, it means to link, unite or connect, which is exactly what we seek to do with our new associates when they join our company.

The program's purpose is to ensure that our associates have the same experience when they join any of our businesses and that our new associates feel welcome and part of the team from the outset, sharing our culture and business strategy with our new hires.

The objectives of this program are:

- To instill or eliminate short-term turn-over.
- To create a feeling of belonging among our new associates.
- To accelerate the productivity of our new associates.
- To ensure a positive experience during the onboarding process for both our new associates and their supervisors.



ARCA CONTINENTAL LEADERSHIP SCHOOL

In 2019, AC Leaders - Escuela de Liderazgo Arca Continental was launched as a Leadership Program in collaboration with Harvard Business Publishing Corporate Learning. Offered to over 3,000 participants from all of Arca Continental's territories, it obtained excellent results in 2020 and is still available to our associates.



Executive Leadership Program

→ **48** participants with 100% of participation.

Essential Leadership Program

→ **3,058** participants with 84% participation.



COMPREHENSIVE DEVELOPMENT OF HUMAN CAPITAL

We launched the pilot program **“Uncovering Opportunities”** in which departments that needed support to carry out specific projects included associates interested in strengthening their profile and acquiring new experience in areas other than their own for a specified period of time while continuing to cover the functions of their position. The pilot program included 22 projects.

→ **88%**



of project owners considered that the support provided during the program allowed them to balance their workloads.

Thanks to the results obtained, **“Destapando Oportunidades”** will be implemented as part of the AC Talent Development programs, extending its scope to the five countries we operate in.

→ **100%**

of the superiors considered that their associate's performance was not affected.

→ **91%**

of the participants considered that this experience would facilitate the growth of their career path.



[404-3]

Arca Continental has a Talent Management Review evaluation that ensures we map our talent, identify replacement tables, and define development plans. Likewise, development needs are anticipated based on the organization's needs.

The process is managed using the global Success Factors platform, where the calibration session of candidates evaluated is carried out under the 9-box methodology. This session is led by the Business Unit's Human Capital team and the department leader. During the session, the associate's potential is examined and justified with facts and data.

The TMR has a global reach to the five countries where Arca Continental is present. In the first generation launched in 2018, there was a group of 533 candidates evaluated. In 2021, we plan to impact approximately 90 addresses, 452 managements and, 1,005 positions as superior or similar.

As part of all non-unionized employees' annual review process, the alignment with the company's cultural principles plays a considerable role in their variable compensation.





Deepening of Human Values

Thanks to more than 32 years of operation of the Program for Deepening Human Values, we continue to support associates and their families in their personal development through self-knowledge.

This program focuses on the human being him-/herself, his/her family relationships and how he/she faces the challenges presented to him/her in an inclusive, respectful manner, open to different perspectives and beliefs. Some of the topics included in the program are the dignity of the person and the rest of the creation, education of intelligence, will and affectivity, marriage and family, the family in teaching self-esteem, assertive communication within the family, ethics in human development, culture of life, and addictions.

The program's organization is carried out in teams by zone in Mexico, Ecuador and Argentina with personnel that have the necessary capacity and certifications to act as instructors of the same.

Due to the pandemic, 2020, it migrated to a virtual format where training sessions were held for associates and their families. Fifteen courses were taught, summing 232.5 hours, the participation of 286 associates and 42 relatives. In addition, we also trained 296 internal instructors in the updates to the program content through 35 virtual sessions. To date, the program's participation meter has summed 36,837 people since it began, and we have 15 certified business units, given that they managed to train 90% of their staff through the program.

In coordination with the Undersecretariat of Prevention and Citizen Participation of Nuevo León, Mexico, we updated the „Ambassadors for Peace“ Program. We also trained the instructors in skills and competencies and preparing the instructor's profile.

Virtual format
→ **15 courses**

summing a total of 232.5 hours, the participation of 286 associates and 42 relatives.



Events and Programs for Associates and their Families



Inclusion Day

→ **3,000**

associates participated in the institutional event at the beginning of 2020.

More than 24 thousand participants in the events organized by Arca Continental for associates and their families.

Family Day

This annual celebration aims at celebrating our associates and their families in a recreational and leisure space, where Children's Day, Mother's Day and Family Sunday are commemorated. Unfortunately, due to the health emergency, the celebration was suspended; we will seek to reactivate it when sanitary conditions allow it.

Awards for Years of Service and We Make It Possible

This category of programs recognizes our associates' trajectory over the years in which they have been part of Arca Continental on a continuous basis. This year, in a virtual event, we recognized about 8,500 associates from our operations in Mexico, Ecuador, Peru, Argentina and the United States.

December Holidays

We celebrated Christmas together with our associates and their families through virtual events dedicated to the December Holidays. This year, in Mexico, Peru and Ecuador, 19,000 associates participated in these virtual events; we supported them with gifts and Christmas kits.

Corcholata of Honor, Boti Honor and Honor Roll

Rewarding the effort and dedication behind good school performance, these programs recognize the children of associates who have high grades in their respective schools and figure as outstanding students. In this edition, a total of 799 students in Mexico and Peru were so honored.

→ Work Climate

At Arca Continental, we offer a harmonious and productive work environment for our associates.

A good work environment depends on everyone’s commitment and participation, as well as the workplace conditions. That is why since 2018, we have carried out an annual Work Climate Survey in all our operations; these have allowed us to measure the level of satisfaction of our associates in different aspects to direct our attention and action to our areas of opportunity. This survey, includes over 80 questions in 22 different categories such as pride in the company, development opportunities, continuous improvement, cultural principles, teamwork and others. It is our primary tool to measure the level of the associate’s commitment is, how willing the people who work at Arca Continental are to give that “extra mile” that will pay off in their professional development within the company. Despite how atypical that year had been due to the health emergency, some of the most relevant data of the **2020 Climate Survey** are



COMMITMENT INDEX BY REGION OR OPERATION

	Participation Index
Mexico	91.7
Argentina	88.9
Ecuador	93.1
Peru	89.2
USA-Wise	67.1
USA-CCSWB	79.1

COMMITMENT INDEX BY GENDER

	F	M
Commitment Index	91.8	91.7
Group Average	91.8	91.7

We had a record of participation

→ **97%**

of associates answered the survey, 6% more than in 2018.



→ **OVER 89.8%**

of the associates surveyed expressed a high or very high degree of commitment to the organization.

→ **OVER 82.2%**

was the work climate average throughout the organization, almost 4 points more than in 2018.

Work Benefits

The objective of the Comprehensive Compensation System is to standardize equity and competitiveness in the benefits and perks of associates in all business units. Thanks to this system, we have achieved a work environment in which we provide competitive services that are superior to those established by law in each market in which we serve.

These actions allow us to retain and develop the best talent, which favors the company's development. As a result, our total staff turnover rate was 17.86% at the end of 2020, taking into account our operations in the United States.

In conjunction with the Universidad Autónoma de Nuevo León, we carried out a Human Talent Support Program [PATH in Spanish], which connects psychology interns with our associates and their relatives. Due to the COVID-19 pandemic, in 2020, special activities were carried out such as online follow-up of psychology cases with extended working hours, telephone attention nationwide, and preparation and publicizing of information templates on care against COVID-19, and emotional and stress management in isolation.



706

associates received psychological care through the PATH program.



Inclusion of People with Disabilities

As founding partners of the Congruence Movement, for more than 16 years we have taken the necessary measures to promote, raise awareness on and facilitate the social and labor inclusion of associates with disabilities. We seek to enrich our work culture through inclusion, and we also design our spaces to be more accessible to different needs.

Currently, 305 persons with disabilities work in the company. Additionally, we carry out awareness programs for associates, promoting a culture of inclusion in the organization.



5,841

female associates, 343 of them in managerial or executive positions.

2.52%

is the salary difference between men and women in Arca Continental and tending towards parity.

Diversity and Equal Opportunities

[405-2]

In Arca Continental, we guarantee equal opportunities in all areas of the company by instigating the incorporation and development of talent regardless of age, gender, sexual orientation, disability, race, ethnicity, origin, religion, economic status, or any other condition.

We have zero-tolerance for the spread of stereotypes, discrimination, or biases, and we promote a culture that respects and values differences and unique characteristics among all our associates.

We design and implement practices and programs and promote a respectful and empathetic work environment where everyone can function and

develop fully in equal conditions and equal opportunities. As an example, we aimed in 2020 to increase our total share of women in our workforce beyond 12%.

Likewise, we have designed salary tabulators based on a reference market by levels of valuation of the different positions, with a salary gap between men and women of 3.47%, with a downward trend, advancing towards the goal of zero salary differences.

We promote the professional growth of female associates to occupy positions in middle and upper management to promote an equitable number of associates of both genders in key positions of the organization.

Inclusion and Diversity Policy

We have a worldwide Inclusion and Diversity Policy. This policy, available in Spanish and English, is one more example of our company's commitment to these issues.

THE POLICY HAS THREE SECTIONS:

1.

STATEMENT

In this section the company exposes its position:

Arca Continental recognizes inclusion, equal opportunities and diversity as a fundamental pillar that provides an invaluable contribution to and positive impact on the organization. Therefore we, seek to ensure that all associates at Arca Continental feel:

- Respected and valued in their individuality.
- Not excluded in their interactions with other associates.

In this way, we generate the conditions that allow us to obtain the best ideas, perspectives, decisions and contributions from each associate.

We aimed to increase our share of women in management positions well beyond 10% by increasing at least 15% of women in junior management by 2020. We also have a 2020 target to increase the percentage of women in revenue generating positions and STEM positions by 2020 by 17% and 16% at least, respectively.

2.

COMMITMENTS

12 statements where Arca Continental explains the expected conduct and conduct of all the company's associates:

- Through continuous awareness-raising and training, to promote zero tolerance to the spread of stereotypes, discrimination or biases due to gender, sexual orientation, disabilities, age, race and nationality, interculturality, among others; and to ensure that none of these factors represent a risk to keep one's job.
- To identify the physical characteristics for a particular job that may not be favorable for people with specific physical or mental conditions (temporary or permanent) and look for possible solutions.
- To guarantee equal opportunities in all areas of the company, promoting the incorporation and development of talent regardless of age, gender, sexual orientation, disability, race, ethnicity, origin, religion, economic situation or any other condition.

3.

COMPLAINT

In this section it the means by which any type of departure from this policy can be reported are clearly stated.

This policy is available to everyone through this link: https://www.arcacontal.com/media/363537/pol_tica_inclusi_n_y_diversidad_final.pdf



Improving Excellence Levels

While we take action to protect the health of associates, customers, health professionals and communities, we reinforce our commitment to excellence, through continuous improvement in operations to advance our vision and business mission, reaching the goals that we establish year after year.

We continue working to innovate and improve processes, ensuring compliance with the highest standards of quality in the industry.



Quality, innovation and environmental stewardship

The continuous search to improve the quality of service to customers and consumers, investing in technology and developing new service models, boosted the results of the company, without neglecting the long-term environmental goals that we have set for ourselves.

→
100%+
OF THE WATER USED
IN OUR PROCESSES
IS RETURNED TO
THE NATURE.



CALORIC FOOTPRINT REDUCTION

- Over the past four years, calories in Coca-Cola Mexico's beverage portfolio have been reduced by more than 25% by modifying the formulas and reducing the amount of added sugar.
- In Mexico, we recently agreed, through the Mexican Beverage Industry (ANPRAC), to reduce the caloric content of our foods and beverages portfolio by 20% between 2018 and 2024.

AC DIGITAL

100,000+
registered customers

in the four Latin American countries, offering prospecting, ordering, communication and support alternatives to our Traditional Channel customers.



UNDER THE TOPO CHICO BRAND, WE LAUNCHED:

Topo Chico Twist
expanding our portfolio of low or no-calorie drinks.

Topo Chico Hard Seltzer, the first alcoholic beverage in the Coca-Cola System and in Arca Continental. We were the first bottler in Mexico to launch this product.

INNOVATIVE PACKAGING

The returnable Universal Bottle is already in use in Argentina, Peru, and Ecuador and it began its implementation in Mexico during 2020. This is part of the efforts for the environment the company is making.



Product Performance

We promote strategies that allow us to bring consumers their favorite products, working hand-in-hand with our customers. We pay attention to changes in consumer trends to offer a portfolio that adapts itself to healthy lifestyles, which allows us to continue to position ourselves as the preferred option in the market.

MEXICO

Powerade

+12.3% vs PY

Topo Chico

+10.1%
In volume vs PY

ARGENTINA

13%
In zero sugar mix



ECUADOR

We started with the commercialization of Tortolines through Amazon in the United States in our presentations: salt, ripe, spicy, lemon and garlic. With this distribution, we will have coverage in all 50 states.



Growth of the Beverage Business

In Mexico, the continuous improvement of commercial capabilities, dynamic segmentation, specialized service models (RTM 4.0) and the capitalization of market information using data analysis models, together with an innovative portfolio, drove the growth of the different categories of beverages in Mexico.



→ **1.2% growth** of the total portfolio.

→ **+5.7% in multi-serve presentations** due to affordability and commercial strategies.



→ **8.6% growth in dairy product sales.**

→ Firm steps are still being taken in the returnability strategy; in 2020 **33% was achieved in the mix of returnable products.**

Safe Products and Ingredients

[102-2, 102-11, 416-1]



At Arca Continental, we are committed to having a culture that focuses on quality, and we constantly look for ways to develop and improve our processes so that they continue to comply with the highest international security, safety and quality standards. We currently have the following certifications in these matters throughout our operations:

	ISO 9001 (QUALITY)	ISO 14001 (ENVIRONMENT)	FSSC/ISO 22000 (FOOD SAFETY)	OHSAS 18001 (SAFETY AND HEALTH)
Total Certifications	38	36	30	32

As a beverage producer in the Coca-Cola family, and as a snack producer, we ensure that our beverages and foods are of optimal quality and have been subject to the highest standards of hygiene through our Integral Quality and Improvement System (Sistema de Calidad Integral y Mejora – CIMAC), which we use for quality control testing at each phase of our production process. The Coca-Cola Company and the corresponding authorities supervise and authorize the formulations and processes that we follow when making beverages as part of the Coca-Cola family. On the snacks and sweets side, we perform a detailed analysis on the formulations so that we fully comply with the regulations of the countries where we distribute them, such as the Food and Drug Administration (FDA) in the United States.

To make sure that the analyses of our production lines are carefully regulated, everything is managed by the Food Security and Safety program, which is part of the HACCP system (Hazard Analysis and Critical Control Point). This program covers raw materials, processes, personnel, packaging materials, and product handling and distribution.

The culture of quality is extended and shared with our Value Chain, through which we have a strict support and follow-up program with our providers so that they will operate in conformance with prevailing safety standards. Part of this program includes performing periodic inspections at our most important providers, to verify their production, storage and distribution conditions. From our end, we have control over the formulations of food and beverages, and we guarantee that our consumers see proper labeling on every product that we offer.

At Arca Continental, 100% of our products that contain agricultural raw materials have been certified by at least one international safety or quality standard. Ingredients such as palm oil, soybean, sugar, and grains, among others, have the following certifications:

• ISO 9000	• OHSAS 18000	• ESR
• ISO 14000	• HACCP	• IP in PSJ and PGL
• ISO 17000	• Kosher	• Clean Industry
• ISO 18000	• No GMO	• BPM
• ISO 22000	• FDA	• RSPO
• FSSC 22000	• Halal	• SQF



Reduction of the Caloric Footprint

Consumption trends have changed; therefore, we continue to expand the portfolio of low- and no-calorie drinks, paying attention to consumers who want to enjoy our drinks but with fewer calories. We continually work to evolve and formulate new options, satisfying segments of the market that demand products that adapt to their lifestyles.

- During the past four years, calories in the Coca-Cola Mexico beverage portfolio have been reduced by more than 25% when modifying the recipes and reducing the added sugar content.
- In Mexico, through the Mexican Beverage Industry (ANPRAC), we recently agreed to reduce further the caloric content of the food and beverages industry portfolio, specifically by 20%, between 2018 and 2024.



In 2010, our portfolio had over 400 products where almost 40% were low or no-calorie options; we currently have 61 brands in 10 different categories with more than 66% of low- or no-calorie options.

Our Ecuador operations offer an example of a balanced portfolio since the sales of caloric and non-caloric products are practically the same in this country.

New Products

Every year, we monitor consumer trends, listening to their needs and innovating our products to complement our portfolio.

IN MEXICO:

- **We implemented the Universal Returnable Bottle** in AC México, expanding the returnability of family-size presentations in Fruit-flavored Carbonated Drinks, Light Colas and Orangeades.
- **100% Juice** to complement the Juices and Nectars portfolio as we adopt a nutritional model that adapts itself to the consumers' varying needs.
- **Predator Energy**, is an affordable energy drink brand that reached 30% of coverage in the traditional channel.



Under the Topo Chico brand, we launched:

Topo Chico Twist, expanding our portfolio of low- or no-calories beverages.

Topo Chico Hard Seltzer, the first alcoholic beverage in the Coca-Cola System and in Arca Continental. We were the first bottler in Mexico to launch this product.

BOKADOS:

- **Prispas Embrujadas**
- **Topitos T**

IN THE UNITED STATES:

We launched AHA, a flavored sparkling water, Coca-Cola North America's biggest brand launch in the last decade.

AHA is available in eight different sugar free and low calories flavors.

Logistics Optimization

One of the company's most important projects is Network Design. We use modeling and optimization technology to create a digital twin of the supply chain, which allows us to evaluate it to make tactical and strategic decisions considering the best alternatives based on the information fed into the model.

Thanks to these analyses, we optimize the operation of our logistics network between plants and distribution centers, considering the product supply at the lowest possible cost. In addition, the platform helps us make better investment decisions regarding infrastructure and rationalization of plants, production lines and distribution centers.

- THANKS TO PROJECTS BORN FROM THIS INITIATIVE, ARCA CONTINENTAL HAS ACHIEVED SAVINGS OF OVER 2 MILLION DOLLARS FROM 2019 TO DATE.
- IN MEXICO, WE INTEGRATED TECHNOLOGY INTO OUR ROUTES WITH A DYNAMIC ROUTING MODEL.

Implementation in territories that make 50% of the sale.

→ **+11%**
productivity.

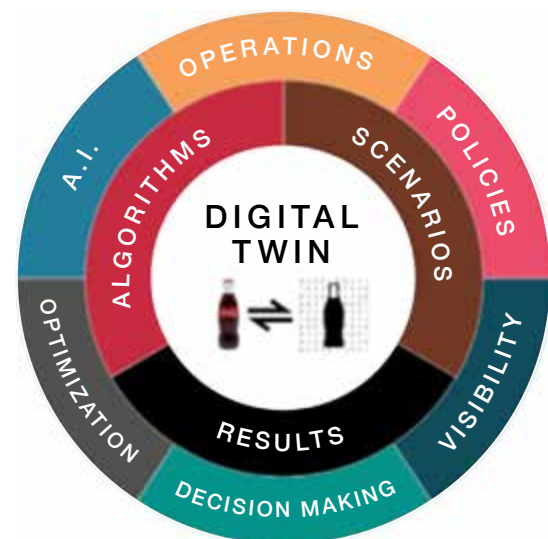
→ **-10%**
of the total routes sent daily to the market.



We installed telemetry devices in half of our Bebidas Mexico units.

→ **+3%**
in fuel efficiency.

→ **-30%**
of accidents due to collisions in these vehicles.



Among the greatest benefits of testing improvements on virtual models are:

- End-to-end visibility and confidence in decision-making.
- Data-based analysis and tools to manage it.
- Execution of hypothetical scenarios.
- Having a medium and long-term horizon for strategic and tactical planning.

Digitalization

We strengthened our digital capabilities through applications and systems that facilitate the operation of our associates, customers and consumers during the COVID-19 public health emergency.

We kept to our digitalization schedule, as a leading company in the field, aiming for our initiatives to transcend the current situation, understanding that many of the changes implemented will be permanent.

AC DIGITAL

→ **100,000+**
Registered customers
in the four Latin American
countries, offering
prospecting, ordering,
communication and support
solutions in the Traditional
Channel to our customers.

In order to better monitor and manage market activities, we strengthened the implementation of the AC Movil platform during the pandemic.

IN MEXICO

→ **Over 80%**

of the sales force serving supermarkets, pharmacies and convenience stores in the country uses AC Movil.

Presence in

→ **Over 15**

cities in the north and center of the country.

IN PERU

We consolidated the use of the application to recommend to each point of sale the product with the highest demand (suggested order), as well as to review its main management indicators.

We accelerated our digitalization processes, strengthening our apps and platforms, thus allowing us to better serve our customers.

AC DIGITAL:

- Order taking
- Follow-up on deliveries
- Promotion help center
- Notification and receipt of complaints and inquiries

REDESIGN OF COCA-COLA IN YOUR HOME

- Expansion from two to nine cities with web stores.
- Growth in registered customers from 6,000 to 30,000.

IN UNITED STATES

Through myCoke and the myCoke Wallet feature, in partnership with Coca-Cola North America, we were able to increase customer loyalty and satisfaction by enhancing the experience with the contactless ordering process.

- Income growth of eCommerce in CCSWB of over 10%

With the consolidation of the Corporate eCommerce team, we doubled income for the segment vs 2019.



Yomp!

Yomp! is an Arca Continental, 100% Mexican company with more than a decade of experience, dedicated to the growth, development and modernization of the traditional channel stores. We currently operate in the cities of: Monterrey, Guadalajara, San Luis Potosí, Saltillo, Mexico City, Aguascalientes, Chihuahua, Hermosillo, Mexicali, Ciudad Juárez, Torreón, Durango, Obregón and Culiacán. The main purpose of Yomp! is to empower the owners of "corner stores" (mom-and-pop stores). Therefore, we support them in their operation to buy in scale, improve their offerings, increase their sales, and be more efficient and competitive.

Some of the most outstanding 2020 results are:

- We reduced equipment rental in order to increase our customers profitability.
- We improved customer retention by 28%.
- In May 2020, we launched Yomp! Mobile with the aim of having a free platform on the market for our customers.
- To strengthen Yomp! Express, we opened two distribution centers in Monterrey and Guadalajara.

→ **8,000**
Customers reached

Over
→ **53%**
Yomp! Premium
income growth



Customer and Consumer Service



Offering the best to achieve consumer taste and preference for our brands is a strategic activity for Arca Continental.

To meet our stakeholders' requests and give them a prompt response, we have Telephone Contact Centers in Mexico, Argentina, Ecuador and Peru.

DIGA Mexico (Hello Mexico) customer service agents have received training from the Coca-Cola Development Center to provide excellent service to our customers and consumers.

CUSTOMER SERVICE METRICS

On the other hand, we carry out processes to measure the level of satisfaction of Arca Continental's direct customers through Customer Love Score surveys and metrics in Mexico.

More than 15,000 direct clients in Mexico were surveyed through these tools, which represents a significant sample of the country. The Customer Love Score metrics were reflected in this way:

Channel	Number of surveys applied	Customer Love Score Mexico
Traditional Channel	9,952	51% of those interviewed gave us the highest grade (7: excellent)
Eat and Drink Channel	5,599	46% of those interviewed gave us the highest grade (7: excellent)

PHONE ATTENTION TO CLIENTS AND CONSUMERS



Through our customer and consumer service platforms, mainly by phone, we responded to over 370,000 service requests, with more than 94% success.

Country	Number of service request received	Percentage of requests answered successfully
Mexico	191,559	95.33%
Ecuador	87,731	87.84%
Argentina	5,789	85.33%
Peru	92,020	99.73%



We build a stronger relationship with the end consumer through the expansion of the Straight Home Channel.

IN MEXICO:

We improved our results:

- Average Ticket: **+26%** vs PY
- Website: we went from two to nine cities with store (**+7 cities** vs PY)
- Categories per household: **2.7** categories per household (**+0.6 pp** vs PY)
- Mix of Income from Other Products: we reached **52%** (+5 pp vs PY)

Growth in coverage by Categories:

- Soft drinks: **+21.3 pp** vs PY
- Dairy: **+21 pp** vs PY
- Expanding Categories: **+9 pp** vs PY

→ **25%**

Coverage of "Unforgivable" products (+12 pp vs. June, the month in which the new RGM methodology began).

IN ECUADOR:

- We launched the Arca Continental Hogar digital application.
- We established 11 routes to serve 1,400+ consumers.



→ **+291%**

income vs PY reaching 1.4 million USD

→ **+155%**

of registered customers

→ **+143%**

of customers with sales

→ **+11%**

of the average ticket

IN PERU:

- We started the Direct-to-Consumer Model in early April.
- We have over three thousand accumulated customers.
- More than a thousand customers with monthly purchases.
- Average ticket of 34.5 USD with a total income of 434,000 USD.



Customer Service Innovation

Given the changes in consumption trends and the emergence of new needs derived from the restrictions due to the COVID-19 pandemic, we have improved our routes through technology that has allowed us to be more efficient while continuing progress in caring for our associates' safety.

In addition, we strengthened Yomp! with changes that allowed us to continue advancing in the value creation route through this business unit.



CCSWB

For the second consecutive year, we participated together with the Massachusetts Institute of Technology (MIT), to develop a modular segmentation model to support the "Food Service & On Premise" channel.

- It groups customers depending on purchase patterns, profitability, and expected sales volume.
- It maximizes service and optimizes customer visits, ensuring better service and profitability in FSOP operations.
- In the United States, we tested technological solutions that allow us to reduce driving by between 2.3 and 5.0 miles and up to 20 minutes. Even with these changes, we will keep improving our routes' productivity.

VENDING:

Faced with the health emergency, in Mexico we developed different solutions:

- **Micro-markets:** Self-service convenience store within controlled spaces.

→ **+32%**

transactions vs installed vending machines

→ **9** BMarkets installed

- **Vending Wall:** Set of beverage, snack, food, and personal care machines in vertical buildings that share an office and residential spaces.

→ **+66,000**

additional transactions

→ **47%** margin in the 10 walls installed.

- **Health Machines:** machines that offer products to prevent transmission such as face masks, antibacterial gel, disinfecting sheets, etc.

In Mexico, the United States and Peru, through a proprietary mobile application and low-cost adaptations to our vending machines, we have enabled functionalities to avoid physical contact, with remote payments, an interactive menu, and a loyalty program.

OUR BEST PRACTICES ARE RECOGNIZED INTERNATIONALLY

- We were ratified for the fifth consecutive year in the FTSE4Good, Sustainable index of the London Stock Exchange.
- For the second consecutive year we entered the Dow Jones Sustainability Index for Latin America.

Ratifications of rating agencies

STANDARD & POOR'S GLOBAL RATINGS (S&P) CONFIRMED OUR CREDIT RATINGS:

- Arca Continental and AC Bebidas at the "mxAAA" level, the highest on a national scale and with a stable outlook.
- In Peru, it was ratified as BBB, with a stable outlook.

FITCH REAFFIRMED OUR LONG-TERM DEBT RATING WITH RATINGS HIGHER THAN THE SOVEREIGNS OF MEXICO AND PERU.

- "A" for the long-term debt, on a global scale of Arca Continental and AC Bebidas, and "AAA(mex)" rating on a national scale, with a stable outlook.
- Arca Continental Lindley (ACL), rated "A" on a global scale, with a stable outlook.

Environmental Commitment

[302-3, 305-4]



We reiterate our commitment to reducing the environmental footprint and preserving the environment. We align our actions with business strategies that allow us to operate with positive results while promoting circular economy initiatives, reducing our use of plastics through packaging returnability and recycling, the sustainable management of water and the expansion of clean energy use.

In the United States

INVESTMENT IN RECYCLING INFRASTRUCTURE

Through Coca-Cola Southwest Beverages, we announced together with the country's two largest soft drink companies the joint investment of three million dollars in recycling infrastructure for the city of Dallas, Texas. With this initiative, the aim is to reduce the use of single-use plastics, and encourage the recycling of plastic products.



Water

RESPONSIBLE USE

We maintain our commitment to the responsible use of water and the preservation of sources, and strengthening the infrastructure for access to vital liquid in the communities where we operate.



In Peru

CLEAN PRODUCTION

Together with Coca-Cola Peru, we obtained the first seal of recognition for complying with the Clean Production Agreement, granted by the Environment and the Production Ministries in this country.



In Argentina

CIRCULAR ECONOMY

As part of the actions surging from the framework collaboration agreement signed in 2019 with the Municipality of Iguazú, Coca-Cola Argentina, and other social organizations, we progressed in promoting the circular economy model with the installation of two Eco Points to receive the recyclable materials of the neighbors of Iguazú.

WE SUCCESSFULLY REACHED

→ **26.93%**

of recycled PET resin in our packaging.



Environmental Commitment

[302-3, 305-4]

WE MAINTAIN OUR COMMITMENT TO THE RESPONSIBLE USE OF WATER AND THE PRESERVATION OF SOURCES, AS WELL AS THE STRENGTHENING OF INFRASTRUCTURE FOR ACCESS TO VITAL LIQUID IN THE COMMUNITIES WHERE WE OPERATE.

	THE BEVERAGES STRATEGIES	2020 GOAL	2020 ACHIEVEMENTS
REDUCE OUR WATER FOOTPRINT	Improve efficient water use	1.6 liters of water for each liter of beverage produced	1,548 liters of water for every liter of beverage produced
	Neutralize and conserve water sources	Replace 100% of the water used in the countries where we operate	100% of the water used in the countries in which we operate was replaced
REDUCE OUR CARBON FOOTPRINT	Reduce CO ₂ emissions into the atmosphere	25.14 grams of CO ₂ per liter of beverage produced, a 21.5% reduction in the carbon footprint compared to 2010: 32.04 grams of CO ₂ per liter of beverage produced	23.5 g of CO ₂ per liter of beverage produced
		Reduce by 11% the amount of energy (MJ) needed to produce a liter of beverage compared to 2010: 0.273 MJ per liter of beverage produced	0.257 MJ per liter of beverage produced
	Use of renewable energy sources	At least 30% of electricity consumed will come from renewable sources	34% of electricity consumption comes from renewable sources
REDUCE OUR WASTE FOOTPRINT	Increase recycling of waste generated	Recycle 90% of the waste generated at production centers	90% of waste generated was recycled
	Use of sustainable materials	Maximize the percentage of food-grade recycled PET, as well as BioPET in our packaging	26.93% utilization of food-grade recycled PET and BioPET on average

CARBON FOOTPRINT

- REDUCTION OF CO₂ EMISSIONS INTO THE ATMOSPHERE
- USE OF RENEWABLE SOURCES OF ENERGY

WATER FOOTPRINT

- IMPROVE EFFICIENT USE OF WATER RESOURCES
- NEUTRALIZATION AND CONSERVATION OF WATER SOURCES

WASTE

- REDUCE WASTE GENERATION
- INCREASE RECYCLING OF WASTE GENERATED

PACKAGING

- USE OF SUSTAINABLE MATERIALS
- REDUCTION OF MATERIALS

MANAGEMENT

PEOPLE

INFRASTRUCTURE

PRIMARY PROVIDERS

VALUE CHAIN

CUSTOMERS AND CONSUMERS

Environmental Policy⁽¹⁾

Currently, we are updating our Environmental Policy to face the new challenges and opportunities derived from our operations' expansion, and the environmental regulations in force in all our regions.

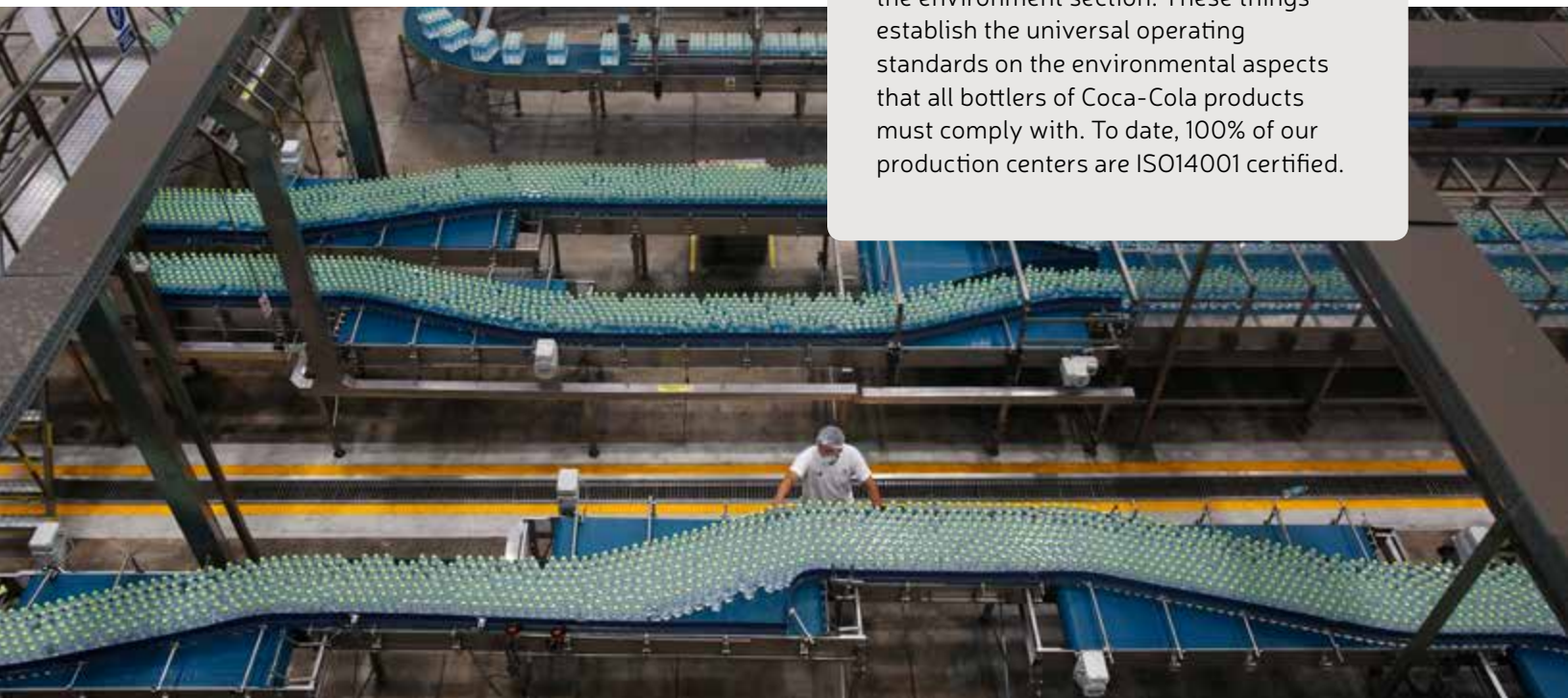
To meet the objectives established in the matter of care and conservation of the environment, we carefully comply with current laws, and the requirements and regulations imposed by our organization, which seek to achieve a rational and efficient use of resources.

We carry out this renewal aiming at going beyond regulatory compliance in each country where we operate so that our products might have a smaller environmental footprint. At the same time, our operations might continue to grow and improve.



ENVIRONMENTAL ADMINISTRATION SYSTEM (SAA)⁽²⁾

Senior management establishes, documents, implements and maintains an Environmental Management System based on the ISO14001 Standard requirements and the Coca-Cola Operational Requirements (KORE) in the environment section. These things establish the universal operating standards on the environmental aspects that all bottlers of Coca-Cola products must comply with. To date, 100% of our production centers are ISO14001 certified.



(1) <http://www.arcacontal.com/social-responsibility/environmental-wellbeing/environmental-management.aspx>

(2) http://www.arcacontal.com/media/164532/documento_sga_2015-ing.pdf



Environmental Focus

Part of the company's executives' variable compensation and the production and distribution centers' leaders is related to achieving environmental objectives, which will foment the monitoring of the organization's strategies and contribute to continuous improvement in our operations at different organizational levels.

Therefore, we focus on being a leading organization in the matter and in resources conservations wherever we operate. To achieve our mission and have a maximum scope in its impact, we put into action our Environmental Management System, which

ensures the sustainability of processes and decisions, and constant evaluation of our performance to bring to light our areas of opportunity and reach our goals.

It has thus been possible to influence all business areas, the products' life cycles, the value chain, and the associates. This system is based on the ISO14001 2004 Standard, as well as on Coca-Cola's environmental specifications (KORE); at the same time, it incorporates internationally accepted practices.

All our efforts are focused on incorporating Arca Continental into the circular economy to reduce waste, increase our packaging's recycling capacity, and integrate PetStar and ECOCE. Thanks to these efforts, we have positioned ourselves as the spearhead in circular economy issues in Mexico; so, we will keep working to achieve an advantageous position in this new business model, where inclusion of and respect for our planet are prioritized.

Water Management

[102-11, 303-1, 303-2]



CONSERVATION

Aware of how important water is not only for our operations but for life on the planet, as part of the Coca-Cola System, at Arca Continental, we are committed to the 2020 vision on water issues, which is broken down into the following three objectives:

- 1. Improving** efficiency in water use.
- 2. Replacing and treating** the water used in our products.
- 3. Investigating and participating** in the protection of watersheds.

Our Source Vulnerability Analysis (SVA) constantly monitors the water cycle and the interaction that production centers have with other important actors in the micro-basins of water bodies adjacent to our operations. The SVA is endorsed by a third party, an expert on the subject and independent, and is carried out every five years in all operations, taking into account the main environmental and social risks in order to determine the amount of water that can be taken advantage of in a sustainable way in each micro-basin.

Likewise, we promote the health of various bodies of water and their sustainable use; hence, we keep track of the consumption of different municipal sources, wells and underground bodies, and we quantify industrial discharges, reused water and the consumption reduction achieved. At Arca Continental, we continue to return more than 100% of the water we use to nature through reforestation and water harvesting initiatives.

Arca Continental's operations have not significantly affected the watersheds where its production centers are located. However, using the World Resources Institute's Water Risk Atlas tool, we have identified that approximately 46% of our operating centers are located in areas of high-water stress. With this in mind, it is essential to carry out a comprehensive water use strategy in which those who are part of our value chain are involved. Our management systems and policies consider the importance of this resource within our operations and with our suppliers.



→ **100%**
OF THE WATER
USED IN OUR
PROCESSES IS
RETURNED TO
NATURE.

We actively participate in private initiatives for the integral management of watersheds wherever we operate. For example, we are founding members of the Monterrey Metropolitan Environmental Fund in Mexico and leaders in four water funds in Ecuador, and reforestation and conservation activities in our Latin American regions.

Among the most important water conservation programs, as well as water harvesting and reforestation, that we carry out for the conservation of sources, the following stand out:



NATIONAL REFORESTATION AND WATER HARVESTING PROGRAM IN MEXICO

This program, led by the Mexican Coca-Cola Industry (IMCC), seeks to make joint efforts between the private initiative, the government and civil society, to restore the country's ecology. Our goal is to return to nature all the water used to produce our products through the recovery, reforestation and maintenance of forests, which allows the recharge of aquifers.

Hand in hand with experts such as Pronatura, the National Forestry Commission (CONAFOR), and the National Commission of Protected Natural Areas (CONANP), we have achieved our goals in various states of the Mexican Republic in which we operate.

In a study carried out by the Universidad Nacional Autónoma de México and the environmental engineering consultancy agency, LimnoTech, it was ratified that the IMCC meets its objective of returning 100% of the water used in its production.

Social projects

[203-1]

As part of the National Reforestation and Water Harvesting Program, we have carried out a series of social projects to generate economy, wealth and self-sustenance in the communities where reforestation activities have taken place. Since 2013 we have implemented different support programs for vulnerable communities residing in the regions we operate. We work together with government agencies to carry out conservation projects that, beyond the environmental sphere, seek to positively impact the economy and quality of life of the communities in which we are present.

WATER REPLENISHMENT PROGRAM IN ECUADOR

Represented by The Nature Conservancy (TNC), this program carried out in conjunction with Coca-Cola Ecuador and the Latin American Water Alliance promotes projects, that through, conservation can return to nature the same amount of water that is used in the company's productive processes.

Since the program began to date, we have supported the following funds:

- Fund for the Protection of Water (FONAG).
- Water Fund for the Conservation of the Paute River Basin (FONAPA).
- Fondo de Páramos de Tungurahua y Lucha contra la Pobreza.
- Foundation in Terris (FONDAGUA).

Within this program, the Water for the Future Project is focused on protecting the micro-watersheds, being able to replenish them with water, as well as ensuring that the program has socio-environmental benefits through:

- **Sustainable, productive projects** (organic gardens, pasture improvement, living fences and training in best productive practices).
- **Maintenance, control and surveillance activities** in conservation areas (field personnel and equipment).
- **Visits to verify the conditions of the agreement.**
- **Conservation of forests and moors.**
- **Reforestation with native species.**
- **Passive recovery** (fenced regeneration of degraded areas).

To date, this project, carried out since 2014, has achieved the recovery of 1,090 hectares in 9 intervened areas, which has impacted 728 families in the region by resupplying approximately 978,000 cubic meters of water.



SAFE WATER PROJECT IN ARGENTINA

[203-1]

As part of the project, the Active Hygiene program, focuses on education and disease prevention with an emphasis on COVID-19; this program has reached 103 institutions, almost 4,000 families and more than 11,000 people.

The water access and quality within reach of the communities sometimes represent a problem that can only be solved through joint work with comprehensive, complementary, and adequate strategies. The strategic alliance between Arca Continental, Coca-Cola Argentina and the social company Proyecto Agua Segura has created a joint project that aims to provide the education and technology necessary for the use, care, and safe access to water for vulnerable communities in Argentina.

Innovative filtration systems have been installed in 175 schools and rural community centers in thirteen Argentine provinces, reaching more than 34,000 children. Along with these efforts, training and educational workshops were held for volunteers and community members to use and care of installed technology, healthy habits for disease prevention, the water cycle and water's importance as a human right for its integral development.

Additionally, we collaborate in response to the water emergency in Salta, providing drinking water to cover basic needs. We have signed an agreement with the Mesa de Agua to provide water to indigenous peoples, one of the most marginalized groups in the country.

MONTERREY METROPOLITAN ENVIRONMENTAL FUND (FAMM)

[203-1]

Arca Continental is one of the proud founders of the Monterrey Metropolitan Environmental Fund (FAMM).

The Monterrey Metropolitan Environmental Fund (FAMM), formerly the Water Fund, has included, since 2019, within its scope the improvement of air quality, in addition to its responsibilities in matters of water. The FAMM is a shared vision between the public, private, academic, and civil society sectors: for Nuevo León to count on a healthy and sustainable environment.

CHAPTER WATER: ADVANCES

SADM system's energy efficiency. In 2020, the FAMM formalized an agreement with CAF and SADM (Monterrey Water and Drainage Services) to develop a diagnosis in 2021 that will seek to increase the energy efficiency of this operating body thus promoting its financial stability and reducing its environmental footprint. This program consists of four phases, where the FAMM will supervise the execution of the plan with the support of experts in the different subjects.

Urban Planting Program. More than two thousand trees were transplanted to the metropolitan area of Monterrey. These trees, some over two meters tall, have helped with various environmental services in the metro area, such as temperature regulation and air quality. The plan is to reach 5,000 trees by the end of 2021 and create an irrigation network with treated water.

GROUNDWATER MONITORING IN ARGENTINA

In Argentina, the Tucumán plant has a meteorological station that continuously monitors the basin that supplies it with as temperature, pressure, and humidity readings. The data collected is shared with institutions such as the Faculty of Natural Sciences of the Universidad Nacional de Tucumán.



Conservation of the Cumbres de Monterrey National Park (PNCM). In 2019, the FAMM, with the support of the Secretariat for Sustainable Development, built a forest nursery, with which they doubled the seedling production capacity within the park. In 2020, 230,000 seedlings were produced that were used for reforestation. In 2021, the FAMM plans to produce more than 500,000 seedlings to help restore the PNCM.

CHAPTER AIR: ADVANCES

In a virtual event on October 28, where it was formally presented to the Monterrey Metropolitan Environmental Fund, the FAMM - Aire initiative was launched: "Our future is in the air." With more than 100 virtual assistants in this launch event, the agreement was signed between the FAMM and the Secretary for Sustainable Development of Nuevo León. They announced a project to generate a mirror of the monitoring network database.

Emissions catalog. One of FAMM's first projects was to create an emissions catalog that began development in 2020, with Consejo Nuevo León, the Secretariat for Sustainable Development, and the Clean Air Institute. This tool, essential in air quality management planning, will represent the baseline for how emissions are distributed in the atmosphere is identified.

WE SUPPORT SYNERGIES BETWEEN DIFFERENT INSTITUTIONS TO SOLVE WATER SAFETY CHALLENGES. IN THE RÍO BRAVO BASIN, WE CREATED PROJECTS TOGETHER WITH FAMM, THE NATURE CONSERVACY AND THE CONSEJO DE CUENCA DEL RÍO BRAVO.

Water use efficiency

The way we measure the efficiency with which we use water is the ratio of the number of liters of water required to produce a liter of beverage including the water consumption of all the processes involved.

To become more efficient in water use, we have performed innovations in our operating centers to implement new technologies, recovered water from industrial processes, got rid of leaks, created water-saving committees, and promoted a culture of continuous improvement.

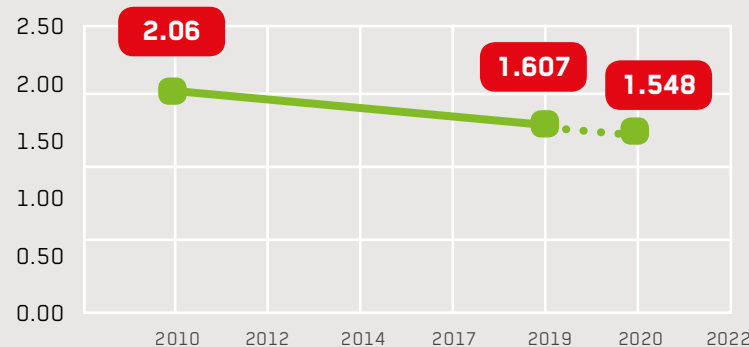
In 2020, our efficiency indicator was 1,548 liters of water per liter of beverage produced, representing a 24% reduction in the water footprint of our drinks compared to our 2010 baseline.

Thanks to all our programs and initiatives, this year, we have saved over 5.58 million cubic meters of water compared to the forecast consumption if we had not intervened in the operations. Our operational excellence projects represented accumulated savings of 2.40 million m³ by 2020.

WATER USE INDEX BY COUNTRY FOR BEVERAGES	L. OF WATER/L. OF BEVERAGE
Mexico	1.48
Ecuador	1.72
Argentina	1.70
Peru	1.76
United States	1.50



LITERS OF WATER PER LITERS OF BEVERAGE



Water Discharge and Reuse

[303-3]

We have initiatives that have allowed us to reuse 3.45 million cubic meters of water in our operations throughout 2020 through access to wastewater treatment plants.

All of our operating plants in Mexico, Argentina, Ecuador, Peru and the United States have direct access to treatment plants, either on-site or with municipal plants, as is the case in the United States. Arca Continental has 34 wastewater treatment plants (WWTPs) in our beverage operations, eighteen of which are located in Mexico, six in Peru, three in Argentina, six in Ecuador and two in the United States.

Likewise, four of our operating centers have tertiary purification processes in their treatment plants, three in Mexico, located in Matamoros, Mexicali and Hermosillo, as well as one in Guayaquil, Ecuador. This makes it possible to take advantage of the treated water for sanitary use and irrigation. For example, in Guadalajara, Mexico, we entered into an agreement with the ITESO University where the institution uses our treated water for sanitary and maintenance use. We continue working to standardize our processes and good practices in all our regions and businesses.



→ **100%**
OF OUR WATER
DISCHARGES
UNDERGO
SOME FORM OF
TREATMENT.

In 2020, the “Rain Maker” system of the Tonicorp Plant operated at 100%, obtaining a 28% reduction in the water indicator. This project made it possible to reuse a significant part of the water consumed, and reduce water discharge levels.

WATER BY DESTINATION (M³)

[303-4]

DESTINATION	TYPE OF TREATMENT	MEXICO	ECUADOR	ARGENTINA ⁽³⁾	PERU	UNITED STATES	TOTAL
MUNICIPAL NETWORK	Without treatment ⁽¹⁾	99,010.95	-	-	-	460,183.03	559,193.98⁽⁴⁾
	Primary treatment	-	-	-	-	-	-
	Secondary treatment	1,178,694.83	116,941	416,216	242,532	183,816	2,138,199.83
	Tertiary treatment	131,848.00	177,583.45	-	-	-	309,431.45
OWN WELLS	Without treatment ⁽²⁾	-	-	-	-	-	-
	Primary treatment	-	-	-	-	-	-
	Secondary treatment	-	-	-	-	-	-
	Tertiary treatment	-	-	-	-	-	-
SURFACE WATER BODIES	Without treatment	-	-	-	-	-	-
	Primary treatment	-	-	-	-	-	-
	Secondary treatment	588,580.1	-	-	36,446	-	625,026.1
	Tertiary treatment	107,789.6	94,648	-	-	-	202,437.6
TOTAL DISCHARGES	Without treatment	99,010.95	-	-	-	460,183.03	559,193.98
	Primary treatment	-	-	-	-	-	-
	Secondary treatment	1,826,131.84	116,941	416,216	278,978	183,816	2,822,082.84
	Tertiary treatment	239,637.6	272,231.45	-	-	-	511,869.05

⁽¹⁾ It is downloaded to the municipal network for treatment.

⁽²⁾ Water rejected by the reverse osmosis process that does not enter the plant.

⁽³⁾ Water discharges in Argentina are calculated, not directly measured.

⁽⁴⁾ This water discharges belong to the Famaillá Sugar Mill in Argentina and its out boundary of the verification

WATER CONSUMPTION BY SOURCE

Following our Water Source Protection Plan, the Beverage operations at Arca Continental do not extract directly from surface bodies of water. Instead, we operate with water from municipal networks or wells under concession, always attentive and aware of the limits set by the authority and our plan. In 2020, a total of 25.1 million cubic meters of water was used.

WATER CONSUMPTION BY SOURCE (M³)

[303-3, 303-5]

	MEXICO	ECUADOR	ARGENTINA	PERU	UNITED STATES	TOTAL
MUNICIPAL NETWORK	1,629,047	818,786	259,445	173,719	2,856,240	5,737,238
OWN WELLS	8,473,283	701,830	3,374,873	2,292,358	543,872	15,386,216
SURFACE WATER BODIES	-	-	3,806,400	-	-	3,806,400
RECOVERED FROM THE RAIN	-	-	-	-	-	-
TOTAL CONSUMPTION	10,102,330	1,520,616	7,440,718	2,466,073	3,400,112	24,929,854

The water reported and verified represents only production centers.



Carbon Footprint



[305-4, 305-5]

EMISSIONS REDUCTION

In the strategy against climate change, three mitigation goals were established for the year 2020:

- 1. Reducing** the carbon footprint **by 21.5%** compared to 2010.
- 2. Reducing** the energy footprint of our beverages **by 11%** compared to 2010.
- 3. Obtaining at least 30% of energy** from renewable sources for the company's operations.

As part of this strategy, since 2014, we have reported before the CDP on issues of Water and Value Chain, the GHG Program of SEMARNAT (Secretariat of Environment and Natural Resources) and CESPEDES (Business Coordinating Council) to mitigate the effect of greenhouse gas emissions and for a better adaptation in the face of climate change.

The Emissions Reduction Program, in force since 2010, aims to manage a record of electrical energy and fuels consumed in the different operations. This facilitates accurate monitoring of the initiatives developed and the identification of areas of opportunity for continuous improvement.

Since 2016, Bebidas México reached the 2020 goal of reducing emissions per liter of beverage produced.

In 2020, an emissions indicator was achieved in the beverage operations, equivalent to 23.5 grams of CO₂e per liter of beverage, reducing the carbon footprint and exceeding the goal established for 2020.

The PIASA mill supplied us with 41,599 MWh of cogeneration energy, while Naturgy supplied us with 32,640 MWh of wind energy.

GOALS IN EMISSIONS

(gr CO₂e / L. of beverage produced)

[305-5]

RELATIVE GOAL	BASE LINE (2010)	2020	2020 GOAL
SCOPE 1 Y 2	32.04	23.5	25.14

GREENHOUSE GAS EMISSIONS INDEX

(gr of CO₂e per liter of beverage)

[305-4, 305-5]

BEVERAGE EMISSIONS INDEX BY COUNTRY

MEXICO	22.12
ECUADOR	15.38
ARGENTINA	35.22
PERU	39.92
UNITED STATES	19.48

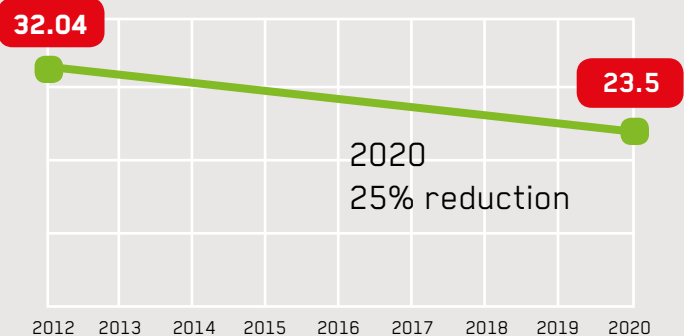
*Includes beverage manufacturing in Mexico, Ecuador, Peru, Argentina and the United States.

EMISSIONS BY REGION - SCOPE 1 (TonCO₂e)

COUNTRY	2020
MEXICO	201,840.61
ECUADOR	47,169.25
ARGENTINA	102,648.54
PERU	13,848.61
UNITED STATES	130,140.76
TOTAL	495,647.77

Includes manufacturing and distribution operations of all Arca Continental businesses.

Emissions verified by KPMG for Operating Centers in 2020 are 384,868.59 tCO₂e



EMISSIONS BY REGION - SCOPE 2 (TonCO₂e)

Country	2020
Mexico	98,446.10
Ecuador	18,135.86
Argentina	15,837.86
Peru	42,262.75
United States	47,644.46
TOTAL	222,327.02

Includes manufacturing and distribution operations of all Arca Continental businesses.

EMISSIONS BY CATEGORY (TonCO₂e)

Category	Beverages	Complementary Businesses
ELECTRIC POWER	195,351.81	26,975.21
FUEL FROM STATIONARY SOURCES	258,949.67	8,427.89
FUEL FROM MOBILE SOURCES	69,182.87	127,404.30

Includes manufacturing and distribution operations of all Arca Continental businesses.



Energy Consumption Efficiency

[302-4]

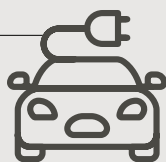
Coca-Cola bottlers worldwide participate in the esKO Top 10 Energy Savings Challenge program, which aims to reduce the carbon footprint through moderate energy consumption while promoting good practices.



ENERGY SAVING OF

→ **5.9%**

for every liter of beverage produced compared to 2010, thanks to various energy efficiency projects, such as optimizing refrigeration systems and installing highly energy-efficient equipment.



ENERGY USE

[302-1]

SOURCE	2020
Non-renewable fuels (MWh)	1,497,999
Renewable fuels (MWh)	237,979
Non-renewable electric energy (MWh)	373,526.03
Renewable electric energy (MWh) * Hydroelectric, biomass and wind	180,020.51

Includes manufacturing and distribution operations of all Arca Continental businesses.

Use of Renewable Energies

The energy goal for 2020 was to obtain 30% of the energy we consume from renewable sources, the same project that has been integrated into the company's operations since 2011.

In 2020, the consumption of renewable energy in Mexico represented 34% of the total electricity consumed. Of this alternative energy, 56% comes from biomass cogeneration and 44% corresponds to wind energy.

To achieve this goal, two strategies were established:

1. Investment to increase clean electrical energy.
2. Exploration of renewable energy generation alternatives in South America.

This year, the acquisition of renewable energy from a solar park was completed to supply Coca-Cola Southwest Beverages plants, starting the supply at the end of 2020. It is expected to cover 70% of these sites' energy consumption.

Likewise, we completed the acquisition of renewable energy from a hydroelectric plant to supply all the plants in Peru; supply is expected to start in mid-2021, covering 100% of these sites' energy consumption.



Cold Dominion Program

[302-5]

This program aims to ensure that final consumers enjoy cold beverages. Retailers and small businesses are supported with installing new refrigeration equipment with low environmental impact on loan; this helps establishments save electricity and reduce their emissions.

→ 40,000

new equipment with CO2 refrigerant, high-performance technology that does not damage the ozone layer, installed during 2020. These low-maintenance, high-performance systems have the following characteristics:

- Temperature control for optimal operation.
- Refrigerants without HFCs and with low environmental impact.
- Motors with electric fans for better performance.
- Low maintenance condenser.
- High-efficiency double-pane doors. made of tempered glass with Argon gas and Low-E LEO lighting film.
- High efficiency insulating foam.
- Durable, resistant, and recyclable plastic front grill.

COOLING EQUIPMENT INSTALLED

	2020
MEXICO	29,057
UNITED STATES	3,864
ARGENTINA	0
ECUADOR	7,800
PERU	0

Climate Change Adaptation Strategy

[201-2, 302-5]

The Human Capital and Sustainability Committee has developed an adaptation strategy that includes guidelines to follow in possible scenarios of climate change effects.

To combat water scarcity, for example, we include adaptive methods for the optimal operation of our plants. Likewise, in the face of the threat of extreme natural disasters in the regions in which we are located, we have developed response plans and strategies to resume operations, and provide assistance to affected neighboring communities.

Some of the low-emission projects/products are:

**PET BOTTLES:
USE PCR + BIOPET**

→ **43,325 tons**
of virgin resin saved

**PCR:
38,530 ton**

**BIOPET:
4,795 ton**

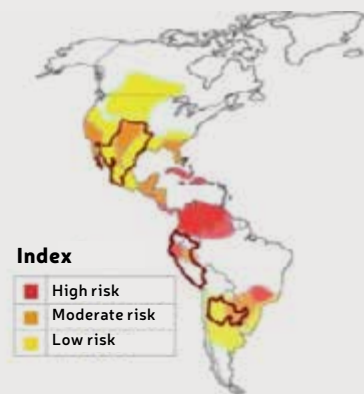


**COLD DOMINION PROGRAM:
EQUIPMENT WITH CO₂ REFRIGERANT**

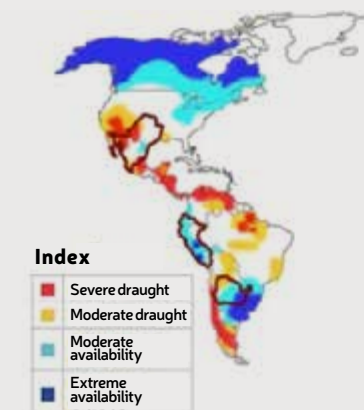
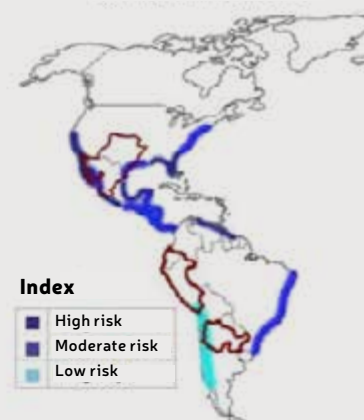
Analyses of exposure to certain risks have been performed in the regions in which we operate, from heat waves to water scarcity.

The exposure maps have also made it possible to focus on the places where the greatest intervention of our adaptation strategy is required, and vulnerability studies.

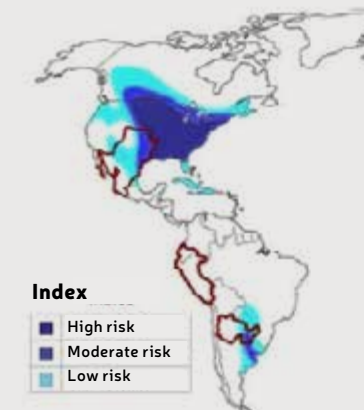
Arca Continental's regional exposure to physical risks of climate change is presented in the following maps:



HURRICANES, CYCLONES AND TROPICAL STORMS



TORNADOES AND SANDSTORMS



Sustainable construction



In 2016, Arca Continental published its Sustainable Construction Manual, which includes guidelines based on good practices and international recognition.

- LEED (Leadership in Energy and Environmental Design) certification from the Green Building Council under the New Construction scheme.
- ASHRAE Standards from the Association of American Heating, Refrigerating, and Air Conditioning Engineers.
- Recommendations and guidelines issued by the United States Environmental Protection Agency (EPA).
- International Green Building Code version 2.0 (IGCC).

Because we followed this manual, the three buildings that make up Arca Continental's corporate offices located in Monterrey, Mexico, have achieved LEED certification at silver and gold level for the good sustainable building practices used when they were built in 2016.

The PetStar Auditorium-Museum, located in Toluca, Mexico, reached LEED platinum level for its excellence in the application of green space strategies, such as:

- Renewable energy through solar panels
- LED lighting
- Rainwater treatment and collection
- Green roof
- Xeriscaping, dry landscaping

This green project includes public educational programs about the PET recycling process and sustainability principles, which involve green building strategies, water and energy-saving methods and flora rehabilitation on site.

The scope includes training for those involved in building maintenance and operation in such a way as to make the most of the facilities and their technology, achieve tangible savings and performance through their responsible use. In addition, the new constructions include a waste, emissions, and water management plan.

The manual is constantly revised and updated to stay abreast of international best practices and to remain at the forefront.

Circular Economy

[306-1, 306-2]

Arca Continental remains an international benchmark in waste management, through the PetStar strategies, the largest food-grade recycling plant in the world, and the implementation of initiatives and programs where it collaborates with different actors to achieve greater objectives.

A fundamental part of our strategy is to promote the circular economy, seeking packaging sustainability. That is why important actions and investments have been made in the countries where we collaborate to reincorporate packaging into the value chain at the end of its life cycle.

In 2018, the Coca-Cola System announced the World Without Waste goals, among which the following were projected for the year 2030:

1. Packaging will be 100% recyclable.
2. Packaging will contain at least 50% recycled material.
3. The recollecting of 100% of the packaging that we put on the market will be encouraged.

Thanks to these efforts, today Arca Continental is one of the Coca-Cola System bottlers with most progress towards these goals.

Sign of its leadership, the company is part of The New Plastics Economy Global Commitment Signatory Pack led by the Ellen MacArthur Foundation and the UN Environment. This Agreement seeks to curb plastic pollution and foment the creation of solutions for plastic packaging production and

management; it was signed by PetStar, ECOCE and Coca-Cola.

Within this Agreement, we are committed to using at least 20% recycled content in all non-returnable PET plastic bottles by 2025 in all our regions.

IN MEXICO

- **19 certified** zero waste production centers.
- **2020 Ibero-American Quality Award:** La Favorita Plant (Special Mention).

IN PERU

We were the first company to receive the seal of compliance for the first voluntary clean production agreement, signed in 2018 with the Ministry of the Environment and the Ministry of Production. The following goals were laid out: incorporation of recycled material in the manufacture of new containers, reuse of glass packaging and promotion of the recycling of PET plastic containers through six agreements signed with municipalities at the national level and alliances with other organizations.organizaciones.



IN ECUADOR

- Agreements were signed with authorities and the Recyclers National Network. Through the DAR program, better economic and social conditions are generated for collectors, at the same time, the PET recycling strategy is intensified.
- Sustainable strategy of shared value.
- Decent access to recyclable material.
- Benefit to more than 1,500 Ecuadorian families
- ToniCorp received the Mucho Mejor Ecuador certificate: Plastic Products to be in contact with food with a AAA rating.
- We launched returnable packages in the portfolio of non-carbonated 300 ml beverages, in tea, water and juices. In addition, we also launched a unique returnable water bottle with a removable label.
- Arca Continental subscribed to the Circular Economic Pact promoted by the national government of Ecuador within the 2030 National Agreement framework.



New Plastic Economy National Agreement

[306-2]

Arca Continental and PetStar signed the New Plastic Economic National Agreement in the Mexican Senate alongside more than 60 companies, collaborating with associations and chambers. By 2025, this agreement contemplates ambitious objectives for the care of the environment. It looks at adding 20% of recycled content in all plastic packaging, innovating the design to make all plastics reusable, recyclable, and compostable. In addition, the firm intends to align with the New Plastic Economic Global Agreement launched in 2018 by the Ellen MacArthur Foundation and UN Environment.

The main objectives of this agreement are to:

- Eliminate problematic or unnecessary packaging and replace disposable packaging models with reusable ones.
- Innovate to ensure that 100% of plastic packaging can be easily and safely reused, recycled, or composted by 2025.
- Circulate the plastic produced: to increase significantly the circulation of plastics that have been reused or recycled and converted into new packaging or products.

Arca Continental Sustainable Packaging Principles

At Arca Continental, we are aware of the challenges we face for the rational use of resources. Therefore, we favor the implementation of operations and processes that minimize the environmental footprint, including the life cycle of our products, packaging, and services.

Arca Continental's Sustainable Packaging Principles are applied in all operations implemented in the countries where it is present.

To analyze the environmental footprint of all our packaging, both primary and secondary, we classify the materials and uses under two aspects:

NUMBER OF USES OF THE PACKAGING.

Packaging can be used one or more times (such as a returnable container) before the material, or the packaging loses the qualities necessary for reuse.

NUMBER OF LIVES OF THE MATERIAL. There are materials that can be recycled to create the same or another product many times. Other materials are difficult to recycle and are very limited or don't make economic sense.

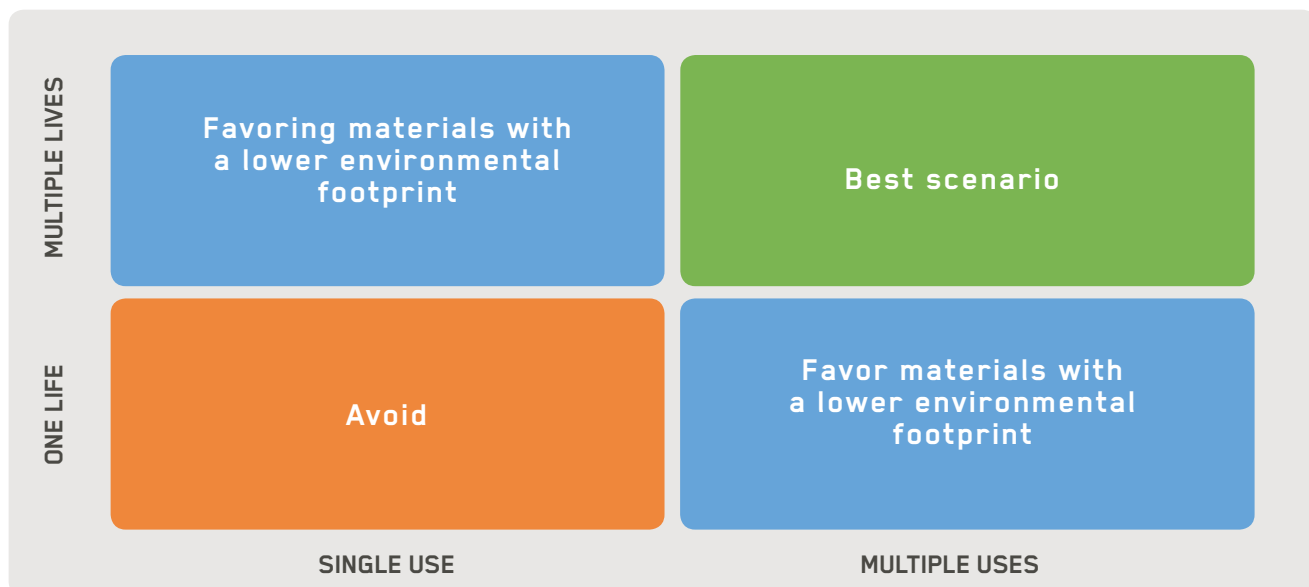
These two dimensions allow the classification of packaging into four categories, as shown in the following figure:

I. ONE LIFE AND ONE USE. Focus on avoiding this and redesigning all packaging and products, both primary and secondary.

II. ONE LIFE, MULTIPLE USES. This category will only be used when the life cycle analysis of the material is less than any other economically viable option promoting its recyclability with local partners.

III. MULTIPLE LIVES, SINGLE-USE. This category will be used when the sum of the environmental footprints of the material and the process is less than any other economically viable option, favoring recycling for the same use (cradle-to-cradle) through partners.

IV. MULTIPLE LIVES, MULTIPLE USES. This is the most favorable scenario, as long as the environmental footprint of the product and process is lower than other categories.



Industrial Waste Management

[306-1, 306-2, 306-4]

We have a Comprehensive Waste Management Plan, which is constantly revised and modified depending on our needs, and the results obtained.

In 2020, over 196,000 tons of industrial waste from Arca Continental plants were recycled, representing 96% of total waste. In addition, the 1,815 tons of hazardous waste generated were disposed of following the provisions of the law for each particular case.

The implementation of the Waste Management Plan has paid off with excellent results. In the case of Bebidas México, we have 19 operating centers certified as "Zero Waste." For our beverage operations in the United States, Coca-Cola Southwest Beverages, two sites also met the goal of recycling 100% of the waste generated and another four are above 95%. Work is underway to reach the goal at all sites by the end of the year.

Work continues so that these results are homologated in productive activities of all our regions.

GENERATION OF WASTE BY CATEGORY

[301-3, 306-2]

INDUSTRIAL WASTE CATEGORY	AMOUNT OF RECYCLED WASTE (TON)	RECYCLING PERCENTAGE
Aluminum	821.44	100.0
Rubble	2,755.49	90.3
Tires	112.08	93.7
WWTP sludge	7,449.55	51.6
Reactor sludge	3,203.90	98.4
Wood	10,307.49	100.0
Ferrous metal	2,002.81	99.7
Non-ferrous metal (except aluminum)	39.42	100.0
Paper and cardboard	8,589.30	99.8
PET	7,245.03	100.0
HDPE	927.53	95.2
Polypropylene and BOPP	543.99	100.0
Plastic (others)	6,995.19	99.4
Electronic Waste	7.75	97.7
Urban Solid waste	3,758.11	44.4
Glass	12,843.82	99.8
Others	1,076.64	29.3

*This breakdown includes only beverages production centers.

RECYCLING OF WASTE GENERATED IN BEVERAGES, FOOD AND SNACKS

[306-2]

	MEXICO	ECUADOR	ARGENTINA	PERU	UNITED STATES	TOTAL	2020 GOAL
Generated waste (ton)	30,292.63	6,223.66	134,739.45	11,150.66	21,774.41	204,180.81	
Recycled waste (ton)	30,145.14	5,314.74	133,439.47	10,097.94	17,691.61	196,688.90	
Percentage of recycled waste	99.51%	85.40%	99.04%	90.56%	81.25%	96.33%	90%

INNOVATIVE PACKAGING

The returnable Universal Bottle is already in use in Argentina, Peru, Ecuador and, during 2020, we initiated its implementation in Mexico. This is in addition to the environmental efforts made by the company in terms of returnability.

New presentations in non-carbonated products:

- 1.5L Water
- 300ml Frugos
- 1L Powerade





PetStar

PetStar has the largest food-grade PET recycling plant in the world and is part of the Mexican Coca-Cola Industry, collecting almost 7 out of 10 bottles that Arca Continental and its shareholders put on the market.

With its 26-year history, the PetStar Sustainable Business Model (MNSP, in Spanish), led by Arca Continental, is a benchmark of excellence in the circular economy for PET packaging. It is integrated from collecting the bottle to its incorporation into new packaging with recycled content, contributing to Coca-Cola's global goal by 2030: #WorldWithoutWaste.

As part of the Mexico Global Compact Network board of directors, Arca Continental and PetStar joined forces to accelerate actions in favor of the Sustainable Development Goals (SDGs) of the 2030 Agenda. This took place through a cycle of six webinars under the name „Accelerating Actions for a More Sustainable Life.“ The webinar's goal was to help companies and Mexico overcome the negative impacts associated with the health crisis caused by COVID-19 as they move towards sustainable business models, deepen their knowledge of the international agenda and accelerate actions for the fulfillment of the SDGs.

PETSTAR IN FIGURES 2020

→ **4,135,500**
bottles recycled per year.

→ **52,175**
tons of recycled food grade PET resin produced.

→ **1,451**
MSMEs dedicated to the recovery of recoverable materials.

→ **24 mil**
indirect jobs (waste pickers and urban collectors).

→ **10,834**
virtual visitors and 2,039 in-person visits to our Auditorium Museum.

PETSTAR IN THE FACE OF COVID-19

From the very beginning of the pandemic, we placed people at the center of our decisions, acting with Responsible Business Conduct throughout our value chain, therefore through PetStar we carried out the following actions:

→ **212,000**
face shields donated for COVID-19 frontline medical personnel.

→ **3,444**
food boxes donated to collecting partners throughout the country.

→ **890**
people benefited with gallons of water donated by Arca Continental to beneficiaries of Mayama in Guadalajara.



66% of the energy used in our operating processes comes from renewable energies.

CARBON FOOTPRINT

Since 2016, wind energy has been used; today, PetStar resin represents zero carbon emissions to the atmosphere compared to virgin resin, thanks to renewable energy, the cogeneration process and multiple energy efficiency projects. This is equivalent to stopping all cars in Mexico City for two days.

SOCIAL VALUE

Through our PetStar Inclusive Collecting Model (MAIP, in Spanish), in alliance with other institutions, we have generated different inclusion initiatives, meeting the education, food and health needs of waste pickers, grassroots reclaimers and their families.

To improve the living conditions of girls and boys, children of waste pickers, we work as a team with the Center for Community Childhood Education and Development (CEDIC, in Spanish) located in Chimalhuacán, State of Mexico.

To expand the CEDIC model's social impact in other regions, an alliance was established between CEDIC and Mayama, a learning center that transforms the lives of children and families in a situation of waste picking, marginalization, and violence in the metropolitan area of Guadalajara. In addition, since 2020, through the Club de Niñas y Niños de San Luis Potosí A.C., development programs for children and young people are offered in healthy and safe spaces. They provide various extracurricular activities that encourage children's interest in sports and artistic activities and help them positively manage conflicts, increasing their self-confidence and self-esteem.



We attended
→ **900**
boys, girls and adolescents, children of waste pickers and grassroots reclaimers based on children rights to improve their development and life quality.

Supply Policy Free of Child Labor

PetStar has assumed the commitment of ZERO TOLERANCE of Child Labor throughout its supply chain and verifies compliance with minimum working age provisions.

ECOCE

The collaboration with ECOCE, A.C. contributes to raising awareness about the importance of recycling in communities, seeking to reduce further our waste footprint.

ECOCE is a non-profit civil association created and sponsored by the consumer goods industry in Mexico.

It represents the associated companies, managing the National Collective Private Waste Management Plan for Post-Consumer Containers of PET, HDPE, LDPE, BOPP, aluminum, and others, registered at the federal level before SEMARNAT (PMROTR-008-2013).

This association helps manage packaging waste and post-consumer packaging under the principle of Shared Responsibility by promoting the collection of containers and post-consumer packaging, operating collection and recovery programs for our containers and packaging, and generating environmental awareness in the communities where we operate.

In addition, it invests in innovation by looking for new useful alternatives that contribute to the conservation of our environment by managing packaging materials such as metalized BOPP.

Synergies are also made with governments of any level to analyze and attend to critical areas and monitor the creation of Federal, State and Municipal legislation, rules, and regulations on the issue of waste.



WASTE EXCHANGE PROGRAM FOR FOOD BOXES

In September 2020, the Waste for Food Box Exchange Program began. The ECOCE collecting vans have various routes in different municipalities of the country, while abiding the necessary measures in the face of the pandemic. At the end of the year, there were 273 collection points where more than 400 people were assisted, and 30 tons of waste were collected.

INSTITUTIONAL PROGRAM, SPORTING EVENTS AND ECO-RESCUES

This is a free and voluntary packaging waste collecting program that sensitizes and educates the local population and visitors of institutions and public offices, universities, hospitals, sports, museums and massive sporting events with a minimum of 150 people.

It collects and periodically exchanges waste from PET, high-density polyethylene (HDPE), aluminum, tinsplate, low-density polyethylene (LDPE), and polypropylene (PP) metalized or not containers, seeking to change habits in waste disposal to the use of separate bins for recycling.

Practically all sporting events were canceled as of March 2020 due to the COVID-19 pandemic.

ECO-CHALLENGE

This is a free and voluntary program that collects packaging waste from public and private schools.

Participants include from kindergartens to high schools. PET, HDPE, LDPE, BOPP, aluminum, and tinplate packaging waste is recovered for recycling. This program encourages environmental education, promoting the collecting of containers and packaging waste, teaching the administrative team, students, teachers, and staff to properly manage their packaging waste and thus to contribute to caring for the environment.

Due to the COVID-19 pandemic, the last complete collection campaign took place in February 2020; in March, only half of it could take place.

SOCIAL COLLECTING PROGRAM

The Social Collecting program takes place in corridors of highly marginalized and poor communities connected by a central highway. It is operated through PET, high-density polyethylene (HDPE), and aluminum containers collecting in exchange for basic consumer goods, granting people social, environmental, and economic benefits thanks to the exchange. Despite the COVID-19 health emergency, during 2020, over 96,000 people from 107 communities were attended and 84.7 tons of waste were collected.

MOBILE COLLECTION PROGRAM

This is a program for the containers collecting with trucks that function as a collecting center for various materials, including PET, HDPE, flexible packaging, tinplate, cardboard, multi-laminate, and aluminum. This program is designed for cities or metropolitan areas with high population density and traffic or transportation problems.

The units travel on pre-established routes, stopping in parks and public squares to exchange the waste received at the time for consumer goods, manufactured by the partners that sponsor ECOCE.

Everything is handled in equivalents or ECOPOINTS. There is no cash involved, bringing the population to collect and recycle their packaging waste, thus spreading the culture of caring for the environment through recycling. Despite the COVID-19 pandemic, at the end of 2020, there were 64 collecting points in Guadalajara and Monterrey that served 8.3 million people and managed to collect about 8.6 tons of waste.

BOKADOS FLEXIBLE PACKAGING MANAGEMENT

Arca Continental, aligned with its corporate responsibility goals, began managing its metalized BOPP packaging waste through all of ECOCE's operational programs.

In 2020, two flexible packaging recycling projects were implemented; seeking the best technology for recycling these materials available in Mexico, we found two Mexican recyclers. Currently, pallets have been manufactured with 21% recycled content that is already tested in the partners' operations.

→ **84.7 tons**
of waste collected



IPASA

[301-3]

In addition to our PET bottle recovery and recycling efforts, bottle caps also play an important role in our circular economy model. IPASA, a company belonging to Arca Continental, is dedicated to the development and manufacture of plastic products for industry. In a joint effort, the caps of the PET (HOPE) containers are recovered and recycled at IPASA, taking advantage of quality plastic to manufacture all the distribution boxes used at Arca Continental.

Thanks to the Arca Continental, PetStar and ECOCE consortium, almost **seven out of every ten bottles** that we introduce onto the market in Mexico are recovered for recycling.

PROJECT OF VALORIZATION OF CAPS AND LABELS THROUGH BLACK BOXES

Arca Continental, in conjunction with IPASA, started the production of black boxes for returnable bottles, made from caps and labels (PCR PO). This represents 100% fewer CO2 emissions rather than using virgin resin and is equivalent to turning off 553,940 light bulbs/ton of composite.

En las cajas,
el negro es el
nuevo rojo

Recycling culture

To promote the culture of recycling within our offices and operating centers, ECOCE has provided containers for the collection of PET at our facilities. Through these efforts, both associates and visitors are participants in this awareness-raising movement by correctly disposing of their waste.



Continuous improvement

As part of the culture principle of Change and Innovation, we are building an environment where all employees can:

- **Question** ideas and processes, aspiring to constantly innovate.
- **Seek** new approaches, measure risks, monitor results and adapt quickly.
- **Learn** from mistakes.
- Continually **anticipate** change, even when performing well.

Arca Continental has a Continuous Improvement Model whose main objective is to generate value for shareholders, customers,

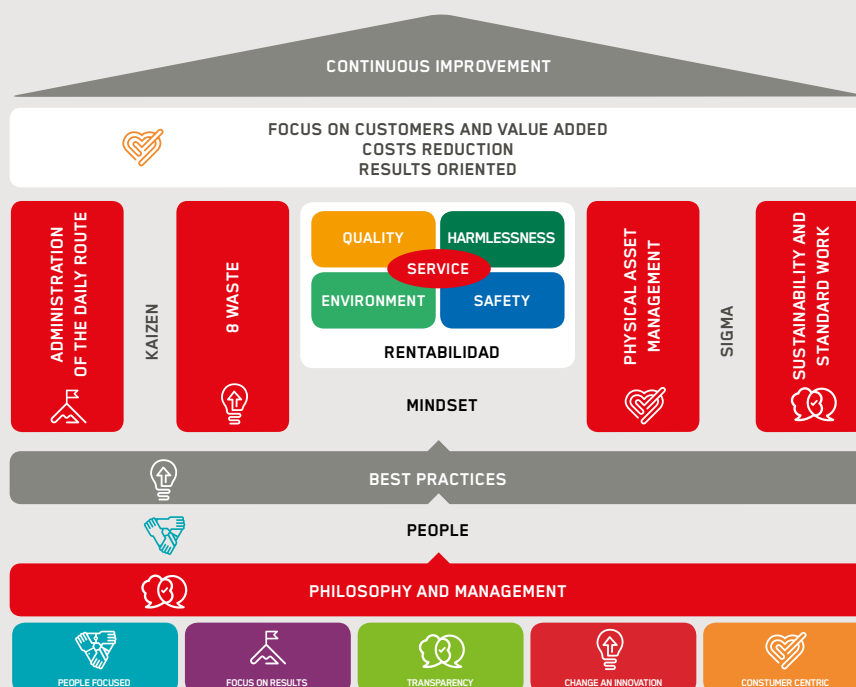
and employees. The model is based on the principles of Lean Manufacturing. It encourages learning, participation, innovation and improvement for all employees every day.

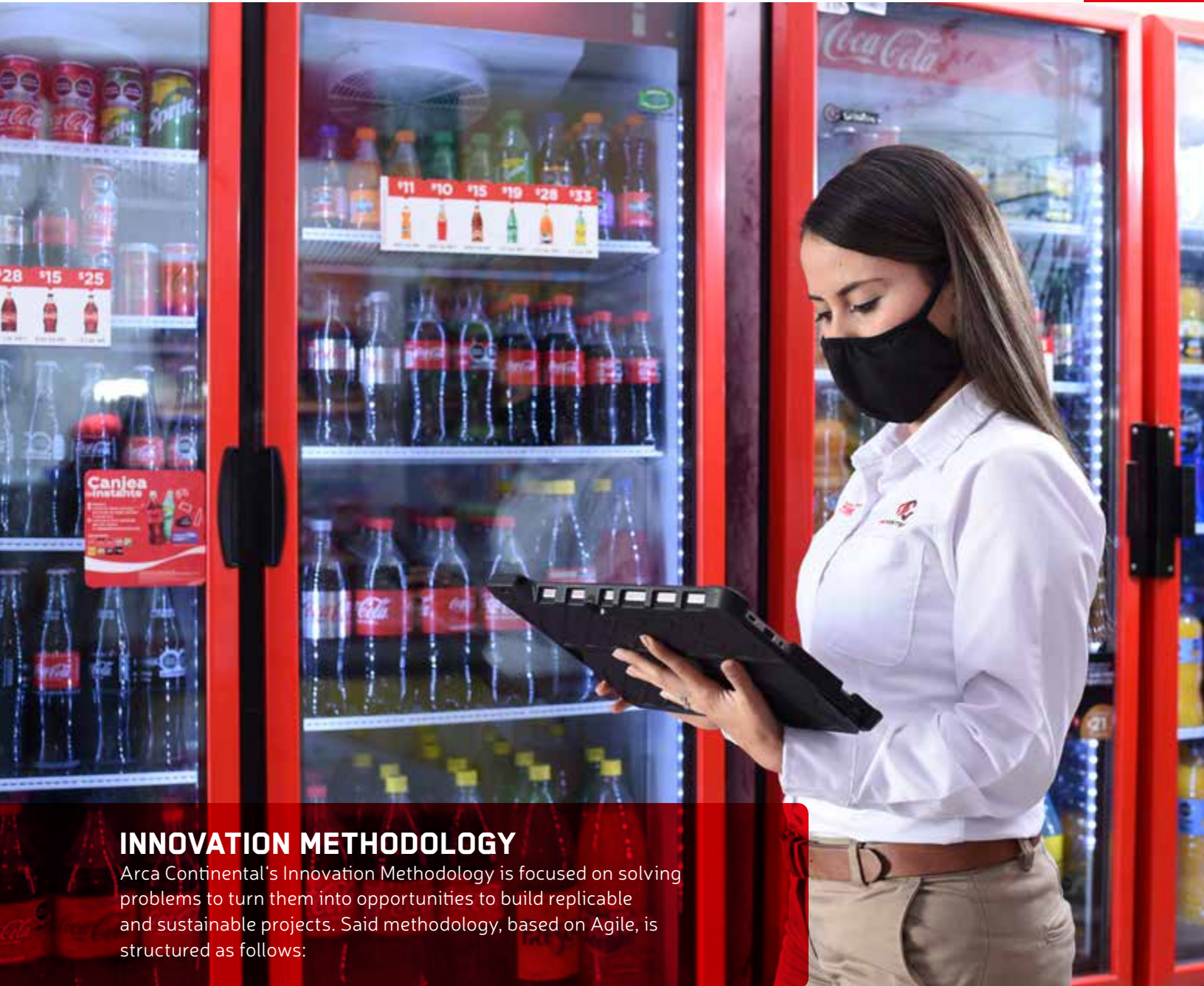
It is led at the highest level under the responsibility of an Executive Director and covers all areas of Arca Continental. It has three main avenues of value: strategic projects generated in executive management; initiatives and replications launched from the operations; and a financial and process benchmark that allows comparing internal and external performance by key indicators.

In addition, the Continuous Innovation Model consists of five steps:

- 1. Innovation Sources:** such as poor performance, stable performance, market changes, legal changes, and megatrends.
- 2. Innovation Planning:** based on creativity, collaboration, knowledge, redesign of processes, products or services, innovation workshop and project portfolio.
- 3. Validation and Implementation:** whose process includes floor innovation testing, user feedback, implementation of innovations and innovation methods.
- 4. Supervision:** we benchmark, innovate new alternatives and monitor.
- 5. Protection:** we promote and protect intellectual or industrial property.

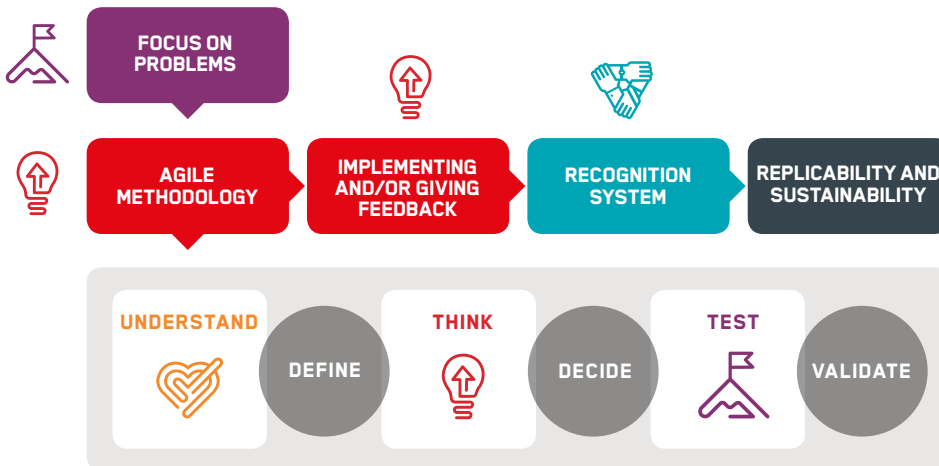
THE MODEL APPEARS IN DETAIL IN THE FOLLOWING DIAGRAM:





INNOVATION METHODOLOGY

Arca Continental's Innovation Methodology is focused on solving problems to turn them into opportunities to build replicable and sustainable projects. Said methodology, based on Agile, is structured as follows:



AC Innovation Cup

One of the main tools to build our culture of continuous improvement among the company's associates is the AC Innovation Cup. This Cup is an invitation for any team of associates to submit an innovation project to compete.

The AC Innovation Cup has defined processes and mechanics for the registration and subsequent evaluation of ideas in the following areas:

1.

Novelty and Creativity.

Generation of something different from the current situation of a process, nonexistent prior to implementation.

2.

Impact on business indicators.

Identification of where the benefit is going and, if possible, quantify it.

3.

Sustainability.

Sustainable implementation: it can be consolidated and remain until another level of improvement is generated.

4.

Replicability.

Applicability in another area or elsewhere.

The AC Innovation Cup began in 2016 and has been deployed in all of Arca Continental's Bebidas México operations.

The economic impact of the AC Innovation Cup has already exceeded 60 million pesos in Mexico, and in 2020 alone, more than 1,100 teams submitted proposals for innovation and improvement.

Starting April 2021, we will hold the Value Generation Cup. This cup aims to recognize the best projects and initiatives implemented that are aligned with our cultural principles.

- **People Focused**
- **Transparency**
- **Change and Innovation**
- **Focus on results**
- **Customer Centricity**



Sharing Best Practices



We encourage our associates and teams to be constantly learning, sharing knowledge, skills and attitudes to produce continuous improvement and create dynamic competitive advantages. This helps to create collaborative work environments where our associates are working towards achieving common goals. Continuous Improvement involves everyone in building learning, from the Site Committee to the Continuous Improvement Teams.

The implementation of best practices, framed in the philosophy of the Continuous Improvement Model, must be shared and deployed throughout the organization. This not only refers to the practice of activating the positive aspects of other operations, but also to facilitating learning between functions to maintain continuous transformation. It is crucial that this exchange includes both successes and failures. The expectation is that the improvement is not considered complete until it is confirmed that it could be replicated, and the learning is shared with others.

In 2018, in accordance with the Continuous Improvement Manual, a Best Practices Procedure was created with guidelines to share knowledge, promote greater participation of associates and to replicate best practices detected inside and outside the organization.

The system continued to evolve in 2019, 2020 and early 2021, integrating processes for selection, implementation and control. Since 2021, the evaluation of project replication and their implementation time is an official metric to be followed by site committees and at the executive level.

With our Continuous Improvement Program, we seek to train and support the different teams in the countries where we operate so that innovative and improvement projects can arise. This program is carried out through teams organized in plants to analyze and propose improvements in specific aspects of at least one of the established issues: productivity, cost and expense control, quality, safety, environmental indicators and personal development indicators.

We improved our water treatment processes with the help of the Coca-Cola Company, achieving record times in Topo Chico.



TRIPLE IMPACT PROJECTS

As mentioned above, many projects and ideas were presented or implemented during 2020, including some with international scope. This section shows examples of the continuous improvement and innovation projects that were presented or implemented during the year.

Following the success of bottles made 100% from other bottles (PCR) in Mexico and Peru, Coca-Cola Southwest Beverages is implementing processes and measures to launch several packages made from 100% recycled material in 2021.



Generating Shared Value

[203-1, 203-2]

We ensure that our actions generate shared value for the people surrounding us. Aware of global challenges, we design strategies that allow us to contribute to the integral wellbeing of the communities in which we operate. At the same time, we propell the economic development of the regions in which we operate through the achievement of positive results, maintaining our leadership in social, environmental and commercial aspects.

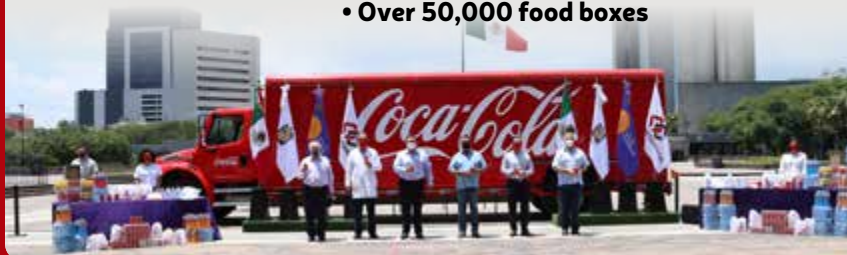


We foster reopening and support our communities

Supporting the safe reopening of customers of the traditional channel was a priority during the pandemic, as well as support for communities, particularly the healthcare system and groups in situation of vulnerability.

SUSTAINABLE COMMUNITIES

- Over 2.7 million liters of hydration to the healthcare sector and communities
- Over 60,000 face-masks
- Over 50,000 food boxes



6,000



runners completed the 2020 Powerade Monterrey Digital Marathon, the marathon with the largest number of runners in the country.

STRENGTHENING THE VALUE CHAIN AS ARCA CONTINENTAL'S RESPONSE TO COVID-19

→ **300,000+**
mom & pop stores benefited.

→ **200,000+**
cleaning kits handed out.

→ **60,000+**
protective screens.



SOS PLAN

During the pandemic stores closed and unemployment increased, so at Arca Continental we provided advice to more than 13,000 retailers for the commercialization of our products. We advised them within 24 hours. We provided all the quick service tools, advice on business management, as well as some elements for business communication.



Over

4.6 MM USD

donated by Arca Continental for social causes through 119 foundations.



Customer Support

WE PROTECT OUR CUSTOMERS

We developed capabilities to ensure we are the best business partners for our customers, supporting them with infrastructure and training so that they could continue to operate despite mobility restrictions during 2020.

We stayed close to our customers, strengthening our relationship and driving together the economic revival of the countries where we operate through new plans to provide them with tools that would enable them, and the consumers, to have greater security in their interactions.

- **We promoted a number of initiatives that allowed mom&pop stores to operate under better conditions, during the pandemic while seeking economic revival.**

Strengthening the Value Chain as Arca Continental's response to COVID-19.

→ **300,000+**
Retailers benefited.

→ **200,000+**
cleaning kits handed out.

→ **60,000+**
protective screens. .

IN MEXICO

“Open Store, Safe Store“ program, based on 3 pillars:

1. **Fulfillment of weekly routine visits and phone calls to support open stores and encourage the reopening of closed ones.**
2. **Support to retailers with the service of administration, safety and home delivery, providing visual and communication aids such as banners, information leaflets with prevention tips and a cleaning kit with disinfectants, masks and cleaning tools.**
3. **Final consumer with communication at the point of sale.**



During 2020, we developed the mibodegaabierta.pe platform, a free website where thousands of Peruvian grocery stores found tools to manage their business in a safe way. There, they were able to download materials, such as signaling, delimitation, information for carrying out promotions and implementing home deliveries.



IN ECUADOR

- **“My Safe Shop”** combined with different activities, sought to promote the reopening of shopkeepers by providing sanitization kits, effective communication and awareness campaigns on the role of the shopkeeper in the community and the importance of keeping their establishments open during the pandemic.
- Together with the local and National Government, the United Nations Development Program and the Coca-Cola Company, we implemented a comprehensive economic revival plan in neighborhood stores.

→ **+9,500**

Jobs generated nationally, contributing to the economy with over 160,000 operating neighborhood shops.

IN THE UNITED STATES:

- We implemented new models in the Self-Service and Convenience Stores channels through customer segmentation, new productivity standards and marketing roles. We will continue with this implementation in the rest of the regions, reaching 100% of CCSWB by the end of Q1 2021.

IN PERU

- **“My Open Store”** distributed messages that would allow consumers to be treated safely. In addition, new service models were implemented, such as Direct To Home Routes and the digitization of 4,000 customers, through the AC Digital platform.
- Like in Ecuador, through the Business School, we consolidated a model of Training for Store and Restaurant Owners to prepare our main business partners for the challenges of the new normal under a technological, administrative and competitive approach that allows them to succeed in their operations. We trained about 25,000 customers between the two operations.
- We implemented a Value to Market Segmentation (V2M) model with a value-oriented approach that will allow us to identify the customers business' with the most potential and improve growth trends from a life cycle perspective.



→ **270,000**
Customers

supported by our Latin American operations through “My Open Store, My Safe Shop” and its “My Open Kitchen, My Safe Kitchen” with training so that they could create adequate conditions for their business operation in a responsible way during the pandemic, allowing consumers to feel safe in the business environment.



IN MEXICO:

AS PART OF THE ACTIONS TO SUPPORT OUR CUSTOMERS DURING THE PANDEMIC

- We accelerated the adoption of digital payments in the Straight Home channel in Mexico, reducing cash transactions between our sellers and consumers, contributing to better sanitary practices, with higher average tickets.
- We enabled an electronic wallet in Yomp! Express to facilitate grocery payment with contactless technology.

IN ARGENTINA

- **“Estemos Abiertos”** is a program created to support reopening of traditional channel stores, which in Argentina amount to 90% of our customers, that were affected by mobility restrictions and obligatory quarantines. In 2020, 770 million of Argentinian pesos were destined to reactivate the traditional channel. In addition, a digital training platform was created within the “Potenciá Tu Negocio” program, for customers to manage better their business during the pandemic.
- We were the first bottler to launch telephone pre-sales and also the first to return to face-to-face sales with strict security protocols.

→ **25%**

of all payments were made with alternate methods displacing cash transactions, credit card being the method of choice.



In Ecuador, Peru and Argentina, we sought to help our customers by enabling microcredits through third parties and developing alternative payment methods through QR technology.

Development Programs for Retailers

SOS PLAN

During the pandemic, as unemployment increased, we provided advice to more than 13,000 retailers for the commercialization of our products. We provided quick service tools, advice on business management, as well as some elements for business communication.



IN PERU

Business Development School

Since 2004, the Business Development School offers workshops on marketing, administration, accounting, taxation, finance, gender and entrepreneurship to retailers in order to strengthen our long-term relationship and develop our portfolio in their businesses.

→ **11,000**
hours of training
that benefited 7,600
participants, of which
65% were women in
2020.

In 2020, the Business School went digital within the platform “Mi Bodega Abierta de Inca Kola” (“My Inca Kola Open Shop”). On this platform, you can view various informational sections and materials developed by AC Peru, which help retailers to improve their businesses.

For more information: www.mibodegaabierta.pe

FROM SHOPKEEPER TO ENTREPRENEUR

The objective of this program is to empower and train our customers to create a new vision for themselves, to evolve from a shopkeeper to an entrepreneur, thus becoming better business partners. Through training with curricular value endorsed by universities, providers learn according to their own level (new, developing, developed). The workshops cover topics such as business management, new management tools and sales techniques. We continue to strive to develop this program, as our customers recognize its practicality and effectiveness.



21st Century Project and Titan Program

The 21st Century Project (Proyecto Siglo XXI) is directed at retailers of the Traditional Channel in Mexico and seeks to provide tools that will allow them to differentiate themselves from the competition and meet the expectations of their customers. The project consists of support to the micro-entrepreneur in four fundamental aspects: training, external image, development of the inside, and digitization.

Similarly, in Ecuador, the Titan Program (Programa Titán) offers a value proposition to our customers and consumers in Ambato, Babahoyo, Guayaquil, La Troncal, Manta, Portoviejo, and Quito, through a set of differentiating tools against the growth of other channels. It seeks to strengthen the relationship with our retail customers and the negotiation capacity for the sales force. In 2020, 103 retailers participated in the program.



Training

Grocery personnel are trained in administration, accounting and inventory management issues.



Exterior image

We support the rehabilitation of the front, frame, awning and other elements that a modern store must visually offer to its customers.



Development of the inside

We support these micro-entrepreneurs with their refrigeration capacity; displays, counter and gondolas are rehabilitated to offer the customer a pleasant and safe shopping experience.



Digitalization

To really bring these stores closer to the 21st century, we offer ERP systems to accept card and service payments.



Responsible Marketing

[417-1]

RESPONSIBLE MARKETING POLICY

Our labeling policy is to fully comply with the established advertising and communication regulations of each country in which we operate and to offer responsible and transparent information on our products. To achieve this, we strictly adhere to the labeling guidelines established by the authorities of the countries we serve. We also comply 100% with the Coca-Cola Responsible Marketing Guide in beverage operations.



RESPONSIBLE AND TRANSPARENT INFORMATION

All Arca Continental products contain nutritional information on their packaging. We have a commitment to parents and their right to decide responsibly what their children consume; therefore, since 2008 we have adhered to the Self-regulatory Code of Food and Beverage Advertising aimed at Children (PABI Code), years before it was a requirement on the part of the authorities. In line with this code, 100% of our business units avoid advertising or communication directed at children under 12 years of age. Also, we have prepared a special selection of drinks and snacks in our portfolio for School Consumption Establishments in Mexico (ECoES), in strict adherence to the requirements established by the Departments of Health and Education.

Value Chain

[102-9, 102-11, 407-1, 408-1, 409-1, 414-1, 414-2]

At Arca Continental, we are convinced that the success of our sustainability strategy depends on everyone involved in our value chain. That is why we consider our most important suppliers to be relevant business partners and allocate resources for their development.

Despite the challenges we faced in 2020, we kept progressing to strengthen the value chain, supporting suppliers and seeking to establish the highest quality standards in the industry.

IN PERU

- **We strengthened the value chain by providing prevention items to our customers and recyclers, through various NGOs, such as Recicla pe, Ciudad Saludable, Recicrece, Reciclame, etc.**
- **We accompanied seven strategic suppliers in the „Competitive Business“ program of the Global Reporting Initiative (GRI). They successfully completed their first and second sustainability reports, a tool that promotes competitiveness, transparency and ethics, through sustainable practices in their value chain.**



RESPONSIBLE SOURCING STRATEGY

The Responsible Sourcing Strategy is divided into two phases in which we select future partners or decide to continue doing business with the current ones.

1. In the first phase, only suppliers that comply with our principles and Code of Ethics will be able to access the bidding processes.
2. In the second phase, suppliers are selected that meet the expected quality standards, are formal in their supply and have a competitive offer.

Compliance with these two phases will guarantee the responsible provision of Arca Continental's supplies in the long term.

We have different criteria to identify the level of risk for potential suppliers, including:

- Risk of non-compliance with the Guiding Principles for Coca-Cola Suppliers.
- Activities and geographies identified as vulnerable with respect to Human Rights according to the International Labor Organization.
- Activities related to high intensity in water use in places with water stress.
- Operations in regions with a high level of biodiversity or close to significant bodies of water.

The criteria to identify a direct or indirect supplier as critical respond to the following aspects:

- Ingredients.** Any supplier whose product is part of a formulation or directly supplies an ingredient in our products is considered critical.
- Contact with the product.** All materials that have direct contact with our products are considered critical, therefore, so are the suppliers of said materials.
- Activities or geographies identified as vulnerable with respect to Human Rights.** Suppliers who are in an area or carry out an activity deemed by authorities or organizations, such as the International Labor Organization, as susceptible of Human Rights violations, are considered critical.
- Exposure or complaint.** Any supplier that has been exposed in the media or by authorities, considered as an activity with exposure to corruption risks or that has been reported through our Transparency Mailbox, shall be considered critical while the appropriate investigation is being carried out.

MATRIX OF RESPONSIBILITIES BY TYPE OF SUPPLIER	ALL SUPPLIERS	AGRICULTURAL SECTOR SUPPLIERS	CRITICAL, DIRECT AND INDIRECT SUPPLIERS
GUIDING PRINCIPLES FOR SUPPLIERS	Written acknowledgment and commitment of adhesion		Assessment and certification by an independent third party
CODE OF ETHICS AND POLICIES OF CONDUCT	Written acknowledgment and commitment of adhesion		Additional anti-corruption controls
PRINCIPLES OF SUSTAINABLE AGRICULTURE		Assessment and certification by an independent third party	

To ensure that the strategy is implemented as expected, key performance indicators have been designed according to three of the responsible sourcing strategy pillars, as shown below:

PILLAR	INDICATORS
Principles, codes, and guides	<ol style="list-style-type: none"> Number of suppliers that have read and signed the Arca Continental Code of Ethics and Conduct Policies. Number of suppliers that have read and signed of accepted the document of Guiding Principles for Coca-Cola Suppliers. Number of critical suppliers (direct and indirect) that have been certified in the Guiding Principles for Coca-Cola Suppliers. Number of agricultural suppliers (direct and indirect) that have been certified in the Coca-Cola Sustainable Agriculture Principles.
Compliance monitoring	<ol style="list-style-type: none"> Complaints received through the Transparency Mailbox. Corrective actions or sanctions determined as a result of the investigations carried out as a result of the complaint.
Local sourcing and supplier development	<ol style="list-style-type: none"> Percentage of local suppliers for each of the operations. Number of providers that received training, specifying the type of training and the number of hours they were trained. Number of entrepreneurs who received training, specifying the number of hours they were trained. Number of entrepreneurs that join Arca Continental's value chain due to having received training.

GUIDING PRINCIPLES AUDITS

[102-11, 308-1, 308-2, 414-1, 414-2]

The Supplier Guiding Principles (SGP) constitute one of the fundamental building blocks of workplace responsibility programs. These programs are carried out under the belief that being a good corporate citizen is essential to our long-term business success; this should be reflected in our relationships and actions, in our workplaces and in those of the authorized suppliers of our business.

The principles listed below reflect the values that we uphold in our own policies, and we require our direct suppliers to abide by:

- Freedom of association and collective bargaining agreements.
- Ban of child labor.
- Prohibition of forced labor and worker abuse.
- Elimination of discrimination.
- Fair working hours and wages.
- Providing a safe and healthy workplace.
- Protecting the environment.

Guiding Principles audits for suppliers in 2020:

→ **1,575** SUPPLIER SCOPE

→ **286** AUDITED SUPPLIERS

→ **400** SUPPLIERS IN COMPLIANCE

COMPLIANCE WITH CURRENT LAWS AND REGULATIONS

In 2020, 286 of our main suppliers were audited and certified under the Guiding Principles framework, reaching close to 100% of critical suppliers audited in the last four years.

COMPLIANCE WITH ARCA CONTINENTAL

As part of the Coca-Cola System, we are also subject to being certified by a third party in Guiding Principles. All Arca Continental beverage operation centers are verified every three years in a more complex version of the Guiding Principles for Coca-Cola Suppliers, since in addition to having all the elements of the Guide for other suppliers, bottlers must meet additional requirements.

The audit is complex and strict. The Guiding Principles for bottlers consider aspects such as contractors' health and safety, protection of migrant workers, and processes of "Previous, Free and Informed Consent" when carrying out property expansion processes.

In addition, an action plan must be designed and executed to remedy any risk associated with non-compliance with the Guiding Principles, to be implemented and verified as corrected during the current year.

A center with a risk rating that has not been remedied may not operate.

To date, none of Arca Continental's Operation Centers has stopped operating due to the risk of non-compliance with the Guiding Principles. Approximately a third of our centers renew their certificate annually.

→ 
100%

of the Arca Continental Operation Centers have their respective current certifications in Guiding Principles.

The following table considers as strategic suppliers those providing packaging, ingredients, coolers and co-packers.

1.**SUPPLIES PROVIDERS**

The elaboration of our products requires raw materials that must follow defined standards for each material that are sent in freight units contracted by the suppliers.

2.**STORAGE.**

The supplies are stored for later use in the production process that takes place in the production plants, with the help of forklift and warehouse operators.

3.**PRODUCTION.**

The production plants use the materials, labor and machinery available to elaborate products that are sometimes requested from third parties.

7.**CONTAINERS RECYCLING.**

Through different waste management projects, such as PetStar in Mexico and INTERCIA in Ecuador, a high percentage of the PET, glass and aluminum containers that we send to the market are collected. They are then reintroduced as recycled material in our packaging, thus closing the value cycle of our circular economy model.

VALUE CHAIN*[102-9]*

The value chain of our beverage operations is made up of the following elements:

4.**LOGISTICS.**

The products are received by our Logistics staff in the product warehouses and then sent to the Distribution Centers.

6.**CUSTOMERS.**

The customers receive our products in accordance with their requested orders.

5.**SALES AND DISTRIBUTION.**

The Sales area collects customer orders and requests the Logistics area the products that are loaded onto the delivery routes for distribution on the market. Subsequently, the Logistics area delivers to the market with personnel onboard a delivery vehicle.

Intersectoral Supplier Evaluation Platforms



There are currently evaluation and certification platforms for companies in multiple matters, among which several socio-environmental or governance indicators are integrated, allowing cross-evaluations with other organizations.

Arca Continental has been integrating a solid database of our supply chain through EcoVadis. The platform has allowed us to do more robust analyses on the strengths, risks and areas of opportunity of our largest and/or critical suppliers.

The platform also allows us to have a much closer and more transparent control of all the corrective actions that could be suggested to a supplier. We can even have visibility of corrective actions suggested by our peers or organizations.

We incorporate a control panel where we can see, in real time, how many suppliers are in the evaluation process, in compliance or in the process of corrective actions.

- Among the suppliers that have been evaluated by Arca Continental through EcoVadis, none have presented unmitigated risks in Labor Practices and Human Rights.
- Currently, Arca Continental evaluates over 45 of its most strategic suppliers through the EcoVadis platform.

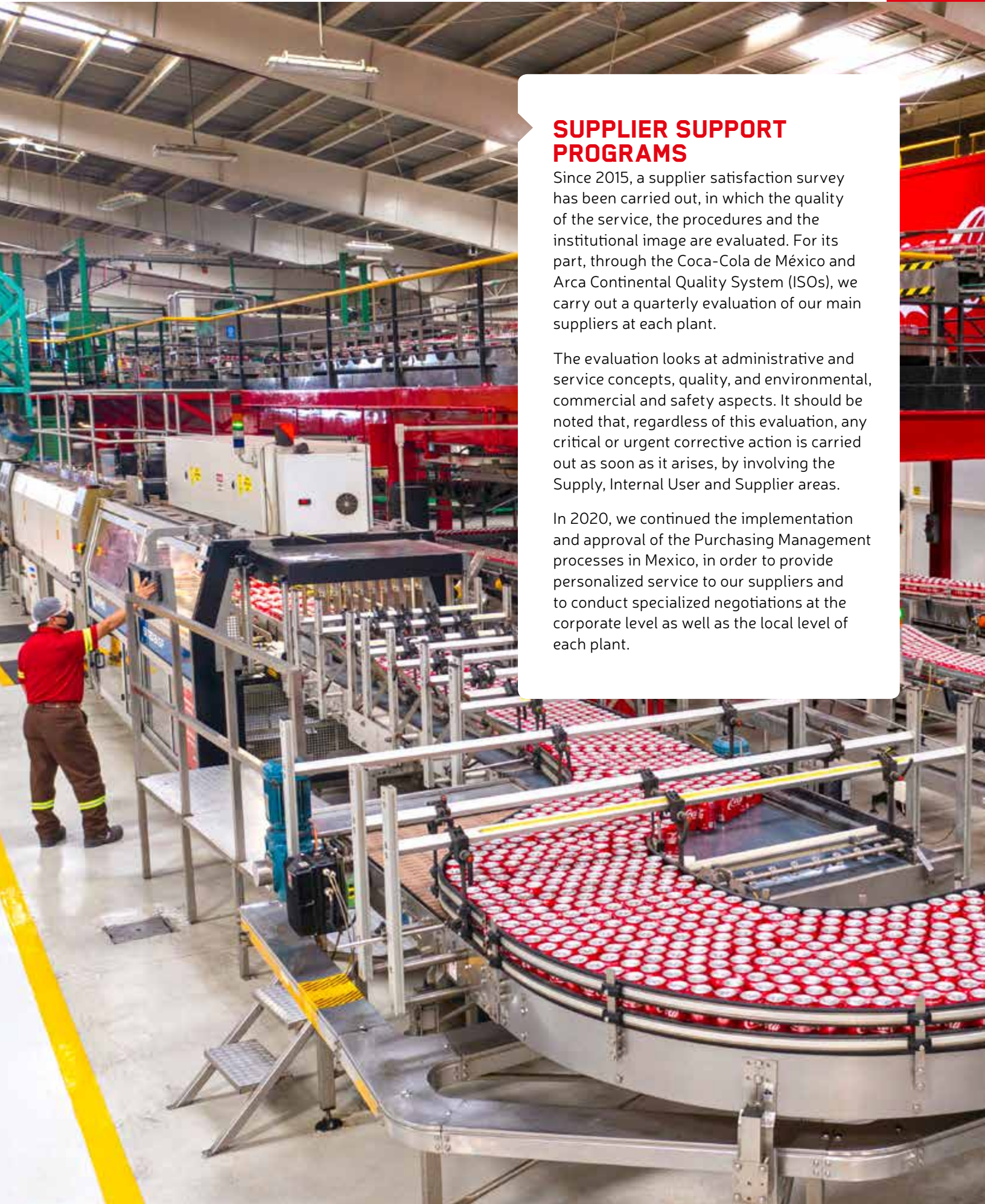


SUPPLIER SUPPORT PROGRAMS

Since 2015, a supplier satisfaction survey has been carried out, in which the quality of the service, the procedures and the institutional image are evaluated. For its part, through the Coca-Cola de México and Arca Continental Quality System (ISOs), we carry out a quarterly evaluation of our main suppliers at each plant.

The evaluation looks at administrative and service concepts, quality, and environmental, commercial and safety aspects. It should be noted that, regardless of this evaluation, any critical or urgent corrective action is carried out as soon as it arises, by involving the Supply, Internal User and Supplier areas.

In 2020, we continued the implementation and approval of the Purchasing Management processes in Mexico, in order to provide personalized service to our suppliers and to conduct specialized negotiations at the corporate level as well as the local level of each plant.



Local suppliers

[204-1]

Arca Continental has over 28,000 suppliers globally.

The following table breaks down the local suppliers in each of our territories.

	PERCENTAGE OF LOCAL SUPPLIERS* BY COUNTRY
Mexico	99
Ecuador	92
Peru	93
Argentina	97
United States	98

*We consider local suppliers those that are incorporated in the same country where the purchase is made.

TONICORP AND THE MONTE CARMELO HACIENDA SET A REFERENCE IN THE COUNTRY'S SUSTAINABLE MILK PRODUCTION

Tonicorp, an Arca Continental's company, along with the Coca-Cola Company under its commitment to the development of the country's milk production, worked together with the Monte Carmelo cattle ranch to obtain the first international certification of "Neutral Carbon Footprint"; highlighting Ecuador as a benchmark in caring for the environment and sustainable growth of livestock, standing out for its model that generates development and social, economic-productive and environmental well-being with all communities.

In June 2019, the international firm SGS carried out an inventory of greenhouse gases (GHG) quantifying all CO2 emissions to the environment, and after two months certifying Monte Carmelo as the first Carbon Neutral farm in the country.

Committed to the development of the agriculture sector in the country, Tonicorp continues to promote the Socially Inclusive Livestock Program where the incorporation of small livestock businesses into our value chain is constantly sought, as well as the improvement of milk quality, the promotion of fair trade and mutually beneficial relationships with livestock partners in rural areas.

Tonicorp has contributed with more than 7,000 USD to the development of this program since its implementation in 2019 which has promoted an economic growth for ranchers through social



ALLIANCE FOR ENTREPRENEURSHIP AND INNOVATION

Arca Continental and Coca-Cola Ecuador are part of the Ecuadorian Entrepreneurship and Innovation Alliance (AEI, in Spanish), a network of academics and public and private actors that seeks to promote local entrepreneurship and innovation. With this purpose in mind, the entrepreneurs are offered training as well as access to financing and legal guidance. For more information about the AEI, you can visit the site: <https://www.aei.ec/>.

solutions that at the same time provide value for the organization itself. For Tonicorp, this project has presented an opportunity to reduce risks due to shortages, reduce costs within the supply chain, strengthen corporate reputation, strengthen long-term business relationships, as well as the strategic relationship with the government.

In addition to improving the milk quality, this program benefits small businesses involved with:

- **Access to better financial credit conditions.**
- **More competitive prices for productivity and cost reduction.**
- **Inclusive job sources.**
- **Social development and economic reactivation in rural areas.**
- **Culture of quality and continuous improvement to strengthen its operations.**
- **Obtaining of BPM Quality certificates.**

SUSTAINABLE COMMUNITIES

We reaffirmed our commitment to become agents of positive change in all the communities where we operate, working hand-in-hand with society and the government to provide support to those who needed it most during the pandemic.

We established a support strategy based on three pillars: support for the health system, communities in a situation of vulnerability and the value chain.

In addition, we maintained our efforts to continue collaborating with different organizations to strengthen the social fabric and promote the development of the community.

In Mexico

→ **106,000**

face-masks provided through PetStar, and in conjunction with the Mexican Coca-Cola Industry for hospital doctors dedicated to the care of COVID-19 patients.

SUPPORT TO THE HEALTHCARE SECTOR:

Hundreds of agreements
with Health Care Centers.

Over 1.2 million liters
of water donation.

Support in the transfer
of medical material.

Over 10,000 liters
of alcohol / gel.

Over 75,000
personal protection items.

Equipment and supplies
for COVID-19 rooms.



The company also participated, as part of the Mexican Coca-Cola Industry, in the donation of artificial ventilators for the treatment of COVID-19 to the Mexican Foundation for Health (FUNSALUD).

SUPPORT FOR GROUPS IN SITUATION OF VULNERABILITY::

Over 1.5 million
liters of hidration beverages
to communities.

60,000
reusable face masks.

Over 50,000
food boxes.

40,000 kits
of hygiene and protection
material.

12,000 liters
of hand sanitizer.



Through our
packaging, we sent
thanks to servers
who have been
on the first line of
defense against
COVID-19.



IN ARGENTINA

We adhered to the Principles for the Empowerment of Women of the Win-Win program implemented by UN Women and the International Labor Organization and funded by the European Union, focused on generating greater female economic empowerment through joint actions with the private sector. This included work to promote equity, both within the company and in the communities in which we are present.



IN MEXICO

We carried out communication campaigns in approximately 10,000 vending machines about healthcare measures to prevent COVID-19 transmission.

Community Projects with Social Impact

DONATIONS PROGRAM

At Arca Continental we have a Donation Policy and Manual that applies to all our operations. Our donations support civil society organizations, innovative people and leaders who develop projects aligned with our objectives and values. We understand that permanent social changes and reconstruction of the social fabric require time to consolidate, which is why we support long-term projects. We seek initiatives that will benefit as many people and communities as possible.



→ **100,000+**
million Mexican pesos

were donated by
Arca Continental to
social causes through
119 foundations.



VOLUNTEER PROGRAM VOLAR

The Arca Continental Volunteer Program (VOLAR) aims for both the company and its associates to join forces in favor of the community and caring for the environment.

This institutional program of Social Responsibility is carried out in a transversal way in all our operations in Mexico, Ecuador, Peru, Argentina and the United States, each one with its respective Volunteer Committee that executes the actions of the program and distributes the available resources. In 2020 we had a total of 28 committees made up of 296 associates who

participated in the Holidays with a Purpose program. They also provided support to communities that were affected by the COVID-19 pandemic and natural disasters, with donations in kind or in cash.

Given the situation arising from the COVID-19 pandemic, most of the actions related to our Annual Volunteer Day and Annual Sustainability Day were postponed, awaiting their reactivation when the health situation allows it.

HOLIDAYS WITH A PURPOSE

Within the December celebrations held at Arca Continental, our associates donated new toys, which are given to children from communities in situation of vulnerability near our work centers.

→ **17,000**

people benefited with food boxes, medical supplies, and toys in communities in situation of vulnerability in Mexico, Ecuador, Peru, Argentina and the United States.



DEVELOPMENT OF WOMEN

One of our strongest commitments is to support the development of women. We joined the Vision 2020 of the Coca-Cola Company with the goal of empowering five million women globally through different development programs.



ANSPAC

As of 2020, the Asociación Nacional Pro-Superación Personal, A.C. (ANSPAC) of Arca Continental has been operating for over 31 years. The purpose of ANSPAC is to develop the wives, mothers and daughters of our associates through courses and workshops on moral and human training. It is a way to contribute to the strengthening of the family and promote the development of skills that allow them to improve their family economy.

In 2020, 1,480 women participated, divided into 38 units in Mexico and Ecuador, with the support of 220 instructors who taught the courses and workshops.

Due to the COVID-19 pandemic, this year we worked virtually, reaching more families, while, encouraging the participants to extend their knowledge of technology.

All in-person events were suspended, but in addition to the program, we undertook the task of contributing to society by making 39,000 face masks that were distributed to associates and the communities in Mexico. We also distributed 750 basic rescue food boxes and products of basic necessity to the communities near our operations in Mexico, a project that we will continue to develop during 2021.

Likewise, with the slogan **"My family, my strength"** the message was shared that a strong a united family enables each member to develop to their fullest potential.

All the markets served by Arca Continental have at least one training and empowerment program for retailers where the average participation of women is 46%.

IN PERU

DESTAPANDO MI EMPRENDIMIENTO (UNCOVERING MY ENTREPRENEURSHIP)

This program impacts and strengthens the participating women by promoting entrepreneurship initiatives through courses and workshops on personal, family and business growth. As a result of the program, a community has been consolidated and strengthened among the participants of all of the project's editions, processes have been standardized in five handbooks and specialized networks have been created per line of business, which have managed to increase their savings and monthly sales. They have also shared their experiences and acquired knowledge with members of their community.

In 2020, a total of 57 people benefited from this program; they participated in over 1,000 hours of training, managing to increase their earnings by 46% on average. Due to the COVID-19 pandemic, 1,005 of the businesses implemented biosafety protocols, among which the following stand out: installation of signage, use of personal protective equipment, and constant cleaning and disinfection. In addition, approximately 76% of the businesses were digitized using Facebook, WhatsApp and/or Yape.

→ **78%**

of the entrepreneurs achieved improvements in their personal skills around the axes of self-esteem, adaptability and/or resilience.



IN ARGENTINA

POTENCIÁ TU NEGOCIO (BOOST YOUR BUSINESS)

This program allows for growth of sales and improvement in the customer's management. In addition to empowering and strengthening their relationships with their salespersons, it also strengthens the image of and knowledge about Arca Continental. In 2020, 60 businesses participated, benefiting more than 1,000 people.

IN ECUADOR

EMPRENDAMOS JUNTOS (LET'S UNDERTAKE TOGETHER)

The Emprendamos Juntos program seeks to develop businesses run by women in Ecuador, helping them to better manage their business.



In 2020, Ecuador's goals of training 12,000 women in the cities of Quito and Guayaquil were met, helping to exceed the system's overall goal for its 5by20 program, which managed to train 6 MM of entrepreneurs from the traditional channel.

ACTIVE AND HEALTHY LIFESTYLES

[413-1]



We are currently in the stage of strengthening of the initiatives that have been developed to promote active and healthy lifestyles.

We believe that the culture of healthy eating and lifestyle are learned and strengthened both at school and at home. That is why every year, we activate food guidance and physical activation programs with a focus on students, teachers and school administrators.

Bebidas Perú adapted the in-person Fútbol Más (More Soccer) program to the Mi Casa Mi Cancha (My Home My Playing Field) accompaniment program for girls, boys and young people, which promotes a healthy daily routine at home.

With this program, we promote movement and physical activity for boys and girls in confined spaces. We also supported remote school interaction links and self-care and personal hygiene strategies in relation to COVID-19.

Likewise, the program was adapted to the families and their emotional needs.



Powerade Monterrey Digital Marathon 2020

Faced with the impossibility of traveling and holding massive events, the Powerade Marathon held its first virtual edition, where 6,000 runners were able to complete the race on safe routes or even from their homes, sharing routes with their family.

It was the marathon with the largest number of runners in the country.

→ **6,000**

runners completed the 2020 Monterrey Digital Marathon.

Ethical behavior

[102-16, 102-17]

Arca Continental's Code of Ethics and Policies of Conduct were updated at the corporate level, accompanied by campaigns to ensure that employees became familiar with it.

Arca Continental's Code of Ethics and Policies of Conduct are linked to the company's four fundamental values, particularly to **Integrity Sustained in Respect and Justice** and **Guide Ourselves by Integrity**, which will allow us to achieve sustainability in the long term.

CODE OF ETHICS AND POLICIES OF CONDUCT

As a benchmark in the industry, Arca Continental has been strengthening the sections of the Code of Ethics, as well as its management and documentation.

Although our Code already met the requirements imposed by the Mexican Securities Law and reflected the best practices of other relevant issuers of the Mexican Stock Exchange, during 2020 we implemented a new Code of Ethics to reflect the international best practices. Arca Continental has been a benchmark in the industry; therefore, we have been strengthening sections of the Code, as well as its management and due documentation.

This evolution process arose from a comprehensive diagnosis of the Code of Ethics and the comparison against the best international practices, to give birth to specific proposals to improve the Code and its management.

Our Code of Ethics is made known through various communication tools, publicizing campaigns and courses intending for all associates to know it, be able consult it at any time and fully comply with it.



Respect for and Protection of Human Rights

[410-1, 411-1, 412-2]

All bottlers of the Coca-Cola System must comply with the Workplace Rights Policies, which are based on the Universal Declaration of Human Rights and the Declaration of the International Labor Organization on Fundamental Principles and Rights at Work, and the United Nations Global Compact. This policy specifies that, in addition to complying with everything set forth in the Guiding Principles, we must implement the Human Rights Policy considering the following aspects:

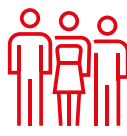
[102-41]

A great commitment within Arca Continental is respect for the right of free association. Therefore, at the end of 2020, 41% of our associates, whether staff and temporary, were unionized.



Respect for human rights.

Arca Continental respects human rights. We are committed to identifying, preventing, and mitigating adverse impacts on human rights caused by or the result of business activities, whether they occur before or during the processes.



Value diversity.

We have always been committed to equal opportunities and zero tolerance for discrimination and harassment. We are dedicated to maintaining workspaces free from discrimination and harassment.



Relationship with the community and interest groups.

Relationships with our stakeholders in the communities are very important to us, making sure we listen to them, learn from them, and take their points of view into account as we carry out business activities.



Freedom of association and collective agreements.

Where our associates are represented by a legally recognized union, being open and committed to engaging in a constructive dialogue with their elected leaders.

As part of our culture of people centric and transparency, all those who work with us must be familiar with our Code of Ethics, as well as its section on Human Rights, and can make their complaints through our Transparency Mailbox operated by an independent third party and whose cases are investigated and decided by the Ethics and Compliance Committee.

Our security personnel are constantly trained in the protection of Human Rights, and we also make sure that our external security providers are constantly trained and legally constituted.

Note: There are several operational local ethics committees, but the Ethics Steering Committee is the one with the highest level.

PROTECTION OF HUMAN RIGHTS IN THE VALUE CHAIN

Monitoring and protecting Human Rights throughout Arca Continental's value chain is a priority for the company. We have several tools, processes and protocols that indicate not only Arca Continental's position of not tolerating any violation of any Human Right, but also clear processes to report and remedy any departure from them.

There are three main tools for monitoring and protecting Human Rights in our value chain:

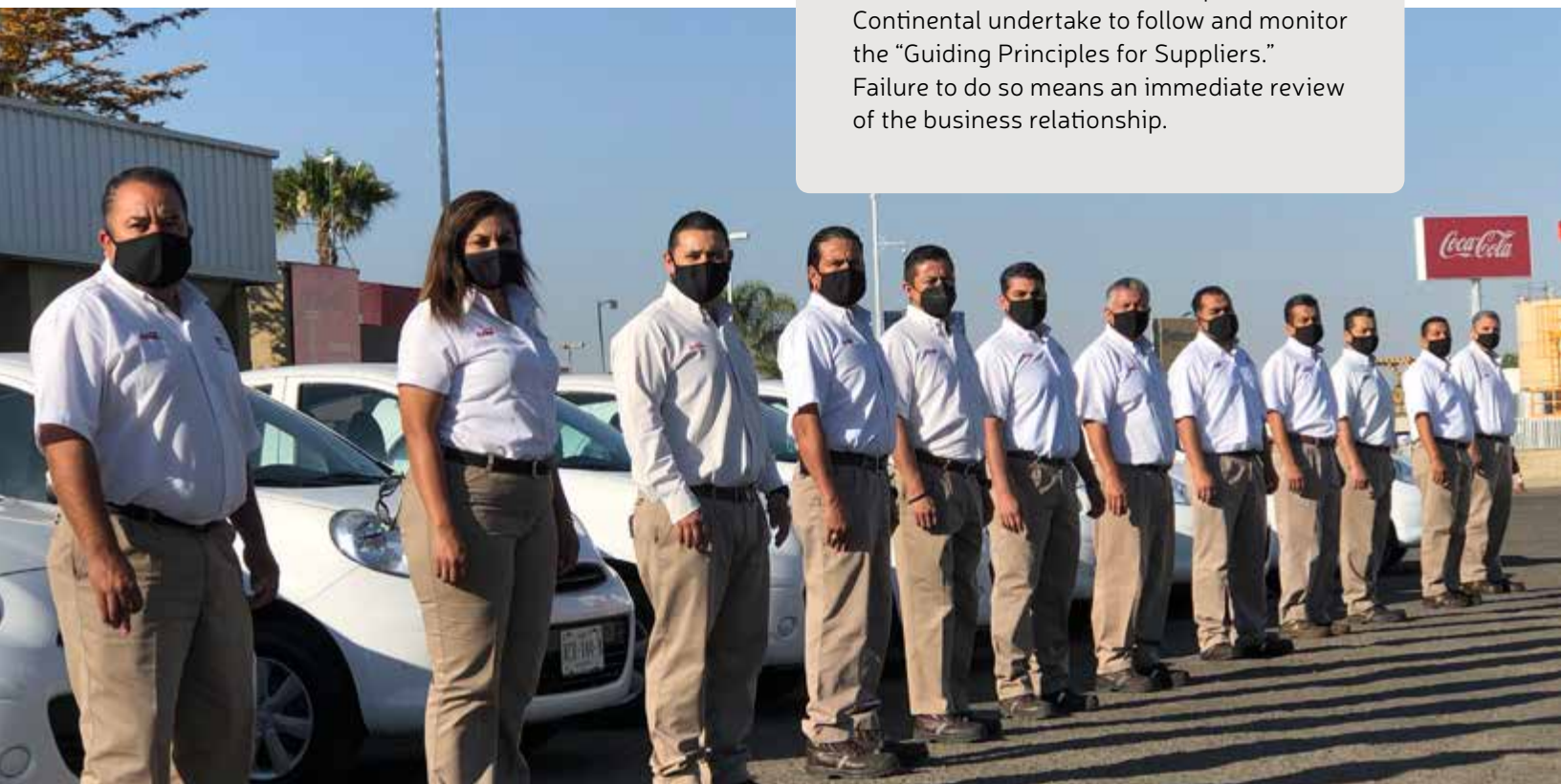
- 1) The Code of Ethics and Policies of Conduct. The topic of Human Rights fills the entire first chapter.
- 2) The Guiding Principles for Suppliers. The protection of Human Rights is integrated into all the principles of this guide, which is auditable for certain critical groups.
- 3) AC's Guiding Principles for Sustainable Agriculture. This document details the monitoring and protection of Human Rights in this important link of the chain.

HUMAN RIGHTS IN THE CODE OF ETHICS

At Arca Continental, we are committed to caring for, respecting, and enforcing all people's Human Rights. That is why we recognize and adhere to the Universal Declaration of Human Rights of the United Nations, as well as the Principles of the Global Compact, and we have aligned our policies with them.

We always seek the best for our collaborators and the community. We promote fair work and we are committed to eliminating all forms of forced labor and not employing people under the age allowed by law in each country of operation, both in the company and in the value chain.

We demand the same level of respect for these rights throughout our value chain; hence, people or companies that wish to establish a business relationship with Arca Continental undertake to follow and monitor the "Guiding Principles for Suppliers." Failure to do so means an immediate review of the business relationship.



COMPLIANCE MANAGEMENT

[102-17, 406-1]

The entire Ethics and Compliance System has its own structure and governance, summarized in the Code Management Handbook. The final responsibility falls on an Ethics Executive Committee that reports the development and status of the system to the Audit and Corporate Practices of Arca Continental's Board of Directors, through the Ethics and Compliance Officer. In addition to this centralized structure, each territory and business has a Local Ethics Committee.

The Committees are made up of over 50 associates, including various areas such as directors, Human Capital, Legal and Administration, and Finance managers. In 2020, more than 8,000 hours were invested in research by the members of the committees and their work teams. About 64% of the Complaints to

the Code of Ethics proceeded, of which 12% resulted in some form of administrative sanction.

The Steering Committee is chaired by the company's CEO and brings together people of the highest rank within the organization. This committee meets quarterly and is in charge of ensuring that the contents of the Code are aligned with international best practices, foster a culture of adherence to the Code within and outside the organization, and promote strategies so that the values contained in the Code are disseminated and understood by each audience in contact with Arca Continental.

There is also an Ethics and Compliance Officer who functions as a link between the Committees, ensuring that information flows correctly between the Committees

and channeling complaints from the Transparency Mailbox to those in charge. One of his responsibilities is the training of employees on ethics and compliance.

The Handbook details how the members of the Committee interact, how they should make performance reports, and how often they should do so. In addition, it indicates the mechanisms to maintain a culture of attachment to the values of Arca Continental.

The Handbook also details what to do when a complaint is received, either through the Transparency Mailbox, by email or by physical letter. The diagram below shows a simplified version of this process.

COMPLAINT LINE

Every collaborator or business partner is obliged to report any act that departs from the Code of Ethics. He/She can use:

- The Transparency Mailbox, by calling a toll-free number.
- Sending an email to the complaint hotline.

For more information, please consult: <http://www.arcacontal.com>

The reports are dealt with immediately by an independent third party who is in charge of their management.

The administrator of the hotline receives a request through the Transparency Mailbox or any other means.

He assigns the request to the corresponding Local Committee.

The Committee assigns it to the expert in charge.

Investigations are performed and corresponding remedial actions and/or sanctions are imposed.

Management is periodically reported to the Ethics Steering Committee and the Board's Audit Committee.

Code of Ethics Training

At the end of 2020, a new e-learning activity about the Arca Continental Code of Ethics was designed for all business units with the purpose of certifying how well associates know the Code and comply with it. The communication campaign began in November 2019; we carried out communication activities during 2020, and in March 2021 we deployed the new Code of Ethics e-Learning course for employees of all operations.

The course is designed to teach the values and policies that govern Arca Continental associates in order to achieve their personal and organizational goals. At the end of the course, participants are tested on their knowledge.

From 2017 to 2020, the previous e-learning module on the Code of Ethics and Conduct Policies was deployed, with a result above 87% of compliance. Additionally, the material was replicated in face-to-face presentations at plants and distribution centers.



Fraud Risk Assessment

Arca Continental has a Fraud Risk Assessment that constitutes of:

PLANNING ACTIVITIES FOR FRAUD RISK ASSESSMENT CRITERIA.

ESTABLISHMENT OF THE UNIVERSAL CONCEPT OF FRAUD RISKS IN THE INDUSTRY WHERE ARCA CONTINENTAL OPERATES.

THE ASSESSMENT OF FRAUD RISKS THROUGH INTERVIEWS AND SURVEYS WITH KEY PERSONNEL OF THE COMPANIES UNDER ANALYSIS.

A SPECIAL FOCUS ON ASSESSING THE LEVEL OF VULNERABILITY OF THE MOST RELEVANT FRAUD RISKS IN TERMS OF IMPACT, PROBABILITY AND STRENGTH OF CONTROL TO MITIGATE THESE RISKS.

Anticorruption

[205-1, 205-2]

As part of our efforts to fight corruption, our new Code of Ethics clearly stipulates that “associates, executives and shareholders are strictly prohibited from carrying out acts of corruption, bribery, collusion and, in general, any illegal activity during the exercise of their functions, and will refrain from participating directly or indirectly in any tender or bid in which there are signs of corruption. This guideline also applies to our business partners (suppliers and intermediaries).” This principle is developed in the Anticorruption Policy and the Conflict-of-Interest Policy, both published on our website, and are translated into controls and procedures implemented internally in the company.

We offer an online Supplier Portal where any supplier who wishes to register in the system to offer us their services must read and accept to comply with and respect our Code of Ethics and the aforementioned policies; This means that currently 100% of our suppliers are informed and committed to join in our efforts to combat corruption and bribery.

→ **100%**
of our suppliers are
informed and committed to
join in our efforts to combat
corruption and bribery.



Corporate Governance

[102-18, 102-19, 102-22, 102-23, 102-24, 102-25, 102-26]

In 2020, the Company successfully held the annual ordinary shareholders' meeting, safeguarding the right of participation of all shareholders and complying with all sanitary measures and restrictions.

At Arca Continental, we assume that a solid Corporate Governance positively influences the various aspects that enhance the company. The strengthening of Corporate Governance standards guarantees equity, transparency, responsibility, and independence in all our areas of influence, minimizes conflicts, and offers a safe way to resolve them. At the same time, it aligns the actions of all stakeholders towards the creation of value, facilitates the optimal balance between the different governing bodies, reduces risk and strengthens the organization in a dynamic and complex environment.

Arca Continental's Corporate Governance is aligned with the Code of Best Corporate Practices of the Mexican Stock Exchange and is based on a long-term vision and our philosophy that consists of four strategic pillars:

- **Responsibility:** The accountability of the General Management to the Board and of the Board to the shareholders is guaranteed.
- **Equity:** All shareholders' rights are looked for and they are treated fairly.

- **Transparency:** The availability of timely, significant and accurate information is ensured. Specifically, it gathers means of internal control and of reporting independently.

- **Independence:** Conflicts of interest are avoided, and the participation of independent expert members of the board is ensured.

Arca Continental is governed by the Code of Ethics, which states that we must act honestly, abide by the law, comply with the Code, and be responsible. These aspects apply to all operations, including commercial ones, which ensures transparency and adherence to the law of our transactions.

Currently, the Board of Directors, chaired by Jorge Humberto Santos Reyna, has 20 members, of which five are independent and three are women. During 2020, we achieved a quorum at all board meetings.

To support the achievement of business objectives, the Board of Directors has a structure of four committees: Audit and Corporate Practices; Planning and Finance; Human Capital, Sustainability, and Executive Committee. Of all the members of the Board of Directors, nine belong to the Planning Committee, seven to the Human Capital and Sustainability Committee, three to the Audit and Corporate Practices Committee, and four to the Executive Committee.

AUDIT AND CORPORATE PRACTICES COMMITTEE

AUDIT FUNCTIONS:

- To give an opinion to the Board of Directors on matters that concern it in accordance with the applicable legislation.
- To evaluate the performance of the legal entity that provides the external audit services, as well as analyze the opinions or reports prepared and signed by the external auditor. For this purpose, the committee may require the presence of said auditor when appropriate, without prejudice to the fact that it must meet with the latter at least once a year.
- To discuss the Company's financial statements with the persons responsible for their preparation and review, and based on this, to recommend their approval or disapproval to the Board of Directors.
- To inform the Board of Directors of the status of the internal control and internal audit system of the Company or of the legal entities that it controls, including any irregularities that it detects.
- To prepare the opinion referred to in Article 28, Section IV, Subsection c) of the Securities Market Law and submit it for consideration to the Board of Directors for subsequent presentation to the shareholders' meeting, based, among other elements, on the opinion of the external auditor. Said opinion must indicate, at least:

1. Whether the accounting and information policies and criteria followed by the Company are adequate and sufficient, taking into consideration its particular circumstances.
 2. Whether said policies and criteria have been consistently applied in the information presented by the CEO.
 3. Whether, as a consequence of numbers 1 and 2 above, the information presented by the Chief Executive Officer reasonably reflects the Company's financial situation and results.
- (f) To support the Board of Directors in the preparation of the reports referred to in Article 28, Section IV, Subsections d) and e) of the Securities Market Law.
- (g) To monitor that the operations referred to in Articles 28, Section III and 47, of the Securities Market Law are conducted in accordance with the provisions of said precepts, as well as the policies derived from them.
- (h) To request the opinion of independent experts in cases in which it deems it appropriate, for the adequate performance of its functions or when it is required for the applicable legislation or general provisions.
- (i) To require from the relevant managers and other associates of the Company or of the legal entities that it controls, reports related to the preparation of financial information and any other type of report that it deems necessary for the exercise of its functions.
- (j) To investigate possible breaches of which it has knowledge, in the operations, of operating guidelines and policies, internal control system and internal audit and accounting record, either by the Company itself or by the legal entities that it controls, a surveillance task for which it must examine documentation, records and other supporting evidence, to whatever degree and extent necessary.
- (k) To receive observations made by shareholders, directors, relevant managers, associates and, in general, any third party, regarding the matters referred to in the preceding paragraph, as well as to carry out the actions that in their opinion are appropriate in relation to such observations.
- (l) To request periodic meetings with the relevant executives, as well as the delivery of any type of information related to the internal control and internal audit of the Company or legal entities that it controls.
- (m) To inform the Board of Directors of any significant irregularities detected as a result of the exercise of their functions and, where appropriate, of the corrective actions adopted or to propose those that should be applied.
- (n) To convene Shareholders' Meetings and request that the items they deem pertinent be inserted in the agenda of said meetings.
- (o) To ensure that the CEO complies with the resolutions of the Shareholders' Meetings and the Company's Board of Directors, pursuant with the instructions issued by the Meeting itself or the said Board, if applicable.
- (p) To ensure that internal mechanisms and controls are established that allow verifying that the actions and operations of the Company and the legal entities that it controls adhere to the applicable regulations, as well as to implement methodologies that make it possible to review compliance with the foregoing.
- (q) The others established by the Securities Market Law or provided for in these bylaws, in accordance with the functions assigned to it by the Securities Market Law.
- The Chairman of the Audit Committee must prepare an annual report on the activities of said Committee and present it to the Board of Directors.

For the preparation of its report, as well as the opinions mentioned in paragraphs I and II above, the Audit Committee and the Corporate Practices Committee must listen to the relevant managers. If there is a difference of opinion with the latter, they will incorporate said difference in the aforementioned reports and opinions.

CORPORATE PRACTICES FUNCTIONS:

- (a) To give an opinion to the Board of Directors on matters that concern it in accordance with the applicable legislation.
- (b) To request the opinion of independent experts in the cases in which it deems it convenient for the adequate performance of its functions or when it is required to in accordance with the applicable legislation or general provisions.
- (c) To convene Shareholders' Meetings and have the items they deem pertinent on the agenda of said Meetings.
- (d) To support the Board of Directors in the preparation of the reports referred to in Article 28, Section IV, Subsections d) and e) of the Securities Market Law.
- (e) The others established by the applicable legislation or provided for in these bylaws.

The Chairman of the Corporate Practices Committee shall prepare an annual report on the activities of said Committee and present it to the Board of Directors. Said report will contemplate at least the following aspects:

- (i) observations regarding the performance

of the relevant executives, (ii) the operations with related parties, during the reporting period, detailing the characteristics of the significant operations, (iii) the packages of emoluments or integral remunerations of the natural persons referred to in Article 28, Section III, Subsection d) of the Securities Market Law, (iv) the waivers granted by the Board of Directors in terms of the provisions of Article 28, Section III, Subsection f) of the Securities Market Law.

THE PLANNING AND FINANCE COMMITTEE HAS THE FOLLOWING FUNCTIONS:

- (i) to evaluate and, where appropriate, suggest the Company's investment policies proposed by the General Management, to submit them subsequently to the approval of the Board; (ii) to evaluate and, where appropriate, suggest the financing policies (capital or debt) of the Company and its subsidiaries, proposed by the General Management, to submit them subsequently to the approval of the Board; (iii) to evaluate and, where appropriate, suggest the Company's dividend policies; (iv) to evaluate and, where appropriate, suggest the general guidelines to determine the Company's strategic planning; (v) to give an opinion on the premises of the annual budget and to propose them to the Board for approval; (vi) to monitor the application of the budget and the strategic plan; (vii) to identify the risk factors to which the Company is subject and to evaluate the policies for their management; (viii) to analyze and propose to the Board for authorization the proposals related to the following matters: (a) amendments or additions to the bylaws; (b) issuance, placement or redemption of Company shares; (c) mergers and other business combinations involving the Company or its subsidiaries; (d) investments of AC or its subsidiaries, which exceed the Chief Executive Officer's authorization limits; (ix) any other matter entrusted to it by the Board of Directors.

HUMAN CAPITAL AND SUSTAINABILITY COMMITTEE:

This committee has the following functions:

- (i) to evaluate and submit to the Board of Directors the guidelines so that the Company has adequate compensation and human resources policies,
- (ii) to propose to the Board the criteria for the selection of the CEO and the Company's principal officers,
- (iii) to make recommendations to the Board of Directors on the criteria for evaluating the Company's CEO and high-level officers,
- (iv) to review periodically the executive compensation schemes and make recommendations regarding the structure and amount of the remuneration of the main executives of the Company,
- (iv) to review periodically the executive compensation schemes and make recommendations regarding the structure and amount of the remuneration of the main executives of the Company,
- (v) to review that the conditions of hiring of senior executives and that the payments for separation from the Company adhere to the guidelines of the Board, (vi) to report periodically to the Board of Directors regarding its activities, and (vii) to perform any other function entrusted to it by the Board of Directors.

The Committee of Mexican Stock Exchange (BMV) Issuers recognized Arca Continental as one of the three most outstanding companies in Mexico in terms of social responsibility in its sector.

EXECUTIVE COMMITTEE

The Executive Committee has the following functions: (i) to facilitate decision-making on strategic projects of the Planning and Finance Committee and the Board of Directors, and (ii) to analyze and authorize (where appropriate) the decisions delegated by the Board to facilitate administrative processes.



TAX COMPLIANCE

Committed to the development of the community, Arca Continental has strict adherence to the laws of the countries where it operates, as established in the Code of Ethics and Conduct Policies. Our tax obligations are fulfilled adhering to the highest ethical rigor, as mentioned in the compliance principles.

At Arca Continental, the use of mechanisms such as tax evasion or tax havens to reduce the company's obligations is not tolerated. Transfer prices are calculated based on international best practices and are audited.

Annually, a third independent party issues a fiscal opinion with which it certifies the due fulfillment of said obligations; it can be consulted at: <http://www.bmv.com.mx/es/emisoras/perfil/AC-6081>.



SUSTAINABILITY MANAGEMENT

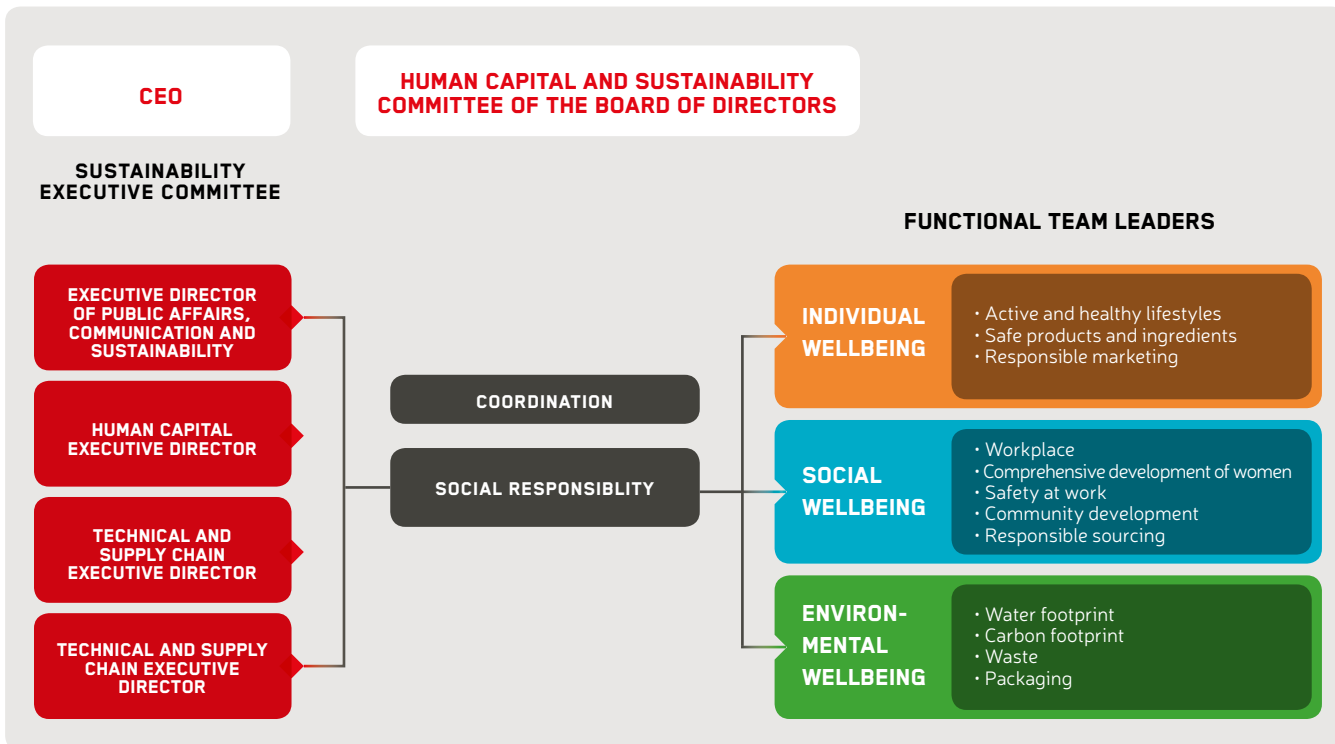
The Human Capital and Sustainability Committee’s commitment is to improve people’s wellbeing, support the sustainable development of the communities where we operate, and protect the environment. To apply the strategies established by this Committee and the General Management at the operational level, the Executive Sustainability Committee was established in 2013. Its mission is to standardize the policies, objectives, metrics, and good practices throughout the organization in matters of sustainability and social responsibility, as well as to generate and implement a plan to fulfill the long-term vision.

[102-45]

If you wish to go deeper and learn more about the management of Arca Continental’s Corporate Governance, you can consult it in the annual report to the Mexican Stock Exchange at the following link:

www.arcacontal.com/inversionistas.aspx

[102-20]



Board of Directors

→ JORGE HUMBERTO SANTOS REYNA (46) 1, C, P, E

Alternate: Samira Barragán Juárez de Santos

Chairman of the Board of Directors since 2019.

Chairman of the Board of Directors at AC Bebidas. Chief Executive Officer of Grupo SanBarr member of the Board of Directors of Regional S.A.B. de C.V. and Chairman of the Board of Directors of Regio Engordas, S.A. de C.V.. Also, Vice Chairman of the Board of Directors of the Mexican Red Cross of Monterrey. Member of the Executive Committee of the Consejo Nacional Agropecuario (CNA, or National Agriculture Board in Mexico). Previously, he was Vice Chairman of the Board of Directors of Arca Continental from 2007 to 2019. Former Chairman of the Board of Directors of Arca Continental South America. Former Chairman of the Board of the Consejo Estatal Agropecuario de Nuevo León, AC (Nuevo Leon State Agricultural Board), former President of the Asociación de Engordadores de Ganado Bovino del Noreste A.C. (Northeastern Mexico Beef Association). Former Treasurer of the Asociación Mexicana de Engordadores de Ganado Bovino (Mexican Beef Association); former President of the Unión Social de Empresarios de México en Monterrey, (USEM or Mexico Entrepreneurs Union - Monterrey). Former Board member of Grupo Procor, CAINTRA Nuevo León and Papas y Fritos Monterrey.

→ LUIS ARIZPE JIMÉNEZ (58) 1, P, E

Alternate: José Manuel Arizpe Narro

Board Member since 2003 and Vice-Chairman of the Board of Directors since 2008.

Member of the Board of Directors and Chairman of the Audit Committee of Grupo Industrial Saltillo, S.A.B. de C.V., Chairman of the Board of Directors of Saltillo Kapital, S.A. de C.V., Inversiones del Norte, S.A. de C.V., and Inmobiliaria BIRARMA, S.A. de C.V., Vice-Chairman of the Board of ITESM, Saltillo Campus, member of the Board of the Consejo Cívico de Instituciones de Coahuila (Civic Council of Institutions from Coahuila). He is also President of the Saltillo Diocese Tithing Committee and President of the Northern Federation of COPARMEX, as well as a member of the Advisory Board at Grupo Financiero Banorte Northern Region. Former President of the Coahuila Southeastern Chapter of COPARMEX and former Chairman of the Mexican Red Cross, Saltillo Delegation.

→ MANUEL L. BARRAGÁN MORALES

Honorary Lifetime Chairman of the Board since 2019.

Chairman of the Board from 2005 to 2019 and Board Member since 2001.

→ RODOLFO JOSÉ ARIZPE SADA (59) 1, P

Alternate: Emilio José Arizpe Narro

Board Member since 2008.

Board member of Centro Avemed, Museo del Desierto, Parque Maravillas and Caritas de Saltillo.

→ ALFONSO J. BARRAGÁN RODRÍGUEZ (35) 1, C

Alternate: Juan Manuel Barragán Treviño

Board Member since 2019 and Alternate Board Member since 2014.

He has Industrial and Information Technology Engineering degree from Tecnológico de Monterrey, is a graduate of the AD2 Senior Management Program from IPADE and has taken continuing education courses at MIT. He is Executive President of Eon Corporation and collaborate on the Boards of various commercial and technology companies in USA and Mexico. He has contributed to various international patents and participated in intellectual property licensing programs for several "Fortune 500" companies.

→ JUAN CARLOS CORREA BALLESTEROS (50) 2, C

Alternate: Adrián Jorge Lozano

Board Member since 2016.

He has been a member of the Executive Committee and of the Human Capital Committee of the Board of Directors at Arca Continental South America since 2010. He worked for 14 years at Ecuador Bottling Company, the Coca-Cola bottler in Ecuador, holding different positions, including COO and Corporate Vice-President during his last three years. He is currently Executive Vice-President at CorMa Holding Family Office. He has a Finance MBA from the University of Miami.

→ FELIPE CORTÉS FONT (79) 2, A

Alternate: Pau Cortés Valdés

Board Member since 2013.

He currently serves on the Boards of Grupo Promax, Arendal, Stiva and Ternium. Founding partner at Auric. He worked 28 years for Grupo Alfa, where, as Planning and Control Head he was part of the team leading the strategic and financial restructuring of the company. He also led the Petrochemical Division and was CEO

at Hylsamex. He was Director of the American Iron and Steel Institute and President of Canacero, Nuevo León Productivity Center, and the Latin American Institute for Iron and Steel. He got a BS degree from Massachusetts Institute of Technology.

→ **ALEJANDRO M. ELIZONDO BARRAGÁN (67) 1, P**

Alternate: Alberto Javier Elizondo Barragán

Board Member since 2004.

Former Alfa's Development Head, he has held several positions within Alfa's corporate, as well as in steel and petrochemical divisions for more than 43 years. He also serves on the Boards of Directors of Grupo Stiva, Axtel, and The Museum of Steel.

→ **FRANCISCO ROGELIO GARZA EGLOFF (66) 1, P**

Alternate: Manuel Gutiérrez Espinoza

Board Member since 2019.

Former Chief Executive Officer of Arca Continental from 2003 to 2018. Currently, he is also member of the Board of Directors of AC Food and Snacks Division, subsidiary of AC. He is President of Proval Consultores and member of the Board of Directors of Grupo Industrial Saltillo, Grupo Allen, Alpek, Banco Banregio, Ovniver, Ragasa and Proeza. Current President of Fundación UANL and Advisor to Escuela de Ingeniería y Ciencias (The School of Engineering and Sciences) at the Instituto Tecnológico de Monterrey, and Vice-President of CONCAMIN (Mexican Industrials Confederation). Former Chief Executive Officer of Sigma Alimentos, Akra, Petrocel-Temex and Polioles at Grupo Alfa, where he had a 26-year career. He has a Chemical Engineering Degree from the Instituto Tecnológico de Monterrey and completed Senior Management studies at IPADE.

→ **ROBERTO GARZA VELÁZQUEZ (64) 1, P, E**

Alternate: Miguel C. Barragán Villarreal

Vice-Chairman of the Board of Directors since 2019.

Member of the Board of Directors since 2001. Shareholder at Industria Carrocera San Roberto, S.A. de C.V., as well as Board Member of Grupo Index, Afirme Grupo Financiero, and AMANEC, A.C.. He has been a member of the Grupo Autofin Monterrey Board of Directors since 2017.

→ **LUIS LAURO GONZÁLEZ BARRAGÁN (67) + 1, P**

Alternate: Rodrigo Alberto González Barragán

Board Member since 2001.

Chairman of the Board for UNIDOS and Grupo Logístico Intermodal Portuario, Terra Regia, Berel, CABAL, and Universidad de Monterrey. He served as Delegated Board Member at Procor.

→ **CYNTHIA H. GROSSMAN 1**

Alternate: Herman Goettsch Amigot

Board Member since 2011.

She was Chairman of the Board of Directors of Grupo Continental since 2000 and a Board Member since 1983.

→ **JOHNNY ROBINSON LINDLEY SUÁREZ (46) 1**

Alternate: Jose Roberto Gavilano Ramírez

Board Member since 2018.

He was CEO of Corporación Lindley from 2007 to 2014 and Chairman of the Board since 2013. He is the Chairman of the Board of Directors for Lindcorp since 2015. He holds a Degree in Business Administration, specializing in Marketing, from Bentley College. He also graduated from the OPM program at Harvard Business School in 2016.

→ **ERNESTO LÓPEZ DE NIGRIS (60) 2, A, C**

Alternate: Juan Carlos López Villareal

Board Member since 2001.

Member of the Board of Directors of Grupo Industrial Saltillo, where he also served as Co-Chairman of the Board of Directors and Operations. Additionally, he is a member of the Advisory Board at Teléfonos de México, as well as a Regional Counselor for Nafinsa and Grupo Financiero Banorte.

→ **MIGUEL ÁNGEL RÁBAGO VITE (65) 1, C, P, E**

Alternate: Roberto Martínez Garza

Vice-Chairman since 2011.

Current board member of Board of Directors at AC Beverages and AC Food and Snacks, subsidiaries of AC. Former CEO and Member of the Board of Directors of Grupo Continental, where he also held several other positions during more than 35 years with the company. He is a Certified Public Accountant and Auditor having graduated from the Universidad Autónoma de Tamaulipas.

→ **ALBERTO SÁNCHEZ PALAZUELOS (81) 1**

Alternate: Brett E. Grossman

Board Member since 2011.

He was President of Negromex, Grupo Novum, and Troy Grupo Industrial. He served on the Boards of Directors of BBVA Bancomer, Grupo Martí, Probusa, and Cityexpress Hotels, among others. He is currently President of ASP y Asociados, S.C., as well as member of the Boards of Procorp and Inmobiliaria CADU and is a member of the Advisory Boards at Purdue University and Instituto de Empresas de Madrid.

→ **DANIEL H. SAYRE (64) 2**

Alternate: Luis Burgueño Colín

Board Member since 2018.

Former President of the Western Europe and Japan Divisions at The Coca-Cola Company, and held several leadership positions at the Latin Center, Andean, and Mexico Divisions. He served on the Board of Directors of Grupo Continental from 2003 to 2006, and of Coca-Cola East Japan from 2012 to 2017. He has a Degree in Economics from Rice University and an MBA from the Kellogg School of Management.

→ **ARMANDO SOLBES SIMÓN (65) 2, A**

Alternate: José Luis Fernández

Board Member since 2011.

Former Board Member of Grupo Continental. He is currently Director of the Tampico Office of Banco Base, member of the boards of Promotora Turística Punta Bete, S.A.P.I. de C.V. and Vista Inn, S.A. de C.V., is an associate and member of the Boards at Bene Hospital del Centro Español de Tampico and Universidad IEST Anáhuac. He is also a member of the Regional Consulting Board of ITESM, Tampico Campus (ESTAC). He was Chairman of the Board and CEO at Central de Divisas Casa de Cambio for 23 years. He held several positions in the finance division of Grupo Cydsa, S.A.B. for eight years, and in external auditing services for Gossler, Navarro, Cenicerros y Cia. for three years.

→ **BERNARDO GONZÁLEZ BARRAGÁN (42) 1, C**

Alternate: Eduardo Manuel Treviño Barragán

Board member since 2020.

Alternate member of the board in 2019. Since 2011, he has been a professor of Accounting and Finance at the Universidad de Monterrey. He was a corporate finance analyst at Fitch Ratings covering the retail and housing sectors. He has formally covered the NARTD beverage industry for over 25 years. He holds a master's in Finance with a specialization in Economics and an MBA, both from EGADE Business School. He has obtained various certifications in the areas of finance and economics from the University of Edinburgh, London School of Economics and Political Science and the University of Essex in the UK. He has a Degree in Marketing from the Instituto Tecnológico y de Estudios Superiores de Monterrey.

→ **JESÚS VIEJO GONZÁLEZ (47) 1, P**

Alternate: Magda Cristina Barragán Garza de Viejo

Board Member since 2007.

He is Executive President of Trefilia Capital. Currently, he serves as Technical Secretary for the Nuevo León Strategic Planning Board and is a Board Member of the Universidad de Monterrey (UDEM), the John F. Kennedy School of Government, the Center for International Development at Harvard, and Grupo Topaz. He was Vice-President of Economic Research for Emerging Markets at Goldman Sachs and Chief Economist at Grupo Alfa. He holds a Degree in Economics from ITESM, and a Master's Degree in Public Policy from Harvard University. He also holds a PhD in Economics from Boston University.

→ **MARCELA VILLAREAL FERNÁNDEZ 1, C**

Alternate: Miguel Antonio Panetta Villareal

Board Member since 2019.

Former Board Member of Embotelladoras Arca from 2001 to 2010. Advisor at Tulane University's School of Public Health and Tropical Medicine, in the Encuentro Project. She was Board Member of Sistema Axis and Argos, and President of the El Paso Museum of Art.

→ **JAIME SÁNCHEZ FERNÁNDEZ**

(Non-member Secretary)

Secretary of the Board of Directors since 2009.

General Counsel of the company since 2011, and from 2008 to 2011 he served as Counsel of Embotelladoras Arca.

LEGEND

1. Patrimonial
2. Independent

COMMITTEES

- A. Audit and Corporate Practices
- C. Human Capital and Sustainability
- P. Planning
- E. Executive

Executive Team

→ ARTURO GUTIÉRREZ HERNÁNDEZ (55)

Chief Executive Officer

Chief Executive Officer since 2019. Prior to that he was Deputy Chief Executive Officer. He has held several positions during his 20 years with the company, including Chief Operating Officer, Director of the Mexico Beverages Division, Human Resources, Planning, and Legal. He serves on several boards of international companies. He holds a Law Degree from the Escuela Libre de Derecho and a Master's Degree in Law from Harvard University.

→ GUILLERMO APONTE GONZÁLEZ (55)

Executive Director Food and Snacks

Formerly he served as CEO of Arca Continental South America. He worked for The Coca-Cola Company for more than 25 years in the Asia and Latin America divisions where he held the position of Chairman and CEO of Coca-Cola in the Philippines, General Manager for the Mexico Southern and Northern Regions, and General Manager for Colombia. He holds a Degree in Systems Engineering and Computer Engineering, as well as a specialization in Marketing, from the Universidad de los Andes, in Colombia. He also took courses on Executive Development at the University of Pennsylvania's Wharton School of Business

→ JOSÉ BORDA NORIEGA (52)

Chief Commercial and Digital Officer

Formerly the General Manager of Corporación Lindley, General Manager for Coca-Cola Central America, and Chief Operating Officer for Sparkling Beverages at Coca-Cola de México. He holds a degree in Industrial Engineering from the Pontificia Universidad Católica del Perú and an MBA from J.L. Kellogg School of Management.

→ JESÚS GARCÍA CHAPA (48)

Executive Director Venture Capital

Formerly the Deputy Financial Officer for Farmacias del Ahorro. He has ample experience in Mexico and abroad in areas such as logistics, finance, management, strategic planning, and IT. He holds a degree in Mechanical Engineering from ITESM, and a Master's Degree in Industrial Engineering and Management from Stanford University.

→ GUILLERMO GARZA MARTÍNEZ (53)

Chief Public Affairs, Communications and Sustainability Officer

Formerly held the position of Communications and Social Responsibility Director. He serves on several boards for industry-related local and international companies. He has over 30 years' experience in journalism, communications, social responsibility, and public affairs. He holds a Degree in Communications from the Universidad Regiomontana, a Master's degree in Science from ITESM, and post graduate executive studies from Boston College, Harvard University and IPADE.

→ ALEJANDRO GONZÁLEZ QUIROGA (59)

Executive Director Latin America Beverages

He has been with the company for more than 33 years holding several positions. He was Director of AC Beverages Mexico, Arca Continental South America, and Arca Continental Argentina. He was President of the Asociación de Embotelladores de Coca-Cola in Mexico. He holds a Degree in Business Administration from the Universidad Regiomontana and post-graduate certificates in Top Management from ITESM and IPADE.

→ EMILIO MARCOS CHARUR (57)*Chief Financial Officer*

He was formerly Director of Mexico Beverage Operations and Director of the Complementary Businesses Division, besides heading the Treasury and Procurement areas. He holds a Degree in Industrial Engineering and Computer Systems from ITESM and an MBA from the University of Illinois.

→ GABRIEL MENESES JONES (47)*Chief Human Resources Officer*

He worked for The Coca-Cola Company for 17 years, holding several leadership positions in Human Resources for Asia Pacific, Europe, North America, Mexico, Central America, and the Caribbean. He holds a Degree in Business Administration from ITESM, and post graduate studies in Human Resources from the London Business School.

→ ALEJANDRO MOLINA SÁNCHEZ (53)*Chief Technical and Supply Chain Officer*

He is a member of the Activation Committee at the Global Supply Chain Board for the Coca-Cola System, for which he formerly served as President. He worked for Coca-Cola de México for more than 15 years in the Quality Control, Environmental Sustainability, and Supply Chain divisions. He holds a degree in Chemical Engineering from Universidad La Salle, and a postgraduate certificate in Supply Chain from the Instituto Tecnológico Autónomo de México (ITAM).

→ ALEJANDRO RODRÍGUEZ SÁENZ (58)*Chief Strategic Planning Officer*

He formerly held the positions of Executive Director for Complementary Businesses, Director for Bokados, and General Manager for Topo Chico. He currently serves on the Boards of Andamios Atlas SA and Tonicorp. He has held several management positions at Alfa. He holds a Degree in Chemical Engineering and Computer Systems and an MBA from ITESM, and a post-graduate certificate in Top Management from IPADE.

→ JAIME SÁNCHEZ FERNÁNDEZ (50)*General Counsel*

He is Secretary of the Board of Directors. Formerly Legal Director, Secretary of the Board of Directors and Legal Corporate Manager at Embotelladoras Arca prior to the merger with Arca Continental. He worked for Grupo Alfa as their corporate lawyer and practiced law independently. He holds a law degree from the Universidad de Monterrey and a Master's Degree in Law from the University of Michigan.

→ JEAN CLAUDE TISSOT RUIZ (49)*President of Arca Continental Coca-Cola Southwest Beverages*

He formerly held the position of Chief Operating Officer at Coca-Cola Southwest Beverages and Chief Marketing Officer of Arca Continental. Previously, Mr. Tissot worked as an executive at The Coca-Cola Company for more than 15 years serving as General Director of Northern and Southern Mexico, and Central America Honduras and El Salvador, as well as director roles in Colombia, and at Warner Lambert for five years. He has a Bachelor's Degree in Business Administration from ICESI University in Colombia, and Master's degrees in Marketing and Finance from Colegio de Estudios Superiores de Administración, also in Colombia.

Appendices



→ Associates Statistics

TURNOVER RATE BY AGE RANGE

[401-1]

Age Range	Non-Unionized		Unionized	
	Women	Men	Women	Men
18-20	57%	37%	138%	41%
21-30	21%	27%	79%	31%
31-40	14%	15%	54%	18%
41-50	11%	9%	33%	8%
Older than 50	13%	7%	17%	4%

AVERAGE NUMBER OF ASSOCIATES (FULL AND PART TIME) BY AGE RANGE

Age Range	Non-Unionized		Unionized	
	Women	Men	Women	Men
18-20	18	320	28	807
21-30	1,757	8,743	228	8,740
31-40	1,796	10,918	262	7,127
41-50	825	7,231	193	4,836
Older than 50	587	4,859	156	2,917

AVERAGE NUMBER OF FULL-TIME AND PART-TIME ASSOCIATES BY REGION

[102-8]

Country	Non-Unionized		Unionized	
	Women	Men	Women	Men
Mexico	2,294	13,668	574	20,222
Ecuador	873	8,680	-	-
Argentina	46	406	50	1,616
Peru	721	1,863	64	2,210
United States	1,048	7,453	181	379
Total	4,983	32,070	869	24,427

PERCENTAGE OF AVERAGE ASSOCIATES (FULL AND PART TIME) BY AGE RANGE

<30 years old*	33%
30-50 years old	53%
→50 years old	14%

* The breakdown of people younger than 30 years includes also people of 30 years.



NUMBER OF FULL-TIME ASSOCIATES BY REGION

[102-8]

Type of Contract	Non-Unionized		Unionized	
	Women	Men	Women	Men
Full Time	4,887	31,675	885	24,567
Part Time	18	61	0	48

An important piece in personnel development and improvement process is to refer to the hiring and promotion of local managers and directors so that their promotion within the company is favored.

NATIONALITY OF DIRECTORS BY REGION

[202-2]

	Mexico	Ecuador	Argentina	Peru
National Directors	95%	31%	87.5%	42.9%
Foreign Directors	5%	69%	12.5%	57.1%

Materiality and Stakeholders

[102-46, 102-47]

For Arca Continental, it is a priority to create and maintain lasting relationships with our stakeholders; those who can influence the company's development whether they are individuals, groups, or organizations.

We have established constant and direct communication strategies with these groups to promote an open and transparent dialogue, to have a better understanding of their expectations and concerns, and to address them proactively.

Since 2014, we have worked on the identification, analysis, and updating of Arca Continental's material issues, conducting exercises such as in-person and online surveys, focus groups, risk and impact management and externalities analysis. Likewise, we analyze the maturation of these issues in relation to their contribution to the Sustainable Development Goals (SDGs) established by the UN. We held feedback meetings with opinion leaders, peers, academics, authorities, and NGOs, which allowed us to clearly visualize what we have to do, how to do it and how to communicate it. All these exercises have enabled us to identify the issues we must focus on to achieve the positive impact that the company seeks.

THE MATERIAL ISSUES FOR ARCA CONTINENTAL ARE, IN ALPHABETICAL ORDER:

- **Associates' wellbeing and development.**
- **Community development focused on groups in vulnerable situations.**
- **Continuous, verified, and timely communication of environmental, social, and Corporate Governance indicators.**
- **Customer and consumer satisfaction.**
- **Development of a sustainable value chain and promotion of local sourcing.**
- **Minimization of our ecological footprint (water, waste, and emissions) throughout the lifecycle of our products' life cycle.**
- **Promotion of active and healthy lifestyles.**



PROCESS TO BUILD THE MATERIALITY OF ARCA CONTINENTAL:

→ THE SUBJECTS OF ISO26000, SA8000, OSHAS18000, AND IFCPS, AMONG OTHERS, THAT APPLIED TO OUR OPERATIONS.

→ WE ANALYZED WHICH OF ALL THESE SUBJECTS WERE RELEVANT TO OUR STAKEHOLDERS.

→ WE ANALYZED THE POTENTIAL ENVIRONMENTAL, SOCIAL AND ECONOMIC IMPACT OF OUR OPERATIONS ON THE RELEVANT ISSUES.

→ WE ALIGNED OUR MATERIAL ISSUES WITH THE UN SUSTAINABLE DEVELOPMENT GOALS (SDGS).

Dialogue with Stakeholders

[102-21, 102-40, 102-42, 102-43, 102-44]

We make sure that we are aware of our stakeholders' expectations and concerns. The various communication channels that we keep open allow us to know the feelings of the communities where we operate and to act in such a way that the value we generate is shared by all.

For Arca Continental, our stakeholders are those that have a direct relationship with us. That is, those who are in direct contact with our products and operating centers, as well as those who are influenced by our performance as an organization. These groups and

individuals influence our risk management and our social and environmental projects. Adequate and constant communication with them allows us to start a conversation that establishes the bases to work constructively towards the strengthening of our operations.

We have implemented open and constant communication channels with our different stakeholders. Our goal is to create and maintain long-term strategic relationships based on transparency, dialogue, and mutual benefit.

	MEANS OF COMMUNICATION	FREQUENCY	EXPECTATIONS	INITIATIVES
CONSUMERS	» SATISFACTION, QUALITY AND SERVICE SURVEYS	» DAILY / ANNUAL	» PRODUCTS' QUALITY AND SAFETY » TRUE, CLEAR AND USEFUL INFORMATION ON THE PRODUCTS' CHARACTERISTICS ON LABELS	» DAILY FOOD GUIDELINES (GDA'S) ON LABELS » PHYSICAL ACTIVATION PROGRAMS » MASS NUTRITIONAL GUIDANCE CAMPAIGNS » CONTACT CALL CENTER (DIGA, IN SPANISH; HELLO)
CUSTOMERS	» MATERIALITY SURVEYS » SATISFACTION, QUALITY AND SERVICE SURVEYS	» DAILY / ANNUAL	» PRODUCTS' QUALITY AND SAFETY » CUSTOMER DEVELOPMENT » COMMUNITY DEVELOPMENT PROGRAMS » TRAINING » GOOD PRACTICES EXCHANGE » ETHICAL PRACTICES IN NEGOTIATIONS	» SERVICE MODEL (RTM) » PORTFOLIOS EXPANSION » COMPLIANCE WITH ADVERTISING LAWS AND REGULATIONS » TRAINING AND SUPPORT TO RETAILERS
SUPPLIERS	» MATERIALITY SURVEYS » SUPPLIERS PORTAL	» DAILY / ANNUAL	» SUPPLIER DEVELOPMENT » ETHICAL PRACTICES IN NEGOTIATIONS » SAFETY IN OPERATIONS » ENVIRONMENTAL CARE AND PROTECTION » SHARING SUSTAINABILITY PRACTICES	» APPLICATION OF THE GUIDING PRINCIPLES OF COCA-COLA SUPPLIERS
ACADEMY & OPINION LEADERS	» MEETINGS » INTEGRATED ANNUAL REPORT » WEBSITE » PARTICIPATION IN FORUMS AND CONGRESSES	» MONTHLY / ANNUAL	» RESPONSIBLE ADVERTISING AND MARKETING » PRODUCT RESEARCH AND DEVELOPMENT » INFORMATION ON COMPANY ACTIVITIES AND PRODUCTS	» PROMOTION OF ACTIVE AND HEALTHY LIFESTYLES » DAILY FOOD GUIDELINES (GDA'S) ON LABELS » ADHESION TO THE PABI CODE » COMPLIANCE WITH LAWS AND REGULATIONS
ASSOCIATES	» MATERIALITY SURVEYS » ORGANIZATIONAL CLIMATE SURVEYS » INTRANET PORTAL » INTERNAL COMMUNICATION MEDIA » DIALOGUES WITH COMPANY LEADERS » SAFETY COMMITTEE » REPORT TO ASSOCIATES » CONTINUOUS IMPROVEMENT TEAMS	» DAILY / QUARTERLY / ANNUAL	» LABOR AND HUMAN TRAINING AND DEVELOPMENT » COMPETITIVE SALARIES AND BENEFITS » RESPECT FOR RIGHTS AND FREEDOMS » APPLICATION OF THE CODE OF ETHICS » SAFETY IN OPERATIONS » HEALTH AND SAFETY AT WORK	» COCA-COLA OCCUPATIONAL HEALTH AND SAFETY SYSTEM (SSO) » TRAINING PROGRAMS, E-LEARNING, ARCA CONTINENTAL SCHOOL OF LEADERSHIP AND MASTER'S » ANNUAL ORGANIZATIONAL CLIMATE SURVEYS » ANNUAL PERFORMANCE EVALUATION OF HIGH AND MIDDLE MANagements » INCIDENT MANAGEMENT AND CRISIS RESOLUTION SYSTEM » PHYSICAL ACTIVATION AND EMOTIONAL SUPPORT PROGRAMS



MEANS OF COMMUNICATION

FREQUENCY

EXPECTATIONS

INITIATIVES

OSC'S

- » MATERIALITY SURVEYS
- » MEETINGS
- » EMAIL: SUSTAINABILITY@ARCACONTAL.COM
- » ANNUAL INTEGRATED REPORT
- » WEBSITE

» MONTHLY / QUARTERLY

- » PARTICIPATION AND ACTIVE SUPPORT FOR THE CAUSES THAT THEY PROMOTE
- » FEEDBACK
- » LABOR AND HUMAN TRAINING AND DEVELOPMENT

- » DONATIONS COMMITTEE
- » COLLABORATION STRATEGIC ALLIANCES
- » ASOCIACIÓN PRO SUPERACIÓN PERSONAL, A.C.
- » CEMEFI
- » RED SUMARSE
- » MOVIMIENTO CONGRUENCIA
- » ECOCE

COMMUNITY

- » MATERIALITY SURVEYS
- » MEETINGS
- » OPINION STUDIES
- » WEBSITE

» CONTINUES

- » NVESTMENT FOR PROJECTS IN THE COMMUNITY; EDUCATIONAL, HEALTH AND SPORTS
- » RESPONSIBLE INTERACTION
- » CARING FOR THE ENVIRONMENT AND EFFICIENT USE OF NATURAL RESOURCES
- » PRODUCTS QUALITY AND SAFETY
- » COMMUNITY DEVELOPMENT PROGRAMS

- » POWERADE MARATHON
- » VOLUNTEERING

AUTHORITIES AND GOVERNMENT

- » REUNIONES
- » ANNUAL INTEGRATED REPORT
- » WEBSITE

» MONTHLY / QUARTERLY

- » COMPLIANCE WITH APPLICABLE LAWS, REGULATIONS AND STANDARDS
- » PARTICIPATION IN THE CREATION OF LAWS AND RULES
- » TIMELY PAYMENT OF TAXES AND CONTRIBUTIONS
- » RESPONSIBLE PERFORMANCE
- » INVESTMENT AND JOB CREATION

- » COMPLIANCE WITH THE LAW AND REGULATIONS
- » CONSTANT INVESTMENT AND JOB CREATION
- » PARTICIPATION IN ASSOCIATIONS AND CHAMBERS
- » CONSTANT DIALOGUE WITH AUTHORITIES
- » COMMITTEE ON HUMAN CAPITAL AND SUSTAINABILITY

INVESTORS AND SHAREHOLDERS / EVALUATORS AND STOCK MARKET HOUSE

- » MATERIALITY SURVEYS
- » CONFERENCE AND QUARTERLY REPORTS
- » INTEGRATED ANNUAL REPORT
- » ANNUAL SHAREHOLDERS MEETING
- » WEBSITE
- » BOARD MEETINGS

» DAILY / MONTHLY / QUARTERLY / ANNUAL

- » PROFITABILITY AND GROWTH
- » VALUE CREATION
- » PAYMENT OF DIVIDENDS
- » PROTECTION OF HUMAN RIGHTS IN THE VALUE CHAIN
- » SUSTAINABILITY
- » CORPORATE GOVERNANCE ETHICAL PRACTICES
- » QUALITY AND SAFETY OF PRODUCTS
- » TRANSPARENCY AND ACCOUNTABILITY

- » CORPORATE GOVERNANCE STRUCTURE
- » CODE OF ETHICS
- » COMMITTEE FOR RISK IDENTIFICATION, IMAGE AND CORPORATE REPUTATION
- » ACTIONS IN FAVOR OF SUSTAINABILITY
- » CONSTANT COMMUNICATION WITH INVESTORS
- » HUMAN CAPITAL AND SUSTAINABILITY COMMITTEE

COCA-COLA COMPANY

- » MATERIALITY SURVEYS
- » PERIODIC MEETINGS
- » EMAILS
- » WORKTABLES
- » ANNUAL INTEGRATED REPORT

» DAILY / MONTHLY / QUARTERLY / ANNUAL

- » COMPLIANCE WITH PRODUCT QUALITY STANDARDS, CUSTOMER SERVICE AND VALUE CHAIN
- » FULFILLMENT OF THE GOALS OF THE SUSTAINABILITY PLATFORM
- » CARE AND PROTECTION OF THE ENVIRONMENT
- » QUALITY AND SAFETY OF PRODUCTS
- » COMMUNITY DEVELOPMENT PROGRAMS

- » FULFILLMENT OF THE GOALS OF THE SUSTAINABILITY PLATFORM
- » ACTIVE PARTICIPATION IN THE INDUSTRY'S SUSTAINABILITY COMMITTEE
- » PARTICIPATION IN ALL CORPORATE PROGRAMS
- » REFORESTATION AND CLEANING CAMPAIGNS OF WATER BODIES
- » PROMOTING AN ACTIVE AND HEALTHY LIFE
- » EFFICIENT USE OF RESOURCES

Risk Management

[102-11, 102-15, 102-29, 201-2]

The risk management process stems from the leadership and supervision of the Board of Directors, the Audit and Corporate Practices Committee, the General Management, and the Coordination of Risk Committees.

A strategic priority for Arca Continental is to drive business reputation and growth through risk management, sustainability, and public affairs initiatives.

Arca Continental's Coordination of Risk Committees ensures that all possible critical risks that may arise are duly addressed by their respective committees. Among the risks that are identified and

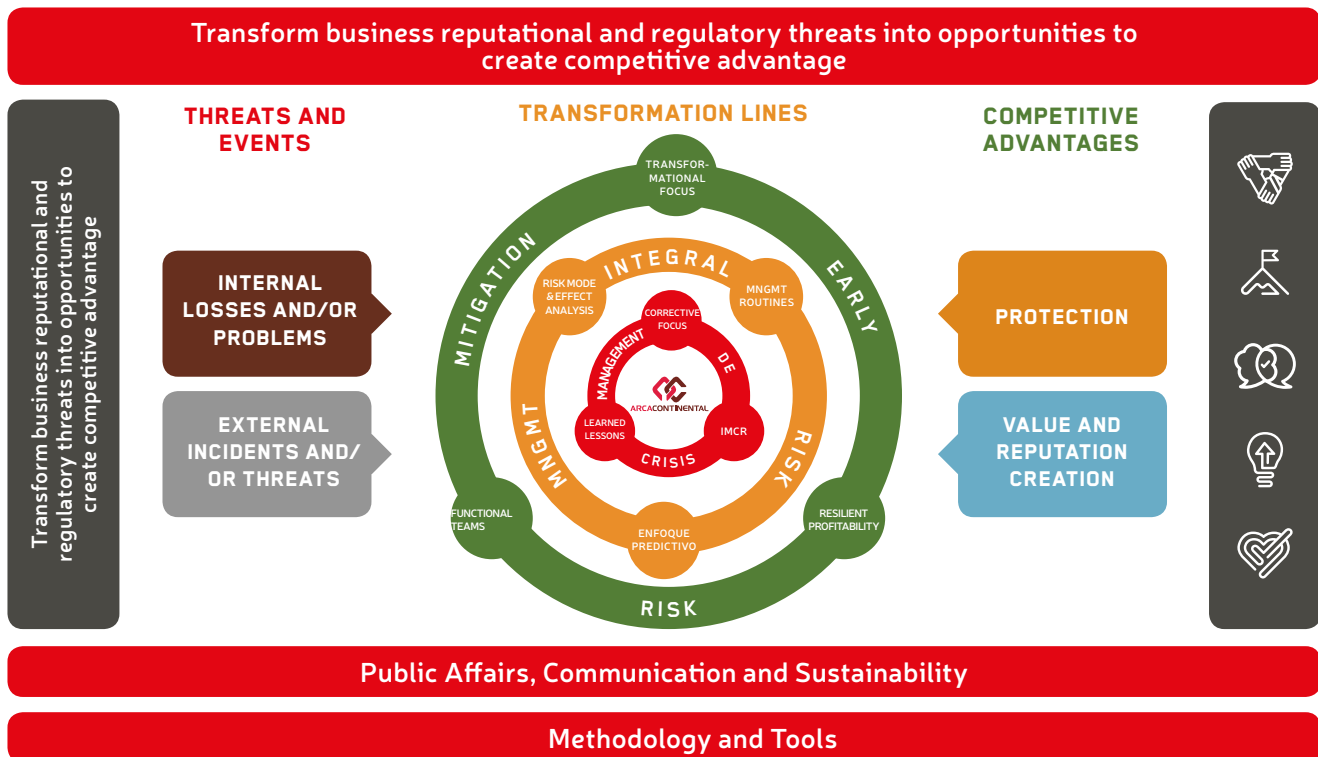
managed are those related to good practices in operations, environmental management systems, industrial and personal safety, corporate image and reputation, insurance and bonds, information security, financial and tax, audits for our suppliers, regulatory compliance, and prompt crisis resolution and eventuality management.

In 2016, we issued and implemented a new risk management policy and we executed various programs to evaluate and control these risks.

The strategic resilience model seeks to ensure business continuity through better risk management, crisis management and business continuity plans. For its execution, the focus is on

a management more predictive and less reactive through methodologies and tools that allow us to perform better in such situations. We also have associates trained and certified with ERMA (Enterprise Risk Management Academy), who are responsible for carrying out adequate risk management for the business. This model is graphically explained in the infographic below.

Following the ISO 31000 methodology, we manage reputational, financial, operational, regulatory, strategic, and emerging risks in a predictive manner. For each of these divisions, we have established mitigation plans that allow us to make strategic decisions for each situation.





Crisis Management

In addition to our preventive processes, we apply our own methodology, as well as other internal and external management tools to achieve an acceptable and adaptable resolution to any incident. For issues of great relevance to the company, such as product quality and safety, emergency protocols are in place to mitigate any incident as soon as possible.

Business Continuity Plans

We manage predictively, as well as reactively, large-scale risk situations that could potentially affect business continuity in operations.

Due to the geographical locations where we carry out our activities, their topographic characteristics, and their respective climatic conditions, we are susceptible to different natural disasters that could negatively impact our operations and facilities, as well as our associates in those regions. For example:

- Mexico, Peru, Ecuador and Argentina are prone to earthquakes.
- Mexico and the United States are prone to hurricanes and floods.
- Mexico is prone to forest fires.

We consider contingency measures for elements outside our business that could interrupt our operations, for example, unscheduled water or electricity cuts, fuel shortages, or social and/or political instability. We seek to have plans that meet

these needs within a defined recovery time frame to reestablish our operations satisfactorily in a shorter time than expected.

In a dynamic environment, within a global economy, Arca Continental is susceptible to numerous factors that could endanger the organization.

The following list of elements include some of the latent risks for the organization, its operations in the different territories, its economic performance, and its perception among stakeholders.

Main risks for the operation

CHANGES IN WEATHER CONDITIONS

The different temperatures and rains can affect the consumption behavior of our products; natural phenomena affect the distribution routes. We have implemented climate change mitigation and adaptation programs, actions that we have reported to CDP since 2013.

Exposure to the risk of physical changes in our operations can be found in the Climate Change section of this document.

SPECIAL TAXES

The creation of new taxes, the modification of current taxes or any modification of the positions or interpretations on the part of the tax authorities of the countries in which we operate could have an adverse effect on our financial situation, business, results of operations and projections.



CHANGES IN HEALTH AND ENVIRONMENT REGULATIONS

We are aware that all production activity has an impact on its environment.

Therefore, we try to reduce our environmental footprint and carry out mitigation efforts. If we were obliged to comply with important changes in health regulations, we could suffer increases in our operating costs and be obliged to implement measures that generate interruptions in operations. Likewise, environmental standards in the countries in which we operate have become increasingly strict and this trend could continue. Should we have to adapt or implement actions to comply with environmental regulations, we could incur significant responsibilities, costs, or liabilities.

SHORTAGE OF SUPPLIES AND MATERIALS USED TO MAKE OUR PRODUCTS

We are required to purchase certain supplies and materials previously authorized by The Coca-Cola Company. Their sourcing could be affected by factors beyond our control.

Possible shortages of these supplies could affect us. In the countries where we operate, the lack of water supply can be a determining factor in the normal course of operation of our plants. We cannot ensure that the water supply will be sufficient to meet our future production needs.

WASTE AND RAW MATERIAL PRICES

Waste management should always be a matter taken seriously, for this reason we continue to incorporate recycled material in our packaging—constantly in increasing quantities thanks to PetStar, the largest food-grade PET plant in the world in which Arca Continental maintains a leadership position. The adoption of the circular economy in our business model has led us to develop durable and reusable packaging, as well as recyclable materials and lighter packaging, with recycled and/or biodegradable content.

EXISTING OR FUTURE REGULATIONS REGARDING THE LABELING OF OUR PRODUCTS

If new labeling requirements are implemented, production costs and sales levels could be affected. It is vital for the operation to hold the necessary permits and licenses and they be valid.



CYBER SECURITY

Our systems and those of third-party providers could be vulnerable to damage or interruption caused by circumstances beyond their and our control, including failures in the protection of the data of our customers, consumers, and collaborators. The same applies to information security in terms of sensitive data of the organization itself, as well as its intellectual property. Any significant interruption in the systems' operation could adversely affect Arca Continental's operation.

CHANGES IN CONSUMER PREFERENCES FOR BEVERAGES AND SNACKS

The decrease in the consumption of our products could reduce the return on investment. Consumers are constantly looking for new products and presentations, so the company's inability to offer innovative products could negatively affect the consumption of our products.

PRODUCT QUALITY AND SAFETY

All our food and beverages are produced and handled with the highest quality and safety standards throughout the value chain in all territories. Nonetheless, we are not exempt from breaches of these standards. We use various means of communication to follow up on complaints and comments from our customers and consumers and thus offer adequate follow-up to each of them, as well as carry out predictive internal and external audits.

DERIVATIVE FINANCIAL INSTRUMENTS

We use derivative financial instruments to reduce exposure to the risk of currency fluctuation in the price of some of the main materials for production, as well as to reduce exposure to the risk of currency fluctuation due to debt denominated in US dollars, as well as the variable rates at which we pay our Stock Certificates.

Likewise, any breach of a specific stock market obligation on listed companies presents a risk to the organization.



CHANGES IN THE TAX REGIME

There is no guarantee that the applicable tax regime of our Stock Certificates will remain the same; it is probable that, in the future, it will suffer modifications that could affect the treatment applicable to the interests accrued in accordance with them, to the operations carried out with them, to the shareholders or to us.

BREACH OF THE CODE OF ETHICS

In an international market, situations and behaviors that violate or go against what is established in our Code of Ethics affect the perception and performance of the organization.

The human rights of anyone with whom we come in contact must be respected. This responsibility applies to both internal and external persons, it extends to our associates and the rest of our value chain. Situations of violence in all its expressions, discrimination, and abuse of power, to name a few, are attacks against Arca Continental's culture and values, so they are unacceptable, and the corresponding procedures will be carried out.

Any act or circumstance that generates injuries to third parties or their properties and that requires compensation could potentially damage the company's image, as well as its relationship with the community of the regions in which we are present.



Respecting our consumers' rights and fulfilling our duties towards them is vital to keeping their preference, just as it is essential to ensure the wellbeing of our associates by guaranteeing their labor rights, health and safety.

Being transparent and complying with the voluntary codes and agreements to which we have adhered is of great importance for the perception that other institutions and stakeholders have of us.

The theft, misuse, or exploitation of company resources for personal purposes puts its integrity at risk. Any situation that makes Arca Continental susceptible to anti-competitive practices, such as money laundering, corruption, conflicts of interest, political proselytism, and financing of violent acts, is avoided at all costs and penalized at all times.

To ensure that our supply chain has, at least, the same level of professionalism, values, respect for Human Rights, integrity and protection of the environment as Arca Continental, all people and organizations that wish to establish a commercial relationship with us must go through an onboarding process. Depending on the level of the supplier's criticality identified during the process, its steps can be extended. Compliance with each of said steps is a requirement to proceed to the next step.

THE STEPS IN THIS PROCESS ARE:

→ 1

DUE DILIGENCE.

The supplier must have all the documents, permits and regulations required by the authority in the region where it operates. It must show that its funds have no illicit origin. In cases where the anti-corruption risk classification so indicates, the existence of lawsuits or relevant legal sanctions by the authority or any other company in the Coca-Cola System will be reviewed. In addition, it must not be included on the international lists of sanctions, nor in the lists of politically exposed persons, nor have negative mentions in the media.

→ 2

CRITICALITY IDENTIFICATION.

Direct or indirect suppliers, depending on their nature or location, may or may not be classified as critical. The criteria for identifying a supplier as critical are detailed in the following pages.

→ 3

RECOGNITION OR CERTIFICATION IN OUR PRINCIPLES AND CODES.

All new suppliers will be required to read, sign, accept and implement the Code of Ethics and Policies of Conduct. Should the due diligence process raise any alarm, remedial measures will be taken, which, in some critical cases, may include audits or certifications of compliance. If considered critical, we may agree on audits by a third party, in compliance with the Guiding Principles for Coca-Cola Suppliers, Arca Continental's Code of Ethics and Policies of Conduct, and, if applicable, the Principles of Sustainable Agriculture. The „Type of Provider - Responsibility Matrix“ page enlists what type of provider must acquire what type of level of responsibility before these codes and principles.

→ 4

BIDDING.

Only until a supplier has complied with the first three steps of the process can it enter a bidding process, where it can demonstrate the economic competitiveness of its products or services.

In the bidding process, in addition to the economic proposal, the factors that influence the purchasing decision are evaluated; also, we favor the local sourcing or the qualification in social and environmental issues that the supplier obtained during the certification.

Awards and honors

Our excellence in operations and market execution, working as strategic partners of our suppliers and customers, have allowed us to become leaders in the industry.

- In 2020, we were recognized by CEMEFI & ALIARSE with the distinction of Socially Responsible Company (ESR, in Spanish), for our 17th consecutive year.

ARCA CONTINENTAL'S QUALITY STANDS OUT

- Through PetStar we received the Ibero-American Quality Award for the organization's excellence and the quality and innovation of its processes.
- Our La Favorita plant in Jalisco, Mexico received the National Quality Award and received a special mention in the Ibero-American Quality Award for the excellence and innovation of its processes.



RECOGNIZED EFFORTS IN PERU

- We stand out in reputation with Merco:
 - Merco Companies: 19
 - Merco Talent: 12
 - Merco Social Responsibility and Corporate Governance: 19
- We were recognized as a "2020 Leader of Change" company by the Association of Good Employers (ABE in Spanish) of the American Chamber of Commerce AMCHAM, for our good labor practices in the face of the COVID-19 challenge. In addition, together with Coca-Cola, we were among the first companies to receive recognition and a diploma for meeting 100% of



the established goals of Clean Production (APL in Spanish), granted by the Peruvian Ministry of the Environment.

- We were recognized as one of 20 companies that helped the most in the pandemic in Peru.
- For the seventh consecutive year, we received the Socially Responsible Company Distinction, chosen as an exemplary company in good practices in the environmental category.

Strategic alliances

[102-13]

As part of the structure of our strategy, we establish alliances and lead joint projects to benefit society and the environment by contributing to various initiatives that foster sustainable development in the industry, through our involvement in chambers and institutions that spearhead such matters, both at the local and international levels. We participate actively in nearly 100 associations and organizations to drive sustainable development in all our regions, and we have become a benchmark in half of them.

ASSOCIATION	COUNTRY	PARTICIPATION
Alianza Latinoamericana de Asociaciones de la Industria de Alimentos y Bebidas – ALAIAB (Latin American Alliance of Food and Beverages Industry Associations)	International	Member
International Council of Beverages Associations LATAM (ICBA-LATAM)	International	Member
Asociación de Embotelladoras Mexicanas de Coca-Cola – ASCOCA (Mexican Coca-Cola Bottlers Association)	Mexico	Associate
Asociación Nacional de Productores de Refresco y Aguas Carbonatadas – ANPRAC (National Association of Soft Drinks and Carbonated Water Producers)	Mexico	Partners of the Shareholders Meeting
Cámara Nacional de Comercio – CANACO (National Chamber of Commerce)	Mexico	
Cámara de la Industria de la Transformación Nuevo León –CAINTRA (Chamber of the Transformation Industry of Nuevo Leon)	Mexico	Board Member
Cámara de la Industria Alimenticia de Jalisco – CIAJ (Chamber of the Food Industry of Jalisco)	Mexico	
Cámara Nacional de la Industria de la Transformación – CANACINTRA (National Chamber of the Transformation Industry)	Mexico	Presidency of the Food, Beverages and Tobacco Sector (SABYT). National Board Member for the Snack Branch. Vice President of Snack Branch 106 and of the Water Commission. Legislative Liaison Committee.
Confederación de Cámaras Industriales de los Estados Unidos Mexicanos - COCAMIN (Confederation of Industrial Chambers of the United Mexican States)	Mexico	
Confederación Patronal de la República Mexicana en Nuevo León - COPARMEX NL (Employers' Confederation of the Mexican Republic in Nuevo Leon)	Mexico	Board Member
Consejo Consultivo del Agua – CCA (Water Advisory Council)	Mexico	Board Member
Consejo Coordinador Empresarial – CCE (Corporate Coordinating Council)	Mexico	Member
Consejo Mexicano de la Industria de Productos de Consumo – ConMéxico (Mexican Council of the Consumer Products Industry)	Mexico	Member of the Institutional Liaison Committee and of Commissions
Consejo Nacional Agropecuario – CNA (National Agricultural Council)	Mexico	Shareholders Meeting and Member of the Executive Committee
ECOCE	Mexico	General Committee
Movimiento por una Vida Saludable – MOVISA (Movement for a Healthy Life)	Mexico	Board Member
Queremos Mexicanos Activos – QMA (We Want Active Mexicans)	Mexico	Board Member

ASSOCIATION	COUNTRY	PARTICIPATION
ADEC - Agencia para el Desarrollo Económico de Catamarca (Agency for the Economic Development of Catamarca)	Argentina	Member
Asociación Argentina de Fabricantes de Coca-Cola (Argentine Association of Coca-Cola Manufacturers)	Argentina	Member
Cámara Argentina de la Industria de Bebidas sin Alcohol - CADIBSA (Argentine Chamber of the Non-Alcoholic Beverages Industry)	Argentina	Spokesperson
Cámara de Comercio Argentina Mexicana (Argentine-Mexican Chamber of Commerce)	Argentina	Member
Cámara de Comercio e Industria de la Provincia de Salta (Chamber of Commerce and Industry of the Province of Salta)	Argentina	Member
Cámara de Comercio e Industria en Santiago del Estero (Chamber of Commerce and Industry in Santiago del Estero)	Argentina	Member
Centro Azucarero Regional de Tucumán (Regional Center of the Sugar Industry of Tucuman)	Argentina	Presidency
Centro Comercial E Industrial La Rioja (Commercial and Industrial Center of La Rioja)	Argentina	Member
Federación Económica de Tucumán (Economic Federation of Tucuman)	Argentina	Member
Instituto Argentino de Responsabilidad Social (Argentine Institute for Social Responsibility)	Argentina	Member
International Council of Beverages Associations LATAM	Argentina	Member
Unión Industrial de Catamarca (Industrial Union of Catamarca)	Argentina	Member
Unión Industrial de Corrientes (Industrial Union of Corrientes)	Argentina	Member
Unión Industrial de Jujuy (Industrial Union of Jujuy)	Argentina	Member
Unión Industrial de Salta (Industrial Union of Salta)	Argentina	Member/ Presidency
Unión Industrial de Tucumán (Industrial Union of Tucuman)	Argentina	Spokesperson
RESIRCULAR	Argentina	
Asociación Industrial de Bebidas No Alcohólicas del Ecuador - AIBE (Non-Alcoholic Beverages Industry Association of Ecuador)	Ecuador	Board Member
Asociación Nacional de Fabricantes de Alimentos y Bebidas - ANFAB (National Association of Food and Beverage Manufacturers)	Ecuador	Member
Cámara de Industrias de Guayaquil - CIG (Chamber of Industries of Guayaquil)	Ecuador	Member
Corporación Líderes Para Gobernar - CLPG (Leaders to Govern Corporation)	Ecuador	
Directorio de la Alianza para el Emprendimiento e Innovación (Board of the Alliance for Entrepreneurship and Innovation)	Ecuador	Associate
Directorio de la Cámara de Industrias y Producción (Board of the Chamber of Industries and Production)	Ecuador	Board Member
Directorio de la Cámara Ecuatoriana Americana (Board of the Ecuadorian-American Chamber)	Ecuador	Affiliate
Directorio del Centro de Industrias Lácteas (Board of the Dairy Industry Center)	Ecuador	Board Member
Alianza de Empresas que Financian y Ejecutan Obras por Impuestos (Alliance of Companies that Finance and Carry Out Works through Taxes)	Peru	Member of the Board of Directors

ASSOCIATION	COUNTRY	PARTICIPATION
Asociación de Bebidas y Refrescos Sin Alcohol del Perú (Association of Non-Alcoholic Beverages and Soft Drinks of Peru)	Peru	Leading Associate
Asociación de Bodegueros del Perú (Peruvian Association of Grocers)	Peru	Member of the Advisory Council
Asociación de Buenos Empleadores (Association of Good Employers)	Peru	Leading Associate
Asociación Peruana de Recursos Humanos (Peruvian Association of Human Resources)	Peru	Presidency
Food Bank	Peru	Contributor
Cámara de Comercio Americana del Perú (American Chamber of Commerce of Peru)	Peru	Associate
Cámara de Comercio de Lima (Chamber of Commerce of Lima)	Peru	Associate
Cámara de Comercio e Industria de Arequipa (Chamber of Commerce and Industry of Arequipa)	Peru	Associate
Cámara de Comercio Peruano Mexicana (Peruvian-Mexican Chamber of Commerce)	Peru	Associate
Cámara de Comercio y Producción de la Libertad (Chamber of Commerce and Production of La Libertad)	Peru	Associate
Cámara de Comercio, Industria y Turismo de Loreto (Chamber of Commerce, Industry and Tourism of Loreto)	Peru	Associate
Cámara de Comercio, Industria, Servicios, Turismo y de la Producción del Cusco (Chamber of Commerce, Industry, Services, Tourism and Production of Cusco)	Peru	Associate
(Cámara de Comercio Chilca - Pucusana) Chamber of Commerce of Chilca - Pucusana	Peru	Associate
Instituto Peruano de Acción Empresarial (Peruvian Institute of Corporate Action)	Peru	Associate
Nexus + 1	Peru	Associate
Patronato del Rímac (Board of Trustees of Rimac)	Peru	Founding Associate
Perú 2021	Peru	Associate
Plataforma de Acción Climática Sostenible (Sustainable Climate Action Platform)	Peru	Associate
Plataforma Empresarial e Institucional Líderes + 1 (Business and Institutional Platform Leaders + 1)	Peru	Associate
Servicio de Asesoría Empresarial (SAE) de APOYO Consultoría (Business Advisory Service of APOYO Consultoría)	Peru	Associate
Soluciones Empresariales contra la Pobreza (Business Solutions Against Poverty)	Peru	Associate
Sociedad Nacional de Industrias (National Society of Industries)	Peru	Associate
Sociedad Peruana de Marketing (Peruvian Marketing Society)	Peru	Member of the Board of Directors
Viva Lima	Peru	Member of the Board of Directors
Water Resources Group	Peru	Member of the Board of Directors
Earth X	United States	Project
Keep Houston Beautiful	United States	Member
Nature Conservancy	United States /Mexico	Program
Recycling Partnership	United States	Program
River Network	United States	Project

Training and Development

[404-1, 404-2]

During 2020, despite Covid-19 Pandemic hit us hard in most countries, training and development played an important role in the recovery of our operations, especially in the safety front. A total of 52,823.25 associates were trained during that period for over 616,102.76 hours.

In average, our female associates received 9.80 hours of training in 2020, while our male associates received 11.83 hours of training in the same period.

The following tables show these numbers disaggregated by region, gender, type of contract and type of training. Per our stakeholders' request, figures in the US are not disaggregated because it might be considered a form of discrimination, hence the tables below do not include our operations in that country.

NUMBER OF ASSOCIATES TRAINED

MANDATORY TRAINING

NON-MANDATORY TRAINING

Number of Associates at Entry level trained

Number of Associates at Entry level trained

	Unionized				Non-unionized				
	Female		Male		Female		Male		
	Female	Male	Female	Male	Female	Male	Female	Male	
Mexico	983	5,846	260	16,924	Mexico	14	4	-	-
Argentina	9	33	10	154	Argentina	8	15	5	2
Peru	31	349	4	502	Peru	32	56	-	-
Ecuador	60	88	331	4,939	Ecuador	20	28	60	422

Number of Associates at Coordinator or similar level trained

Number of Associates at Coordinator or similar level trained

	Unionized				Non-unionized				
	Female		Male		Female		Male		
	Female	Male	Female	Male	Female	Male	Female	Male	
Mexico	457	5,665	-	-	Mexico	14	20	-	-
Argentina	7	56	-	1	Argentina	7	9	-	1
Peru	26	43	2	21	Peru	18	82	1	4
Ecuador	106	242	23	270	Ecuador	16	41	-	16

Number of Associates at Chief or similar level trained

Number of Associates at Chief or similar level trained

	Unionized				Non-unionized				
	Female		Male		Female		Male		
	Female	Male	Female	Male	Female	Male	Female	Male	
Mexico	116	624	-	-	Mexico	26	35	-	-
Argentina	8	64	-	-	Argentina	9	84	-	-
Peru	47	144	2	16	Peru	38	102	-	1
Ecuador	71	199	-	4	Ecuador	6	13	-	-

	Number of Associates at Manager or similar level trained				Number of Associates at Manager or similar level trained				
	Unionized		Non-unionized		Unionized		Non-unionized		
	Female	Male	Female	Male	Female	Male	Female	Male	
Mexico	15	201	-	-	Mexico	-	6	-	-
Argentina	-	16	-	-	Argentina	1	5	-	-
Peru	5	31	-	-	Peru	1	5	-	-
Ecuador	18	40	-	-	Ecuador	-	2	-	-

	Number of Associates at Director or similar level trained				Number of Associates at Director or similar level trained				
	Unionized		Non-unionized		Unionized		Non-unionized		
	Female	Male	Female	Male	Female	Male	Female	Male	
Mexico	1	34	-	-	Mexico	-	6	-	-
Argentina	1	1	-	-	Argentina	1	5	-	-
Peru	-	7	-	-	Peru	1	5	-	-
Ecuador	1	9	-	-	Ecuador	-	2	-	-

	Number of Associates at Sr. Director or similar level trained				Number of Associates at Sr. Director or similar level trained				
	Unionized		Non-unionized		Unionized		Non-unionized		
	Female	Male	Female	Male	Female	Male	Female	Male	
Mexico	-	11	-	-	Mexico	-	2	-	-
Argentina	-	-	-	-	Argentina	-	-	-	-
Peru	-	-	-	-	Peru	-	-	-	-
Ecuador	-	1	-	-	Ecuador	-	1	-	-
USA Total for mandatory training: 7,513									

NUMBER OF TRAINING HOURS

	MANDATORY TRAINING				NON-MANDATORY TRAINING				
	Hours of training at Entry level				Hours of training at Entry level				
	Unionized		Non-unionized		Unionized		Non-unionized		
	Female	Male	Female	Male	Female	Male	Female	Male	
Mexico	12,199	85,583	6,332	261,117	Mexico	-	-	-	-
Argentina	3	24	1	190	Argentina	44	65	29	-
Peru	565	4,744	59	3,960	Peru	479	1,056	2	52
Ecuador	248	587	2,311	25,954	Ecuador	176	213	459	4,542

	Hours of training at Coordinator or similar level				Hours of training at Coordinator or similar level				
	Unionized		Non-unionized		Unionized		Non-unionized		
	Female	Male	Female	Male	Female	Male	Female	Male	
Mexico	7,467	82,038	-	-	Mexico	-	-	-	-
Argentina	16	46	-	-	Argentina	11	109	-	-
Peru	549	1,504	21	151	Peru	67	677	-	3
Ecuador	781	1,780	109	1,617	Ecuador	244	487	49	734

	Hours of trainig at Chief or similar level				Hours of trainig at Chief or similar level				
	Unionized		Non-unionized		Unionized		Non-unionized		
	Female	Male	Female	Male	Female	Male	Female	Male	
Mexico	7,177	66,293	-	-	Mexico	-	-	-	-
Argentina	4	24	-	-	Argentina	76	775	-	-
Peru	37	369	-	-	Peru	336	819	-	-
Ecuador	1,822	5,387	-	58	Ecuador	635	1,611	-	16

	Hours of trainig at Manager or similar level				Hours of trainig at Manager or similar level				
	Unionized		Non-unionized		Unionized		Non-unionized		
	Female	Male	Female	Male	Female	Male	Female	Male	
Mexico	688	15,688	-	-	Mexico	-	-	-	-
Argentina	-	10	-	-	Argentina	15	338	-	-
Peru	-	58	-	-	Peru	95	505	-	-
Ecuador	396	909	-	-	Ecuador	143	449	-	-

	Hours of trainig at Director or similar level				Hours of trainig at Director or similar level				
	Unionized		Non-unionized		Unionized		Non-unionized		
	Female	Male	Female	Male	Female	Male	Female	Male	
Mexico	-	1,552	-	-	Mexico	-	-	-	-
Argentina	-	-	-	-	Argentina	10	42	-	-
Peru	-	-	-	-	Peru	2	18	-	-
Ecuador	6	57	-	-	Ecuador	8	69	-	-

	Hours of trainig at Sr. Director or similar level				Hours of trainig at Sr. Director or similar level				
	Unionized		Non-unionized		Unionized		Non-unionized		
	Female	Male	Female	Male	Female	Male	Female	Male	
Mexico	-	137	-	-	Mexico	-	-	-	-
Argentina	-	-	-	-	Argentina	-	-	-	-
Peru	-	-	-	-	Peru	-	-	-	-
Ecuador	-	6	-	-	Ecuador	-	15	-	-
USA Total for mandatory training: 230,784									

In 2020, AC offered in average 11.65 hours of training and inversted MXN 1,628 per employee.

MANDATORY TRAINING*

Level	Average training hours		Average investment (MXN)	
	Female	Male	Female	Male
Entry level	45	113	1,330	3,323
Basic position	22	40	653	1,174
Jr manager	63	93	1,856	2,739
Manager	51	80	1,498	2,361
Sr manager	3	35	88	1,028
Executive	1	24	26	712
Total	39	85	1,143	2,493

*It includes information of Wise and excludes information of SEACSA.

NON-MANDATORY TRAINING*

Level	Average training hours		Average investment (MXN)	
	Female	Male	Female	Male
Entry level	2	2	73	52
Basic position	1	1	27	27
Jr manager	7	4	214	122
Manager	10	6	297	178
Sr manager	10	3	299	82
Executive	-	1	0	39
Total	3	2	80	56

*It includes information of Wise and excludes information of SEACSA.

CONSOLIDATED FINANCIAL STATEMENTS

ARCA CONTINENTAL, S.A.B. DE C.V. AND SUBSIDIARIES

DECEMBER 31, 2020 AND 2019

WITH INDEPENDENT AUDITOR'S REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS	138
CONSOLIDATED BALANCE SHEETS	139
CONSOLIDATED STATEMENTS OF INCOMES	140
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION	141
INDEPENDENT AUDITOR'S REPORT	142
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	146
CONSOLIDATED STATEMENTS OF INCOME	147
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	148
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY	149
CONSOLIDATED STATEMENTS OF CASH FLOWS	150
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	151

Management's Discussion and Analysis of Financial Results

SALES

In 2020, total revenues reached Ps. 171,586 million, increasing 4.0% when compared to 2019. Net sales, which corresponds to product sold within our territories, decreased 1.8%.

Total Volume sold within our territory reached 1,924 MUC (excluding jug water), decreasing 4.3% when compared to 2019, driven by the impact of the pandemic mainly in the flavors and water categories that fell 10.2% and 11.6%, respectively. Mexico reached 1,016 MUC, excluding jug water, which represents a 2.4% decrease compared to 2019, mainly due to mobility restrictions imposed in the states in which we operate. For the U.S. operations, volume reached 431 MUC, representing a 2.2% drop compared to last year.

In South America, volume declined 9.6% to 477 MUC, excluding jug water. This decrease is mainly due to operations in Peru and Ecuador, which were impacted by mobility restrictions.

COST OF SALES

In 2020, cost of sales increased 3.2%, mainly due to the higher concentrate prices in Mexico and an exchange rate effect on our US dollar operations, which was partially offset by lower PET prices. As a result, gross profit reached Ps. 76,705 million, up 5.0%, to reach a gross margin of 45.3%, an expansion of 40 basis points compared to 2019 mainly driven by our price-pack initiatives.

OPERATING EXPENSES

Selling and administrative expenses increased 4.1% (-0.5% currency neutral), to Ps. 54,447 million; 32.2% with respect to net sales as a result of efficiencies and savings plans implemented in operations.

OPERATING INCOME AND EBITDA

Consolidated operating income reached Ps. 21,472 million, an increase of 6.3% when compared to 2019, and representing an operating margin of 12.7%. Consolidated EBITDA increased 5.7% from Ps. 30,404 million to Ps. 32,147 million and a margin of 18.7% with respect to total revenues. EBITDA for Mexico rose 8.6%, for a margin of 25.2%. While in the beverage operations in the United States, EBITDA increased 20.7% and the margin was 14.1% (excluding NPSG income) and the beverage business in South America decreased 10.6% for a margin of 19.8% (see Note 6).

COMPREHENSIVE FINANCING RESULTS

The comprehensive financing result in 2020 was Ps. 3,476 million, down 3.2% mainly due to a higher exchange rate gain and lower interest expense when compared to the previous year (see Note 24).

INCOME TAXES

Income taxes went from Ps. 5,031 million to Ps. 5,427 million in 2020. The effective tax rate for 2020 was 30%.

MAJORITY NET INCOME

In 2020, majority net income increased 7.2% to Ps. 10,276 million or Ps. 5.83 per share, with a net margin of 6.1% with respect to net sales.

CASH POSITION AND NET DEBT

In 2020, the company registered a cash balance of Ps. 27,336 million and debt of Ps. 50,577 million, resulting in a net debt position of Ps. 23,241 million. The Net Debt/ EBITDA ratio was 0.7x.

CAPEX

CAPEX reached Ps. 6,723 million in 2020, around 41.9% lower than 2019 and mainly allocated towards market execution, distribution, and production capabilities.

Consolidated Statements of Financial Position

For the years ended December 31
(Thousands of Mexican pesos)

DECEMBER 31,	2020	2019	2018	2017 ⁽¹⁾	2016	2015 ⁽¹⁾	2014
ASSETS							
CURRENT ASSETS:							
Cash and cash equivalents	27,336	22,051	15,941	23,842	5,546	8,295	9,039
Clients and other accounts receivable, net, include related parties	10,191	10,686	13,332	11,428	6,586	6,772	4,312
Inventories and advance payments	8,701	8,510	8,291	8,428	5,464	4,705	3,102
Derivative financial instruments	871	110	4	83	53	23	0
Total current assets	47,099	41,357	37,568	43,781	17,650	19,795	16,453
Investment in shares of associates	8,308	8,168	6,970	6,770	5,211	4,491	3,926
Property, plant and equipment, net	69,659	71,937	74,079	71,664	49,233	42,913	25,321
Right-of-use assets	1,190	1,177	0	-	-	-	-
Goodwill and intangible assets, net	116,424	113,418	117,090	116,406	65,110	56,321	33,605
Deferred income taxes	2,591	1,691	1,124	933	1,246	865	1,022
Derivative financial instruments	0	30	98	165	125	550	0
Other assets	702	668	950	566	349	-	0
Total assets	245,973	238,447	237,879	240,285	138,924	124,934	80,327
LIABILITIES AND STOCKHOLDERS' EQUITY							
CURRENT LIABILITIES:							
Suppliers, include related parties	10,678	10,271	10,024	8,311	6,514	5,394	2,952
Derivative financial instruments	335	125	111	5	1	118	0
Current debt	7,132	6,761	2,672	1,785	4,368	6,998	1,699
Lease liabilities	358	248	0	-	-	-	-
Other accounts payable and taxes	12,276	10,346	11,020	13,216	7,477	6,575	5,937
Total current liabilities	30,779	27,751	23,827	23,318	18,359	19,084	10,588
Non-current debt	43,445	46,500	53,155	53,338	26,816	32,916	14,078
Lease liabilities	853	935	-	-	-	-	-
Derivative financial instruments	357	226	6	444	11	0	0
Employee benefits	5,249	4,390	3,122	2,724	2,198	1,767	1,225
Other liabilities	830	699	757	939	464	491	108
Deferred income taxes	17,040	16,559	17,483	17,945	10,755	9,043	4,944
Total liabilities	98,553	97,060	98,350	98,708	58,603	63,302	30,943
STOCKHOLDERS' EQUITY:							
Capital stock	982	982	982	982	978	972	972
Share premium	45,086	45,089	45,115	45,121	38,674	28,141	28,121
Retained earnings	69,883	68,392	63,053	60,524	27,911	22,942	18,508
Other reserves	903	(1,567)	2,652	3,847	3,862	(1,011)	(1,536)
Total controlling interest	116,854	112,896	111,802	110,474	71,425	51,044	46,064
Non-controlling interest	30,566	28,491	27,727	31,103	8,896	10,588	3,320
Total liabilities and stockholders' equity	245,973	238,447	237,879	240,285	138,924	124,934	80,327

(1) Revised to include fair value adjustments due to business combination.



ARTURO GUTIÉRREZ HERNÁNDEZ
CHIEF EXECUTIVE OFFICER



EMILIO MARCOS CHARUR
CHIEF FINANCE OFFICER

Consolidated Statements of Income

For the years ended December 31
(Thousands of Mexican pesos)

DECEMBER 31,	2020 ⁽¹⁾	2019 ⁽¹⁾	2018 ⁽¹⁾	2017 ⁽¹⁾	2016 ⁽¹⁾	2015 ⁽¹⁾	2014 ⁽¹⁾
Sales volume excluding jug (MUC)	1,924.3	2,009.7	2,004.8	1,874.8	1,534.1	1,290.2	1,152.9
Net sales	169,314	162,728	155,653	137,156	93,666	76,454	61,957
Income related NPSG	2,272	2,313	3,299	2,331	-	-	-
Cost of sales	(94,881)	(91,968)	(89,712)	(77,025)	(49,654)	(39,363)	(31,569)
Gross profit	76,705	73,073	69,240	62,462	44,012	37,090	30,388
Selling expenses	(45,807)	(43,919)	(42,531)	(36,825)	(24,143)	(20,218)	(16,193)
Administrative expenses	(8,641)	(8,364)	(8,281)	(7,302)	(5,095)	(4,281)	(3,631)
Other income, net ⁽²⁾	266	676	1,096	1,006	671	579	425
Non-recurring expenses ⁽³⁾	(1,051)	(1,266)	(954)	3,065	855	(417)	(216)
Operating profit	21,472	20,200	18,570	22,407	16,300	12,754	10,774
Comprehensive financing income (cost):							
Financial expenses, net	(3,218)	(3,348)	(3,672)	(3,036)	(2,137)	(1,041)	(943)
Money exchange (loss) profit, net	(186)	(278)	(683)	500	(329)	(777)	(31)
Monetary position (loss) profit, net	(72)	34	242	-	-	-	-
	(3,476)	(3,592)	(4,113)	(2,536)	(2,466)	(1,818)	(974)
Equity in the results of associates	4	167	223	178	165	157	54
Profit before income tax	18,001	16,776	14,680	20,048	13,999	11,093	9,854
Income tax	(5,427)	(5,031)	(3,860)	(3,259)	(4,288)	(3,434)	(3,089)
Net consolidated profit	12,574	11,744	10,820	16,789	9,711	7,659	6,765
Non-controlling Interest	(2,297)	(2,156)	(2,118)	(3,699)	(677)	(413)	(260)
Equity holders of the parent	10,276	9,588	8,702	13,090	9,034	7,246	6,505
Weighted average of outstanding shares (thousands)	1,764,283	1,764,283	1,764,283	1,764,283	1,678,753	1,611,264	1,611,264
Depreciation and amortization	9,624	8,937	7,942	6,651	4,646	3,536	2,655
EBITDA (excluding non-recurring expenses)	32,147	30,404	27,466	25,993	20,092	16,707	13,644
	19.0%	18.7%	17.6%	19.0%	21.5%	21.9%	22.0%
CAPEX	6,723	11,568	11,061	10,880	7,379	5,728	4,032

(1) Figures presented prepared in accordance with International Financial Reporting Standards (IFRS)

(2) Includes the equity in the results of strategic associates

(3) Non-recurring expenses that the administration considers at the operational level



ARTURO GUTIÉRREZ HERNÁNDEZ
CHIEF EXECUTIVE OFFICER



EMILIO MARCOS CHARUR
CHIEF FINANCE OFFICER

Management's Responsibility for the Financial Statements

Management is responsible for preparing the financial statements and all the financial information contained in this report. This responsibility includes maintaining the integrity and objectivity of financial records, as well as preparing the financial statements in accordance with International Financial Reporting Standards (IFRS).

The company has an internal control structure whose objectives include, among other things, ensuring that company records incorporate all transactions related to its operating activities, thus providing protection against the inappropriate use or loss of company assets. Management believes that the internal control structure complies with said objectives.

The control structure is based on the hiring and training of qualified personnel, documented policies and procedures, and a team of internal auditors who apply rigorous auditing programs to all the company's operations.

The financial statements were audited by Mancera, S.C., a firm of independent public accountants. Their audit was carried out in accordance with International Standards on Auditing and included the company's internal control structure. The external auditors' report is included in this Report.

The Company's Board of Directors, through an Audit Committee made up exclusively of directors who are not employed by the same, is responsible for ensuring that Company Management complies with its obligations in regard to the financial control of operations and the preparation of financial statements.

The Audit Committee proposes the firm of external auditors to the Board of Directors and meets with Management, the internal auditors, and the firm of external auditors on a regular basis.

The Audit Committee has free access to the firm of external auditors, with whom it meets continuously to discuss their audit work, internal controls, and the preparation of financial statements.



ARTURO GUTIÉRREZ HERNÁNDEZ
CHIEF EXECUTIVE OFFICER



EMILIO MARCOS CHARUR
CHIEF FINANCE OFFICER

Independent Auditor's Report



To the Stockholders of
Arca Continental, S.A.B. de C.V.

OPINION

We have audited the consolidated financial statements of Arca Continental, S.A.B. de C.V. and its subsidiaries (the Company), which comprise the consolidated statement of financial position as of December 31, 2020, and the consolidated statements of income, comprehensive income, changes in stockholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

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 "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Mexico according with the "Código de Ética Profesional del Instituto Mexicano de Contadores Públicos" ("IMCP Code"), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

OTHER MATTERS

The consolidated financial statements for the year ended December 31, 2019 were audited by other auditors whose report dated March 5, 2020, expressed an unqualified opinion on those statements.

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.

THE RECOVERY VALUE ESTIMATION OF INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

DESCRIPTION AND WHY IT WAS CONSIDERED A KEY AUDIT MATTER

We have determined the recovery value estimation of intangible assets with indefinite useful lives to be a key audit matter. Given the significant judgments and estimations involved in determining the approaches, assumptions and premises used by management to calculate the recovery value of those indefinite life intangible assets, we also focused in this area because of the significance of the balances of those assets as of December 31, 2020, which are mainly comprised of goodwill, bottler's agreements and brands of \$55,929,169, \$50,109,908 and \$3,442,448, respectively.

In Note 5 "Accounting estimations and judgments" and Note 12 "Goodwill and intangible assets, net" to the consolidated financial statements describes with more detail the impairment testing analysis of indefinite life intangible assets performed by the Company. This analysis includes an annual recovery value estimation of the cash-generating units (CGU) which those assets are assigned in order to identify and record any potential impairment. The impairment testing valuation involves the application of significant judgments due to the analysis of assumptions and premises such as profitability and economic conditions, discount rates, operation margin, weighted average cost of capital, and others. Those assumptions are sensitive and are affected by economic and technology changes, market conditions and other factors.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

We evaluated management assumptions and premises used to identify and assign a group of long-lived assets to each CGU. With regard to the recovery value of indefinite life intangible assets, we evaluated the future cash flow projections prepared by management, and reviewed the information used to prepare them, verifying that future cash flow projections are in line with historical trends and long-term business plans approved by the Board of Directors for 2021 to 2025.

For each CGU, we compared the actual results for the past four years with the figures budgeted for each of those years, to consider the adequacy of the assumptions included in the projections.

With respect to the assumptions and premises used by the Company's management, we involved our internal valuation specialist to support us in evaluating the reasonableness of the approach used by the Company to determine the recoverable value of all CGUs (revenue approach, using discounted future cash flows to determined the value in use).

We compared the results of the calculation of the aforementioned recovery values against the book values of the CGUs; we discussed with management the differences between the methodologies used for calculation of the recovery value and we verified that they were applied consistently with prior years.

We analyzed the impairment testing calculation of the long-lived assets prepared by management, and evaluated the competences, technical capabilities and objectivity of the Company internal valuation specialists.

Furthermore, we assessed the adequacy of related disclosures with respect to the identification and determination of the recoverable value of long-lived assets made in the consolidated financial statements as of December 31, 2020.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the Annual Report corresponding to the year ended December 31, 2020, that will be presented to the Comisión Nacional Bancaria y de Valores (CNBV) and the Annual Information presented to the Bolsa Mexicana de Valores, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any type 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 accompanying consolidated financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company 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 Company and subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company and subsidiaries audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

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



C.P.C. Aldo A. Villarreal Robledo

Monterrey, N. L.,
February 26, 2021.

Consolidated Statements of Financial Position

For the years ended December 31, 2020 and 2019
(Thousands of Mexican pesos)

	NOTE	2020	2019
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	7	\$ 27,335,702	\$ 22,051,280
Account receivables from clients and others, net	8a	9,212,914	10,455,167
Related parties	27	977,695	230,941
Inventories	9	8,250,619	7,948,144
Derivative financial instruments	20	871,339	110,232
Prepayments		451,010	561,072
Total current assets		47,099,279	41,356,836
NON-CURRENT ASSETS:			
Investment in shares of associates	10	8,308,209	8,168,311
Property, plant and equipment, net	11	69,658,796	71,937,106
Goodwill and intangible assets, net	12	116,424,326	113,417,537
Right-of-use assets	13	1,189,996	1,177,018
Deferred income taxes	17	2,590,689	1,691,427
Derivative financial instruments	20	-	30,092
Other assets		702,344	668,491
Total non-current assets		198,874,360	197,089,982
Total assets		\$ 245,973,639	\$ 238,446,818
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Current debt	14	\$ 7,132,136	\$ 6,761,038
Suppliers		8,028,352	7,544,940
Related parties	27	2,649,481	2,725,735
Derivative financial instruments	20	334,987	125,219
Income tax payable	25	1,328,360	1,015,863
Lease liabilities	13	358,034	247,892
Other liabilities	15	10,947,623	9,330,432
Total current liabilities		30,778,973	27,751,119
NON-CURRENT LIABILITIES:			
Non-current debt	14	43,444,973	46,500,428
Lease liabilities	13	853,223	934,736
Employee benefits	16	5,249,179	4,390,019
Derivative financial instruments	20	357,150	225,843
Deferred income taxes	17	17,039,846	16,559,266
Other liabilities	15	830,106	698,730
Total non-current liabilities		67,774,477	69,309,022
Total liabilities		98,553,450	97,060,141
STOCKHOLDERS' EQUITY:			
CONTROLLING INTEREST:			
Capital stock		981,959	981,959
Share premium		45,086,473	45,089,220
Retained earnings		69,882,571	68,391,858
Other comprehensive income	19	902,854	(1,567,051)
Total controlling interest		116,853,857	112,895,986
Non - controlling interest		30,566,332	28,490,691
Total stockholders' equity		147,420,189	141,386,677
Total liabilities and stockholders' equity		\$ 245,973,639	\$ 238,446,818

The above consolidated statements of financial position should be read in conjunction with the accompanying notes.


ARTURO GUTIÉRREZ HERNÁNDEZ
CHIEF EXECUTIVE OFFICER


EMILIO MARCOS CHARUR
CHIEF FINANCE OFFICER

Consolidated Statements of Income

For the years ended December 31, 2020 and 2019
(Thousands of Mexican pesos)

	NOTE	2020	2019
Net sales	6	\$ 169,313,779	\$ 162,727,943
Income related NPSG	6 and 27	2,272,068	2,312,925
Cost of sales	21	(94,881,270)	(91,967,632)
Gross profit		76,704,577	73,073,236
OPERATING EXPENSES:			
Selling expenses	21	(45,806,543)	(43,919,425)
Administrative expenses	21	(8,640,656)	(8,364,134)
Equity in the results of strategic associates	10	61,961	58,287
Other expenses, net	22	(846,934)	(647,791)
Operating profit		21,472,405	20,200,173
Financial income	24	6,501,092	2,757,709
Financial expenses	24	(9,977,006)	(6,349,459)
Financial costs, net		(3,475,914)	(3,591,750)
Equity in the results of associates	10	4,247	167,260
Profit before income tax		18,000,738	16,775,683
Income tax	25	(5,427,150)	(5,031,224)
Net consolidated profit		12,573,588	11,744,459
NET CONSOLIDATED PROFIT ATTRIBUTABLE TO:			
Equity holders of the parent		10,276,089	9,588,282
Non-controlling interest		2,297,499	2,156,177
		\$ 12,573,588	\$ 11,744,459
Basic earnings per share, in pesos		5.83	5.43
Diluted earnings per share, in pesos		5.83	5.43
Weighted average of outstanding shares (thousands)		1,764,283	1,764,283

The above consolidated statements of income should be read in conjunction with the accompanying notes.



ARTURO GUTIÉRREZ HERNÁNDEZ
CHIEF EXECUTIVE OFFICER



EMILIO MARCOS CHARUR
CHIEF FINANCE OFFICER

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019
(Thousands of Mexican pesos)

	NOTE	2020	2019
Net consolidated profit		\$ 12,573,588	\$ 11,744,459
Other consolidated comprehensive income items, net of tax:			
Items that will not be reclassified to profit or loss:			
Remeasurement loss of defined benefit plans, net	19	(391,626)	(795,306)
Equity in other comprehensive income of associated companies accounted for using equity method, net	19	(171,837)	(139,059)
		(563,463)	(934,365)
Items that may be reclassified to profit or loss:			
Effect of derivative financial instruments contracted as cash flow hedges, net	19	(6,046)	(121,191)
Exchange differences on translation of foreign operations	19	3,639,072	(4,528,103)
		3,633,026	(4,649,294)
Total other comprehensive income for the year		3,069,563	(5,583,659)
Total consolidated comprehensive income		\$ 15,643,151	\$ 6,160,800
Attributable to:			
Equity holders of the parent		\$ 12,745,994	\$ 5,369,162
Non-controlling interest		2,897,157	791,638
Total consolidated comprehensive income		\$ 15,643,151	\$ 6,160,800

The above consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.



ARTURO GUTIÉRREZ HERNÁNDEZ
CHIEF EXECUTIVE OFFICER



EMILIO MARCOS CHARUR
CHIEF FINANCE OFFICER

Consolidated Statements of Changes in Stockholders' Equity

For the years ended December 31, 2020 and 2019
(Thousands of Mexican pesos)

	CONTROLLING INTEREST							TOTAL STOCKHOLDERS' EQUITY
	NOTE	CAPITAL STOCK	SHARE PREMIUM	RETAINED EARNINGS	OTHER COMPREHENSIVE INCOME	TOTAL CONTROLLING INTEREST	NON-CONTROLLING INTEREST	
Balances at December 31, 2018		\$ 981,959	\$ 45,114,583	\$ 63,053,562	\$ 2,652,069	\$ 111,802,173	\$ 27,727,343	\$ 139,529,516
Changes in accounting policies due to adoption of IFRIC 23	3b	-	-	(132,840)	-	(132,840)	(28,290)	(161,130)
Balances at January 1, 2019 after adoption of accounting policies		981,959	45,114,583	62,920,722	2,652,069	111,669,333	27,699,053	139,368,386
Transactions with stockholders:								
Dividends declared in cash	18	-	-	(4,057,851)	-	(4,057,851)	-	(4,057,851)
Repurchase of own shares	3w	-	(25,363)	(59,295)	-	(84,658)	-	(84,658)
		-	(25,363)	(4,117,146)	-	(4,142,509)	-	(4,142,509)
Net profit		-	-	9,588,282	-	9,588,282	2,156,177	11,744,459
Total other comprehensive income for the year	19	-	-	-	(4,219,120)	(4,219,120)	(1,364,539)	(5,583,659)
Comprehensive income		-	-	9,588,282	(4,219,120)	5,369,162	791,638	6,160,800
Balances at December 31, 2019		981,959	45,089,220	68,391,858	(1,567,051)	112,895,986	28,490,691	141,386,677
Balances at January 1, 2020		981,959	45,089,220	68,391,858	(1,567,051)	112,895,986	28,490,691	141,386,677
Transactions with stockholders:								
Dividends declared in cash	18	-	-	(8,680,273)	-	(8,680,273)	(821,516)	(9,501,789)
Repurchase of own shares	3w	-	(2,747)	(105,103)	-	(107,850)	-	(107,850)
		-	(2,747)	(8,785,376)	-	(8,788,123)	(821,516)	(9,609,639)
Net profit		-	-	10,276,089	-	10,276,089	2,297,499	12,573,588
Total other comprehensive income for the year	19	-	-	-	2,469,905	2,469,905	599,658	3,069,563
Comprehensive income		-	-	10,276,089	2,469,905	12,745,994	2,897,157	15,643,151
Balances at December 31, 2020		\$ 981,959	\$ 45,086,473	\$ 69,882,571	\$ 902,854	\$ 116,853,857	\$ 30,566,332	\$ 147,420,189

The above consolidated statement of changes in stockholders' equity should be read in conjunction with the accompanying notes.



ARTURO GUTIÉRREZ HERNÁNDEZ
CHIEF EXECUTIVE OFFICER



EMILIO MARCOS CHARUR
CHIEF FINANCE OFFICER

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019
(Thousands of Mexican pesos)

	NOTE	2020	2019
Profit before income tax		\$ 18,000,738	\$ 16,775,683
Adjustments arising from:			
Depreciation and amortization	21	9,623,648	8,937,393
Disposals of property, plant and equipment		1,384,241	1,168,405
Increase in the provision for impairment of clients	8 and 21	90,700	102,350
Gain on disposal on property, plant and equipment	22	(119,723)	(87,261)
Costs related to employee benefits	16	644,872	496,344
Equity in the results of associates	10	(66,208)	(225,547)
Financial result, net	24	3,214,678	3,393,080
		32,772,946	30,560,447
Changes in working capital:			
Clients and other accounts receivable, net		190,342	196,894
Inventories		(365,762)	(671,153)
Suppliers and related parties		433,923	(110,996)
Derivative financial instruments		(420,033)	196,531
Employee benefits		978,132	244,327
Other liabilities		975,081	127,086
		1,791,683	(17,311)
Income taxes paid		(5,533,277)	(2,884,467)
Net cash flows provided by operating activities		29,031,352	27,658,669
Investing activities			
Acquisition of property, plant and equipment	11	(6,723,110)	(11,568,233)
Disposal of property, plant and equipment		376,698	1,813,017
Purchase of intangible assets	12	(172,550)	(453,505)
Additions to investment of shares of associates	10	(316,665)	(1,146,591)
Dividends received from associates	10	34,216	47,938
Interest received and other financial income	24	977,794	909,364
Net cash flows used in investing activities		(5,823,617)	(10,398,010)
Financing activities			
Current and non-current debt obtained	14	4,089,303	1,398,729
Payment of current and non-current debt	14	(8,329,158)	(2,803,364)
Factoring operations		-	(811,501)
Interest paid and other financial expense	24	(3,856,613)	(3,982,796)
Repurchase of own shares	3w	(107,850)	(84,658)
Payment of principal portion of lease liabilities	13	(616,055)	(517,189)
Dividends paid to non-controlling interest		(821,516)	-
Dividends paid to equity holders	18	(8,680,273)	(4,057,851)
Net cash flows used in financing activities		(18,322,162)	(10,858,630)
Net increase in cash and cash equivalents		4,885,573	6,402,029
Effects of exchange rate changes on cash and cash equivalents		398,849	(291,616)
Cash and cash equivalents at beginning of year		22,051,280	15,940,867
Cash and cash equivalents at end of year		\$ 27,335,702	\$ 22,051,280
Investing activities not requiring use of cash flows:			
Additions of right-of-use assets	13	\$ 875,097	\$ 1,630,743

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes.


ARTURO GUTIÉRREZ HERNÁNDEZ
 CHIEF EXECUTIVE OFFICER


EMILIO MARCOS CHARUR
 CHIEF FINANCE OFFICER

Notes to the Consolidated Financial Statements

At December 31, 2020 and 2019

(Figures expressed in thousands of Mexican pesos, unless otherwise specified)

NOTE 1 - THE ENTITY AND ITS OPERATIONS

Arca Continental, S.A.B. de C.V. and subsidiaries (AC or the Company) is mainly engaged in the production, distribution and sale of soft drinks pertaining to the brands owned by or licensed from The Coca-Cola Company (TCCC). AC shares are registered at the National Securities Registry of the National Banking and Securities Commission (NBSC) and are quoted on the Mexican Stock Exchange.

According to the bottler's agreement signed between AC and the bottler, authorization is granted by TCCC to the latter, AC holds the exclusive right to conduct this type of activity with Coca-Cola products in different territories in Mexico, Argentina, Ecuador, Peru and the United States (US). The Company's portfolio of beverages includes cola and flavored soft drinks, purified and flavored water, and other carbonated and non-carbonated beverages in sundry presentations (see Note 26).

Additionally, the Company produces, distributes and sells food and snacks through its own brands such as Bokados, Wise, Deep River and other brands used by its subsidiaries Nacional de Alimentos y Helados, S. A. de C. V., Bbox Vending, S. de R. L. de C. V., Industrias Alimenticias Ecuatorianas, S. A. (Inalecsa), Vending del Ecuador, S. A., Wise Foods, Inc. (Wise Foods) and Old Lyme Gourmet, Co. (Deep River) as well as dairy products of high added value under the Industrias Lácteas Toni, S.A. (Toni) brand in Ecuador.

AC conducts its activities through subsidiary companies of which it is the owner or of which it controls, either directly or indirectly, most of the common shares representing their capital stock (see Note 28).

Arca Continental, S.A.B. de C.V. is a variable capital publicly traded stock company incorporated in Mexico, domiciled at Ave. San Jerónimo 813 Poniente, in Monterrey, Nuevo León, Mexico.

The symbol "\$" in the following notes to the consolidated financial statements refers to thousands of Mexican pesos. The acronym "US" refers to thousands of US dollars, unless otherwise indicated.

NOTE 2 - RELEVANT EVENTS

COVID-19

In late 2019, the disease known as "COVID-19" began to spread in the Wuhan region of the People's Republic of China. On January 30, 2020, the Emergency Committee of the International Health Regulations of the World Health Organization declared an international health emergency due to the outbreak and spread of COVID-19. Because of COVID-19, cases spread to several countries, causing thousands of deaths, the World Health Organization declared the disease a global pandemic in March 2020. The spread of COVID-19 around the world, the declaration of the disease as a pandemic and the actions taken by governments, companies and individuals over the world, have generated high volatility in global financial markets, as well as significant economic impacts worldwide. As of the date of these consolidated financial statements, it is impossible to predict how long the COVID-19 pandemic will last, or the measures that will be taken to prevent its spread.

The spread of COVID-19 and other adverse events related to public health in Mexico, the United States, Argentina, Ecuador and Peru, could have a significant adverse effect on AC's business, financial position, operations and prospective results. However, AC has modified its strategy and objectives, to mitigate the effects and uncertainty caused by the COVID-19 disease.

OPERATIONS IN HOUSTON, TEXAS

In March 2020, the new plant and distribution center in Houston, Texas started operations with an investment of \$5,151,176 (US\$ 261.5 million). As of December 31, 2020, the entire investment had been incurred and at December 31, 2019, the investment to date was \$4,169,174 (US\$ 216.1 million).

As of February 26, 2021, issuance date of the consolidated financial statements, the new plant is operating 5 production lines. As a result of this project, the Company restructured its production, storage and distribution capacity in the territory of the US, managing to consolidate the activities of three plants, four warehouses and distribution centers.

MODIFICATIONS TO LABELING SPECIFICATIONS “NOM 051”

In March 2020, the Ministry of Economy in Mexico published in the Official Gazette of the Federation modifications to the Official Mexican Standard 051-SCFI / SSA1-201 “General labeling specifications for prepackaged food and non-alcoholic beverages - Commercial and health information (“NOM-051”)” in which the mandatory inclusion of certain labels (complementary nutritional information) and legends (precautionary / caffeine and sweeteners) is highlighted.

These modifications to NOM-051 generated a change in AC's business, mainly on the requirement to develop and apply new labels that contain nutritional information to food and beverage products as of December 1, 2020. The impacts of the application of the modifications to NOM-051 were \$281,400 related to shrinkage and decrease in containers. This impact is included in other expenses, net (see Note 22).

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements and notes thereto were authorized for issuance on February 26, 2021 by the undersigned officers. The consolidated financial statements and their notes will be presented to the Board of Directors for approval of issuance and will then be submitted to the consideration of the General Assembly of Shareholders which will be held within the period established by law. The Company considers that the consolidated financial statements for the year ended December 31, 2020, will be approved by the stockholders without modifications.

Following is a summary of the most significant accounting policies followed by the Company, which have been applied consistently in preparing its financial information in the years presented, unless otherwise specified.

A) BASES FOR PREPARATION

The consolidated financial statements of Arca Continental, S.A.B. de C.V. and subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). IFRS include all International Accounting Standards (IAS) in effect, as well as all the related interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”), including those issued previously by the Standing Interpretations Committee (SIC).

The consolidated financial statements have been prepared on the basis of historical cost, except for: (i) derivative financial instruments designated as hedges which are measured at fair value and (ii) net assets and the results of the operations conducted by the company in Argentina, an hyperinflationary economy, which are stated in the terms of the current unit of measure at the closing date of the period reported on (see Note 3d).

Preparation of the consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimations. It also requires Management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a greater degree of judgment or complexity and those involving assumptions and estimations that are significant for the consolidated financial statements are described in Note 5.

B) CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

i. New standards and changes adopted by the Company

The Company has applied the following standards and modifications for the first time for the annual reporting period beginning on January 1, 2020:

- ***Amendments to IFRS 3: Definition of a business***

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Company but may impact future periods should the Company enter into any business combinations.

- ***Amendments to IFRS 7, IFRS 9 and IAS 39 Reform of the reference interest rate***

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide several reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the consolidated financial statements of the Company as it does not have any interest rate hedge relationships.

• **Amendments to IAS 1 and IAS 8: Definition of material**

The amendments provide a new definition of material that states, “information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the consolidated financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Company.

• **Conceptual framework for financial information issued on March 29, 2018**

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Company.

• **Modifications to IFRS 16 Covid-19-Related Rent Concessions**

The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Early application is permitted. This amendment had no impact on the consolidated financial statements of the Company.

• **IFRIC 23 - Uncertainty over income tax treatments**

The Company applied IFRIC 23 as of January 1, 2019, recognizing a consolidated liability of \$161,130 against retained earnings at that date, without modifying the comparative periods presented. To determine this consolidated liability, Management applied its professional judgment and considered the prevailing conditions of the tax positions that it has taken at the date of adoption in its different subsidiaries and the faculties of the corresponding authorities to evaluate the tax positions held, using the most likely amount method, which predicts the best resolution of uncertainty when the possible results are concentrated in a single value.

ii. New standards and interpretations not yet adopted

The Company has identified no other standards that have not yet gone into effect and which could have a significant impact on the entity in current and future reporting periods and in foreseeable future transactions.

C) CONSOLIDATION

i. Subsidiaries

Subsidiaries are entities over which the Company exercises control in accordance with IFRS 3. The Company controls an entity when it is exposed or is entitled to variable yields arising from an interest in the entity and is capable of affecting yields through its power over the entity. Subsidiaries consolidate as from the date on which control is transferred to the Company. They cease consolidating as from the date on which said control ceases (see Notes 28).

When combinations are made in the form of the acquisition of businesses under common control, the Company initially records the assets transferred and the liabilities incurred at the predecessor value in the books of the selling entity at the date of the transaction, which includes adjustments to fair value and goodwill of previous combinations. Any difference between the equity issued by the Company or the consideration paid, and the predecessor values are recorded directly in stockholders' equity. Acquisition-related costs are recorded as expenses as they are incurred.

The Company uses the purchase method of accounting to record business combinations. The consideration transferred in the acquisition of an independent entity is the fair value of the assets transferred, the liabilities incurred, and the equity issued by the Company. The consideration transferred includes the fair value of all assets and liabilities resulting from a contingent consideration agreement.

When payment of any portion of the consideration in cash is deferred, amounts to be paid in the future are discounted at present value on the date of the transaction. The discount rate used is the incremental rate of the Company's debt, as this rate is similar to that which would be obtained in a debt from independent sources of financing under comparable terms and conditions, depending on their characteristics. The contingent consideration is classified as capital or as a financial liability. The amounts classified as financial liabilities are subsequently disclosed at fair value with the changes recognized in the consolidated results.

Acquisition-related costs related to the acquisition are recorded as expenses as they are incurred. The identifiable assets acquired, and contingent liabilities assumed in a business combination are initially valued at their fair value at the acquisition date. The Company recognizes any non-controlling interest in the acquired entity based on fair values or in proportion to the non-controlling interest in the net assets of the acquired entity, as opted for in each particular case. The surplus of the transferred consideration, the amount of any non-controlling interest in the acquired entity and the fair value at the acquisition date of any previous interest held in the equity of the acquired entity over the fair value of the identifiable net assets acquired is recognized as goodwill. If the total amount of the transferred consideration, the minority interest recognized and the previous interest held in the acquired entity are lower than the fair value of the net assets of the acquired subsidiary, in the event of a purchase at below market price, the difference is directly recognized in the consolidated statements of income.

Unrealized balances and profits on transactions between entities belonging to the Company are eliminated in consolidation. Unrealized losses are also eliminated. The subsidiaries' accounting policies have been amended.

ii. Changes in the interest in subsidiaries without loss of control

The transactions with the non-controlling interest not conducive to a loss of control are recorded as transactions in stockholders' equity, that is, as transactions with stockholders in their capacity as such. The difference between the fair value of the consideration paid and the interest acquired in the book value of the subsidiary's net assets is recorded in stockholders' equity. Gains or losses on the sale of non-controlling interest are also recorded in stockholders' equity.

iii. Sale or disposal of subsidiaries

When the Company no longer controls, any interest retained in the entity is revalued at fair value, and the change in book value is recorded in income for the year. The fair value is the initial book value for accounting purposes, subsequent to the retained interest in the associate, joint business or financial asset. Any amounts recognized previously recorded in comprehensive income with respect to said entity is accounted for as though the Company had directly disposed of the related assets and liabilities. This implies that amounts previously applied to other comprehensive income are reclassified as income for the year.

iv. Associated companies

Associates companies are all entities over which the Company exercises significant influence, although not control or joint control, which generally occurs when the Company holds from 20% to 50% of the voting rights in the associate. The Company's investment in associates includes the goodwill related to the acquisition, net of accumulated impairment losses. The existence and effects of the potential voting rights currently exercisable or convertible are considered in evaluating whether or not the Company controls another entity. Furthermore, the Company evaluates the existence of control in cases where it holds no more than 50% of voting rights but is in a position to control financial and operating policy. Acquisition-related costs are charge to income when incurred.

The investment in shares of associated companies is valued using the equity method. That method is used to initially recorded investments at acquisition cost. Said investments are subsequently valued by the equity method, which consists of adjusting the value of the investment by the proportionate part of profits or losses and the distribution of profits by capital reimbursements subject to the acquisition date.

If investment in shares of associated companies is reduced but the significant influence is retained, only a portion of the amounts previously applied to comprehensive income will be reclassified to income for the year, when appropriate.

Equity in the results of associated companies are recognized in the consolidated statement of income, and equity in movements in other comprehensive income, subsequent to acquisition, is recognized in other consolidated comprehensive income. The Company presents the equity in the results of associated companies considered integral vehicles through which the Company conducts operations and strategies as part of operating income. Post-acquisition accrued movements are adjusted against the book value of the investment. When the Company's interest in the losses of an associate equals or exceeds its investment therein, including any other accounts receivable, the Company recognizes no additional losses, unless it has incurred in obligations or has made payments on behalf of the associated company.

On each reporting date, the Company determines whether there is any objective evidence of impairment of the investment in the associate. If so, the Company calculates impairment as the difference between the recoverable value of the associate and its book value and records that figure in "Equity in the results of associates" by the equity method in the consolidated statement of income.

Unrealized gains on transactions between the Company and its associates are eliminated according to the interest the Company has in each. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the asset transferred. In order to ensure consistency with Company policies, the accounting policies of associates

have been modified as appropriate. When the Company no longer exercises significant influence over an associate, any difference between the fair value of the investment retained, including any consideration received from disposal of a portion of the interest, and the book value of the investment is recognized in income for the year.

When an investment in associates is transferred due to restructuring under common control, it is valued at fair value by the entity receiving the transfer.

v. Joint agreements

The Company has applied IFRS 11 to all its joint agreements. Under IFRS 11, investments in joint arrangements are classified either as a joint operation or a joint business, depending on the contractual rights and obligations of each investor. The Company has determined that its joint agreement qualifies as a joint operation. In joint operations, each joint operator records its assets, liabilities, income and expenses in the percentages specified in the contractual agreement. A contractual agreement can be a joint agreement even if not all its parts have joint control over of agreement.

Sales arising from the joint operation regarding goods or services acquired by the Company as joint operator, as well as any unrealized profit with third parties are eliminated as part under consolidation and reflected in the consolidated financial statements until they are realized with third parties.

D) FOREIGN CURRENCY CONVERSION

i. Functional and reporting currency

The amounts included in each of the financial statements of the Company's entities must be measured in the currency of the primary economic environment in which the entity operates (functional currency). AC, as ultimate holding entity, chose as its method to determine its functional currency, the Mexican peso, the primary economic environment where it operates as an independent legal entity. Therefore, the consolidated financial statements are presented in Mexican pesos. Note 28 provides descriptions of the functional currency of the Company and its subsidiaries.

ii. Transactions and balances

Foreign currency transactions are converted to the functional currency using the exchange rate in effect on the transaction or valuation dates, when items are re-measured. Exchange gains and losses from settlement of those transactions and from conversion of monetary assets and liabilities denominated in foreign currency at the closing exchange rates are recognized as gain or loss on exchange fluctuations in the consolidated statement of income, except when deferred to other comprehensive income because they qualify as cash flow coverage.

iii. Conversion of foreign subsidiaries

Results of operations and the financial position of all Company entities whose functional currency differs from the Company's reporting currency are translated to the reporting currency as follows, depending on whether the subsidiary's functional currency is in a hyperinflationary economy:

Non-hyperinflationary economy

- Assets and liabilities on each statement of financial position presented are converted at the closing exchange rate in effect at the date of the statement of financial position.
- The stockholders' equity of each statement of financial position presented is converted using the historical exchange rate.
- Sales, costs and expenses shown in each statement of income are converted at the average exchange rate (unless this average is not a reasonable approximation of the accumulated effect of transaction rates, in which case, the exchange rate in effect on the transaction date is used).
- All resulting exchange differences are recorded under comprehensive income as exchange differences on translation of foreign entities.

Goodwill and adjustments to fair value arising at acquisition date of a foreign transaction that are to be measured at fair value are recognized as assets or liabilities of the foreign entity and converted at the closing exchange rate. Exchange differences are recorded in comprehensive income.

Hyperinflationary economy

- Assets, liabilities (including goodwill and fair value adjustments arising at the acquisition date) and stockholders' equity of the financial position, as well as the income and expenses shown in the statement of income, are translated to the exchange rate prevailing at the close of the statement of financial position, after being restated to their functional currency; and

- assets, liabilities, capital, income and expenses for the comparative period are maintained according to the amounts obtained from the translation of the year in question, which are, the financial statements of the preceding period. Such amounts are not adjusted to subsequent exchange rates, as the Company presents its financial information in Mexican pesos, which correspond to a currency of a non-hyperinflationary economy.

When a foreign operation is disposed of, any exchange difference pertaining to net worth is reclassified to the consolidated statement of income as part of the gain or loss on disposal.

The exchange rates used in preparing these consolidated financial statements are as follows:

	2020	2019
Pesos to the US dollar	19.94	18.87
Pesos to the Peruvian sol	5.51	5.70
Pesos to the Argentine peso	0.24	0.32

The average exchange rates used in preparing these consolidated financial statements are as follows:

	2020	2019
Pesos to the US dollar	21.63	19.29
Pesos to the Peruvian sol	6.17	5.78
Pesos to the Argentine peso	0.31	0.40

Translation of consolidated financial statements

Prior to its translation to pesos, the reporting currency of the consolidated financial statements, the financial statements of foreign subsidiaries whose functional currency is that of a hyperinflationary economy are adjusted for inflation to reflect changes in the purchasing power of the functional currency. In order to determine whether an economy is hyperinflationary, the Company evaluates the qualitative features of the economic environment, as well as the quantitative features established by IFRS, when an inflation rate accrued over the most recent three-year period is equal to 100%.

Inflation in Argentina

As from July 1, 2018, cumulative inflation over the past three years in Argentina exceeded 100%; therefore, the Argentine peso qualified as the currency of a hyperinflationary economy. As a result of this situation, the financial statements of the subsidiaries located in said country, whose functional currency is the Argentine peso, has been restated as per the requirements of IAS 29 "Financial Reporting in Hyperinflationary Economies" (IAS 29) and have been consolidated as per the requirements of IAS 21 "The effects of changes in foreign exchange rates". The purpose of meeting said requirements is to consider the changes in the general purchasing power of the Argentine peso and thus present the financial statements in the current unit of measure at the reporting date. The financial statements of said operations prior to restatement were prepared using the historical cost method.

The inflationary adjustment was calculated considering the indexes established by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE by its Spanish Acronym) based on the price indexes published by the National Institute of Statistics and Censuses (INDEC by its Spanish Acronym).

The price indexes used for restatement of the consolidated financial statements are:

YEAR	INDEX
2020	385.8619
2019	283.4442
2018	184.2552

The financial information pertaining to the subsidiaries in Argentina are restated as follows:

- The amounts corresponding to non-monetary items of each statement of financial position, that are not measured at the date of the statement of financial position at fair value or net realization value, as applicable, are restated applying the change in the general price index to the historical cost, from the date of acquisition or the date of the last measurement at fair value, to the date of the statement of financial position;
- the amounts corresponding to monetary items shown in the statement of financial position are not restated;

c. the components of capital of each statement of financial position are restated:

- 1) At the start of the first period in which IAS 29 is applied, using the change of a general price index, from the date on which the items originated to the date of restatement, except for retained earnings, which arise from the rest of the balances in the statement of financial position.
- 2) At the end of the first application period, in subsequent periods, all the elements of capital are restated, applying a general price index, from the start of the period, or from the date of the contribution, if subsequent.

d. Sales and expenses are restated applying the change in the general price index, from the date on which the expenses and revenue were recognized, to the date of the report.

e. Gains and losses in purchasing power arising from the net monetary position are recognized in the statement of income as part of the financial costs (see Note 24).

Initial recognition of hyperinflation in the consolidated financial statements where the reporting currency does not pertain to a hyperinflationary economy does not require changing the comparative balances; therefore, the hyperinflation and foreign currency conversion effects for the Company's subsidiaries in Argentina for the years ended December 31, 2020 and 2019 of \$(176,629) and \$(432,447), respectively. This effect is presented in the Effect of translation of foreign entities within other comprehensive income.

E) CURRENT CLASSIFICATION - NON-CURRENT

The Company presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

F) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, bank deposits available for operations and other highly liquid short-term investments with original maturities of three months or less, all subject to immaterial risk of change in value or country risk.

G) CLIENTS AND OTHER ACCOUNTS RECEIVABLE

Clients and other accounts receivable are amounts owed by clients on goods sold or services provided in the ordinary course of business. Accounts receivable are generally settled within a 90 days term and are therefore classified as current. Clients and other accounts receivable are initially recognized based on the consideration, unless they contain significant financing components, in which case they are recognized at fair value. The Company holds clients and other accounts receivable for the objective of collect the contractual cash flows and therefore, measures them subsequently amortized cost using the effective interest rate method.

The provision for impairment of clients is based on assumptions on the risk of default and expected loss rates. The Company applies the simplified approach allowed under IFRS 9, which requires that losses expected over the lifetime of the instruments to be recorded as from initial recognition of accounts receivable and uses judgments upon making these assumptions and upon selecting the data for calculation of impairment, based on the Company's historical information, in the existing market conditions, as well as in future estimations at the end of each reporting period.

Due to the short-term nature of the other account receivable, the book value thereof is considered the same as its fair value. For most non-current accounts receivable, fair values are also not significantly different from their book values.

H) FINANCIAL INSTRUMENTS

Financial assets

i. Classification

The Company classifies its financial assets in the following measurement categories:

- Those subsequently measured at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of cash flows and where these cash flows are consistent with the definition of solely payments of principal and interest.

For assets measured at fair value, gains and losses are applied to the year's gain or loss.

The Company reclassifies debt instruments when, and only when, its business model for managing those assets changes.

ii. Recognition and disposal

Regular purchases and sales of financial assets are recognized on the trade date, the date on which the Company agrees to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from financial assets expire or are transferred and the Company has transferred substantially all the risks and rewards ownership.

iii. Measurement

At the initial recognition, financial assets are measured at fair value plus, in the case of a financial asset not at fair value profit and loss (FVPL), transaction costs directly attributable to the acquisition of the financial asset. The transaction costs of financial assets carried at FVPL are expensed in profit and loss.

Financial assets with embedded derivatives are entirely considered when determining whether cash flows are solely payments of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model to manage the asset and the cash flow characteristics of the asset. There are three measurement categories which the Company classifies their debt instruments:

- Amortized cost: Assets held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at their amortized cost. Interest income from these financial assets are included in the financial income, using the effective interest rate method. Any gain or loss, arising on derecognition is recognized directly in profit or loss and presented in other gains (losses) together with for age exchange gain and losses. Impairment losses are presented as a separate line in the consolidated statement of income.

- Fair value through Other Comprehensive Income (FV-OCI): Assets held for collection of contractual cash flows and for the sale of financial assets, when the cash flows of assets represent solely payments of principal and interest, are measured at FV-OCI. Movements in book value are recognized through other comprehensive income (OCI), except as concerns recognition of impairment gains or losses, interest income and exchange rate gains and losses applied to income. When financial assets are disposed of, the accumulated gain or loss previously recognized in the OCI is reclassified from capital to income and recognized in other income (expenses). Interest income from said financial assets are included in the financial income, using the effective interest rate method. Exchange gains and losses are shown in financial income and expenses, and impairment expenses are shown as a separate item in the consolidated statement of income.
- FVPL: Assets failing to meet the amortized cost or FV-OCI criteria are measured at FVPL. A gain or loss in a debt instruments subsequently measured at FVPL is applied to income and shown in net terms in other (expenses, net in the period in which it arises.

The Company reclassifies debt instruments when, and only when, it changes its business model for managing those assets.

Equity instruments

The Company subsequently measures all equity investments at fair value.

Changes in the fair value of financial assets are recognizes in financial income in the consolidated statement of income as applicable.

iv. Impairment

The Company assesses on forward looking basis the expected credit losses associated with its debt instruments at amortized cost and FV-OCI. The impairment methodology applied depends on whether a significant increase in credit risk has arisen.

For trade receivables, the Company applies the simplified method permitted by IFRS 9, which requires expected lifetime losses to be recorded recognized as from initial recognition of accounts receivables (see note 8a).

v. Offsetting of financial instruments

Financial assets and liabilities were offset and the net amount is shown in the consolidated statement of financial position when the right to offset amounts recognized is legally binding and there is the intention to settle them on net bases or to simultaneously realize the asset and pay the liability. The legal right should not be contingent upon future events and must be executable in the regular course of business operations as well as in the event of non-compliance, insolvency or bankruptcy of the Company or the counterparty.

I) DERIVATIVES AND HEDGING ACTIVITIES

Derivatives are initially recognized at fair value on the date on which the contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Recognition of changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, on the nature of the item hedged. The Company designates certain derivatives as:

- Fair value coverage of recognized assets and liabilities or of a firm commitment (fair value hedges).
- Hedging of a particular risk related to the cash flows of assets and liabilities recognized.

At inception of the hedge relationship, the Company documents the economic relationship between hedge instruments and the items hedged, the risk-management objective and the strategy for conducting hedging transactions.

The fair values of derivative financial instruments designated in hedge relationships are described in Note 20. Movements in the hedge reserve in net capital stock is shown in Note 19. The complete fair value of derivative hedging instruments is classified as a non-current asset or liability, when maturity of the remaining hedge item exceeds 12 months, and as a current asset or liability when maturity of the remaining hedge amount is under 12 months.

i. Cash flow hedging qualifying for hedge accounting

The effective portion of changes in the fair value of derivatives designated and qualified as cash flow hedging is recognized in the cash flow hedge reserve in other comprehensive income (OCI). The gain or loss related to the non-effective portion is immediately applied to income under financial income and expense.

When options contracts are used to hedge forecasted transactions, the Company designates only the intrinsic value of options as a hedge instrument.

Gains or losses related to the effective portion of the change in the intrinsic value of options are recognized in the cash flow hedge reserve under OCI. The changes in value over time of options related to the hedged item (aligned time value) are applied to OCI in the costs of the hedge reserve in capital stock.

When forward contracts are used to hedge forecasted transactions, the Company generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses related to the effective portion of the change in the spot component of forward contracts are recognized in the cash flow hedge reserve under OCI. The change in the forward element of the contract that refers to the hedged item ("aligned forward element") is recognized in other comprehensive income in the costs of the hedge reserve in capital stock. In some cases, the Company can designate the total change in the fair value of the forward contract (including forward points) as a hedging instrument. In those cases, gains or losses related to the effective portion of the change in the fair value of the overall forward contract are recognized in the cash flow hedge reserve under OCI.

The amounts accumulated in capital stock are reclassified in the periods in which the hedged item is applied to income, as follows:

- When, subsequently, the hedged item gives rise to recognition of a non-financial asset, both deferred hedging gains and losses, and the value of the time deferral of options contracts or forwards (if any) are included in the initial cost of the asset. Deferred amounts are ultimately applied to income for the period, as the hedged item affects the gain or loss.
- The gain or loss related to the effective portion of interest rate swaps that cover variable interest rates of loans is applied to income under "financial expenses", at the same time as the interest expense of the hedged loans.

When a hedge instrument matures, it is sold or terminated, or when a hedge no longer meets hedge accounting criteria, any deferred accumulated gain or loss and hedging costs deferred in OCI remain at that time in capital until the forecasted transaction occurs, giving rise to recognition of a non-financial asset. When the forecasted transaction is no longer expected to occur, the accumulated gain or loss and the deferred hedging costs reported in OCI are immediately reclassified to income.

ii. Derivatives no qualifying for hedge accounting

Certain derivative financial instruments do not qualify for hedge accounting. Changes in fair value of any derivative instrument that does not qualify for hedge accounting are immediately applied to income and included in other income (expenses).

J) INVENTORIES

Inventory is shown at the lesser of cost and net realizable value. Cost is determined using the average cost method. The cost of finished products and of products in progress includes design, raw materials and direct labor costs and other direct costs and general manufacturing expenses (based on regular operating capacity). Borrowing costs are excluded. Net realizable value is the sales price estimated in the normal course of Company operations less the respective variable selling expense.

K) PREPAYMENTS

Prepayments represent disbursements made by the Company for insurance, advertising or leases where the benefits and risks inherent in the goods to be acquired or the services to be received (such as prepaid insurance premiums) have not yet been transferred.

L) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost, except for the assets in Argentina which is considered a hyperinflationary economy, that are expressed in terms of the current unit of measure at the closing date of the period reported, less accumulated depreciation and any accumulated impairment losses. The cost includes expenses directly attributable to acquisition of the asset.

Subsequent costs are included in the book value of the asset or recorded as a separate asset, as appropriate, only when the Company is likely to receive future economic benefits attributable from the same and the cost of the property, plant and equipment can be reliably determined. The carrying amount of replaced parts is capitalized. Repair and maintenance expenses are recognized in the consolidated statement of income in the year in which they are incurred. Significant improvements are depreciated over the remaining useful life of the asset in question.

Depreciation is calculated by the straight-line method, considering each component separately. Following are the average useful lives of the families of assets:

Buildings	30 - 70 years
Machinery and equipment	10 - 25 years
Transportation equipment	10 - 15 years
Furniture and other equipment	3- 10 years
Bottles and delivery containers	2 - 7 years
Refrigerators and sales equipment	10 years
Computer equipment	4 years

Land and investments in process are valued at cost and are not depreciated.

Spares and parts for use over more than a year attributable to specific machinery are classified as property, plant and equipment under furniture and other equipment.

The costs pertaining to general and specific loans directly related to the acquisition, construction or production of qualifying assets, which require a substantial period (12 months or more), are capitalized to form part of the acquisition cost of said qualifying assets until the moment they are ready to be used for their intended purpose. At December 31, 2020 and 2019, the determination of said costs is based on specific and general financing.

The residual value and useful lives of assets are reviewed at least at the end of each reporting period and if expectations differ from prior estimates, the changes are recorded as a change in accounting estimate.

Assets classified as property, plant and equipment are subject to impairment testing when there are events or circumstances that indicate that the carrying value of the assets may not be recovered. An impairment loss corresponds to the amount at which the carrying value of the asset exceeds its recovery value. Recovery value is the greater of fair value net of selling costs and the asset's value in use.

If the carrying value exceeds the estimated recovery value, impairment of an asset's carrying value is recognized and the asset is immediately recognized at its recovery value.

Gains or losses on asset disposals are determined by comparing the sales value and the carrying value and are recognized in "Other income (expenses), net" in the consolidated statement of income.

Returnable and non-returnable containers (bottles)

Company operations involve both returnable and non-returnable containers. Returnable containers are recorded as property, plant and equipment and are depreciated by the straight-line method, based on their estimated useful lives.

Under certain historic operating practices in certain territories, returnable containers provided to customers are subject to agreements whereby the Company retains ownership of the container and requires the customer to pay a deposit. The container is controlled by the Company via its commercial distribution network and the Company is entitled to charge customers for identifiable breakage.

Non-returnable containers are expensed, as part of cost of sales, at the time of sale.

M) LEASES

The Company adopted IFRS-16 "Leases" as of January 1, 2019, when application of this standard became mandatory, using the modified retrospective method.

The Company leases various offices, warehouses, machinery, equipment and vehicles. Rental contracts are typically made for fixed periods but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as guarantee for borrowing purposes.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate and transportation equipment for which the Company is a lessee, the Company has chosen, as allowed by the practical expedient of IFRS 16, to not separate lease and non-lease components and instead accounts for these as a single lease component.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability, and
- any lease payments made at or before the commencement date.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

IFRS 16 offers practical expedients, therefore, payments associated with short-term leases and leases of insignificant value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise computer and telecommunication equipment and small items of office furniture.

Lease liabilities include the net present value of the following lease payments:

- Fixed payments and
- variable lease payments that are based on an index or a rate

Lease payments to be made under reasonably certain extension options to be exercised are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease, if readily determined, or the incremental interest rate of the Company, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, guarantee and conditions.

To determine the incremental borrowing rate, the Company:

- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by those subsidiaries, which does not have recent third-party financing, and
- Adjusts specific to the lease, i.e. term, country, currency and security.

The Company is exposed to possible future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and is adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

In determining the lease term, Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease terms if there is a reasonable certainty that the leases will be extended (or not terminated).

N) INTANGIBLE ASSETS

Goodwill represents the acquisition cost of a business in excess of the Company's interest in the fair value of the identifiable net assets acquired, determined at the acquisition date. Goodwill is shown separately in the consolidated statement of financial position under "Goodwill and intangible assets, net" and is recorded at cost, except for those assets in Argentina considered an hyperinflationary economy that are expressed in terms of the current unit of measure at the closing date of the period reported, less accumulated impairment losses, which are not reversed. Gains or losses on the disposal of an entity include the book value of goodwill related to the entity sold.

For impairment testing purposes, goodwill is assigned to the cash-generating units (CGU). The assignment is made to CGUs or groups of CGUs expected to benefit from the business combination from which the goodwill arises, identified in accordance with the respective operating segment.

Intangible assets are recorded when they are identifiable, they provide future economic benefits and there is control over such benefits.

Intangible assets are classified as follows:

- i. Indefinite life intangible assets are not amortized and are subject to annual impairment testing. To date, no factors have been determined that might limit the useful life of these intangible assets.

Indefinite life intangible assets consist mainly of: a) bottler agreements entered into by the Company with TCCC, which grant rights to product, bottle and distribute TCCC brands products in the territories in which the Company operates, b) brands with which Nacional de Alimentos y Helados, S. A. de C. V. (Nayhsa), Wise Foods, Deep River, Tonicorp and Inalecsa market their products, which are considered of high value and positioning in the market and c) Tonicorp, Monster Energy and Ades distribution rights. The aforementioned bottler agreements have specific expiration dates and do not guarantee they are perpetual; however, based on Company experience and market evidence, the Company considers it will continue to renew these agreements and has thus assigned them as indefinite life intangible assets (see Notes 5, 12, and 26). Brands and distribution rights have no expiration and are those used by the Company to operate its snack and dairy product segments. Those indefinite life intangible assets are assigned to the CGU for impairment-testing purposes.

- ii. Defined useful life assets are recognized at cost, less accumulated amortization and impairment losses recognized. They are amortized by the straight-line method, according to their useful life, determined based on expected future economic benefits, and are subject to testing when there is evidence of impairment. These intangible assets correspond to the non-compete agreements of some business combinations and to certain distribution rights, certain brands and software, which are amortized over 5, 10 and 30 years periods according to each asset's features (see Note 12).

The estimated useful lives of definite-life and indefinite life intangible assets are reviewed annually.

O) IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets with an undefined useful life, such as goodwill, are not depreciated or amortized and are subject to impairment testing once a year or before that when there are indicators of impairment. Assets subject to amortization are tested for impairment when events or changes in circumstances indicate that the book value might not be recoverable. An impairment loss is recognized by the amount by which the carrying value of the asset exceeds its recovery value. The recovery value of an asset is defined as the higher between the value in use and the fair value of an asset less the related sales costs. In order to evaluate impairment, assets are grouped based on the minimum levels of cash flows that can be identified separately (CGU). Impaired non-financial assets other than goodwill are reviewed in search of possible impairment reversal on each reporting date.

P) SUPPLIERS AND OTHER LIABILITIES

These balances represent liabilities arising from goods and services provided to the Company prior to the period end, that have not been paid. Suppliers and other liabilities are presented as current liabilities, unless the payment is not due within 12 months following the reporting period. They are initially recognized at fair value and subsequently valued at amortized cost, using the effective interest rate method.

The carrying amounts of trade and other liabilities are considered to be the same as their fair values, due to their short-term nature.

Q) DEBT

The debt is initially recognized at fair value, net of transaction costs incurred. The debt is subsequently recognized at amortized cost. Any differences between the amounts received (net of transaction costs) and the settlement value are recognized in the consolidated statement of income during the term of the loan, using the effective interest rate method.

Loans are eliminated from the consolidated statement of financial position when the obligation specified in the contract is met, canceled or expires. The difference between the book amount of a financial liability that has been canceled or transferred to another party and the consideration paid, including non-monetary assets transferred or assumed liabilities, is applied to financial income or expenses.

R) INCOME TAXES

Income taxes reflected in the consolidated statement of income represents tax incurred in the year, as well as the effects of deferred taxes on income determined by the method of assets and liabilities, applying the rate established in current legislation or substantially enacted and in effect on the statement of financial position date in the location in which the Company operates, and generate taxable income from all temporary differences determined by comparing the book and tax values of assets and liabilities expected to apply when the deferred tax asset is realized or the deferred tax liability is settled, considering any unamortized tax losses prior to analysis of recovery. Tax is applied to income, except to the extent it relates to other comprehensive income, in which case, tax is recorded in other comprehensive income. The effect of changes in tax rates is recognized in income for the period in which the rate change is determined.

Management periodically evaluates positions declared in tax returns with respect to situations in which applicable legislation is subject to interpretation. The Company recognizes provisions when necessary based on the amounts expected to be paid to the tax authorities.

A deferred tax asset is recorded only when there is likely to be future taxable income against which to apply deductions arising from temporary differences.

Deferred taxes on income applicable to temporary differences arising from investments in subsidiaries, associates and joint agreements is recorded, except when the temporary difference reversal period is controlled by the Company and temporary differences may not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset if there is the legal right to do so and when taxes are collected by same the tax authority.

S) EMPLOYEE BENEFITS

The Company provides the following employee plans:

i. Pension plans

Defined contribution plans:

A defined contribution plan is a pension plan under which the Company pays fixed contributions to a separate entity. The Company has no legal or assumed obligations to pay additional contributions if the fund fails to maintain sufficient assets with which to pay all employees the benefits related to service in the current and past periods. Contributions are recorded as employee benefit expenses on the date on which the contribution is due.

Defined benefit plans:

A defined benefit plan is defined as the pension benefit to be received by an employee upon retirement, which usually depends on one or more factors, such as age, years of service and compensation.

The liability recognized in the consolidated statement of financial position with respect to defined benefit plans is the present value of the defined benefit obligation at the end of the accounting period, less the fair value of plan assets. Obligations for defined benefits are calculated annually by independent actuaries via the projected unit credit method. The present value of defined benefit obligations is determined by discounting estimated future cash flows using discount rates (per IAS 19) denominated in the currency in which the benefits are to be paid and with maturity dates similar to those of the pension liability. In countries with no in-depth market for said instruments, market rates for government bonds are used.

Remeasurements of the liability caused by gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to stockholders' equity in other comprehensive income in the period in which they occur.

The cost of past services is recognized immediately in income.

ii. Termination benefits

Termination benefits are paid when the Company terminates employment prior to the regular retirement date or when an employee accepts termination of employment in exchange for those benefits. The Company recognizes termination benefits when there is a verifiable commitment to conclude the work relationship of certain employees and a formal detailed plan providing so and that cannot be surrendered. In the event there is an offer that encourages employee resignation, the related termination benefits are valued based on the number of employees expected to accept the offer. The benefits payable over the long-term are discounted at present value.

iii. Short-term benefits

The Company provides short-term employee benefits, which can include wages, salaries, annual bonuses, employee profit sharing, gratifications and bonuses payable over the following 12 months. The Company recognizes a provision when it is contractually obligated or when the former practice has created an obligation.

T) PROVISIONS

Liability provisions represent a present legal obligation, or an obligation assumed as a result of past events where resources are likely to be required to comply with the obligation, when the amount in question has been reliably estimated. No provisions are recorded for future operating losses.

Provisions are measured at the present value of the amount necessary to cover the obligation at the date of the consolidated financial statements and are recorded based on Management's best estimation.

U) CAPITAL STOCK

The Company's capital stock is classified as capital. Incremental costs attributable directly to the issuance of new shares are included in equity as a deduction of the consideration received, net of taxes, although the Company has not yet incurred such costs.

V) COMPREHENSIVE INCOME

Comprehensive income consists of net consolidated profit, plus remeasurement of the defined benefit plans and other capital reserves, net of taxes, which are composed of the effects of conversion of foreign entities, the effects of derivative financial instruments for cash flow hedging and interest in other items of the comprehensive income of associates, as well as other items required by a specific provision to be reflected in stockholders' equity, which do not constitute capital contributions, reductions or distributions.

W) FUND FOR REPURCHASE OF OWN SHARES

The stockholders periodically authorize disbursement of a maximum amount for the acquisition of Company shares. Company shares acquired are shown as a decrease in the fund for repurchase of Company shares included in the consolidated statements of financial position under retained earnings and are valued at their acquisition cost. These amounts are stated at their historical cost. Dividends received are recognized by decreasing their historical cost.

With respect to the sale of shares from the repurchase fund, the amount obtained in excess or deficit of their historical cost is recognized in the premium on the sale of shares.

X) SEGMENT INFORMATION

Segment reporting is presented consistently with the internal reports provided to the Chief Executive Officer, who is the highest authority for making operating decisions, allocation the resources and evaluating the operating segments' yield.

Y) REVENUE RECOGNITION

The Company produces and sells carbonated and non-carbonated beverages under TCCC's trademarks, dairy products, foodstuff and snacks wholesale, in the markets in which it operates, based on formal and informal agreements entered into with different customers in the Modern and Traditional Channel (supermarkets, convenience stores and others), in which prices are negotiated continually, given the turnover of products and the competitiveness it must maintain in the market. Revenue from these sales is recognized at the fair value of the consideration collected or to be collected and represents the amounts receivable on the sale of products, net of discounts, returns and taxes. The Company recognizes sales when control of the products is transferred, which is when the products are delivered to the customer, and there is unsatisfied obligation that could affect acceptance of the products by the customer. Delivery is effective when the products are delivered to the specific location, the risk of loss has been transferred to the customer and the customer has accepted the products. Further to the above, it is concluded that the Company's sales are generated at a specific point in time.

In the Modern Channel, retail products are sold at a discount for volume, based in the total sales during the period, which is usually under 12 months, given the dynamics of displacement of the products in the market. Revenue on these sales is recognized based in the price established in the agreements, net of discounts for estimated volume. Accumulated experience is used to estimate and foresee discounts, using the expected value method. No element of financing is considered present, due to the fact that sales are, for the most part, made in cash for the Traditional Channel, or with a credit term for the Modern Channel.

An account receivable is recognized when the products are delivered and the payment is not in cash, and only the passage of time is required before the payment is made.

Sales discounts are considered variable consideration and are reflected in the client's invoices; therefore, discounts are recorded at the time of sale, that is, sales are recorded net of discounts. In the list price is already discounted and therefore, making a discount estimate is not needed.

Z) EARNINGS PER SHARE

The basic earnings per share is calculated dividing the net consolidated profit attributable to the controlling interest by the weighted average of common shares outstanding during the year.

The amounts used in the determination of the basic earnings per share are adjusted on the basis of the diluted profits from taking into account the weighted average of the number of additional shares that would have been outstanding, assuming the conversion of all potentially dilutive ordinary shares.

AA) BOTTLER INCENTIVE AGREEMENT

At its discretion, and as per the bottler's incentive agreement, TCCC provides the Company several incentives, including contributions for the maintenance of equipment of cold drinks, advertising and marketing expenses, and others. The terms and conditions of those agreements require reimbursement when certain stipulated conditions are not met, including minimum volume performance requirements. Incentives provided by TCCC for maintenance of beverage refrigeration equipment and/or advertising and marketing expenses are deducted from the respective expense.

NOTE 4 - RISK AND CAPITAL MANAGEMENT

I. RISK MANAGEMENT

The Company's operations are exposed to different financial risks: market risk (including exchange rate risk, interest rate risk and risk for price of production materials and other production materials), credit risk and liquidity risk. It is Company policy to contract derivative financial instruments held only for hedging, in order to reduce the risks related to its financial liabilities, and to cover certain purchases, projected operations and firm commitments set in foreign currencies.

The exposure to credit, market and liquidity risks is managed through the Company's Financial Risk Committee.

The Company's main exposure to financial risk is mainly related to the security liabilities at variable interest rates and to present or future currency commitments, all related to its line of business or certain forecasted operations, such as prices of raw material and other production materials, accounts receivable from customers and liquidity.

The Company has current Master Agreements for Derivative Financial Instrument Operations or ISDA Master Agreements in order to ensure that a number of quotations are available when deciding whether to carry out transactions with instruments of that type, which are used only for raw material exchange rate price coverage, and are documented in simple instruments such as swaps and forwards. The Company's operations with swaps allow only the conversion of different currencies or interest rates (variable or fixed or vice versa).

All the Company's derivative financial instrument operations are previously analyzed, approved and periodically monitored by the Financial Risk Committee. That committee submits proposals to the Chief Executive Officer, who in turn periodically informs the Board of Directors. Both the Financial Risk Committee and the Chief Executive Officer review the performance of those instruments on a quarterly basis, and make any required advance cancellations, changes in term, etc.

The Company's derivative financial instrument operations are contracted and managed by the corporate office, which contracts any necessary transactions for its subsidiary companies which do not contract this type of operations individually. Corporacion Lindley (CL) and Coca Cola Southwest Beverages (CCSWB) subsidiaries are exceptions to that rule, i.e., they handle their own operations. The Company operates that type of agreement with recognized banking and financial entities with a robust operating and financial structure.

Market risk

a. Foreign currency risk (exchange rate)

The foreign currency risk is related to the risk of the fair value of future cash flows from a financial instrument fluctuating due to changes in the exchange rate. The Company is exposed to exchange rate risks stemming from: a) its net exposure of foreign currency assets and liabilities, b) income from export sales; c) purchases of raw materials, production materials and capital investments made in foreign currencies, and d) the net investment in subsidiaries and joint operations held abroad. The Company's greatest exchange risk exposure is the exchange rate of the Mexican peso to the US dollar, the Peruvian sol and the Argentine peso for conversion of investments to the reporting currency.

It is Company policy to operate mainly in the markets in which its subsidiaries reside. Accordingly, debt is contracted in said markets' local currency, except Mexico and Peru (see Note 14).

Net sales are expressed in Mexican pesos, Argentine pesos, US dollars and Peruvian soles. During 2020 and 2019, 41.45% and 41.81% of sales were generated in Mexican pesos, 3.34% and 3.43% in Argentine pesos, 46.49% and 44.17% in US dollars, and 8.73% and 10.59% in Peruvian soles. Those are the functional currencies of each of the consolidating entities (see Note 28).

Following is the Company's exposure to exchange risk at December 31, 2020 and 2019, respectively. The following tables show the book value of the Company's monetary assets and liabilities denominated in foreign currency.

	FIGURES IN THOUSANDS OF MEXICAN PESOS					
	2020			2019		
	US DOLLAR	ARGENTINE PESO	PERUVIAN SOL	US DOLLAR	ARGENTINE PESO	PERUVIAN SOL
Monetary assets	\$ 35,913,084	\$ 1,975,225	\$ 3,340,142	\$ 27,635,024	\$ 1,393,766	\$ 3,967,996
Monetary liabilities	(14,663,069)	(951,978)	(6,049,176)	(19,826,008)	(647,819)	(3,429,770)
Non-current monetary liabilities	(20,108,554)	(28,246)	(3,382,820)	(24,208,777)	(100,446)	(1,670,940)
Net position	\$ 1,141,461	\$ 995,001	\$ (6,091,854)	\$ 16,399,761	\$ 645,501	\$ (1,132,714)

The following is a sensitivity analysis related to the adverse impact on the comprehensive income the Company would have due to its exposure to the net foreign currency position at December 31, 2020 and 2019, respectively:

	HYPOTHETICAL VARIATION MAINTAINING ALL OTHER VARIABLES CONSTANT	
	2020	2019
One peso increase/(decrease) to the US dollar	\$ 57,259	\$ (868,967)
A 50-cent (decrease) with respect to the Argentine peso	(2,097,388)	(1,024,039)
A 50-cent increase with respect to the Peruvian sol	552,950	99,392

This exposure corresponds to the movements in exchange rates related to conversion from US dollars, Argentine pesos and Peruvian soles to Mexican pesos of the results, assets and liabilities of subsidiaries in the US, Argentina, Ecuador and Peru. As detailed later in this note, the Company also contracts coverage derivative financial instruments to cover certain commitments in foreign currency involving the purchase of raw materials and other production materials. The Company does not cover the risks related to conversion of its subsidiaries and joint operations, the effects of which are recorded in stockholders' equity.

The intrinsic value of foreign currency options is determined with respect to the spot exchange rate of the relevant market. The difference between the exercise rate contracted and the market's discounted spot exchange rate is determined as the time value. It is discounted when it is material.

Changes in the time value of options related to hedged elements are deferred in the costs of the hedging reserve in OCI and the time value is amortized linearly to income.

See Note 20 for further information on foreign currency risk hedging instruments.

b. Interest rate risk

The interest rate risk arises mainly from the Company's sources of financing. The main exposure comes from variable interest rate obligations based on the TIIE (Interbank interest rate) and bank debt subject to LIBOR (London InterBank Offered Rate) interest. Fixed rates expose the Company to the fair value risk.

The Company occasionally enters into derivative financial instrument agreements with a view to minimizing the market risk and the potential effects arising from a significant rise in interest rates.

The derivative financial instruments occasionally contracted by the Company are interest rate swaps on security liabilities subject to variable interest rates. At December 31, 2020 and 2019, the Company maintains an interest rate swap to hedge \$1,000,000 from variable rate to a fixed rate at 7.369% (see Note 14). Additionally, at December 31, 2020 and 2019, the Company maintains two interest rate swaps to hedge \$2,450,000 from variable rate to a fixed rate at 7.225%.

At December 31, 2020 and 2019, a large part of the debt, considering its value in pesos, was referred to a fixed interest rate. At December 31, 2020 and 2019, \$34,078 and \$38,282 million representing 67% and 72% of the overall debt, respectively.

In order to manage interest rate risks, Company policy is designed to reduce volatility of its financial expenses and keep an ideal percentage of debt in fixed rate instruments. The financial position is mainly fixed as a result of the use of short and long-term debt and the occasional use of derivative instruments such as interest rate swaps

The terms and conditions of the Company's obligations at December 31, 2020 and 2019, including exchange rates, interest rates, maturities and effective interest rates, are described in detail in Note 14.

At December 31, 2020 and 2019, if the TIE or the LIBOR has risen by more than 100 base points (1.00%), all other risk factors remaining constant, the detrimental impact on comprehensive income would have been \$146,450 and \$13,509 (\$134,336 and \$10,460 in 2019), respectively.

See Note 20 for further information on foreign currency risk hedging instruments.

c. Risk of price of raw materials

The main exposure to variations in the prices of raw materials and other production materials has to do with the supply of sweeteners, diesel, aluminum for cans and plastic containers used in the production of soft drinks.

Additionally, the Company is exposed to the risk of exchange fluctuations related to the prices of sweeteners, diesel, aluminum for cans and plastic containers, in US dollars mainly, which, in the aggregate, represent approximately 21% of the cost of sales at December 31, 2020 (22% in 2019). The Company contracts hedges for the purchase of these raw materials and other production materials with a view to offset the effect of variations in exchange rates (see Note 20).

At December 31, 2020 and 2019, the appreciation of 1 Mexican peso and 1 Peruvian sol value compared to the US dollar, with all other variables remaining constant, would have had a positive (negative) impact on valuation of derivative financial instruments in stockholders' equity of (\$14,843) and \$1,124 in 2020 and ((\$556) and \$611 in 2019), respectively. The impact on net income for the period is not material because the instruments exposing the Company to those risks are accounted for in accordance with highly effective cash flow hedging.

See Note 20 for further information on instruments for hedging against the risk of raw and other production materials.

Credit risk

Regular operations expose the Company to potential default when its customers and counterparties are unable to comply with their financial or other commitments. The Company mitigates this risk by entering transactions with a wide range of counterparties and considers that third parties that could affect its operations are unlikely to give rise to unexpected financial difficulties.

The Company has established conservative policies for the cash management and temporary investments which make it possible to minimize the risk arising from that type of financial asset, aside from which, operations are conducted only with highly accredited financial entities.

The risk exposure related to accounts receivable is limited, given the large number of customers located in different parts of Mexico, Peru, Argentina, Ecuador and the US; however, the Company maintains certain reserves for impairment losses of accounts receivable from customers. Risk control includes determining the credit standing of the customer, considering its financial situation, past experience and other factors.

Given the fact that a significant portion of the Company's customers have no independent rating of their credit standing, Management determines the maximum rated risk for each, considering their financial position and past experiences, among other factors. Credit limits are set in accordance with policies established by Management, which applies controls to ensure compliance.

For the year ended December 31, 2020 and 2019, 47.26% and 44.90%, respectively, of the Company's sales corresponded to cash transactions and 37.23% and 48.32% of net sales in 2020 and 2019, respectively, were made to institutional customers.

See Note 8 for further information on credit risk.

Liquidity risk

The Company finances its liquidity requirements and capital resources mainly through the cash generated from its own operations and from the debt and private bonds issued at short, medium and long term. The Company has access to local and international bank credit to cover its treasury requirements, aside from which, it has been assigned the highest rating for Mexican issuers (AAA) and a rating of A and A2, both issued by independent rating agencies, which makes it possible to evaluate local and international capital markets in the event that resources are needed.

The Company cash surpluses are invested according to the guidelines established by the Board of Directors, based on the recommendation of the Planning and Finance Committee. The Financial Risk Committee, comprising basically executives from the Financial and Planning Management areas, decides on a series of custodian entities of proven prestige and liquidity. Foreign-currency investments in specific projects are authorized only in US dollars or euros.

The Company does not invest in capital markets or investment companies and repurchase operations are entered into only with federal Mexican and US government paper. Those operations are conducted with the largest and most prestigious banks in Mexico. The foreign banks in which investments can be made are those with the greatest international coverage. Investments are made in federal government and bank debt securities. AC does not invest in private and/or corporate paper.

The factors that could reduce the sources of liquidity include a significant reduction in demand or the price of its products, which could limit the amount of cash generated from its operations, and a reduction in the corporate credit rating, which could impair the Company's liquidity and increase its new debt costs. The Company's liquidity may also be affected by factors such as depreciation or appreciation of the Mexican peso and changes in interest rates. Company settles obligations with cash flows arising from operations.

The Company's remaining contractual maturities of financial liabilities, which include basically principal and interest payable in the future up to the date of maturity at December 31, 2020 and 2019, are:

	UNDER 1 YEAR	1 TO 3 YEARS	3 TO 5 YEARS	OVER 5 YEARS	TOTAL
AT DECEMBER 31, 2020					
Current non-current debt	\$ 9,623,891	\$ 22,400,784	\$ 6,214,838	\$ 25,268,687	\$ 63,508,200
Suppliers, related parties, derivative financial instruments and sundry creditors	12,068,523	-	357,150	-	12,425,673
Lease liabilities current and non-current	447,142	509,681	272,829	220,409	1,450,061
	\$ 22,139,556	\$ 22,910,465	\$ 6,844,817	\$ 25,489,096	\$ 77,383,934
AT DECEMBER 31, 2019					
Current non-current debt	\$ 9,932,223	\$ 24,852,723	\$ 7,443,360	\$ 27,759,719	\$ 69,988,025
Suppliers, related parties, derivative financial instruments and sundry creditors	11,589,415	-	225,843	-	11,815,258
Lease liabilities current and non-current	406,898	470,026	273,734	446,533	1,597,191
	\$ 21,928,536	\$ 25,322,749	\$ 7,942,937	\$ 28,206,252	\$ 83,400,474

ii. Capital management

The Company goal in managing its capital (which includes stockholders' equity, debt, working capital, and cash and cash equivalents) is to maintain a flexible capital structure that will reduce the capital cost to an acceptable level of risk, protect the Company's ability to continue operating as a going concern, and to take advantage of strategic opportunities that will allow it to generate returns for the shareholders.

The Company manages its capital structure and adjusts it when changes arise in economic conditions and in the risk features of the underlying assets. The Company monitors its capital based on the net debt to consolidated EBITDA ratio.

That ratio is calculated by dividing the net debt by the EBITDA, which is the way in which the Company measures its operating cash flow. The net debt is calculated by subtracting the cash and cash equivalents balance from the total debt (including the current and non-current portions, as shown in the consolidated statements of financial position).

The net debt to EBITDA ratio at December 31, 2020 and 2019 was as follows:

	NOTE	2020	2019
Total debt	14	\$ 50,577,109	\$ 53,261,466
Less: Cash and cash equivalents	7	(27,335,702)	(22,051,280)
Net debt		23,241,407	31,210,186
EBITDA	6	32,147,387	30,403,868
		0.72	1.03

The index resulting from the calculation of these financial ratios is within the compliance parameters of the Company which has a maximum of 3.

NOTE 5 - ACCOUNTING ESTIMATIONS AND JUDGMENTS

The Company has identified certain key accounting estimations on which its financial condition and results of operations depend. Those accounting estimations normally involve an analysis or are based on subjective judgments or decisions that require Management to make estimations and assumptions affecting the figures reported in these consolidated financial statements. The Company's estimates are based on historical information when applicable, and other assumptions considered reasonable in the circumstances.

Current results can differ from those estimated under different assumptions or conditions. Furthermore, estimations normally require adjustments based on changing circumstances and on securing more recent or more accurate information.

When preparing these consolidated financial statements, the most critical accounting estimations under IFRS are those requiring Management to prepare estimations and assumptions affecting the reported figures involved in determining the value in use for identification of impairment of indefinite life intangible assets, fair value accounting for financial instruments, goodwill and other indefinite life intangible assets such as the result of business acquisitions and pension benefits.

A) ESTIMATIONS AND ASSUMPTIONS INVOLVING THE RISK OF SIGNIFICANT ADJUSTMENTS TO THE FIGURES IN THE CONSOLIDATED FINANCIAL STATEMENTS ARE AS FOLLOWS:

i. Estimated impairment of indefinite life intangible assets.

The identification and measurement of impairment in indefinite life intangible assets, including goodwill, involves the estimation of fair value (value in use or fair value). Those estimations and assumptions could have a significant impact on the decision as to whether to recognize a charge for impairment and on the magnitude of that charge

The Company analyzes valuation considering relevant internal information as well as public market information. Fair value estimations are mainly determined based on discounted cash flows and market comparisons. Those approaches use significant estimations and assumptions, including projected future cash flows (including terms), discount rates reflecting the risk inherent in future cash flows, multiples of exit cash flows, perpetual growth rates, determination of appropriate market comparable and determination of whether a premium or discount should be applied to comparable.

Certain level of risk inherent in these estimates and assumptions that the Company considers has been made in its valuations is possible, since in case the actual results were lower than the estimates an impairment charge would have to be recorded.

ii. Pension benefits

The present value of pension-related obligations depends on the number of factors determined on an actuarial basis, using several different assumptions. The assumptions used in determining the net cost for pensions include the discount rate. Any changes in these assumptions impact the carrying amount of pension obligations.

The Company determines the proper discount rate at each year end. That rate is the interest rate used to determine the present value of estimated future cash outflows expected to be required to settle pension plan obligations. To determine the proper discount rate, the Company considers the discount interest rate as per IAS 19 "Employee benefits", expressed in the currency in which the benefits are to be paid, at maturity dates approximating the dates pertaining to the pension obligation (see Note 16).

B. CRITICAL ACCOUNTING JUDGMENTS IN APPLYING THE COMPANY'S ACCOUNTING POLICIES ARE AS FOLLOWS:

i. Investments in associates

Management has evaluated the level of influence exercised by the Company on its investment in Jugos del Valle, S.A.P.I. de C.V. and has determined that it exercises significant influence, although its shareholding is below 20%, given its representation on the Board of Directors and certain contractual terms. Consequently, that investment has been classified as an associate.

ii. Interest in joint operation

Management has evaluated the terms and conditions contained in the stockholders' agreement for joint agreement of JV Toni, S.L. in Holding Tonicorp, S.A. (Tonicorp) and has concluded that it should be classified as a Joint Operation because it considers that the design and purpose require AC's beverage business in Ecuador to acquire, distribute and market the Tonicorp production, thus transferring to the two stockholders jointly controlling the agreement substantially the rights to the benefits and liability obligations of Tonicorp and its subsidiaries, which according to IFRS 11, "Joint Agreements", requires the agreement to be classified as such (see Note 28).

iii. Useful lives of intangible assets

The Company's indefinite life intangible assets include the aforementioned bottler agreements entered into between AC and TCCC, which have specific expiration dates and do not guarantee they are perpetual; however, based on Company experience, during the business relationship of over 90 years with TCCC, and to the market evidence, the Company considers it will continue to renew these agreements and has thus assigned them as indefinite life intangible assets (see Note 26).

NOTE 6 - SEGMENT REPORTING

Segment reporting is presented consistently with the internal reports provided to the Chief Executive Officer, who is the highest authority for making operating decisions, allocation the resources and evaluating the operating segments' yield. An operating segment is defined as a component of an entity on which there is separate financial information which is evaluated on a regular basis.

The Company controls and evaluates its continuous operations from both a geographic and product perspective. Management considers performance in Mexico, the US, Ecuador, Argentina and Peru. From the perspective of the product, Management considers beverages and other products in those geographic areas separately.

Segments, by product to be reported by the Company, are:

- Beverages (including carbonated, non-carbonated, dairy beverages and carboy and individual format purified water): This segment produces, distributes and sells TCCC brand beverages in different territories in Mexico, US, Argentina, Ecuador and Peru as well as Santa Clara dairy beverages in Mexico and Toni in Ecuador. The Company's portfolio of beverages and dairy products includes cola and flavored soft drinks, individual purified and flavored water, dairy beverages and other carbonated and non-carbonated beverages in sundry presentations.
- Other segments - complementary businesses: This section represents operating segments that are not considered reportable segments on an individual basis, as they do not meet the quantitative limits, as established by the IFRS 8 to any of the years reported on. In accordance with this standard, the operating segments whose total net sales is equal to or under 10% of the Company's total net sales need not be reported individually and can be grouped with other operating segments that do not meet the 10% limit, provided the sum of these grouped operating segments does not exceed 25% of total net sales. These segments comprise the following complementary businesses:
 - a. Beverages in the individual format that are marketed in vending machines (Mexico and Peru).
 - b. Snack food (Mexico, Ecuador, Peru and US).

The Company evaluates the performance of each of the operating segments based on profits before the net financial results, taxes, depreciation and amortization (operating flow or EBITDA), considering that said indicator represents a good measure for evaluating the operating performance and the capability to satisfy capital and interest obligations with respect to the Company's debt, as well as the capability to fund capital investments and working capital requirements. However, the EBITDA is not a financial performance measure under IFRS and should not be considered an alternative to net profit when measuring operating performance, or to cash flows when measuring liquidity.

The Company has defined the EBITDA or operating flow as a consolidated operating profit (loss) after adding or subtracting the following, as the case may be: (1) depreciation, amortization, and (2) non-recurring expenses incurred (such as severance, business combination expenses among others, classified in the other expenses, net in the consolidated statement of income). Operations between operating segments are carried out at market value and accounting policies used in preparing information per segment are consistent with those described in Note 3.

Following is condensed financial information on the operating segments to be reported on:

	YEAR ENDED DECEMBER 31, 2020								
	BEVERAGES					OTHERS			TOTAL
	MEXICO	ARGENTINA	ECUADOR	PERU	US	MEXICO AND OTHERS	ELIMINATIONS		
STATEMENT OF INCOME:									
Sales per segment	\$ 67,162,281	\$ 5,647,112	\$ 11,422,423	\$ 14,485,587	\$ 63,770,928	\$ 10,582,086	\$ (1,484,570)	\$ 171,585,847	
Inter-segment sales	\$ (934,415)	\$ -	\$ (6,004)	\$ (144,238)	\$ -	\$ (399,913)	\$ 1,484,570	\$ -	
Sales to external customers	\$ 66,227,866	\$ 5,647,112	\$ 11,416,419	\$ 14,341,349	\$ 63,770,928	\$ 10,182,173	\$ -	\$ 171,585,847	
Operating profit	\$ 13,422,785	\$ 291,273	\$ 910,772	\$ 1,723,372	\$ 5,485,365	\$ (361,162)	\$ -	\$ 21,472,405	
Operating cash flow ⁽¹⁾	\$ 16,657,319	\$ 812,946	\$ 2,099,143	\$ 3,336,859	\$ 8,676,649	\$ 564,471	\$ -	\$ 32,147,387	
Non-recurring expenses	\$ 281,138	\$ 12,766	\$ 100,899	\$ 171,399	\$ 431,440	\$ 53,692	\$ -	\$ 1,051,334	
Depreciation and amortization	\$ 2,953,396	\$ 508,907	\$ 1,087,472	\$ 1,442,088	\$ 2,759,844	\$ 871,941	\$ -	\$ 9,623,648	
Financial income	\$ 4,871,194	\$ 41,698	\$ 47,848	\$ 1,442,622	\$ 32,974	\$ 64,756	\$ -	\$ 6,501,092	
Financial expenses	\$ 6,532,915	\$ 115,652	\$ 231,357	\$ 2,259,341	\$ 731,242	\$ 106,499	\$ -	\$ 9,977,006	
Equity in the results of associates	\$ (10,708)	\$ -	\$ -	\$ -	\$ 14,955	\$ -	\$ -	\$ 4,247	
Profit (loss) before taxes	\$ 11,750,356	\$ 217,319	\$ 727,262	\$ 906,653	\$ 4,802,052	\$ (402,904)	\$ -	\$ 18,000,738	
STATEMENT OF FINANCIAL POSITION:									
Total assets	\$ 69,758,460	\$ 8,132,676	\$ 22,293,566	\$ 40,771,094	\$ 101,271,081	\$ 12,110,099	\$ (8,363,337)	\$ 245,973,639	
Investment in shares of associates ⁽²⁾	\$ 7,380,576	\$ 339,813	\$ -	\$ -	\$ 587,820	\$ -	\$ -	\$ 8,308,209	
Total liabilities	\$ 43,492,611	\$ 1,335,643	\$ 5,612,425	\$ 14,004,605	\$ 35,803,677	\$ 2,932,084	\$ (4,627,595)	\$ 98,553,450	
Investment in fixed assets (Capex) ⁽³⁾	\$ 3,428,172	\$ 243,354	\$ 434,215	\$ 312,650	\$ 1,998,783	\$ 305,936	\$ -	\$ 6,723,110	

(1) Corresponds to how AC measures its operating cash flow.

(2) In addition to the Mexico segment, there are investments in associates in other geographic segments (see Note 10).

(3) Indicates the additions for the year presented in the consolidated statements of cash flow.

Arca Continental, S.A.B. DE C.V. and Subsidiaries

YEAR ENDED DECEMBER 31, 2019

	BEVERAGES					OTHERS		TOTAL
	MEXICO	ARGENTINA	ECUADOR	PERU	US	MEXICO AND OTHERS	ELIMINATIONS	
STATEMENT OF INCOME:								
Sales per segment	\$ 65,172,100	\$ 5,581,584	\$ 12,038,129	\$ 16,512,667	\$ 56,777,173	\$ 10,686,202	\$ (1,726,987)	\$ 165,040,868
Inter-segment sales	\$ (1,076,004)	\$ -	\$ -	\$ (149,675)	\$ -	\$ (501,308)	\$ 1,726,987	\$ -
Sales to external customers	\$ 64,096,096	\$ 5,581,584	\$ 12,038,129	\$ 16,362,992	\$ 56,777,173	\$ 10,184,894	\$ -	\$ 165,040,868
Operating profit	\$ 12,422,185	\$ 446,168	\$ 1,171,647	\$ 2,141,665	\$ 4,093,864	\$ (75,356)	\$ -	\$ 20,200,173
Operating cash flow ⁽¹⁾	\$ 15,332,814	\$ 964,045	\$ 2,230,966	\$ 3,793,530	\$ 7,188,117	\$ 894,396	\$ -	\$ 30,403,868
Non-recurring expenses	\$ 78,477	\$ 7,035	\$ 95,034	\$ 179,233	\$ 681,354	\$ 225,169	\$ -	\$ 1,266,302
Depreciation and amortization	\$ 2,832,150	\$ 510,842	\$ 964,285	\$ 1,472,632	\$ 2,412,899	\$ 744,585	\$ -	\$ 8,937,393
Financial income	\$ 2,228,866	\$ 117,033	\$ 19,169	\$ 223,810	\$ 129,065	\$ 39,766	\$ -	\$ 2,757,709
Financial expenses	\$ 4,504,263	\$ 129,486	\$ 182,957	\$ 834,993	\$ 618,183	\$ 79,577	\$ -	\$ 6,349,459
Equity in the results of associates	\$ 123,502	\$ -	\$ -	\$ -	\$ 43,758	\$ -	\$ -	\$ 167,260
Profit (loss) before taxes	\$ 10,269,324	\$ 433,716	\$ 1,007,859	\$ 1,530,483	\$ 3,648,505	\$ (114,204)	\$ -	\$ 16,775,683
STATEMENT OF FINANCIAL POSITION:								
Total assets	\$ 74,510,529	\$ 7,730,374	\$ 14,589,220	\$ 43,846,711	\$ 94,450,280	\$ 12,195,842	\$ (8,876,138)	\$ 238,446,818
Investment in shares of associates ⁽²⁾	\$ 7,315,763	\$ 321,500	\$ -	\$ -	\$ 531,048	\$ -	\$ -	\$ 8,168,311
Total liabilities	\$ 42,414,377	\$ 1,334,029	\$ 5,471,996	\$ 16,997,181	\$ 32,511,294	\$ 3,585,658	\$ (5,254,394)	\$ 97,060,141
Investment in fixed assets (Capex) ⁽³⁾	\$ 3,600,004	\$ 552,051	\$ 907,560	\$ 956,170	\$ 5,125,441	\$ 427,007	\$ -	\$ 11,568,233

(1) Corresponds to how AC measures its operating cash flow.

(2) In addition to the Mexico segment, there are investments in associates in other geographic segments (see Note 10).

(3) Indicates the additions for the year presented in the consolidated statements of cash flow.

Following are sales to external customers, as well as property, plant and equipment, goodwill and intangible assets per geographic area:

YEAR ENDED DECEMBER 31, 2020

	SALES TO EXTERNAL CUSTOMERS	PROPERTY PLANT AND EQUIPMENT	GOODWILL	INTANGIBLE ASSETS
Mexico	\$ 70,174,497	\$ 23,217,601	\$ 8,235,073	\$ 11,726,159
Peru	14,770,490	15,277,730	10,363,895	12,431,548
US	68,651,772	21,699,814	23,319,531	31,622,043
Argentina	5,647,112	2,737,463	2,462,682	584,779
Ecuador	12,341,976	6,726,188	11,547,988	4,130,628
Total	\$ 171,585,847	\$ 69,658,796	\$ 55,929,169	\$ 60,495,157

YEAR ENDED DECEMBER 31, 2019

	SALES TO EXTERNAL CUSTOMERS	PROPERTY PLANT AND EQUIPMENT	GOODWILL	INTANGIBLE ASSETS
Mexico	\$ 68,036,319	\$ 23,379,681	\$ 8,235,073	\$ 14,088,079
Peru	17,222,555	16,946,280	10,720,804	12,987,618
US	61,351,336	21,857,420	21,449,712	30,149,375
Argentina	5,581,584	2,963,576	2,416,785	582,441
Ecuador	12,849,074	6,790,149	10,932,507	1,855,143
Total	\$ 165,040,868	\$ 71,937,106	\$ 53,754,881	\$ 59,662,656

For the years ended December 31, 2020 and 2019, none of AC's customers contributes individually or in the aggregate more than 10% of their net sales.

Company customers are commercial establishments classified as institutional customers and general customers, including supermarkets, convenience stores, institutions, businesses and particularly small to large grocery stores.

NOTE 7 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents are composed as follows:

	2020	2019
Cash on hand	\$ 109,249	\$ 94,016
Short-term bank deposits	11,141,599	14,771,677
Short-term investments (under three months)	16,084,854	7,185,587
Total cash and cash equivalents	\$ 27,335,702	\$ 22,051,280

NOTE 8 - ACCOUNT RECEIVABLES FROM CLIENTS AND OTHERS, NET

A) CLIENTS AND OTHER ACCOUNTS RECEIVABLE ARE COMPRISED AS FOLLOWS:

	2020	2019
Clients	\$ 7,942,298	\$ 8,932,610
Provision for impairment of clients	(352,798)	(342,141)
Clients, net	7,589,500	8,590,469
Income tax and other taxes recoverable	602,253	92,639
Notes and other account receivable ⁽¹⁾	445,245	947,816
Sundry debtors	575,916	824,243
	\$ 9,212,914	\$ 10,455,167

(1) Net of expected losses.

Accounts receivable are denominated in the following currencies:

	2020	2019
Mexican pesos	\$ 3,213,553	\$ 3,424,548
Peruvian soles	471,274	679,884
Argentine pesos	419,107	403,113
US dollars	5,108,980	5,947,622
	\$ 9,212,914	\$ 10,455,167

Impairment of clients

Clients are subject to the expected credit losses model.

The Company applies the simplified approach contained in IFRS 9 for measuring expected credit losses, using an expected loss provision over the lifetime of the instrument for all accounts receivable from customers.

In order to measure expected credit losses, accounts receivable from customers have been grouped based on their shared credit risk features and days past due.

The expected loss rates are based on the profiles for payment of sales in a 24-month period prior to December 31, 2020 or December 31, 2019, respectively, and on historical credit losses experienced within that period. Historical loss rates are adjusted to reflect current and prospective information on macroeconomic factors affecting client capacity to settle the accounts receivable.

Arca Continental, S.A.B. DE C.V. and Subsidiaries

On that basis, the provision for impairment of clients at December 31, 2020 and 2019 was determined as follows for accounts receivable from customers:

DECEMBER 31, 2020	OTHER CURRENT	CURRENT	1 TO 30 DAYS PAST DUE	31 TO 60 DAYS PAST DUE	61 TO 90 DAYS PAST DUE	91 TO 180 DAYS PAST DUE	MORE THAN 180 DAYS PAST DUE	TOTAL
Average rate of expected loss	-	1.81%	1.39%	1.39%	1.39%	1.00%	86.77%	-
Gross book amount of accounts receivable	\$ 51,678	\$ 6,876,977	\$ 671,849	\$ 54,370	\$ 57,362	\$ 47,368	\$ 182,694	\$ 7,942,298
Provision for impairment of clients	-	\$ (172,020)	\$ (10,019)	\$ (1,349)	\$ (2,262)	\$ (403)	\$ (166,745)	\$ (352,798)

DECEMBER 31, 2019	OTHER CURRENT	CURRENT	1 TO 30 DAYS PAST DUE	31 TO 60 DAYS PAST DUE	61 TO 90 DAYS PAST DUE	91 TO 180 DAYS PAST DUE	MORE THAN 180 DAYS PAST DUE	TOTAL
Average rate of expected loss	-	1.30%	1.30%	1.30%	1.30%	1.30%	81.51%	-
Gross book amount of accounts receivable	\$ 160,929	\$ 7,286,627	\$ 836,236	\$ 111,532	\$ 67,661	\$ 124,706	\$ 344,919	\$ 8,932,610
Provision for impairment of clients	-	\$ (91,355)	\$ (14,358)	\$ (1,273)	\$ (785)	\$ (5,652)	\$ (228,718)	\$ (342,141)

The final balances of the provisions for impairment of clients at December 31, 2020 and 2019 are adjusted to the provision for initial losses as follows:

	2020	2019
Opening loss allowance at January 1	\$ 342,141	\$ 402,922
Increase in the provision for impairment of clients applied to income for the year	90,700	102,350
Accounts receivable canceled during the year as uncollectible	(75,264)	(158,336)
Unused reversed amount	(4,779)	(4,795)
Ending loss allowance at December 31	\$ 352,798	\$ 342,141

Accounts receivable from customers are canceled when there is no reasonable expectation of recovery. Indicators showing that there is no reasonable expectation of recovery include, among others, the fact that the debtor suggests no payment plan to the Company and the impossibility of making contractual payments over a period of more than 180 days past due.

Impairment losses from clients is shown as provision for impairment of clients under operating profit. Subsequent recovery of amounts previously canceled are credited to the same line.

B) FINANCIAL ASSETS AT AMORTIZED COST

Other assets at amortized cost, which includes accounts receivable from related parties, are also subject to impairment requirements under IFRS 9. As of December 31, 2020 and 2019, no impairment loss has been identified.

NOTE 9 - INVENTORIES

Inventories are analyzed as follows:

	2020	2019
Raw materials	\$ 3,057,228	\$ 2,875,662
Finished products	3,440,712	3,410,774
Materials and spare parts	1,679,427	1,597,794
Products in process	73,252	63,914
	\$ 8,250,619	\$ 7,948,144

For the years ended December 31, 2020 and 2019, \$82,434,501 and \$79,791,283 was applied to income, respectively, corresponding to inventories consumed (including \$49,280 and \$23,811, respectively, corresponding to damaged, slow-moving and obsolete inventories).

NOTE 10 - INVESTMENT IN SHARES OF ASSOCIATES

Investments in the shares of associates are comprised as follows:

	2020	2019
Opening balance	\$ 8,168,311	\$ 6,969,589
Additions ⁽¹⁾	316,665	1,146,591
IAS 29 (hyperinflationary economies) effect	86,447	109,332
Disposals and/or transfers	(123,369)	(95,751)
Dividends received	(34,216)	(47,938)
Share in the results of associated companies	66,208	225,547
Share in other comprehensive income of associated companies	(171,837)	(139,059)
Ending balance	\$ 8,308,209	\$ 8,168,311

(1) On October 21, 2019, the Company through its subsidiary AC Alimentos y Botanas, S.A. de C.V., acquired 23.88% of the capital stock of Tiendas Tambo, S.A.C., an entity located in Lima, Peru, whose main activity is the management of convenience stores and minimarkets. This acquisition was made with a price of \$670,222 (US\$35 million). The acquisition was recognized in accordance with IAS 28 - Investment in Associates and Joint Ventures. As of December 31, 2020 and 2019, the net income and assets of Tiendas Tambo, S. A. C. amounted to a total of \$447 and \$446 (\$480 and \$471 million Peruvian soles in 2019).

Following are the Company's associated companies at December 31, 2020 and 2019, which, in Management's opinion, are material to the Company. The capital stock of the following entities consists exclusively of ordinary voting shares held directly by the Company, and in the case of Jugos del Valle, S.A.P.I. de C.V., also includes non-voting shares. The country in which an associate is incorporated and registered is also its main place of business and the percentage of shareholding is the same as the percentage of votes held.

Participation movements per share for the years ended December 31, 2020 and 2019, are analyzed as follows:

DECEMBER 31, 2020						
	COUNTRY OF INCORPORATION	NATURE	VALUATION METHOD	BALANCE	GAIN (LOSS)	SHAREHOLDING INTEREST
Promotora Industrial Azucarera, S. A. de C. V. (PIASA) ⁽¹⁾	Mexico	Associated	Equity method	\$ 3,310,952	\$ 70,572	49.1849%
Jugos del Valle, S. A. P. I. (JDV) ⁽²⁾	Mexico	Associated	Equity method	981,517	10,082	14.4600%
PetStar, S. A. P. I. de C. V. (PETSTAR) ⁽³⁾	Mexico	Associated	Equity method	500,903	(22,652)	49.9000%

DECEMBER 31, 2019						
	COUNTRY OF INCORPORATION	NATURE	VALUATION METHOD	BALANCE	GAIN (LOSS)	SHAREHOLDING INTEREST
Promotora Industrial Azucarera, S. A. de C. V. (PIASA) ⁽¹⁾	Mexico	Associated	Equity method	\$ 3,278,814	\$ 166,665	49.1849%
Jugos del Valle, S. A. P. I. (JDV) ⁽²⁾	Mexico	Associated	Equity method	1,113,000	12,423	16.4473%
PetStar, S. A. P. I. de C. V. (PETSTAR) ⁽³⁾	Mexico	Associated	Equity method	523,530	(53,105)	49.9000%

(1) PIASA is a company mainly engaged in marketing the sugar it produces or acquires, among its stockholders and to third parties, and the electric power it generates, as a byproduct. That investment allows the Company to supply itself with sugar for production while at the same time reducing its exposure to the risk of sugar prices.

(2) JDV is a strategic investment mainly engaged in the production, bottling, purchase, sale, distribution and marketing of juices, nectars, fruit drinks, other drinks and dairy products sold under the Santa Clara brand name. JDV also markets products of third parties.

(3) PETSTAR is engaged in collecting and recycling PET (Polyethylene Terephthalate) waste and its conversion to food grade resin and sale, mainly but not exclusively to its stockholders.

Following is a summary of the financial information pertaining to associated companies considered to be material to AC. That information reflects the figures contained in the financial statements of relevant associates, but not of the Company's share of those amounts.

These amounts have been modified to reflect the adjustments made by AC in applying the equity method, including fair value adjustments, when applicable, and changes arising from differences in accounting policies.

There are no contingent liabilities relating to Company interest in its associates.

	PIASA		JDV		PETSTAR	
	2020	2019	2020	2019	2020	2019
SUMMARY STATEMENT OF FINANCIAL POSITION						
Current assets	\$ 2,558,739	\$ 5,947,763	\$ 5,947,763	\$ 6,025,750	\$ 329,792	\$ 227,375
Non-current assets	8,113,764	7,650,133	7,259,703	7,122,834	1,110,081	1,009,666
Current liabilities	2,259,960	1,195,795	5,817,814	4,573,289	362,755	114,743
Non-current liabilities	1,680,900	1,745,918	601,845	1,808,229	73,304	73,140
Stockholders' equity	\$ 6,731,643	\$ 6,666,303	\$ 6,787,807	\$ 6,767,066	\$ 1,003,814	\$ 1,049,158
RECONCILIATION OF BOOK BALANCES						
Beginning balance	\$ 6,666,303	\$ 6,320,729	\$ 6,767,066	\$ 5,983,864	\$ 1,049,158	\$ 1,152,307
Capital increase	-	-	99,503	727,446	-	-
Income for the year	143,484	338,854	69,727	75,535	(45,395)	(106,423)
Other comprehensive income	(78,144)	6,720	(148,489)	(19,779)	51	3,274
Ending balance	6,731,643	6,666,303	6,787,807	6,767,066	1,003,814	1,049,158
Shareholding %	49.1849%	49.1849%	14.4600%	16.4473%	49.9000%	49.9000%
Book balance	\$ 3,310,952	\$ 3,278,814	\$ 981,517	\$ 1,113,000	\$ 500,903	\$ 523,530
SUMMARY STATEMENT OF COMPREHENSIVE						
Income	\$ 7,931,992	\$ 8,380,338	\$ 21,062,361	\$ 18,387,494	\$ 1,441,372	\$ 1,422,699
Income for the year	\$ 143,484	\$ 338,854	\$ 69,727	\$ 75,535	\$ (45,395)	\$ (106,423)
Other comprehensive income	(78,144)	6,720	(148,489)	(19,779)	51	3,274
Total comprehensive income	\$ 75,311	\$ 345,574	\$ (78,762)	\$ 55,756	\$ (45,344)	\$ (103,149)

During the years ended December 31, 2020 and 2019, the Company has not received material and strategic dividends from its associates.

The Company exercises significant influence over its associates, since it is empowered to participate in the making of financial and operating policies without exercising control over them (see Note 5b. point i).

In addition to the aforementioned interest in associated companies, AC also has interests in some other associated companies that are not considered material and which are recognized by the equity method; the value, recognized in AC, of its investments in said associated companies is as follows:

	2020	2019
Aggregate balance of individual immaterial entities	\$ 3,514,837	\$ 3,252,967
Aggregated amounts of AC's share in:		
Profit from continuing operations	\$ 8,206	\$ 99,564
Total comprehensive income	\$ 8,206	\$ 99,564

None of the associated companies' shares is publicly traded, therefore, there are no published market prices.

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

Movements of property, plant and equipment for the years ended December 31, 2020 and 2019 are analyzed as follows:

	ASSETS SUBJECT TO DEPRECIATION							ASSETS NOT SUBJECT TO DEPRECIATION			TOTAL
	BUILDINGS	MACHINERY AND EQUIPMENT	TRANSPORTATION EQUIPMENT	REFRIGERATORS AND SALES EQUIPMENT	BOTTLES AND DISTRIBUTION CRATES	COMPUTER EQUIPMENT	FURNITURE AND OTHER	SUBTOTAL	LAND	INVESTMENTS IN PROCESS	
FOR THE PERIOD ENDED DECEMBER 31, 2020											
Beginning balances as of December 31, 2019	\$ 14,577,218	\$ 15,183,574	\$ 5,467,783	\$ 10,974,164	\$ 3,053,740	\$ 849,322	\$ 549,919	\$ 50,655,720	\$ 17,366,733	\$ 3,914,653	\$ 71,937,106
Reclassifications	949,600	638,873	(928,798)	94,450	17,060	(69,961)	132,110	833,334	(675,775)	(157,559)	-
Reclassified balances as of January 1, 2020	\$ 15,526,818	\$ 15,822,447	\$ 4,538,985	\$ 11,068,614	\$ 3,070,800	\$ 779,361	\$ 682,029	\$ 51,489,054	\$ 16,690,958	\$ 3,757,094	\$ 71,937,106
Effect of IAS 29 (hyperinflationary economy)	126,279	255,795	5,003	27,439	17,661	2,268	1,663	436,108	55,308	4	491,420
Effects of conversion	(62,072)	(189,777)	117,943	259,437	351,367	18,353	(29,656)	465,595	99,110	39,735	604,440
Additions / transfers	836,052	3,105,542	1,140,078	1,002,057	1,707,757	298,681	180,810	8,270,977	195,468	(1,743,335)	6,723,110
Disposals	(93,202)	(284,243)	(44,161)	(158,871)	(732,670)	(30,903)	(80,680)	(1,424,730)	(218,722)	(106,560)	(1,750,012)
Depreciation charges recognized in the year	(550,419)	(1,938,965)	(1,071,271)	(2,537,899)	(1,763,788)	(355,254)	(129,672)	(8,347,268)	-	-	(8,347,268)
Ending balance	\$ 15,783,456	\$ 16,770,799	\$ 4,686,577	\$ 9,660,777	\$ 2,651,127	\$ 712,506	\$ 624,494	\$ 50,889,736	\$ 16,822,122	\$ 1,946,938	\$ 69,658,796
DECEMBER 31, 2020											
Cost	\$ 22,474,996	\$ 33,300,827	\$ 11,852,503	\$ 21,374,708	\$ 6,428,360	\$ 2,626,914	\$ 1,764,660	\$ 99,822,968	\$ 16,822,122	\$ 1,946,938	\$ 118,592,028
Accumulated depreciation	(6,691,540)	(16,530,028)	(7,165,926)	(11,713,931)	(3,777,233)	(1,914,408)	(1,140,166)	(48,933,232)	-	-	(48,933,232)
Ending balance	\$ 15,783,456	\$ 16,770,799	\$ 4,686,577	\$ 9,660,777	\$ 2,651,127	\$ 712,506	\$ 624,494	\$ 50,889,736	\$ 16,822,122	\$ 1,946,938	\$ 69,658,796
FOR THE PERIOD ENDED DECEMBER 31, 2019											
Beginning balance as of January 1, 2019	\$ 14,487,754	\$ 16,689,428	\$ 5,738,657	\$ 11,383,427	\$ 3,026,115	\$ 868,557	\$ 677,888	\$ 52,071,026	\$ 17,820,277	\$ 3,386,507	\$ 74,078,610
Effect of IAS 29 (hyperinflationary economy)	210,105	397,630	4,592	70,068	39,070	9,183	9,796	740,444	74,789	1,531	816,764
Effects of conversion	(707,231)	(609,820)	(149,689)	(416,233)	(131,130)	(29,415)	(19,912)	(2,063,430)	(537,898)	(176,507)	(2,777,835)
Additions / transfers	2,543,681	1,865,177	1,142,312	2,220,809	1,941,060	413,372	198,727	10,325,138	317,420	925,675	11,568,233
Disposals	(1,359,279)	(933,138)	(197,236)	(186,101)	(484,158)	(27,816)	(176,219)	(3,363,947)	(307,855)	(222,553)	(3,894,355)
Depreciation charges recognized in the year	(597,812)	(2,225,703)	(1,070,853)	(2,097,806)	(1,337,217)	(384,559)	(140,361)	(7,854,311)	-	-	(7,854,311)
Ending balance	\$ 14,577,218	\$ 15,183,574	\$ 5,467,783	\$ 10,974,164	\$ 3,053,740	\$ 849,322	\$ 549,919	\$ 50,655,720	\$ 17,366,733	\$ 3,914,653	\$ 71,937,106
DECEMBER 31, 2019											
Cost	\$ 20,108,453	\$ 30,404,596	\$ 12,209,427	\$ 21,516,216	\$ 10,605,389	\$ 2,720,510	\$ 1,819,131	\$ 99,383,722	\$ 17,366,733	\$ 3,914,653	\$ 120,665,108
Accumulated depreciation	(5,531,235)	(15,221,022)	(6,741,644)	(10,542,052)	(7,551,649)	(1,871,188)	(1,269,212)	(48,728,002)	-	-	(48,728,002)
Ending balance	\$ 14,577,218	\$ 15,183,574	\$ 5,467,783	\$ 10,974,164	\$ 3,053,740	\$ 849,322	\$ 549,919	\$ 50,655,720	\$ 17,366,733	\$ 3,914,653	\$ 71,937,106

Of the depreciation expense for 2020 of \$8,347,268 (\$7,854,311 in 2019), \$2,768,003 (\$2,574,198 in 2019) was recorded in cost of sales, \$4,911,841 (\$4,629,107 in 2019) in selling expenses and \$667,424 (\$651,006 in 2019) in administration expenses, respectively.

Investments in process at December 31, 2020 and 2019 correspond mainly to the construction of buildings and investments in production equipment, distribution and improvements.

NOTE 12 - GOODWILL AND INTANGIBLE ASSETS, NET

Movements in intangible assets for the years ended December 31, 2020 and 2019, are as follows:

	INTANGIBLE ASSETS ACQUIRED					TOTAL
	GOODWILL	BOTTLING CONTRACTS	TRADEMARKS	SOFTWARE LICENSES	OTHER	
BEGINNING BALANCES AS OF DECEMBER 31, 2019	\$ 54,349,606	\$ 50,499,021	\$ 3,928,376	\$ 1,189,483	\$ 3,451,051	\$ 113,417,537
Reclassifications	(594,725)	(1,487,279)	(643,026)	(514,004)	3,239,034	-
Reclassified balances as of January 1, 2020	\$ 53,754,881	\$ 49,011,742	\$ 3,285,350	\$ 675,479	\$ 6,690,085	\$ 113,417,537
Effect of translation	1,530,329	947,940	163,931	63,964	97,427	2,803,591
Additions	-	-	-	2,434	170,116	172,550
IAS 29 (hyperinflationary economy) effect	643,959	150,226	-	-	(1,355)	792,830
Disposals	-	-	-	-	(63,405)	(63,405)
Amortization charges	-	-	(6,833)	(138,741)	(553,203)	(698,777)
	\$ 55,929,169	\$ 50,109,908	\$ 3,442,448	\$ 603,136	\$ 6,339,665	\$ 116,424,326
DECEMBER 31, 2020						
Attributed cost	\$ 55,929,169	\$ 50,109,908	\$ 3,511,038	\$ 948,472	\$ 9,323,050	\$ 119,821,637
Accumulated amortization	-	-	(68,590)	(345,336)	-	(3,397,311)
Net book value	\$ 55,929,169	\$ 50,109,908	\$ 3,442,448	\$ 603,136	\$ 6,339,665	\$ 116,424,326
BEGINNING BALANCES AS OF DECEMBER 31, 2019	\$ 56,305,640	\$ 52,124,584	\$ 4,183,037	\$ 1,334,650	\$ 3,142,197	\$ 117,090,108
Effect of translation	(2,856,801)	(1,868,946)	(116,003)	(5,377)	(32,931)	(4,880,058)
Additions	-	-	329	2,102	673,627	676,058
IAS 29 (hyperinflationary economy) effect	813,263	243,383	-	221	-	1,056,867
Acquisitions resulting from business combinations	87,504	-	-	-	74,003	161,507
Disposals	-	-	(16,042)	-	(67,567)	(83,609)
Amortization charges	-	-	(122,945)	(142,113)	(338,278)	(603,336)
Ending balance at December 31, 2019	\$ 54,349,606	\$ 50,499,021	\$ 3,928,376	\$ 1,189,483	\$ 3,451,051	\$ 113,417,537
DECEMBER 31, 2019						
Attributed cost	\$ 54,349,606	\$ 50,506,195	\$ 4,485,263	\$ 1,858,383	\$ 4,666,768	\$ 115,866,215
Accumulated amortization	-	(7,174)	(556,887)	(668,900)	(1,215,717)	(2,448,678)
Net book value	\$ 54,349,606	\$ 50,499,021	\$ 3,928,376	\$ 1,189,483	\$ 3,451,051	\$ 113,417,537

Of the amortization expense for 2020 of \$698,777 (\$603,336 in 2019), \$17,622 (\$21,822 in 2019) was recorded in cost of sales, \$30,981 (\$35,881 in 2019) in selling expenses and \$650,174 (\$545,633 in 2019) in administration expenses, respectively.

Goodwill acquired from business combinations is assigned at the acquisition date to CGUs expected to benefit from the synergies arising from said combinations.

The book value of goodwill assigned to the different CGUs or groups of CGUs are as follows:

CASH GENERATING UNIT:	2020		2019	
Beverages Mexico	\$	7,835,007	\$	7,835,007
Beverages US		20,657,832		18,929,876
Beverages Peru		10,020,660		10,365,749
Beverages Ecuador		9,218,749		8,727,411
Beverages Argentina		2,462,682		2,416,785
Wise Foods		2,661,699		2,519,836
Inalecsa		654,279		619,408
Toni		1,674,960		1,585,688
Vend		343,235		355,055
Nayhsa		256,773		256,773
Other		143,293		143,293
	\$	55,929,169	\$	53,754,881

At December 31, 2020 and 2019, except for Beverages Ecuador and Toni CGUs, the estimation of the recovery value of the CGUs identified was conducted through the value in use, using the revenue approach. The value in use was determined by discounting future cash flows generated by the continuous use of the CGUs, using the following key assumptions, among others:

	RANGE AMONG CGUS			
	2020		2019	
Rate of growth in volume	0.8%	6.4%	0.5%	3.3%
Rate of growth in sales ⁽¹⁾	3.4%	34.8%	3.7%	35.1%
Operating margin (as a % of sales)	2.8%	18.8%	5.0%	22.5%
Other operating costs	1.4%	19.2%	5.1%	24.6%
Annual CAPEX (as a % of sales)	2.2%	7.0%	1.8%	7.6%
Discount rate	5.2%	13.3%	5.8%	15.5%

(1) Including the hyperinflation effects.

At December 31, 2020 and 2019:

- The determination of cash flows is based on the financial projections approved by Management for a five-year period and considering a multiple of operating cash flow to perpetuity and are dependent on the expected growth rates of the volume, which are based in historical performances and the expectation of growth of the industry in which AC operates.
- The discount rate was calculated based on the weighted average of the capital (at market value) of the cost of all sources of financing that form part of the capital structure of CGUs (liabilities with cost and shareholding capital) and reflect the specific risks related to AC's relevant operating segments.
- The volume of sales is the average growth rate over the five year projection period. It is based on past performance and Management expectations for market development.
- The sales price is the average growth rate over the five years projection period. It is based on actual industry trends and includes long-term inflation forecasts for each territory.
- The operating margin corresponds to the average margin as a percentage of sales over the five-year projection period. It is based on actual sales margin levels and product mixture. Given the nature of the operation, no increases are expected in the cost of raw materials that cannot be passed on to customers, which may have required an adjustment in the determination of future margins.
- Other operating costs are fixed costs of CGUs, as a percentage of sales, which do not differ significantly from sales volumes and prices. Management projected those costs based on the current business structure, and adjusted increases for inflation. They do not reflect any future restructuring or cost reduction measures. The percentages disclosed above are the average of other operating costs for the five-year projected period with respect to sales.

Arca Continental, S.A.B. DE C.V. and Subsidiaries

- Annual CAPEX represents the percentage of sales for investing in machinery and equipment in order to maintain operations at current levels. It is based on historical Management experience and on plans for machinery and equipment replacement as required in accordance with the Coca-Cola System. No incremental sales or cost reductions are assumed in the value in use model as a result of these investments.

Values in use resulting from impairment calculations for all Company CGUs, prepared on the aforementioned basis, exceed the book value of each of the CGUs, as shown below:

UNIDAD GENERADORA DE EFECTIVO	% OF VALUE IN USE OVER BOOK VALUE	
	2020	2019
Beverages Mexico	589%	596%
Beverages US	64%	60%
Beverages Peru	37%	48%
Beverages Argentina ⁽¹⁾	856%	353%
Bebidas Ecuador ⁽²⁾	37%	-
Toni ⁽²⁾	14%	-
Wise Foods	6%	10%
Inalecsa	25%	33%
Nayhsa	235%	21%

(1) Including the hyperinflation effects.

(2) In 2020, the Company elected to use a single valuation model based on discounted future cash flows to be consistent in its assessments in accordance with the established in the accounting standard.

In 2019, the valuation method used was the fair value less cost of disposal (FVLCO) of the underlying assets. In the case of Bebidas Ecuador and Toni, the excess of FVLCO over the book value was 72% and 8%, respectively.

As a result of the macroeconomic, political and social factors which occurred in Ecuador in 2018, the cash flow projections of the businesses in this country were affected, therefore the Company, in 2019, analyzed the impairment with FVLCO, different from the value of use, prepared using more conservative bases for the Bebidas Ecuador and Toni CGU. The additional calculation was made by evaluating the FVLCO of the underlying assets. The valuation is considered Level 3 in the fair value hierarchy due to non-observable data used in the valuation.

Management approach and the main assumption used to determine FVLCO of the CGUs was EBITDA multiples, which the Administration considers to be an acceptable factor in the beverage industry.

Management considers that a possible change in the key assumptions used, within a reasonable range, would not cause the book value of the CGUs to materially exceed their value in use.

As a result of annual testing for impairment, the Company recognized no impairment losses in the years ended December 31, 2020 and 2019 (see Note 5).

NOTE 13 - LEASES

This note provides information for leases where the Company is a lessee.

I. AMOUNTS RECOGNIZED IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The consolidated statements of financial position present the following amounts relating to leases:

	2020		2019	
RIGHT-OF-USE ASSETS				
Buildings	\$	1,223,275	\$	1,077,844
Transportation equipment		414,818		371,646
Machinery and equipment		236,549		168,295
Land		13,447		12,958
	\$	1,888,089	\$	1,630,743
Accumulated depreciation of right-of-use assets		(698,093)		(453,725)
Right-of-use assets	\$	\$1,189,996	\$	\$1,177,018

Additions to the right-of-use assets during the 2020 and 2019 financial years were \$875,097 and \$377,182, respectively.

	2020		2019
LEASE LIABILITIES			
Current	\$ 358,034	\$	247,892
Non-current	853,223		934,736
	\$ 1,211,257	\$	1,182,628

II. AMOUNTS RECOGNIZED IN THE CONSOLIDATED STATEMENT OF INCOME

The consolidated statement of income shows the following amounts relating to leases:

	NOTE	2020	2019
DEPRECIATION CHARGE OF RIGHT-OF-USE ASSETS:			
Buildings		\$ 281,568	\$ 224,377
Transportation equipment		193,539	153,891
Machinery and equipment		98,899	94,254
Land		3,597	7,224
		\$ 577,603	\$ 479,746
Interest expense (included in financial expenses)	24	\$ 78,355	\$ 85,439
Expense relating to short-term leases, insignificant value assets and variable lease payments (included in cost of goods sold and administrative expenses)	21	\$ 191,910	\$ 292,839

The total cash outflow for leases in 2020 and 2019 was \$616,055 and \$517,189, respectively.

NOTE 14 - DEBT

A) AS OF DECEMBER 31, 2020 AND 2019 THE DEBT IS ANALYZED AS FOLLOWS:

	2020	2019
Debt instruments and bonds	\$ 32,609,184	\$ 36,482,393
Scotiabank	4,614,527	4,997,827
Bancomext	4,189,019	4,235,192
Banamex	2,696,391	1,596,467
Santander	1,448,125	1,560,075
Banco JP Morgan	1,491,123	1,410,168
Bank of America, N.A.	1,173,856	1,109,937
BBVA	699,069	698,446
International Finance Corp.	472,855	596,946
Banco Interamericano de Finanzas	444,804	-
Banco Rabobank	347,308	329,117
Banco Internacional	338,898	149,356
Banco Bolivariano	49,838	70,773
Citibank Ecuador	-	10,784
Financial leases and other	2,112	13,985
Total debt	50,577,109	53,261,466
Current portion of debt	(7,132,136)	(6,761,038)
Non-current debt	\$ 43,444,973	\$ 46,500,428

Arca Continental, S.A.B. DE C.V. and Subsidiaries

B) THE TERMS, CONDITIONS AND BOOK VALUE OF NON-CURRENT DEBT ARE AS FOLLOWS:

	COUNTRY	CURRENCY	INTEREST RATE		MATURITY DATE	FREQUENCY INTEREST PAYMENT	AT DECEMBER 31,	
			CONTRACTUAL	EFFECTIVE			2020	2019
CEBUR ARCA 11-2	Mexico	MXN	7.63%	7.75%	01/10/2021	Biyearly	\$ -	\$ 2,000,000
CEBUR ARCA 13-2	Mexico	MXN	5.88%	5.99%	10/03/2023	Biyearly	1,700,000	1,700,000
CEBUR ACBE 17	Mexico	MXN	7.84%	7.95%	03/09/2027	Biyearly	6,000,000	6,000,000
CEBUR ACBE 17-2 ^(2a)	Mexico	MXN	TIIE 28 plus 0.20%	4.49%	09/09/2022	Monthly	1,000,000	1,000,000
Bonos Corporativos 144A	Peru	US	6.75%	6.86%	23/11/2021	Biyearly	-	2,446,915
Bonos Corporativos 144A	Peru	US	4.63%	4.68%	12/04/2023	Biyearly	2,006,325	2,529,259
Bono Privado	Peru	SOL	7.50%	7.64%	09/12/2026	Biyearly	826,275	854,730
Private bond at 12 years	USA	US	3.49%	3.52%	28/12/2029	Biyearly	7,950,075	7,524,564
Private bond at 15 years	USA	US	3.64%	3.66%	28/12/2032	Biyearly	7,950,075	7,524,564
Debt instruments and bonds							\$ 27,432,750	\$ 31,580,032
Bancomext	Mexico	MXN	TIIE 91 plus 0.80%	5.41%	22/06/2027	Quarterly	\$ 4,130,186	\$ 4,173,333
Banamex	Mexico	MXN	TIIE 91 plus 1.50%	6.15%	18/05/2022	Quarterly	1,098,396	-
Banamex	Mexico	MXN	TIIE 91 plus 0.90%	5.49%	15/06/2024	Quarterly	1,597,995	1,596,467
Santander ^(2b)	Mexico	MXN	TIIE 91 plus 0.90%	5.49%	20/06/2024	Quarterly	1,448,125	1,446,839
Banco JP Morgan	Mexico	MXN	3.84%	3.95%	25/04/2025	Biyearly	1,305,508	1,410,168
Scotiabank	Mexico	US	TIIE 91 plus 1.45%	6.11%	06/05/2022	Quarterly	1,248,060	-
Scotiabank	Mexico	MXN	TIIE 28 plus 0.60%	5.09%	19/01/2022	Monthly	273,738	1,368,688
Scotiabank ^(2b)	Mexico	MXN	TIIE 91 plus 0.50%	5.07%	20/06/2024	Quarterly	999,033	998,374
Scotiabank	Mexico	MXN	TIIE 91 plus 0.50%	5.08%	15/06/2024	Quarterly	998,747	997,792
BBVA	Mexico	MXN	TIIE 91 plus 0.90%	5.50%	21/06/2024	Quarterly	699,069	698,446
Bank of America	Ecuador	US	1.10%	0.96%	16/07/2024	Biyearly	704,724	666,145
International Finance Corp.	Ecuador	US	3.50%	3.50%	15/12/2023	Biyearly	314,473	447,006
Bank of America	Ecuador	US	2.75%	2.87%	16/07/2024	Biyearly	469,132	443,792
Banco Internacional	Ecuador	US	7.40%	7.61%	12/04/2022	Quarterly	47,052	84,927
Banco Internacional	Ecuador	US	8.75%	9.11%	07/04/2025	Monthly	249,190	-
Banco Bolivariano	Ecuador	US	8.25%	8.25%	09/03/2021	Biyearly	-	70,773
Banco Bolivariano	Ecuador	US	8.83%	9.15%	25/09/2025	Biyearly	43,200	-
Banco Rabobank	Ecuador	US	3.05%	3.31%	27/10/2021	Biyearly	-	56,406
Scotiabank	Peru	SOL	4.25%	4.25%	29/12/2023	Quarterly	-	459,057
Banco Interamericano de Finanzas	Peru	SOL	1.94%	1.94%	30/12/2023	Quarterly	385,595	-
Financial bank loans							\$ 16,012,223	\$ 14,918,213
Financial leases and other							-	2,183
Total							\$ 43,444,973	\$ 46,500,428

(1) Short-term stock certificate derived at its expiration date.

(2) The Company has contracted swaps for these loans in order to fix the interest rate at 7.369%(2a), in 7.225% (2b) and 7.225% (2c). Considering for the payment the agreed spreads.

C) AT DECEMBER 31, 2020, ANNUAL MATURITIES OF THE NON-CURRENT DEBT ARE COMPRISED AS FOLLOWS:

	2022	2023	2024	2025 ONWARD	TOTAL
Debt instruments and bonds	\$ 2,295,450	\$ 2,407,369	\$ -	\$ 22,729,931	\$ 27,432,750
Bank loans	5,761,135	3,516,862	3,451,756	3,282,470	16,012,223
	\$ 8,056,585	\$ 5,924,231	\$ 3,451,756	\$ 26,012,401	\$ 43,444,973

At December 31, 2019, annual maturities of the non-current debt are comprised as follows:

	2021	2022	2023	2024 ONWARD	TOTAL
Debt instruments and bonds	\$ 5,060,001	\$ 2,225,377	\$ 2,384,472	\$ 21,910,182	\$ 31,580,032
Bank loans	1,698,628	3,378,128	3,444,757	6,396,700	14,918,213
Financial lease and other	2,183	-	-	-	2,183
	\$ 6,760,812	\$ 5,603,505	\$ 5,829,229	\$ 28,306,882	\$ 46,500,428

D) FOLLOWING IS AN ANALYSIS AND MOVEMENTS OF NET DEBT DURING THE YEARS ENDED DECEMBER 31, 2020 AND 2019:

	2020	2019
Cash and cash equivalents	\$ 27,335,702	\$ 22,051,280
Current debt	(7,132,136)	(6,761,038)
Non-current debt	(43,444,973)	(46,500,428)
Net debt	\$ (23,241,407)	\$ (31,210,186)
Cash and cash equivalents	\$27,335,702	\$22,051,280
Debt at fixed rate	(34,078,189)	(38,282,468)
Debt at variable rate	(16,498,920)	(14,978,998)
Net debt	\$ (23,241,407)	\$ (31,210,186)

FINANCIAL LIABILITIES

	CASH AND CASH EQUIVALENTS	SHORT TERM		LONG TERM	
		BONDS	FINANCIAL DEBT	BONDS	FINANCIAL DEBT
Net debt at January 1, 2020	\$ 22,051,280	\$ (4,916,812)	\$ (1,844,226)	\$ (31,580,031)	\$ (14,920,397)
Cash inflow	94,198,208	-	(887,773)	-	(3,201,530)
Cash outflow	(89,294,634)	5,206,499	2,462,692	12,486	647,481
Exchange rate effects	139,701	182,205	(27,785)	(988,172)	(189,987)
Other movements not requiring cash flows	241,147	(5,659,152)	(1,647,784)	5,122,967	1,652,210
Net debt at December 31, 2020	\$ 27,335,702	\$ (5,187,260)	\$ (1,944,876)	\$ (27,432,750)	\$ (16,012,223)

FINANCIAL LIABILITIES

	CASH AND CASH EQUIVALENTS	SHORT TERM		LONG TERM	
		BONDS	FINANCIAL DEBT	BONDS	FINANCIAL DEBT
Net debt at January 1, 2019	\$ 15,940,867	\$ (2,544)	\$ (2,669,410)	\$ (37,486,469)	\$ (15,668,385)
Cash inflow	96,097,961	-	(101,287)	-	(1,297,442)
Cash outflow	(89,647,830)	2,497	2,789,866	-	11,001
Exchange rate effects	(492,976)	34,502	47,705	790,937	72,890
Other movements not requiring cash flows	153,258	(4,951,267)	(1,911,100)	5,115,501	1,961,539
Net debt at December 31, 2019	\$ 22,051,280	\$ (4,916,812)	\$ (1,844,226)	\$ (31,580,031)	\$ (14,920,397)

E) MAIN FEATURES OF THE DEBT:

The debt of the Tonicorp subsidiaries owed to International Finance Corp. is secured with certain fixed assets belonging to those subsidiaries, whose net book value at December 31, 2020, in the percentage corresponding to AC is \$1,049,029 (\$993,119 in 2019). These guarantees were granted as a result of the investment in Tonicorp joint operation. Those guarantees fall within the parameters permitted by the debt restrictions specified later herein.

Distribuidora Importadora Dipor, S.A., subsidiary in Ecuador of AC Bebidas, S. de R.L. C.V. in Mexico, signed a new loan contract on September 29, 2020 with Banco Bolivariano CA for \$111,799 (USD \$ 5,000) with a term of 5 years at a nominal rate of 8.83% per year.

Industrias Lácteas Toni, S.A., a subsidiary in Ecuador of AC Bebidas, S. de R.L. C.V. in Mexico signed a new loan agreement on September 28, 2020 with Banco Internacional S.A. for \$558,995 (USD \$ 25,000) with a term of 55 months at a nominal rate of 8.75% per year.

Arca Continental, S.A.B. de C.V. (Holding) in Mexico signed a new loan agreement on May 18, 2020 with Banco Nacional de Mexico, S.A. for \$1,100,000 with a term of 2 years at a nominal rate of TIE 91 days + 1.50 percentage points.

Arca Continental, S.A.B. de C.V. (Holding) in Mexico signed a new loan agreement on May 6, 2020 with Scotiabank Inverlat, S.A. for \$1,250,000 with a term of 2 years at a nominal rate of TIE 91 days + 1.45 percentage points.

The cash flows obtained from the new loans mentioned in the previous paragraphs were used to make the payment for 25,000,000 Stock Certificates issued by Embotelladoras Arca, S.A.B. de C.V., with ticker symbol "ARCA 10" for a total amount of \$2,500,000 in addition to \$ 97,825 corresponding to financial expenses accrued during the term of the issuance. The payment of interest and principal was made on November 13, 2020.

On July 11, 2019, AC Bebidas, S. de R.L. de C.V., in Ecuador signed a new loan agreement with Bank of America for \$1,176,777 (US\$59,000), with a maturity of 5 years. The loan comprised the following amounts: \$470,471 (US\$23,600) and \$705,706 (US\$35,400) at a rate of 2.75% and 1.10%, respectively. Likewise, AC Bebidas signed, in Ecuador, a loan agreement with Bank of America for \$ 1,113,489 (US \$ 59,000), with a term of 5 years. The loan is made up of the following amounts: \$445,396 (US \$ 23,600) and \$ 668,093 (US \$ 35,400) at a rate of 2.75% and 2.98% respectively

On December 28, 2017, CCSWB in the US issued the first block of new debt with syndicated creditors through a private placement through two 12- and 15-year bond issuances for \$ 5,980,560 (US \$ 300 million) each. A second block of debt was issued on March 1, 2018 for \$ 1,993,520 (US \$ 100 million) for 12 and 15 years each.

On April 29, 2016, CL repurchased \$395,464 (US\$70,000) of Bond 21 and \$2,591,576 (US\$130,000) of Bond 23. Cash paid at that date for the repurchase, equivalent to fair value, was \$1,618,738 (US\$81,200) and \$2,743,113 (US\$137,150), respectively, for Bonds 21 and 23. The Company evaluated that transaction and concluded that it represented no substantial modification to Bonds 21 and 23. The cash involved in this operation was paid from cash surpluses and local bank financing in local currency. On December 9, 2016, CL issued local corporate bonds in the amount of \$826,275 (150 thousand Peruvian soles) at a rate of 7.5% per annum, maturing on December 9, 2026. The resources received have been used to pay off local short-term bank loans.

On November 23, 2011, Corporación Lindley, S.A. (CL) conducted the international issuance of corporate bonds under rule 144A / Regulation S of the Securities Market Law of the US for an amount of \$6,379,264 (US \$320,000) at a rate of 6.75% and maturing on 23 November 2021 (Bonus 21). Likewise, on April 12, 2013, another international bond issuance was conducted, under the same Regulation, for an amount of \$5,183,152 (US \$260,000) at a rate of 4.63% and maturing on April 12, 2023 (Bond 23). 144 A corporate bonds do not require collateral.

Financial leasing is secured with items related to the contracts.

AC Bebidas, Distribuidora Arca Continental, S.A. de C.V. and Bebidas Mundiales, S.A. de C.V. act as guarantors of the debt in Mexico, and AC Bebidas is guarantor of the private bonds by its subsidiary CCSWB in the US.

Debt restrictions:

Most long-term debt agreements specify normal conditions, mainly as concerns the delivery of internal and audited financial information. Failure to provide that information within the specified term to the satisfaction of the creditors could be considered a default.

Furthermore, long-term debt certificates are subject to certain restrictive obligations, which, among other things, unless authorized in writing by the holders of the debt certificates, limit the capacity to:

- Change or modify the main line of business or operations of the Company and of its subsidiaries.

- Incur or assume any guaranteed debt on a lien, including the subsidiaries, unless: i) simultaneously at the time of creating any lien, the issuer (the Company in this case) guarantees in the same manner its obligations pertaining to the debt certificates, or ii) the liens are permitted as described in dual revolving debt certificate programs.
- In the case of mergers in which the Company is merged, the surviving company must expressly assume the Company obligations as issuer of the debt.

Furthermore, certain bank loan agreements and the private bonds of CCSWB contain obligations similar to the foregoing and require compliance with of financial ratios, interest coverage and maximum debt over cash flow ratios, noncompliance with which requires dispensation by the respective bank.

The fair value of the non-current debt is disclosed in Note 20. The fair value of current debt is equivalent to book value, as the discount impact is not significant. Fair values at December 31, 2020 and 2019 are based on several different discount rates, which fall within level 2 of the fair value hierarchy (see Note 20).

At December 31, 2020 and 2019, and at the date of issuance of these consolidated financial statements, the Company and its subsidiaries had duly complied with the obligations set down in the loan agreements.

NOTE 15 - OTHER LIABILITIES

Other current and non-current liabilities is comprised as follows:

	2020	2019
CURRENT:		
Sundry creditors	\$ 1,055,702	\$ 1,193,521
Federal and state taxes payables ⁽¹⁾	2,418,195	2,593,209
Accrued expenses payable	6,179,929	4,296,160
Employees' statutory profit sharing payable	866,193	1,020,571
Bonuses	41,859	48,214
Contingent liabilities	299,207	99,296
Dividends payable	77,989	64,638
Other	8,549	14,823
Total current liabilities	\$ 10,947,623	\$ 9,330,432
NON-CURRENT:		
Guarantee deposits per bottle	\$252,997	\$ 251,954
Contingent liabilities	20,446	21,257
Other provisions	-	66,076
Other	556,663	359,443
Total other non-current liabilities	\$ 830,106	\$ 698,730

(1) Sales in Mexico, Peru and Ecuador of beverages containing added sugar, as well as snack food with a certain caloric density defined by law are subject to special taxes. These are indirect taxes where the Company acts as a collection agent by charging the amount in question to the end consumer. That tax is paid to the authorities on a monthly basis.

Movements in the contingent liabilities are as follows.

	2020	2019
Beginning balance:	\$ 120,553	\$ 191,094
Debit (credit) to income:		
Additional provisions	290,384	3,939
Provisions used	(64,535)	(57,989)
Exchange rate differences	(26,749)	(16,491)
Ending balance	\$ 319,653	\$ 120,553

NOTE 16 - EMPLOYEE BENEFITS

The Company has several labor liabilities for employee benefits related to pensions, seniority premiums, major medical expenses and severance indemnities.

The Company operates defined benefit pension plans based on compensation at retirement and length of service. Most plans have been funded by the Company. Plan assets are held in trust and governed by local regulations and practices, such as the nature of the relationship between the Company and the trust beneficiaries (or equivalents) and the composition thereof. The recording method, assumptions and frequency of valuation are similar to those used for pension benefit plans. The major medical expense plan for a group of employees complying with certain requirements, mainly related to previous defined obligation plans; The recording method, assumptions and frequency of valuation are similar to those used in long-term employee benefit plans. Certain Company subsidiaries have defined contribution plans.

The following table shows the payments or contributions of the plans expect to make in the next few years:

	PENSION BENEFITS	SENIORITY PREMIUM	MAJOR MEDICAL EXPENSES	TERMINATION BENEFITS	TOTAL
2021	\$ 242,923	\$ 83,966	\$ 40,484	\$ 11,896	\$ 379,269
2022	233,186	83,689	43,011	13,557	373,443
2023	267,927	89,299	45,639	15,117	417,982
2024	313,075	95,688	48,750	17,028	474,541
2025	365,633	99,712	52,260	18,825	536,430
2026-2030	2,649,982	581,180	327,438	106,625	3,665,225

The Company's main subsidiaries in Mexico have set up funds for the payment of pensions, seniority premiums and medical expenses, which are handled through irrevocable trusts. In 2020 and 2019, no contributions were made.

In Argentina and Peru, there is no obligation to provide long-term employee benefits, which are covered by the government of each country. In Ecuador, there are pension plans in place for retirement and dismissal (benefits upon termination of employment). In a termination of employment, whether voluntary or involuntary, the employer pays the employee 25% of the equivalent of the most recent monthly remuneration for each year worked.

A) BALANCES OF PENSION PLAN LIABILITIES:

	2020	2019
PENSION BENEFITS:		
Present value of defined benefit obligations	\$ (5,295,329)	\$ (4,852,877)
Fair value of plan assets	1,988,060	2,011,347
Liabilities in the consolidated statement of financial position	(3,307,269)	(2,841,530)
SENIORITY PREMIUM:		
Present value of defined benefit obligations	(882,857)	(738,498)
Fair value of plan assets	6,434	5,883
Liabilities in the consolidated statement of financial position	(876,423)	(732,615)
MAJOR MEDICAL EXPENSES:		
Present value of defined benefit obligations	(1,105,824)	(865,735)
Fair value of plan assets	260,309	241,897
Liabilities in the consolidated statement of financial position	(845,515)	(623,838)
TERMINATION BENEFITS:		
Present value of defined benefit obligations	(219,972)	(192,036)
Liabilities in the consolidated statement of financial position	(219,972)	(192,036)
Employee benefits	\$ (5,249,179)	\$ (4,390,019)

B) MOVEMENT IN THE EMPLOYEE BENEFIT OBLIGATION:

	2020	2019
PENSION BENEFITS:		
As of January 1	\$ (4,852,877)	\$ (4,725,524)
Labor cost	(216,362)	(186,133)
Interest cost	(288,682)	(310,604)
Remeasurement - actuarial gains	(212,533)	(449,434)
Exchange differences	(25,070)	50,480
Benefits paid	287,444	751,991
Labor cost for past services	12,751	-
Reductions	-	16,347
As of December 31	\$ (5,295,329)	\$ (4,852,877)
SENIORITY PREMIUM:		
As of January 1	\$ (738,498)	\$ (389,889)
Labor cost	(50,310)	(26,818)
Interest cost	(52,625)	(33,843)
Remediation - for changes in assumptions	(90,667)	(356,423)
Benefits paid	49,243	68,475
As of December 31	\$ (882,857)	\$ (738,498)
MAJOR MEDICAL EXPENSES:		
As of January 1	\$ (865,735)	\$ (569,320)
Current service cost	(6,045)	(9,507)
Interest cost, net	(61,826)	(49,031)
Remediation - losses due to changes in assumptions	(174,955)	(275,923)
Exchange differences	-	990
Benefits paid	2,737	37,056
As of December 31	\$ (1,105,824)	\$ (865,735)
TERMINATION BENEFITS:		
As of January 1	\$ (192,036)	\$ (209,276)
Current service cost	(26,204)	(24,059)
Interest cost, net	(7,016)	(7,407)
Remediation - gains from changes in assumptions	(6,958)	10,396
Exchange differences	(10,552)	8,147
Benefits paid	22,794	29,253
Reductions	-	910
As of December 31	\$ (219,972)	\$ (192,036)

C) CHANGES IN THE FAIR VALUE OF PLAN ASSETS:

	2020	2019
As of January 1	\$ 2,259,127	\$ 2,772,352
Return on plan assets	135,419	128,805
Gains (losses) from changes in assumptions	-	67,911
Exchange differences	-	(22,821)
Benefits paid	(142,388)	(642,449)
Reductions	2,645	(44,671)
As of December 31	\$ 2,254,803	\$ 2,259,127

Plan assets include the following:

	2020		2019	
Equity instruments	\$ 316,749	14%	\$ 317,140	14%
Debt instruments	1,853,670	82%	1,857,598	82%
Real estate	66,300	3%	66,305	3%
Others	18,084	1%	18,084	1%
Total	\$ 2,254,803		\$ 2,259,127	

D) AMOUNTS RECOGNIZED IN THE CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME:

	2020		2019	
PENSION BENEFITS:				
Labor cost	\$ 216,362		\$ 186,133	
Interest cost, net	184,803		152,862	
Reductions and other	(2,900)		(4,763)	
Total included in personnel costs	\$ 398,265		\$ 334,232	
SENIORITY PREMIUM:				
Labor cost	\$ 50,310		\$ 26,818	
Interest cost, net	52,340		32,684	
Total included in personnel costs	\$ 102,650		\$ 59,502	
MAJOR MEDICAL EXPENSES:				
Current cost of service	\$ 6,045		\$ 9,507	
Interest cost, net	51,378		28,899	
Total included in personnel costs	\$ 57,423		\$ 38,406	
TERMINATION BENEFITS:				
Current cost of service	\$ 26,204		\$ 24,059	
Interest cost, net	7,342		7,408	
Reductions and other	52,988		32,737	
Total included in personnel costs	86,534		64,204	
	\$ 644,872		\$ 496,344	

Total expenses recognized for the years ended December 31 were prorated as follows:

	NOTE	2020		2019	
Cost of sales		\$ 82,548		\$ 59,436	
Sales expenses		183,235		110,440	
Administrative expenses		117,853		127,798	
Financial result	24	261,236		198,670	
Total		\$ 644,872		\$ 496,344	

	2020		2019	
Actuarial losses - Financial assumptions	\$ 129,788		\$ 709,363	
Actuarial losses - Adjustments to the minimum wage	-		232,287	
Actuarial losses - Experience adjustments	164,806		179,886	
Actuarial losses - Demographic assumptions and past services	160,258		54,719	
Remeasurements recognized in other comprehensive income for the period	\$ 454,852		\$ 1,176,255	

E) ACTUARIAL ASSUMPTIONS AND ASSOCIATED RISKS:

The main actuarial assumptions were as follows:

	2020	2019
Discount rate Mexican pesos	7.25%	7.50%
Discount rate U.S. dollars	3.16%	3.41%
Inflation rate	3.50%	3.50%
Wage growth rate	4.50%	4.50%
Future pension increase	4.50%	4.50%
Expected return on plan assets	7.25%	7.50%
Life expectancy	26.37 years	23.38 years

The sensitivity of the pension benefit plans to change in key assumptions at December 31, 2020 is as follows:

	CHANGE IN THE ASSUMPTION	PERCENTAGE IMPACT ON THE PLAN	
		INCREASE IN THE ASSUMPTION	DECREASE IN THE ASSUMPTION
Discount rate	1.00%	(8.76%)	10.53%
Wage growth rate	1.00%	4.84%	(4.13%)
Future pension increase	1.00%	4.50%	4.50%

The above sensitivity analyses are based on a change in one assumption with all other assumptions remaining constant. In practice, these are very unlikely to occur, and there could be changes in other related assumptions. When calculating the sensitivity of pension benefit plans based on the main actuarial assumptions, the same method has been used as for calculating pension benefit plan liabilities recorded in the consolidated statement of financial position. The methods and type of assumptions used in preparing the sensitivity analysis was consistent with respect to the prior period.

As concerns the defined benefit pension plan and major medical expense plans, the Company is exposed to a number of risks, the most significant of which are listed below:

Asset volatility - Labor liability obligations are calculated at a discount rate determined as per IAS 19. If plan assets show returns below that rate, the difference is recorded as a deficit. The Company intends to reduce the risk level to a minimum, through investment in assets with a profile similar to the liabilities in question, and considers that due to the long-term nature of the labor obligations and to AC strength, the level of investment in capital instruments is a relevant element that forms part of the Company's long-term strategy, with a view to managing the plans efficiently.

Changes in the discount rate - A decrease in the discount rate would result in an increase in plan obligations. However, that would be partially offset by the increase in value of bonds held by those plans.

Inflation risk - Certain labor obligations are linked to inflation and higher inflation would result in an increase in plan obligations.

Life expectancy - Most plan obligations give rise to benefits for their members, which means that an increase in life expectancy would lead to an increase in plan obligations.

The Company has not modified the processes and activities involved in managing the aforementioned risks in relation to prior years. Investments are diversified, and therefore, circumstances relating to any investment would have no significant impact on the value of plan assets.

NOTE 17 - DEFERRED TAXES ON INCOME

Following is an analysis of the deferred tax asset and the deferred tax liability:

	2020	2019
Deferred tax asset	\$ 2,590,689	\$ 1,691,427
Deferred tax liability	(17,039,846)	(16,559,266)
Deferred tax liability, net	\$ (14,449,157)	\$ (14,867,839)

Gross movement in the deferred taxes is as follows:

	2020	2019
At January 1	\$ (14,867,839)	\$ (16,358,938)
Credit to the consolidated statement of income	400,468	744,925
Favorable tax pertaining to components on other comprehensive income items	105,060	312,919
Effect of translation	(86,846)	433,255
At December 31	\$ (14,449,157)	\$ (14,867,839)

Deferred tax liability movements over the year are explained below:

	ASSET (LIABILITY) AT DECEMBER 31,	
	2020	2019
Employee benefits	\$ 857,773	\$ 665,302
Unamortized tax losses	120,877	331,983
Employees' statutory profit sharing	318,716	177,818
Provisions and others	1,473,299	1,003,325
Deferred tax asset	2,770,665	2,178,428
Property, plant and equipment - net	(4,783,548)	(5,133,849)
Intangible assets	(12,296,742)	(11,777,376)
Prepayments	(230,784)	(67,526)
Other	91,252	(67,516)
Deferred tax liability	(17,219,822)	(17,046,267)
Deferred tax liability - net	\$ (14,449,157)	\$ (14,867,839)

Following are movements in temporary differences over the year:

	BALANCE AT DECEMBER 31, 2019	APPLIED TO INCOME	APPLIED TO OTHER COMPREHENSIVE INCOME	CONVERSION OF FOREIGN SUBSIDIARIES	BALANCE AT DECEMBER 31, 2020
Employee benefits	\$ 665,302	\$ 129,245	\$ 63,226	\$ -	\$ 857,773
Unamortized tax losses	331,983	(211,106)	-	-	120,877
Employees' statutory profit sharing	177,818	140,898	-	-	318,716
Provisions and other	1,003,325	469,974	-	-	1,473,299
	2,178,428	529,011	63,226	-	2,770,665
Property, plant and equipment, net	(5,133,849)	357,660	-	(7,359)	(4,783,548)
Intangible assets	(11,777,376)	(439,879)	-	(79,487)	(12,296,742)
Prepaid expenses	(67,526)	(163,258)	-	-	(230,784)
Other	(67,516)	116,934	41,834	-	91,252
	(17,046,267)	(128,543)	41,834	(86,846)	(17,219,822)
Deferred tax liability	\$ (14,867,839)	\$ 400,468	\$ 105,060	\$ (86,846)	\$ (14,449,157)

	BALANCE AT DECEMBER 31, 2018	APPLIED TO INCOME	APPLIED TO OTHER COMPREHENSIVE INCOME	CONVERSION OF FOREIGN SUBSIDIARIES	BALANCE AT DECEMBER 31, 2019
Employee benefits	\$ 340,137	\$ (55,784)	\$ 380,949	\$ -	\$ 665,302
Unamortized tax losses	225,080	106,903	-	-	331,983
Employees' statutory profit sharing	169,368	8,450	-	-	177,818
Provisions and other	942,999	60,326	-	-	1,003,325
	1,677,584	119,895	380,949	-	2,178,428
Property, plant and equipment, net	(6,063,053)	512,701	-	416,503	(5,133,849)
Intangible assets	(11,936,531)	142,403	-	16,752	(11,777,376)
Prepaid expenses	(101,511)	33,985	-	-	(67,526)
Other	64,573	(64,059)	(68,030)	-	(67,516)
	(18,036,522)	625,030	(68,030)	433,255	(17,046,267)
Deferred tax liability	\$ (16,358,938)	\$ 744,925	\$ 312,919	\$ 433,255	\$ (14,867,839)

The deferred income tax asset arising from unamortized tax losses is recorded when the respective tax benefit to be realized via future tax profits becomes likely. The Company recorded a deferred tax asset of \$120,877 and \$331,983 for 2020 and 2019, respectively, with respect to remaining tax losses of \$561,588 for 2020 and \$1,412,760 for 2019, which can be amortized against future tax profits.

At December 31, 2020, accrued unamortized tax losses of the Mexican entities totaling \$1,587 expire in 2030 and those of the entities in US a totaling \$560,001 do not have an expiration date.

At December 31, 2020, the Company has not recorded estimated deferred tax liabilities of approximately \$5,938 million (\$6,387 million in 2019) arising from the difference between the tax cost of the shares of subsidiaries and the value of net consolidated assets, mainly due to undistributed profits and exchange effect, among others, because based on the exception applicable to the Company, it considers that it will not sell its investments in subsidiaries any time in the near future and has the policy of paying dividends to its subsidiaries only up to the amounts on which tax has been paid.

NOTE 18 - STOCKHOLDERS' EQUITY

In the Ordinary General Shareholders' Meetings, it was agreed to paid cash dividends from CUFIN as shown below:

ASSEMBLY DATE	DIVIDENDS PER SHARE	AMOUNT
November 19, 2020	\$ 1.00	\$ 1,764,283
September 14, 2020	\$ 1.50	\$ 2,646,425
April 2, 2020	\$ 2.42	\$ 4,269,565
April 16, 2019	\$ 2.30	\$ 4,057,851

Such dividends were paid to their holders immediately after their declaration.

The Company's capital stock at December 31, 2020 and 2019 was comprised as follows:

	SUBSCRIBED CAPITAL STOCK		
	NUMBER OF SHARES		
	FIXED	VARIABLE	TOTAL
Total shares at December 31, 2020 and 2019	902,816,289	861,466,867	1,764,283,156

The Company's capital stock consists of a single series of ordinary, nominative shares with no par value and no restrictions on holding. They confer the same rights to their holders.

In accordance with the Mexican Corporations Law, the net profit for the year is subject to the legal provision that requires that at least 5% of the net profit of each year be allocated to increase the legal reserve until it is equal to one fifth of the social capital paid. As of December 31, 2020 and 2019, the legal reserve amounts to \$23,982,012 and is included in retained earnings.

At December 31, 2020, 7,136,460 Company shares are retained in the repurchasing fund.

The Mexican Income Tax Law establishes a 10% tax on profits generated as from 2014 paid to parties resident abroad and to Mexican individuals in the form of dividends. That tax must be withheld by the Company and is considered a definitive tax. However, the Company's retained earnings up to December 31, 2013 are supported by the balance of the CUFIN (previously taxed retained earnings account) and will therefore not be subject to said withholding.

Dividends are not subject to income tax if paid from the aforementioned CUFIN. Dividends in excess of that account they will be subject to the payment of corporate income tax at the rate in force at the time of their distribution; will cause a tax equivalent of 42.86% if they are paid in 2021. Tax is payable by the Company and may be credited against income tax for the current period or in the following two periods.

According to the Mexican Income Tax Law, in the event of a capital reduction, any excess of stockholders' equity over capital contributions restated for inflation (CUCA), is accorded the same tax treatment as dividends, provided the Company lacks sufficient CUFIN balances to offset the deemed dividend.

At December 31, 2020, the tax values of CUFIN and CUCA are \$26,935,021 (*) and \$32,988,894, respectively.

(*) Stemming from earnings in 2013 of \$14,279 and rest from subsequent years \$26,920,742.

NOTE 19 - OTHER COMPREHENSIVE INCOME (OCI)

As of December 31, 2020 and 2019, the OCI is composed as follows

	EFFECT OF CONVERSION OF FOREIGN ENTITIES	REMEASUREMENT OF DEFINED BENEFIT PLANS	EFFECT OF CASH FLOW HEDGING	TOTAL
Remeasurement loss of defined benefit plans	-	(454,852)	-	(454,852)
Effect of deferred taxes	-	63,226	-	63,226
Equity in other comprehensive income of associated companies accounted for using equity method	(71,000)	(100,837)	-	(171,837)
Effect of derivative financial instruments contracted as cash flow hedges	-	-	(47,880)	(47,880)
Effect of deferred taxes	-	-	41,834	41,834
Exchange differences on translation of foreign operations	3,639,072	-	-	3,639,072
Effect of conversion of foreign entities of non-controlling interest	(599,658)	-	-	(599,658)
Balances at December 31, 2019	\$ 3,699,242	\$ (2,718,904)	\$ (77,484)	\$ 902,854
Balance at December 31, 2018	\$ 4,032,959	\$ (1,430,643)	\$ 49,753	\$ 2,652,069
Remeasurement loss of defined benefit plans	-	(1,176,255)	-	(1,176,255)
Effect of deferred taxes	-	380,949	-	380,949
Equity in other comprehensive income of associated companies accounted for using equity method	(138,567)	(492)	-	(139,059)
Effect of derivative financial instruments contracted as cash flow hedges	-	-	(53,161)	(53,161)
Effect of deferred taxes	-	-	(68,030)	(68,030)
Exchange differences on translation of foreign operations	(4,528,103)	-	-	(4,528,103)
Effect of conversion of foreign entities of non-controlling interest	1,364,539	-	-	1,364,539
Balance at December 31, 2019	\$ 730,828	\$ (2,226,441)	\$ (71,438)	\$ (1,567,051)

NOTE 20 - FINANCIAL INSTRUMENTS

This note provides information on the Company's financial instruments, including a summary of all financial instruments held, specific information on each type of financial instrument and information on the determination of the fair value of said instruments.

The Company holds the following financial instruments:

	DECEMBER 31, 2020		
	CURRENT	NON-CURRENT	TOTAL
FINANCIAL ASSETS			
Financial assets at amortized cost:			
Cash and cash equivalents	\$ 27,335,702	\$ -	\$ 27,335,702
Clients and other accounts receivable	8,610,661	-	8,610,661
Related parties	977,695	-	977,695
Financial assets at fair value with changes in OCI:			
Derivative hedging instruments ⁽¹⁾	871,339	-	871,339
	\$ 37,795,397	\$ -	\$ 37,795,397
FINANCIAL LIABILITIES			
Financial liabilities at amortized cost:			
Debt	\$ 7,132,136	\$ 43,444,973	\$ 50,577,109
Suppliers, related parties, sundry creditors	11,733,535	-	11,733,535
Lease liabilities	358,034	853,223	1,211,257
Financial liabilities at fair value with changes in OCI:			
Derivative hedging instruments ⁽¹⁾	334,987	357,150	692,137
	\$ 19,558,692	\$ 44,655,346	\$ 64,214,038
DECEMBER 31, 2019			
	CURRENT	NON-CURRENT	TOTAL
FINANCIAL ASSETS			
Financial assets at amortized cost:			
Cash and cash equivalents	\$ 22,051,280	\$ -	\$ 22,051,280
Clients and other accounts receivable	10,362,528	-	10,362,528
Related parties	230,941	-	230,941
Financial assets at fair value with changes in OCI:			
Derivative hedging instruments ⁽¹⁾	110,232	30,092	140,324
	\$ 32,754,981	\$ 30,092	\$ 32,785,073
FINANCIAL LIABILITIES			
Financial liabilities at amortized cost:			
Debt	\$ 6,761,038	\$ 46,500,428	\$ 53,261,466
Suppliers, related parties, sundry creditors	11,464,196	-	11,464,196
Lease liabilities	247,892	934,736	1,182,628
Financial liabilities at fair value with changes in OCI:			
Derivative hedging instruments ⁽¹⁾	125,219	225,843	351,062
	\$ 18,598,345	\$ 47,661,007	\$ 66,259,352

(1) Classified in level 2 of the fair value hierarchy.

The additional information related to the loan with related parties is detailed in Note 27.

i. Fair value of financial assets and liabilities

Due to the short-term nature of cash and cash equivalents, clients and other accounts receivable, suppliers, sundry creditors included in other accounts payable, current debt and other current liabilities, their book value is considered equal to their fair value. For most non-current accounts receivable and payable, fair values are also not significantly different from their book values.

The estimated book value and fair value of other financial assets and liabilities are shown below:

	DECEMBER 31, 2020	
	BOOK VALUE	FAIR VALUE
ASSETS:		
Derivative financial instruments	\$ 871,339	\$ 871,339
LIABILITIES:		
Derivative financial instruments	\$ 692,137	\$ 692,137
Non-current debt	43,444,973	43,867,364

	DECEMBER 31, 2019	
	BOOK VALUE	FAIR VALUE
ASSETS:		
Derivative financial instruments	\$ 140,324	\$ 140,324
LIABILITIES:		
Derivative financial instruments	\$ 351,062	\$ 351,062
Non-current debt	46,500,428	46,575,090

ii. Impairment and exposure to risks

Note 8 contains information on impairment of financial assets on the Company's exposure to the credit risk.

iii. Fair value hierarchy

The Company applies the three-level hierarchy in measuring and disclosing fair value. Classification of an instrument within the fair value hierarchy is based on the lowest value of significant data used in the valuation. Following is a description of the three levels of hierarchy:

- Level 1 - Prices quoted for identical instruments on active markets.

The fair value of financial instruments traded in active markets is based on prices quoted in the markets at the date of the consolidated statement of financial position. A market is considered to be active if quoted prices are clearly and regularly available through a stock exchange, trader, broker, industry group, price setting service or regulating body, and those prices currently and regularly reflect market transactions in conditions of independence.

- Level 2 - Prices quoted for similar instruments on active markets; prices quoted for identical or similar instruments on non-active markets; and valuations through models where all significant data are observable on active markets.

The fair value of financial instruments not traded in an active market is determined via valuation methods. Those valuation techniques maximize the use of observable market information in cases where it is available and depends as little as possible on the entity's specific estimations. If all significant data required to measure an instrument at fair value are observable, the instrument is classified in this Level.

- Level 3 - Valuations performed through techniques whereby one or more of the significant data are not observable.

This hierarchy requires the use of observable market data when available. Company valuations consider relevant and observable market data to the extent possible.

If one or more relevant variables is/are not based on observable market information, the instrument is included in Level 3.

iv. Determination of fair value and measurement

The Company generally uses quotations of market prices (when available) to determine fair value and classifies said data as Level 1. If market quotations are not available, fair value is determined using standard valuation models.

When applicable, those models project future cash flows and discount future figures at observable data set at present value, including interest rates, exchange rates, volatility, etc. Items valued using said data are classified according to the lowest level of data that is significant for the valuation. Therefore, an item can be classified as Level 3, even when some of the significant data are observable. Additionally, the Company considers assumptions for its own credit risk, as well as for the risk of its counterparty.

Assets and liabilities measured at amortized cost and at fair value are summarized at the top of this Note.

There were no transfers between levels 1 and 2 nor between levels 2 and 3 in the periods shown.

v. Derivative financial instruments

The Company's derivative financial operations have been privately concentrated at several financial entities whose financial soundness is supported by high ratings assigned by rating securities and credit risks entities. The documentation used to formalize operations is common documentation, as specified in the following contracts: Framework Contract For Derivative Financial Operations or ISDA Master Agreement, drawn up by the "International Swaps & Derivatives Association" (ISDA), accompanied by accessory documents used in this type of operations, generally known as "Schedule", "Credit Support Annex" and "Confirmation".

At December 31, 2020 and 2019, the following derivative financial instruments exist in Mexico: foreign currency forwards and interest rate swaps; and in Peru, currency call spread, sugar hedge futures and coverage cross currency swap and in the US were held, currency forwards, aluminum and diesel hedges.

CLASSIFICATION OF DERIVATIVES

Derivatives are only used for economic hedging and not as speculative investments. However, when derivatives fail to meet hedge accounting requirements, they are classified as "held for trade" for accounting purposes and are recognized at fair value with changes in income. They are shown as current assets and liabilities to the extent they are expected to be settled within the 12 months following the end of the reporting period.

The Company holds the following derivative financial instruments:

a) Positions in derivative financial instruments of raw materials and other production materials:

DECEMBER 31, 2020								
CONTRACT	TONS HEDGED	VALUE OF UNDERLYING		FAIR VALUE US	MATURITIES PER YEAR (US)			COLLATERAL /GUARANTEE
		UNITS	PRICE US\$		2021	2022	2023+	
Cargill ⁽¹⁾	33,000	US Dollar/Ton.	303-347	\$ 2,464	\$ 2,464	\$ -	\$ -	\$ -
MacQuaire ⁽¹⁾	2,900	US Dollar/Ton.	348	134	134	-	-	-
JPMorgan ⁽¹⁾	20,500	US Dollar/Ton.	342-349	1,093	1,093	-	-	-
Rabobank UA ⁽²⁾	40,984	US Dollar/Tm.	1522-1865	12,864	12,864	-	-	-
Rabobank UA ⁽²⁾	38,475	US Dollar/Tm.	227-327	34	34	-	-	-
Rabobank UA ⁽³⁾	6,295,422	US Dollar/Gal.	1.0322-1.1921	1,945	1,945	-	-	-
				\$ 18,534	\$ 18,534	\$ -	\$ -	\$ -
Fair value in Mexican pesos				\$ 369,479	\$ 369,479	\$ -	\$ -	\$ -

DECEMBER 31, 2019								
CONTRACT	TONS HEDGED	VALUE OF UNDERLYING		FAIR VALUE US	MATURITIES PER YEAR (US)			COLLATERAL /GUARANTEE
		UNITS	PRICE US\$		2020	2021	2022+	
Cargill ⁽¹⁾	3,000	US Dollar/Ton.	350	\$ 68	\$ 68	\$ -	\$ -	\$ -
MacQuaire ⁽¹⁾	22,950	US Dollar/Ton.	344.40-353.45	385	385	-	-	-
BNP Paribas ⁽¹⁾	3,800	US Dollar/Ton.	348.8	12	12	-	-	-
Bank of America ⁽¹⁾	5,000	US Dollar/Ton.	345-350	116	116	-	-	-
JPMorgan ⁽¹⁾	11,050	US Dollar/Ton.	340-361.50	206	206	-	-	-
Rabobank UA ⁽²⁾	29,030	US Dollar/Ton.	1,752 - 1,840	723	723	-	-	-
Rabobank UA ⁽²⁾	21,350	US Dollar/Ton.	366 - 374	(862)	(862)	-	-	-
Rabobank UA ⁽³⁾	4,512,929	US Dollar/Gallon	1.7000 - 1.8425	569	569	-	-	-
				\$ 1,217	\$ 1,217	\$ -	\$ -	\$ -
Fair value in Mexican pesos				\$ 22,989	\$ 22,989	\$ -	\$ -	\$ -

(1) Sugar.

(2) Aluminum.

(3) Diesel

Arca Continental, S.A.B. DE C.V. and Subsidiaries

b) Positions in derivative financial instruments for hedging purposes of exchange rates:

DECEMBER 31, 2020								
CONTRACT	NOTIONAL AMOUNT	VALUE OF UNDERLYING ASSET			MATURITIES PRIOR YEAR (US)			COLLATERAL /GUARANTEE
		UNITS	RANGE OF REFERENCE	FAIR VALUE US	2021	2022	2023+	
Cross Currency Swaps	135,000	Soles/US Dollar	3.62	\$ 16,155	\$ 19,434	\$ -	\$ (3,279)	\$ -
Cross Currency Swaps	12,500	Soles/US Dollar	3.62	3,403	3,403	-	-	-
Cross Currency Swaps	65,000	Soles/US Dollar	3.62	(3,183)	-	-	(3,183)	-
Banbif	9,143	Soles/US Dollar	3.62	269	269	-	-	-
Banco Santander	8,177	Soles/US Dollar	3.62	237	237	-	-	-
BBVA Continental	8,078	Soles/US Dollar	3.62	236	236	-	-	-
Scotiabank	4,517	Soles/US Dollar	3.62	139	139	-	-	-
Call Spread	15,000	Soles/US Dollar	3.62	1,457	1,457	-	-	-
Cross Currency Leasing	4,659	Soles/US Dollar	3.62	(393)	-	-	(393)	-
Rabobank UA	44,063	Pesos/US Dollar	19.9352	(4,430)	(4,430)	-	-	-
BBVA Bancomer	47,335	Pesos/US Dollar	19.9352	(4,26)	(4,269)	-	-	-
Banco Nacional de México	45,525	Pesos/US Dollar	19.9352	(4,136)	(4,136)	-	-	-
Scotiabank	39,982	Pesos/US Dollar	19.9352	(3,968)	(3,968)	-	-	-
				\$ 1,517	\$ 8,372	\$ -	\$ (6,855)	\$ -
Fair value in Mexican pesos				\$ 30,235	\$ 166,891	\$ -	\$ (136,656)	\$ -
Scotiabank	1,000,000	Interest rate		\$ (53,327)	\$ -	\$ (53,327)	-	\$ -
Rabobank UA	2,450,000	Interest rate		(167,178)	-	-	(167,178)	-
Fair value in Mexican pesos				\$ (220,505)	\$ -	\$ (53,327)	\$ (167,178)	\$ -

DECEMBER 31, 2019								
CONTRACT	NOTIONAL AMOUNT	VALUE OF UNDERLYING ASSET			MATURITIES PRIOR YEAR (US)			COLLATERAL /GUARANTEE
		UNITS	RANGE OF REFERENCE	FAIR VALUE US	2020	2021	2022+	
Cross Currency Swaps	135,000	Soles/US Dollar	3.3800	\$ 1,889	\$ -	\$ 14,880	\$ (12,990)	\$ -
Cross Currency Swaps	30,000	Soles/US Dollar	3.3800	6,329	3,751	2,577	-	-
Cross Currency Swaps	65,000	Soles/US Dollar	3.3800	(12,869)	-	-	(12,869)	-
Call Spread	50,000	Soles/US Dollar	3.3800	1,595	-	1,595	-	-
Cross Currency Leasing	4,659	Soles/US Dollar	3.3800	(126)	-	-	(126)	-
Rabobank UA	43,612	Pesos/US Dollar	18.8727	(954)	(954)	-	-	-
BBVA Bancomer	45,073	Pesos/US Dollar	18.8727	(1,776)	(1,776)	-	-	-
Banco Nacional de Mexico	49,524	Pesos/US Dollar	18.8727	(1,961)	(1,961)	-	-	-
Scotiabank	52,465	Pesos/US Dollar	18.8727	(1,082)	(1,082)	-	-	-
				\$ (8,955)	\$ (2,022)	\$ 19,052	\$ (25,985)	\$ -
Fair value in Mexican pesos				\$ (168,994)	\$ (38,147)	\$ 359,513	\$ (490,360)	\$ -
Scotiabank	1,000,000	Interest rate		\$ (18,827)	\$ -	\$ -	\$ (18,827)	\$ -
Rabobank UA	2,450,000	Interest rate		(45,712)	\$ -	\$ -	(45,712)	-
Fair value in Mexican pesos				\$ (64,539)	\$ -	\$ -	\$ (64,539)	\$ -

INEFFECTIVE HEDGING PORTION

Hedging effectiveness is determined at the beginning of the hedge relationship, through periodic prospective assessments of effectiveness to ensure that is an economic relationship between the hedged item and the hedging instrument. At December 31, 2020 and 2019, the Company held cash flow hedging financial instruments corresponding to forwards and swaps, as well as sugar futures for hedging, aluminum and diesel swaps, which were determined to be highly effective.

For foreign currency hedges, the Company generates hedge relationships where the critical terms of the hedging instrument match the terms of the hedged item exactly. Therefore, the Company conducts a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item to the extent that the critical terms no longer match the critical terms of the hedging instrument exactly, the Company uses the hypothetical derivative method to evaluate effectiveness.

In foreign currency hedges, ineffectiveness can arise if the moment of the forecast transaction changes from that originally estimated, or if there are changes in Mexico's credit risk or of the counterpart.

The Company contracts interest rate swaps with critical terms similar to those of the hedged item, such as the reference rate, the starting date, payment dates, maturities and the nominal amount. The Company does not hedge 100% of its loans, which means that the hedged item is identified as a portion of current loans in effect up to the nominal amount of the swaps. As all critical terms matched during the year, the economic relationship was 100% effective.

Hedging ineffectiveness for interest rate swaps is evaluated using the same principles as those for hedging of purchases of foreign currencies. Can occur due to:

- The adjustment to the creditor/debtor value in interest rate swaps that does not correspond to the loan, and
- The differences in critical terms between interest rate swaps and the loans.

NOTE 21 - COSTS AND EXPENSES BY NATURE

There was no ineffectiveness during 2020 or 2019 regarding the derivative financial instruments contracted by the Company.

	NOTE	2020	2019
Raw materials and other production materials ⁽¹⁾		\$ 82,434,501	\$ 79,791,283
Personnel expenses		30,393,089	28,906,969
Employee benefit expenses	16	383,636	297,674
Variable selling expenses		9,141,646	8,786,103
Depreciation	11 y 13	8,924,871	8,334,057
Transportation		3,334,764	3,455,092
Advertising, promotion and public relations		3,049,972	3,017,171
Maintenance and conservation		3,307,269	3,050,877
Professional fees		3,052,137	2,800,171
Suppliers (electricity, gas, telephone, etc.)		526,797	535,272
Taxes ⁽²⁾		959,599	798,510
Spillage, breakage and shortages		870,605	829,552
Leases	13	191,910	292,839
Travel expenses		344,765	537,921
Provision for impairment of clients	8	90,700	102,350
Amortization	12	698,777	603,336
Insurance premiums		651,299	704,713
Consumption of materials and production materials		162,325	114,097
Revaluation of operating expenses		341,851	37,575
Other expenses		467,956	1,255,629
Total		\$ 149,328,469	\$ 144,251,191

(1) Includes damaged, slow-moving and obsolete inventory.

(2) Taxes other than income tax, value added tax and excise tax.

NOTE 22 - OTHER EXPENSES, NET

Other income/expenses for the years ended December 31, 2020 and 2019 are comprised as follows:

	2020	2019
Expenses related to new projects	\$ (140,853)	\$ (185,852)
Indemnities	(213,295)	(250,576)
Covid-19 expenses	(293,948)	-
Income from secondary taxes, rights and dues	801,950	820,221
Write-off of fixed assets and disposals	(956,393)	(935,034)
Gain on disposal of property, plant and equipment	119,723	87,261
Other	(164,118)	(183,811)
Total	\$ (846,934)	\$ (647,791)

NOTE 23 - EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses incurred in the years ended December 31, 2020 and 2019 are as follows:

	NOTE	2020	2019
Salaries, wages and benefits		\$ 27,162,473	\$ 25,812,670
Termination benefits		170,343	173,977
Social security costs		3,060,273	2,920,322
Employee benefits	16	383,636	297,674
Total		\$ 30,776,725	\$ 29,204,643

NOTE 24 - FINANCIAL INCOME AND EXPENSES

Financial income and expenses for the years ended December 31, 2020 and 2019 are as follows:

	NOTE	2020	2019
FINANCIAL INCOME:			
Interest income from short-term bank deposits		\$ 689,999	\$ 738,846
Other financial income		287,795	170,518
Financial income, excluding exchange gains		977,794	909,364
Gain from exchange fluctuations		5,595,432	1,814,588
Gain (loss) on monetary position		(72,134)	33,757
Total financial income		6,501,092	2,757,709
FINANCIAL EXPENSES:			
Interest on debt instruments		(970,687)	(1,023,442)
Interest on bank loans		(2,421,334)	(2,533,438)
Interest on leases due to adoption of IFRS 16		(78,355)	(85,439)
Financial cost (employee benefits)	16	(261,236)	(198,670)
Taxes pertaining to financial operations		(78,046)	(75,411)
Other financial expenses		(386,237)	(340,477)
Financial expenses, excluding exchange losses		(4,195,895)	(4,256,877)
Losses on exchange fluctuations		(5,781,111)	(2,092,582)
Total financial expenses		(9,977,006)	(6,349,459)
		\$ (3,475,914)	\$ (3,591,750)

NOTE 25 - INCOME TAXES

I. TAX REFORM 2020 IN MEXICO

On October 30, 2019, the Mexican Congress approved the 2020 Tax Reform applicable for the whole country, which became effective on January 1, 2020. Among other changes, the reform establishes a net interest expense deduction limitation equal to 30% of an entity's adjusted tax profit. This limitation is only applicable when the amount of the aggregate interest payments of the members of a corporate group in Mexico exceeds 20 million Mexican pesos. The Company did not identify significant accounting impacts of the 2020 Tax Reform on the consolidated financial statements.

In 2020, the Company determined an individual tax profit of \$538,127 (tax loss of \$306,600 in 2019). The tax result differs from the book result mainly due to items accrued over time and deducted differently for book and tax purposes, to recognition of the effects of inflation for tax purposes and to items only affecting the book or tax result.

II. PROFIT BEFORE TAXES ON INCOME

Following are the domestic and foreign components of pretax profits:

	2020	2019
Domestic	\$ 11,608,344	\$ 10,350,037
Foreign	6,392,394	6,425,646
	\$ 18,000,738	\$ 16,775,683

III. COMPONENTS OF INCOME TAX EXPENSE

Components of income tax expense include:

	2020	2019
CURRENT TAX:		
Current tax incurred on taxable profits for the year	\$ (5,827,618)	\$ (5,776,149)
DEFERRED TAX:		
Origin and reversal of temporary differences	400,468	744,925
Total income tax	\$ (5,427,150)	\$ (5,031,224)

Domestic federal income tax, foreign federal income tax and foreign state income tax expense shown in the consolidated statement of income are comprised as follows:

	2020	2019
CURRENT TAX:		
Domestic	\$ (4,447,044)	\$ (3,667,243)
Foreign	(1,380,574)	(2,108,906)
	(5,827,618)	(5,776,149)
DEFERRED TAX:		
Domestic	561,301	271,386
Foreign	(160,833)	473,539
	400,468	744,925
Total	\$ (5,427,150)	\$ (5,031,224)

IV. BOOK / TAX RECONCILIATION

For the years ending December 31, 2020 and 2019, the reconciliation between the statutory tax rate and the effective income tax rate is as follows:

	2020	2019
Tax at the statutory rate (30%)	\$ (5,400,221)	\$ (5,032,705)
Tax effects of inflation	(24,610)	(11,228)
Differences due to the tax rate of foreign subsidiaries	454,161	371,625
Non-deductible expenses	(370,197)	(446,739)
Other tax deductions	51,528	84,459
Other non-taxable income	168,722	100,125
Other	(306,533)	(96,761)
Tax at the effective rate (30.1% and 30.8% for 2020 and 2019, respectively)	\$ (5,427,150)	\$ (5,031,224)

V. TAX PERTAINING TO THE COMPONENTS OF OTHER COMPREHENSIVE INCOME

The debit / (credit) of tax related to other comprehensive income components is as follows:

	2020			2019		
	BEFORE TAXES	TAX PAYABLE (RECEIVABLE)	AFTER TAXES	BEFORE TAXES	TAX PAYABLE (RECEIVABLE)	AFTER TAXES
EFFECT OF DERIVATIVE FINANCIAL INSTRUMENTS						
Contracted as cash flow hedging	\$ (47,880)	\$ 41,834	\$ (6,046)	\$ (53,161)	\$ (68,030)	\$ (121,191)
Remeasurement of defined benefit plans	(454,852)	63,226	(391,626)	(1,176,255)	380,949	(795,306)
Other comprehensive income	\$ (502,732)	\$ 105,060	\$ (397,672)	\$ (1,229,416)	\$ 312,919	\$ (916,497)
EFFECT OF TRANSLATION OF INITIAL BALANCES						
With respect to the ending balances from conversion of foreign subsidiaries	-	(86,846)	-	-	433,255	-
Deferred tax	-	\$18,214	-	-	\$746,174	-

NOTE 26 - COMMITMENTS AND CONTINGENCIES

COMMITMENTS

Bottling agreements

The current bottling contracts and authorizations held by AC for the bottling and distribution of Coca-Cola products in the different regions are as follows:

REGION	DATE OF SIGNING / RENEWAL	MATURITY DATE
Mexico (North)	July 1, 2017	June 30, 2027
Mexico (West) ⁽¹⁾	July 1, 2017	June 30, 2027
Northeast Argentina	June 30, 2017	January 1, 2022
Northwest of Argentina	June 30, 2017	January, 2022
Ecuador ⁽³⁾	December 31, 2017	December 31, 2022
Peru	May 1, 2020	April 30, 2025
Southwest US ⁽²⁾	April 1, 2017	April 1, 2027
Oklahoma US ⁽²⁾	August 25, 2017	April 1, 2027

(1) Correspond to the agreements held by AC to which AC Bebidas has access through a specific agreement contemplating the payment of royalties with respect to the total net sales generated in the western territory of Mexico.

(2) In the US there are two agreements for bottling, selling and marketing products in the Southwest US, including Oklahoma City and Tulsa. These contracts are called "Comprehensive Beverage Agreement" and "Regional Manufacturing Agreement" and have a term of 10 years with the possibility of renewing for another 10 years.

(3) Corresponds to the agreement owned by AC, which grants AC Bebidas the benefit to carry out the sales generated by the Branch in Ecuador and the operation performed by the subsidiary Bebidas Arca Continental Ecuador Arcador, S. A. in this country. AC Bebidas pays royalties to AC for the use of this agreement.

During the more than 90 years of business relations with TCCC, the latter has never refused to renew bottling agreements with AC or to enter into new agreements to replace previous ones. As a result, indefinite useful lives were assigned to those intangibles (see Note 5). Management considers that TCCC will continue renewing contracts and extending bottling permits when they expire or will enter into new agreements or issue new permits to replace those currently in effect, although there is not an absolute certainty that this will be the case. If that were not the case, the AC business and operating results would be adversely affected.

Additionally, bottling agreements signed with TCCC establish that AC may bottle no beverages other than those of the Coca-Cola brand, except for those specifically authorized in the aforementioned agreements.

CONCENTRATE SUPPLY

TCCC provides the concentrates used in producing the products sold and is unilaterally entitled to set prices on said raw materials. If TCCC significantly increases concentrate prices, AC operating results could be negatively affected.

CONTINGENCIES

Contingencies in Peru

At December 31, 2020, a number of claims have been filed at the tax office and other judicial and labor processes have been brought by the Company for a total of approximately \$436,321 (approximately \$423,744 at December 31, 2019). Management and the Company's legal advisors consider that those processes could have an unfavorable result for the Company in the amount of approximately \$85,071 (approximately \$99,296 at December 31, 2019); they also estimate that lawsuits classified as remote or possible will be resolved favorably for the Company, which is why no provision has been created at December 31, 2020.

Contingencies in Ecuador

At December 31, 2020, the Company has filed a number of claims at the tax office for a total of approximately \$796,424 (approximately \$603,917 at December 31, 2019). Management and the Company's legal advisors consider that those processes could have an unfavorable result for the Company in the amount of approximately \$132,474 (\$106,873 at December 31, 2019), a provision has been established as of December 31, 2020 for \$132,474 (approximately \$75,370 as of December 31, 2019). Likewise, they also estimate that lawsuits classified as remote or possible will be resolved favorably for the Company, therefore, no provision has been made as of December 31, 2020.

Contingencies in Argentina

At December 31, 2020, a number of claims have been filed at the tax office and other judicial, labor and administrative processes have been brought by the Company for a total of approximately \$94,740 (approximately \$103,317 at December 31, 2019), which are pending definitive sentences. Management and the Company's legal advisors consider that those processes could have an unfavorable result for the Company in the amount of approximately \$20,448 (approximately \$21,257 at December 31, 2019); they also estimate that lawsuits classified as remote or possible will be resolved favorably for the Company, which is why no provision has been created at December 31, 2020.

NOTE 27 - RELATED PARTIES AND ASSOCIATES

The Company is controlled by Fideicomiso de Control (Controlling Trust), which holds 47% at December 31, 2020 and 2019 of the Company's outstanding shares. The remaining 53% of the shares is widely distributed. The parties ultimately controlling the group are the Barragán, Grossman, Fernández and Arizpe families, who also hold shares outside the controlling trust.

Operations with related parties were carried out at market value.

A) REMUNERATION OF KEY MANAGEMENT PERSONNEL

Key personnel include key management staff or directors that are relevant to the entity. Compensation paid to key personnel for their services are shown below:

	2020	2019
Salaries and other short-term benefits	\$ 353,580	\$ 245,684
Pension plans	\$ 266,308	\$ 161,882
Seniority premium	\$ 475	\$ 350
Post-retirement medical expenses	\$ 21,520	\$ 10,690

B) RELATED PARTY BALANCES AND TRANSACTIONS

Current related parties balances:

	2020	2019
OTHER RELATED PARTIES:		
The Coca Cola Company (TCCC)	\$ 466,809	\$ 47,355
Coca Cola North America (CCNA)	197,357	-
NPSG bottlers and others	172,111	101,347
Coca-Cola Refreshments (CCR)	31,739	-
The Coca Cola Export Corporation	11,439	-
Coca-Cola Servicios del Perú, S.A.	-	32,988
Criotec, S.A. de C.V.	-	1,300
ASSOCIATES:		
Promotora Industrial Azucarera	44,226	-
Jugos del Valle, S.A.P.I. de C.V.	27,315	-
Tiendas Tambo, S.A.C.	20,452	33,882
Other associates	6,247	4,571
Santa Clara Mercantil de Pachuca, S.A. de C.V.	-	9,498
Total current related parties balances	\$ 977,695	\$ 230,941

Current related party liability balances:

	2020	2019
OTHER RELATED PARTIES:		
Coca-Cola North America (TCCNA)	\$ 716,231	\$ 957,351
The Coca-Cola Export Corporation (TCCEC)	494,773	513,269
The Coca-Cola Company (TCCC)	230,420	-
Coca Cola Industrias	197,250	-
Corporación Inca Kola Perú, S. R. L.	173,139	202,096
Coca Cola Servicios del Perú	71,980	-
CONA Services LLC	55,556	36,139
Otras partes relacionadas	27,446	34,814
Coca-Cola de Chile, S. A. (CCCH)	27,275	458,208
Coca-Cola Business Services North América (BSNA)	25,314	-
Monster Energy Mexico, S. de R. L. de C. V.	24,695	28,993
Coca-Cola Refreshments	-	31,102
Coca Cola del Ecuador, S. A.	-	12,415
ASSOCIATES:		
Petstar, S. A. P. I. de C. V. (PETSTAR)	301,021	138,792
Jugos del Valle, S. A. P. I. de C. V. (JDV)	110,238	32,738
Industria Envasadora de Querétaro, S. A. de C. V. (IEQSA)	61,317	41,022
Western Container, Co.	50,104	56,103
Fevisa Industrial, S. A. de C. V. (FEVISA)	46,461	64,441
JDV Markco, S. A. P. I. de C. V.	36,261	37,272
Servicios y Productos para Bebidas Refrescantes S. R. L.	-	62,028
Promotora de Marcas Nacionales, S. de R. L. de C. V.	-	13,349
Promotora Industrial Azucarera, S. A. de C. V. (PIASA)	-	2,949
Alimentos de Soja, S. A. U.	-	2,654
Current related parties balances	\$ 2,649,481	\$ 2,725,735

The main transactions with related parties and associates were the following:

	2020	2019
OTHER RELATED PARTIES:		
Sale of products and services to CCNA	\$ 2,678,925	\$ 1,971,472
Sales to NPSG ⁽¹⁾	2,272,068	2,312,925
Sale of products called Nostalgia	1,145,018	1,257,615
ASSOCIATES:		
Sale of products to Tambo	133,979	166,032
Other income	89,023	68,875
	\$ 6,319,013	\$ 5,776,919
OTHER RELATED PARTIES:		
Purchase of concentrate (CCNA, TCCC, TCCEC, CCCH and CCI)	\$ 33,944,805	\$ 32,514,153
Royalties (TCCC y TCCEC)	589,457	570,619
Purchase of containers (FEVISA)	566,457	639,781
Management services and others	539,826	537,439
Purchase of refrigerators (CRIOTEC)	391,480	585,808
NPSG purchases	273,157	233,951
Purchase of Monster products	240,913	206,094
Air taxi	67,676	68,916
ASSOCIATES:		
Purchase of juice and nectar (JDV)	2,505,144	2,933,871
Purchase of sugar (PIASA)	2,317,636	2,551,920
Purchase of containers (Western Container)	1,403,641	1,320,770
Purchase of canned goods (IEQSA)	871,441	847,562
Purchase of Kolact and Santa Clara products	616,043	368,961
Purchase of resin (PETSTAR)	610,481	761,696
Management services and others	331,695	335,788
Others	250,938	177,721
	\$ 45,520,790	\$ 44,655,050

(1) National Product Supply Group (NPSG) in the US -

As part of the Framework Agreement and other agreements signed for the acquisition and operation of the Territory, as described in Note 2, on April 1, 2017, CCSWB signed the NPSG Governance Agreement, which was also signed by eight other Coca-Cola bottlers in the US, including Coca-Cola North America, which are considered to be Regional Producing Bottlers (RPBs) in the TCCC national supply system in the US. According to the NPSG Governance Agreement, TCCC and the RPBs have formed a national product supply group (the NPSG Board) composed of a CCSWB representative, a TCCC representative and one representative each of the remaining RPBs. That NPSG Board now has the maximum number of members (nine).

The NPSG Agreements require the Company to comply with a product supply schedule to other RPBs, based on the needs of the US system, where the Company does not unilaterally decide on respective volumes. This can give rise to sales volatility in NPSG income.

NOTE 28 - SUBSIDIARIES, JOINT OPERATIONS AND TRANSACTIONS WITH NON-CONTROLLING PARTIES

I. INTEREST IN SUBSIDIARIES

The Company's main subsidiaries at December 31, 2020 and 2019 are as follows unless otherwise indicated, the subsidiaries hold capital stock consisting exclusively of ordinary shares or equity units, which are the direct property of the Company, and the ownership interest held in each is equal to the voting shares held by the Company.

The country of incorporation or registration is also the main place of business.

COMPANY	COUNTRY	ACTIVITIES	SHAREHOLDING OF CONTROLLING COMPANY ⁽¹⁾		SHAREHOLDING NON-CONTROLLING INTEREST		FUNCTIONAL CURRENCY
			2020	2019	2020	2019	
Arca Continental, S. A. B. de C. V. (Tenedora)	Mexico	B / E					Mexican peso
Desarrolladora Arca Continental, S. de R. L. de C. V.	Mexico	B / F	100.00	100.00	-	-	Mexican peso
Servicios Ejecutivos Arca Continental, S. A. de C. V.	Mexico	E	100.00	100.00	-	-	Mexican peso
AC Bebidas Ecuador, S. de R. L. de C. V.	Mexico	B	100.00	100.00	-	-	Mexican peso
Vending del Ecuador, S. A.	Ecuador	A / C	100.00	100.00	-	-	US dollar
AC Bebidas, S. de R. L. de C. V. (AC Bebidas)	Mexico	B	80.00	80.00	20.00	20.00	Mexican peso
Bebidas Mundiales, S. de R. L. de C. V.	Mexico	A	80.00	80.00	20.00	20.00	Mexican peso
Distribuidora Arca Continental, S. de R. L. de C. V.	Mexico	A	80.00	80.00	20.00	20.00	Mexican peso
Productora y Comercializadora Bebidas Arca, S. A. de C. V.	Mexico	A / B	80.00	80.00	20.00	20.00	Mexican peso
Compañía Topo Chico, S. de R. L. de C. V.	Mexico	A	80.00	80.00	20.00	20.00	Mexican peso
Procesos Estandarizados Administrativos, S. A. de C. V.	Mexico	E	80.00	80.00	20.00	20.00	Mexican peso
Fomento de Aguascalientes, S. A. de C. V.	Mexico	F	80.00	80.00	20.00	20.00	Mexican peso
Fomento Durango, S. A. de C. V.	Mexico	F	80.00	80.00	20.00	20.00	Mexican peso
Fomento Mayrán, S. A. de C. V.	Mexico	F	80.00	80.00	20.00	20.00	Mexican peso
Fomento Potosino, S. A. de C. V.	Mexico	F	80.00	80.00	20.00	20.00	Mexican peso
Fomento Río Nazas, S. A. de C. V.	Mexico	F	80.00	80.00	20.00	20.00	Mexican peso
Fomento San Luis, S. A. de C. V.	Mexico	F	80.00	80.00	20.00	20.00	Mexican peso
Fomento Zacatecano, S. A. de C. V.	Mexico	F	80.00	80.00	20.00	20.00	Mexican peso
Inmobiliaria Favorita, S. A. de C. V.	Mexico	F	80.00	80.00	20.00	20.00	Mexican peso
Servicios AC Bebidas México, S. de R. L. de C. V.	Mexico	E	-	80.00	-	20.00	Mexican peso
Holding AC Lacteos, S. A. P.I. de C.V.	Mexico	A / C	79.18	-	20.82	-	Mexican pesos
Comercializadora AC Lacteos, S.A.P.I. de C.V.	Mexico	A / C	76.29	-	23.71	-	Mexican pesos
Coca Cola Southwest Beverages, L.L.C.	US	A	80.00	80.00	20.00	20.00	US dollar
Great Plains Coca-Cola Botting Company	US	A	80.00	80.00	20.00	20.00	US dollar
Texas-Coca Leasing, Corp.	US	F	80.00	80.00	20.00	20.00	US dollar
AC Bebidas Argentina, S. de R. L. de C. V.	Mexico	B	80.00	80.00	20.00	20.00	Argentine peso
Salta Refrescos, S. A.	Argentina	A	80.00	80.00	20.00	20.00	Argentine peso
Envases Plásticos S. A. I. C.	Argentina	F	79.82	80.00	20.18	20.00	Argentine peso
Corporación Lindley, S. A. ^(a)	Peru	A / B	79.82	79.82	20.18	20.18	Peruvian sol
Embotelladora La Selva, S. A.	Peru	A	79.82	79.82	20.18	20.18	Peruvian sol
Empresa Comercializadora de Bebidas, S. A. C.	Peru	A	79.82	79.82	20.00	20.18	Peruvian sol
AC Comercial del Perú, S.A.C.	Peru	A	79.82	-	20.18	-	Peruvian sol
AC Logística del Perú, S.A.C.	Peru	A	79.82	-	20.18	-	Peruvian sol
Industrial de Gaseosas, S. A.	Ecuador	E	80.00	80.00	20.00	20.00	US dollar
Bebidas Arca Continental Ecuador ARCADOR, S. A.	Ecuador	A	100.00	80.00	-	20.00	US dollar
AC Alimentos y Botanas, S. A. de C. V.	Mexico	B	100.00	100.00	-	-	Mexican peso
Nacional de Alimentos y Helados, S. A. de C.V.	Mexico	C	100.00	100.00	-	-	Mexican peso

COMPANY	COUNTRY	ACTIVITIES	SHAREHOLDING OF CONTROLLING COMPANY ⁽¹⁾		SHAREHOLDING NON-CONTROLLING INTEREST		FUNCTIONAL CURRENCY
			2020	2019	2020	2019	
Industrial de Plásticos Arma, S. A. de C. V.	Mexico	D	100.00	100.00	-	-	Mexican peso
Bbox Vending, S. de R. L. de C. V.	Mexico	A / C	80.00	100.00	20.00	-	Mexican peso
Interex, Corp.	US	A / C	80.00	80.00	20.00	20.00	US dollar
Bbox Vending USA, L.L.C	US	A / C	100.00	-	-	-	US dollar
Arca Continental USA, L.L.C.	US	B	100.00	100.00	-	-	US dollar
AC Foods LLC	US	B	100.00	100.00	-	-	US dollar
Old Lyme Gourmet Co. (Deep River Snacks)	US	C	100.00	100.00	-	-	US dollar
AC Snacks Foods, Inc.	US	B	100.00	100.00	-	-	US dollar
Wise Foods, Inc.	US	C	100.00	100.00	-	-	US dollar
Industrias Alimenticias Ecuatorianas, S. A.	Ecuador	C	100.00	100.00	-	-	US dollar
Vend, S. A. C.	Peru	A / C	100.00	100.00	-	-	Peruvian sol
Vendtech, S. A. C.	Peru	A / C	100.00	100.00	-	-	Peruvian sol
Soluciones Brio, S.A.P.I. de C. V.	Mexico	E	100.00	100.00	-	-	Mexican peso
Abastecedora de Bebidas y Snacks, S. de R. L. de C. V.	Mexico	C	100.00	100.00	-	-	Mexican peso

(1) The controlling interest is determined according to the shares that confer corporate rights to AC, such as voting rights, the right to attend stockholders meetings, and the right to appoint members to the Board of Directors.

(a) The percentage of voting shares at December 31, 2020 and 2019 is 72.96%.

(b) On October 1, 2020, Servicios AC Bebidas Mexico, S. de R.L. de C.V. merged with Bebidas Mundiales, S. de R.L. de C.V.

Operations per group:

- A. The production and/or distribution of carbonated and non-carbonated beverages.
- B. Holding shares
- C. The production and/or distribution of sugar, snacks and/or confectionery
- D. The production of materials for the AC group, mainly
- E. The rendering of administrative, corporate and shared services
- F. The rendering of real property leasing services to AC companies

II. SUMMARY OF FINANCIAL INFORMATION OF SUBSIDIARIES WITH SIGNIFICANT NON-CONTROLLING INTEREST BEFORE ELIMINATIONS DUE TO CONSOLIDATION:

	AC BEVERAGES AND SUBSIDIARIES	
	2020	2019
CONSOLIDATED STATEMENT OF FINANCIAL POSITION - SUMMARY		
Current asset	\$ 45,106,731	\$ 38,518,398
Non-current assets	172,296,201	170,762,130
Current liabilities	(27,224,840)	(24,911,186)
Non-current liabilities	(61,276,284)	(65,910,272)
Net assets	\$ 128,901,808	\$ 118,459,070

	AC BEVERAGES AND SUBSIDIARIES	
	2020	2019
CONSOLIDATED STATEMENT OF INCOME - SUMMARY		
Net sales	\$ 160,214,293	\$ 153,687,879
Net profit	11,623,291	10,990,086
Total comprehensive income	14,550,317	6,128,825
CONSOLIDATED STATEMENT OF CASH FLOWS - SUMMARY		
Operating activities	\$ 26,332,258	\$ 25,893,568
Investment activities	(5,411,717)	(9,661,179)
Financing activities	(15,448,896)	(9,770,432)

III. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Except for the acquisition of non-controlling interests described in point i. above, in the years ended December 31, 2020 and 2019, there were no transactions with non-controlling interests and no conflicts of interest to be disclosed.

IV. INTEREST IN JOINT OPERATION

At December 31, 2020 and 2019, the Company holds a 50% investment in JV Toni, S.L., a Spanish company, for the purpose of joint operation of its investment in Holding Tonicorp, S. A. and its subsidiaries, as shown below:

ENTITY	COUNTRY	OPERATION	HOLDING PERCENTAGE		FUNCTIONAL CURRENCY
			2020	2019	
Holding Tonicorp, S. A.	Ecuador	A	89	89	Dólar americano
Industria Lácteas Toni, S. A.	Ecuador	B / C	100	100	Dólar americano
Plásticos Ecuatorianos, S. A.	Ecuador	D	100	100	Dólar americano
Distribuidora Importada Dipor, S. A.	Ecuador	E	100	100	Dólar americano

- A. Holding shares
- B. The production and/or distribution of high value-added dairy products
- C. The production and/or distribution of ice cream and related products
- D. The production and/or distribution of different types of plastic containers
- E. The distribution and marketing of high value-added dairy products and others

According to an evaluation conducted by AC, that joint agreement states that its design and purpose requires the AC beverage business in Ecuador to acquire, distribute and market the Tonicorp production. The rights to the benefits and the obligations for the liabilities of Tonicorp and its subsidiaries were therefore transferred to the two stockholders jointly and substantially controlling the agreement. Consequently, the agreement has been classified as a joint operation (see Notes 3 and 5). The AC consolidated financial statements therefore include its interest in the assets and liabilities of that joint operation as from the date of contribution.

The clauses of the joint partner agreement contemplate options for the purchase/sale of the portion pertaining to the other partner in the event of a change of control or change of business strategy of either of the two partners.

NOTE 29 - SUBSEQUENT EVENTS

When preparing these consolidated financial statements, the Company has evaluated events and transactions for subsequent recognition or disclosure at December 31, 2020 and up to February 26, 2021 (date of issuance of these consolidated financial statements) and has identified no significant subsequent events affecting them.



ARTURO GUTIÉRREZ HERNÁNDEZ
CHIEF EXECUTIVE OFFICER



EMILIO MARCOS CHARUR
CHIEF FINANCE OFFICER

GRI Content Index

[102-55]

STANDARD	PAGE	ADDITIONAL NOTES AND REFERENCES
GRI 102: GENERAL DISCLOSURES 2016		
102-1	3	
102-2	3	
102-3	3	
102-4	3	
102-5	3	
102-6	3	
102-7	3,4,5	
102-8	120	
102-9	90, 93	
102-10	3, 9	
102-11	40,54,90,92,124	
102-12	2	
102-13	Appendices	
102-14	9	
102-15	9,124	
102-16	8,103	
102-17	103, 106	
102-18	109	
102-19	109	
102-20	113	
102-21	122	
102-22	109	
102-23	109	
102-24	109	
102-25	109	
102-26	109	
102-29	124	
102-40	122	
102-41	104	
102-42	122	
102-43	122	
102-44	122	
102-45	113	
102-46	121	
102-47	121	
102-50	2	
102-51		This 2020 Sustainability Integrated Report is the most recent to date.
102-52		Arca Continental's performance results are reported on an annual basis.
102-53	217	
102-54	2	
102-55		The present table corresponds to the GRI Index.

STANDARD	PAGE	ADDITIONAL NOTES AND REFERENCES
102-56	211	
GRI 201: ECONOMIC PERFORMANCE 2016		
201-1	4,5	
201-2	65,124	
GRI 202: MARKET PRESENCE 2016		
202-2	120	
GRI 203: INDIRECT ECONOMIC IM-PACTS 2016		
203-1	55,56,57, 81	
203-2	81	
GRI 204: PROCUREMENT PRACTICES 2016		
204-1	96	
GRI 205: ANTI-CORRUPTION 2016		
205-1	108	
205-2	108	
205-3		There were no incidents of this kind of issue.
GRI 301: MATERIALS 2016		
301-3	70, 76	
GRI 302: ENERGY 2016		
302-3	51	
302-4	63	
302-5	64,65	
GRI 303: WATER AND EFFLUENTS 2018		
303-1	54	
303-2	54	
303-3	59	
303-4	58	
303-5	60	
GRI 304: BIODIVERSITY 2016		
304-1		Arca Continental does not have this kind of operations.
GRI 305: EMISSIONS 2016		
305-1		Emissions verified by an independent third party for Operating Centers in 2020: 384,869.59 tCO ₂ e
305-4	51,61	
305-5	61	
GRI 306: WASTE 2020		
306-1	67, 70	Verified by an independent third party regarding the reported figures from the representative operations of Arca Continental in its different food and beverages business units.
306-2	67, 68, 70	Verified by an independent third party regarding the reported figures from the representative operations of Arca Continental in its different food and beverages business units.
306-4	70	
GRI 307: ENVIRONMENTAL COMPLIANCE 2016		
307-1		There were no significant monetary fines and/or sanctions for non-compliance with environmental laws or regulations in any of our operations.

STANDARD	PAGE	ADDITIONAL NOTES AND REFERENCES
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016		
308-1	92	
308-2	92	
GRI 401: EMPLOYMENT 2016		
401-1	120	
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018		
403-1	22	
403-2	25	Verified by an independent third party regarding the reported figures from the representative operations of Arca Continental in its different food and beverages business units.
GRI 404: TRAINING AND EDUCATION 2016		
404-1	Appendices	Verified by an independent third party regarding the reported figures from the representative operations of Arca Continental in its different food and beverages business units.
404-2	Appendices	
404-3	Appendices	
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016		
405-2	35	
GRI 406: NON-DISCRIMINATION 2016		
406-1	106	
GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016		
407-1	90	
GRI 408: CHILD LABOR 2016		
408-1	90	
GRI 409: FORCED OR COMPULSORY LABOR 2016		
409-1	90	
GRI 410: SECURITY PRACTICES 2016		
410-1	104	
GRI 411: RIGHTS OF INDIGENOUS PEOPLE 2016		
411-1	104	There were no cases of violation against the Human Rights of indigenous groups.
GRI 412: HUMAN RIGHTS ASSESSMENT 2016		
412-2	104	
GRI 413: LOCAL COMMUNITIES 2016		
413-1	102	
GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016		
414-1	90, 92	
414-2	90, 92	
GRI 416: CUSTOMER HEALTH AND SAFETY 2016		
416-1	40	Assessment of the health and safety impacts of product and service categories
416-2		There were no incidents to report.
GRI 417: MARKETING AND LABELING 2016		
417-1	88	
417-3		There were no incidents to report.
GRI 419: SOCIOECONOMIC COMPLIANCE 2016		
419-1		There were no incidents to report.

→ Verification Letter

[102-56]



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 Limited Assurance Report on the Contents of the *Global Reporting Initiative* (“GRI”) Standards (Non-Financial Information)

To the Board of Directors of Arca Continental, S.A.B. de C.V.:

We were engaged by the Management of Arca Continental, S.A.B. de C.V. (hereinafter "Arca Continental") to report on the Contents of the Global Reporting Initiative ("GRI") (Non-Financial Information), prepared and presented by the Sustainability and Social License Department of Arca Continental, included in the Integrated Annual Report 2020 for the period from January 1 to December 31, 2020 (the "Integrated Annual Report") related to Arca Continental's production centers, that are detailed in Annex A attached to this report (the "Contents"), in the form of an independent conclusion of limited assurance, regarding whether, based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Contents are not prepared in all material respects, in accordance with the Standards of the Global Reporting Initiative (GRI).

Our work consisted in reviewing the Standards included in Annex A from Arca Continental's production centers, therefore, the scope of the assurance did not include the review of the information related to distribution centers.

Management responsibilities

The Management of Arca Continental, through its Sustainability and Social License Department is responsible for the preparation and presentation of the information subject to our review and the information and statements contained within it.

Arca Continental's Sustainability and Social License Department is responsible for designing, implementing, and maintaining relevant internal controls for the preparation and presentation of the information subject to our review, to be free from material errors, whether due to fraud or error. Likewise, Arca Continental's Management, through its Sustainability and Social License Department is responsible for preventing and detecting fraud, as well as identifying and ensuring that Arca Continental complies with the laws and regulations applicable to its activities

Arca Continental's Management, through its Sustainability and Social License Department, is also responsible for ensuring that the personnel involved in the preparation of the Contents are adequately trained, the information systems are duly updated and that any change in the presentation of data and/or in the form of reporting, include all significant reporting units.

(Continue)

Our responsibilities

Our responsibility is to carry out a limited assurance engagement on the information concerning the Contents included in the Arca Continental Integrated Annual Report 2020 and to express an independent conclusion of limited assurance based on the evidence obtained. We carry out our work based on the International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", issued by the International

Auditing and Assurance Standards Board, that standard requires that we plan and perform the engagement to obtain limited assurance about whether, based on our work and the evidence obtained, nothing has come to our attention that causes us to believe that the Contents related to production centers included in the Arca Continental Integrated Annual Report 2020 for the period from January 1 to December 31, 2020, are not prepared in all material respects, in accordance with the Standards of the Global Reporting Initiative (GRI).

KPMG CARDENAS DOSAL S.C. (the "Firm") applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The procedures selected depend on our knowledge and experience of the Contents presented in the Arca Continental Integrated Annual Report 2020 and other circumstances of the work, and our consideration of the areas in which material errors may occur.

When obtaining an understanding of the Contents included in the Arca Continental Integrated Annual Report 2020, and other work circumstances, we have considered the processes used to prepare the Contents, in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion as to the effectiveness of Arca Continental internal control over the preparation and presentation of the Contents included in the Arca Continental Integrated Annual Report 2020.

Our engagement also included assessing the appropriateness of the main subject, the suitability of the criteria used by Arca Continental in the preparation of the Contents, assessing the appropriateness of the methods, policies, and procedures, as well as models used.

(Continue)

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Criteria

The criteria on which the preparation of the Contents has been evaluated refer to the established requirements and in accordance with the Standards of the Global Reporting Initiative (GRI) that are detailed in Annex A.

Inherent limitations

Due to the inherent limitations of any internal control structure it is possible that errors or irregularities in the information presented in the Integrated Annual Report may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the Integrated Annual Report, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

Conclusion

Our conclusion has been formed based on, and is subject to, the matters outlined in this report.

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

Based on the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the Contents detailed in Annex A attached to this assurance report, prepared by Arca Continental's Sustainability and Social License Department and included in the Arca Continental Integrated Annual Report 2020 for the period from January 1 to December 31, 2020, are not prepared in all material aspects, in accordance with the Global Reporting Initiative (GRI).

Restriction of use of our report

Our report should not be regarded as suitable to be used or relied on by any party to acquire rights against us other than Arca Continental's Sustainability and Social License Department, for any purpose or in any other context. Any party other than Arca Continental's Sustainability and Social License Department who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk.

(Continue)

To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than Arca Continental for our work, for this independent limited assurance report, or for the conclusions we have reached.

Our report is released to Arca Continental, on the basis that it shall not be copied, referred to or disclosed, in whole or in part, without our prior written consent.

KPMG CARDENAS DOSAL S.C.

A handwritten signature in black ink, appearing to read 'Alberto Dosal Montero', with a stylized flourish at the end.

Alberto Dosal Montero

Partner

Monterrey, Nuevo Leon, July 27th, 2021.

Appendix A

Description of the Contents object of the limited assurance engagement.

GRI Standard	Content	Description
Environmental		
GRI 303 Water and effluents 2018	303-3	Water withdrawal. For production centers, excluding distribution centers.
GRI 305 Emissions 2016	305-1	Direct (Scope 1) GHG emissions. For production centers, excluding distribution centers.
GRI 306 Effluents and waste 2016	306-1	Water discharge by quality and destination. For production centers, excluding distribution centers.
	306-2	Waste by type and disposal method. For production centers, excluding distribution centers.
Social		
GRI 403 Occupational Health and Safety 2018	403-9	For all direct employees: The number and rate of recordable work-related injuries (LTIR). The rates have been calculated based on 200,000 hours worked by direct employees. For production centers, excluding distribution centers.
	403-10	The number of fatalities as a result of work-related ill health. For production centers, excluding distribution centers.
GRI 404 Training and education 2016	404-1	Average hours of training per year per employee. Average hours of training that the organization’s employees have undertaken during the reporting period, by gender. For the operations corresponding to Mexico, Argentina, Ecuador and Peru. Considering that for Mexico the number of employees corresponds to the final headcount of the year and for the rest of the countries it was the monthly average.

ARCA CONTINENTAL

Sustainability and Social Responsibility

David Antonio Moreno Rodríguez
Rosario Aguilar
Ave. San Jerónimo 813 Pte.
64640 Monterrey, Nuevo León, Mexico
Phone: 52 (81) 8151-1400
sustentabilidad@arcacontal.com

Public Affairs and Communication

Guillermo Garza
Fidel Salazar
Av. San Jerónimo 813 Pte.
64640 Monterrey, Nuevo León, Mexico
Phone: 52 (81) 8151-1400
saladeprensa@arcacontal.com

www.arcacontal.com

Investor Relations

IN MONTERREY

Ulises Fernandez de Lara
Felipe Barquin
Av. San Jerónimo 813 Pte.
64640 Monterrey, Nuevo León, Mexico
Phone: 52 (81) 8151-1400
ir@arcacontal.com

IN NEW YORK

Melanie Carpenter
i-advize Corporate Communications
Phone: (212) 406-3692
arcacontal@i-advize.com



EMPRESA
SOCIALMENTE
RESPONSABLE



APOYAMOS
EL PACTO MUNDIAL



FTSE4Good



2014 Líderes en el
MSCI Global
Sustentabilidad Index

THIS ANNUAL REPORT CONTAINS FORWARD-LOOKING STATEMENTS REGARDING ARCA CONTINENTAL AND ITS SUBSIDIARIES BASED ON MANAGEMENT'S EXPECTATIONS. THIS INFORMATION AS WELL AS STATEMENTS REGARDING FUTURE EVENTS AND EXPECTATIONS ARE SUBJECT TO RISKS AND UNCERTAINTIES, AS WELL AS FACTORS THAT COULD CAUSE THE RESULTS, PERFORMANCE AND ACHIEVEMENTS OF THE COMPANY TO COMPLETELY DIFFER AT ANY TIME. SUCH FACTORS INCLUDE CHANGES IN THE GENERAL ECONOMIC, POLITICAL, GOVERNMENTAL AND COMMERCIAL CONDITIONS AT THE NATIONAL AND GLOBAL LEVELS, AS WELL AS VARIATIONS IN INTEREST RATES, INFLATION RATES, EXCHANGE RATE VOLATILITY, TAX RATES, THE DEMAND FOR AND PRICE OF CARBONATED BEVERAGES AND WATER, TAXES AND THE PRICE OF SUGAR, THE PRICES OF RAW MATERIALS USED IN THE PRODUCTION OF SOFT DRINKS, WEATHER CONDITIONS AND VARIOUS OTHERS. AS A RESULT OF THESE RISKS AND FACTORS, ACTUAL RESULTS COULD BE MATERIALLY DIFFERENT FROM THE ESTIMATES DESCRIBED IN THIS DOCUMENT. THEREFORE, ARCA CONTINENTAL DOES NOT ACCEPT ANY RESPONSIBILITY FOR VARIATIONS ON THE INFORMATION PROVIDED BY OFFICIAL SOURCES.



ARCACONTINENTAL