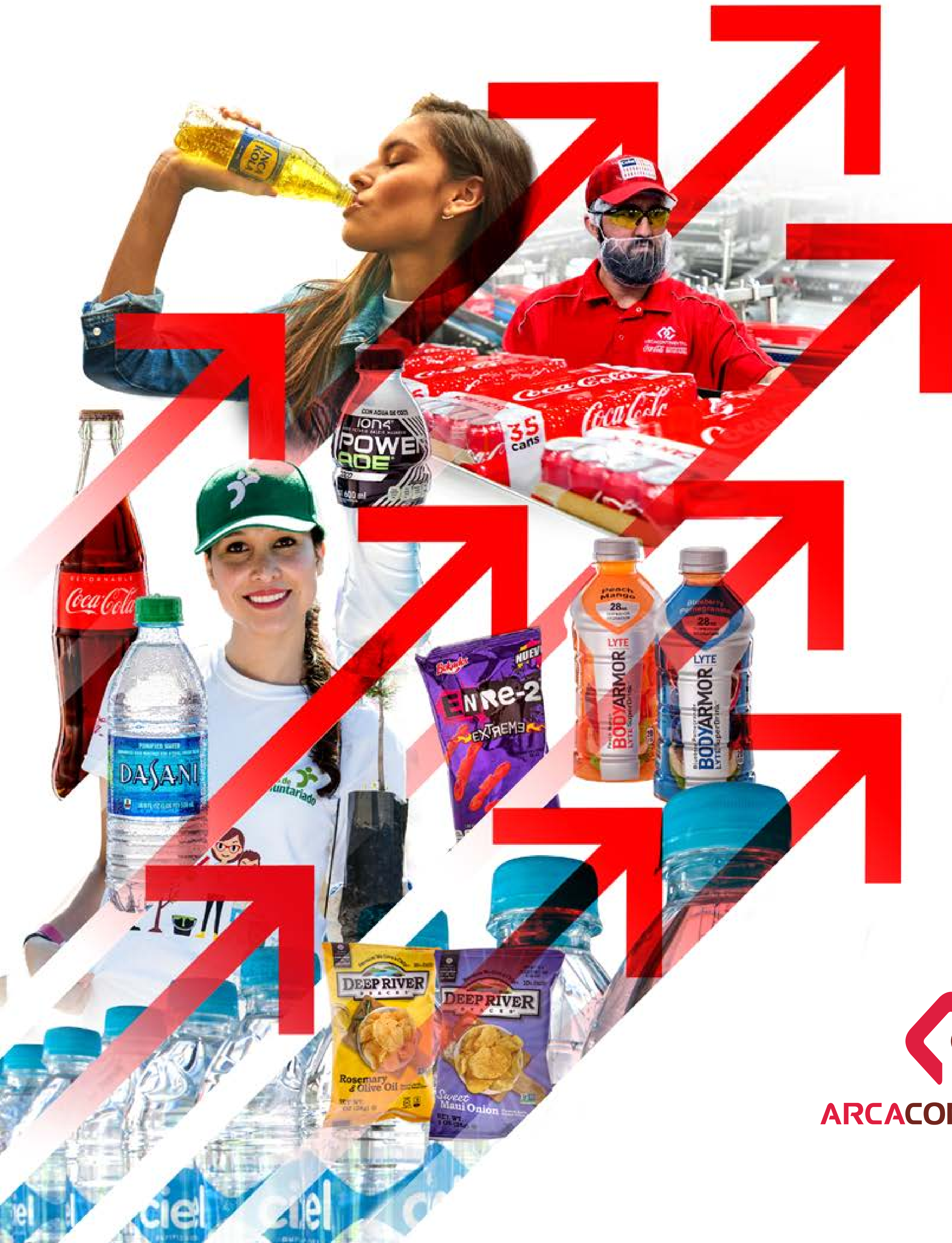
BUILDING A STRONGER FUTURE

2019 INTEGRATED ANNUAL REPORT



ARCACONTINENTAL

ABOUT THIS REPORT

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

This document is an Integrated Annual Report on the performance and principal achievements of Arca Continental in 2019. The organization's progress within the framework of its development strategy and the creation of social, environmental and economic value, both in the medium and long term, are approached from the perspective of building skills that will enable us to achieve better results, and thus build a stronger future. This document includes events and data on all the company's operations and the countries where it is present, unless otherwise indicated. The period covered by this report is January 1st to December 31, 2019.

This document, which is technical in nature, responds to the different methodologies, indices and commitments of the company, such as the United Nations Global Compact, the Sustainable IPC of the Mexican Stock Exchange, FTSE4GOOD, and the MSCI. It was prepared in compliance with the <IR> Framework, and in accordance with GRI (Global Reporting Initiative) standards, under the Essential option.

This document is the principal tool the company uses to communicate its annual performance as we seek to have an ongoing dialogue with our stakeholders. We are happy to receive any comments or suggestions you might have. The starting point of this report is the belief that synergy between the private sector, the community, and the authorities will be the principal driver behind sustainable development, therefore we encourage constructive dialogue with everyone interested.

CONTENT

INTEGRATED REPORT

This Annual Report was developed in accordance with the <IR> Integrated Reporting Framework. We show how our actions contribute to the creation of long-term economic, social and environmental value, under our strategy of creating positive impacts. Our sustainability and risk management action plans are fully integrated into the company's overall strategy, to provide assurance to our stakeholders of the operating continuity of Arca Continental.

Company operations

[102-2]

UNITED STATES
9,419 ASSOCIATES
12 PRODUCTION PLANTS
52 DISTRIBUTION CENTERS

MEXICO
37,667 ASSOCIATES
23 PRODUCTION PLANTS
160 DISTRIBUTION CENTERS

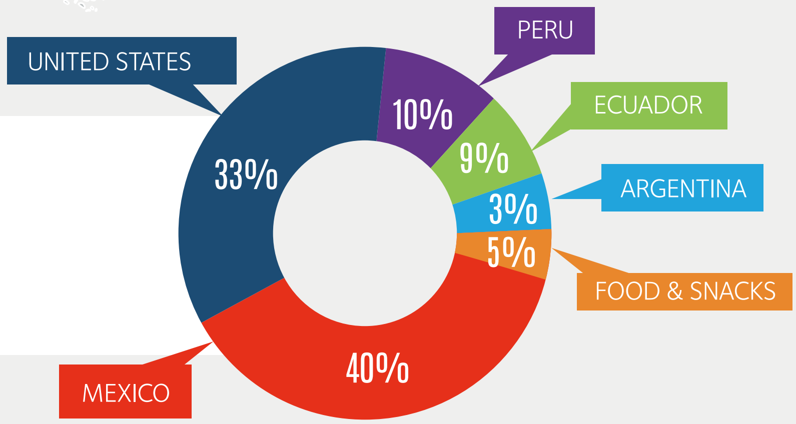
PERU
4,574 ASSOCIATES
6 PRODUCTION PLANTS
72 DISTRIBUTION CENTERS

ECUADOR
9,604 ASSOCIATES
6 PRODUCTION PLANTS
70 DISTRIBUTION CENTERS

ARGENTINA
2,095 ASSOCIATES
3 PRODUCTION PLANTS
25 DISTRIBUTION CENTERS

*Associate Company

REVENUES
MXN 165 BILLION



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 and with excellence.

OUR VALUES

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

CULTURAL PRINCIPLES

In 2018, Arca Continental 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.

PEOPLE FOCUSED

FOCUS ON RESULTS

TRANSPARENCY

CUSTOMER CENTRICITY

CHANGE AND INNOVATION

Company profile

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

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

In operation for more than 94 years, Arca Continental is the second-largest Coca-Cola bottler in Latin America, and one of the largest bottlers in the world. Within its Coca-Cola franchise, the company serves a population of more than 123 million people in the northern and western regions of Mexico, as well as in Ecuador, Peru, northern Argentina, and the Southwestern United States. Arca Continental is listed on the Mexican Stock Exchange under the ticker symbol "AC."

[102-7]

VOLUME:

2.24 BILLION

UNIT CASES

TOTAL REVENUES:

MXN 165.04

BILLION

[102-7, 201-1]

DIRECT ECONOMIC VALUE GENERATED	MILLIONS OF MEXICAN PESOS	MILLIONS OF U.S. DOLLARS
Total Revenues	$165,041	$8,556
Financial Products	$2,758	$143
Disposal of Fixed Asset	$1,813	$94
Total	**$167,300**	**$8,673**

[102-7, 201-3]

ECONOMIC VALUE DISTRIBUTED	MILLIONS OF MEXICAN PESOS	MILLIONS OF U.S. DOLLARS
Cost of Sales	$91,968	$4,768
Operating Costs, including Salaries and Social Benefits	$52,284	$2,645
Taxes	$5,031	$2,710
Dividends	$4,058	$210
Interest	$6,349	$329
Community Investment	$80.18	$4.2
Total	**$159,770**	**$8,283**

*Average exchange rate of 19.29 pesos for dollar in 2019

Financial Highlights

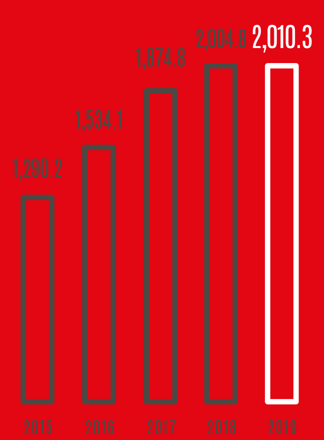
Figures in millions of pesos, except for volume and per share data.

	2019	2018	VARIATION %
Total Sales Volume (MUC)*	**2,240.2**	2,220.1	0.3
Total Revenues	**165,041**	158,952	3.8
Gross Margin	**44.9%**	44.5%	0.9
Operating Income	**20,200**	18,570	8.8
Operating Margin	**12.2%**	11.7%	4.8
EBITDA[1]	**30,403**	27,466	10.7
EBITDA Margin	**18.4%**	17.3%	4.9
Net Income	**11,744**	10,820	8.5
Total Assets	**238,447**	237,879	0.2
Cash	**22,051**	15,941	38.3
Total Debt	**53,261**	55,827	-4.6
Controlling Interest	**112,896**	111,802	1.0
Capital Expenditures	**11,568**	11,061	4.6
Per Share Data			
Net Income Per Share	**5.43**	4.93	
Book Value	**63.99**	63.37	
Dividends Paid	**2.30**	2.20	
Average Shares Outstanding (Thousands)	**1,764,283**	1,764,283	

[1] Operating Income plus depreciation, amortization and non-recurrent expenses.
*Million unit cases

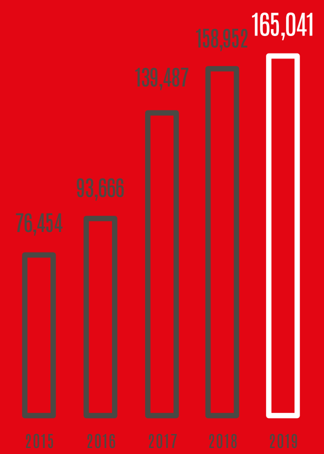
SALES VOLUME

Not including Jug Water
(MUC: millions of Unit Cases)



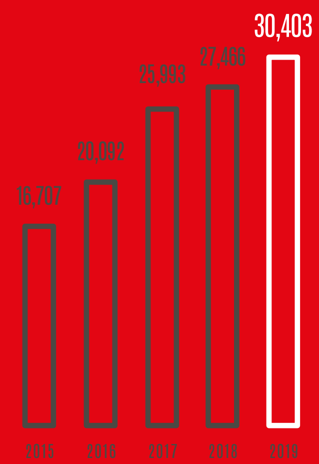
TOTAL REVENUES

(millions of Mexican Pesos)



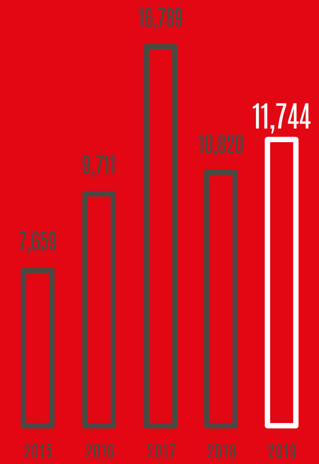
EBITDA

(millions of Mexican Pesos)



NET INCOME

(millions of Mexican Pesos)



MESSAGE FROM THE CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

LIC. ARTURO GUTIÉRREZ HERNÁNDEZ
Chief Executive Officer

C.P. JORGE HUMBERTO SANTOS REYNA
Chairman of the Board of Directors

Dear shareholders:
On the path of positive transformation that we have undertaken to build an even stronger future, in 2019 we heightened our competitiveness in the markets we serve by increasing production capacity, distribution, and focusing on the point of sale. The result was solid operating performance that confirms our characteristic focus on profitable growth.

Despite challenging social and economic environments in some of the countries where we operate, thanks to the professionalism of our more than 63,000 associates, our consolidated results were excellent, with some specific outstanding areas of progress.

Among the most noteworthy achievements of the year was the inclusion of Arca Continental in the Dow Jones Sustainability Index for Latin America, and for the fourth consecutive year, the company was included in the FTWE4Good Emerging Index of the London Stock Exchange. Arca Continental was also among the best companies on the Mexican Stock Exchange (BMV) Sustainability Index, and the Institutional Stock Exchange of Mexico (BIVA).

An example of customer centric is Arca Continental Coca-Cola Southwest Beverages won the 2019 Candler Cup, the highest recognition of excellence in commercial performance awarded to a bottler in the global Coca-Cola system. This is a fantastic example of being customer-centric, as we won the award during our second year of operations in the U.S.

In Latin America, we took yet another step towards a World Without Waste with the launch of the Universal Bottle, which, through returnable bottles, further reduces the use of single-use plastics at an affordable price for the consumer.

THROUGHOUT 2019 WE GREW:

+4.5%

NET SALES

+10.7%

EBITDA

We signed agreements focused on boosting Circular Economy in Peru, Mexico and the United States, confirming Arca Continental's commitment to a #WorldWithoutWaste.

We increased our efficient use of water, dropping from 1.65 liters of water used per liter of beverage, to 1.607 at the end of 2019. In consolidated terms, this was a 3.1% reduction. In energy, we went from 0.239 megajoules per liter of beverage to 0.235, while we reached a 22.21% average of post-consumer recycled resin (PCR) in our packages.

In Mexico, our plant "Las Fuentes" in Guadalajara was recognized by the Mexican government with the National Quality Award, to be delivered in 2020, and in Peru significant progress was made in digitalizing the sales force.

Equally notable is the Iberoamerican Quality Award, in the Gold category, granted to PetStar, the largest food-grade PET recycling plant in the world, led by Arca Continental and other members of the Mexican Coca-Cola Industry.

In Argentina, in yet another year of high inflation and exchange rate volatility, we protected our profitability with a pricing strategy that preserved the affordability of products, with a greater drive towards returnability and innovation, such as the first returnable package for non-carbonated beverages in Latin America.

Thanks to the team's ability to reach its goals in challenging environments, we ended 2019 with a 4.5% increase in Consolidated Net Sales, for a total of MXN 162.72 billion, and EBITDA of MXN 30.40 billion, 10.7% higher than in the previous year, with a margin of 18.7%.

Determined to continue capturing value at each point of sale, in 2019 we attained a volume of 2,240 Million Unit Cases (MUC), which was 0.9% higher than in 2018.

Consistent with our corporate philosophy and long-term investment strategy, in 2019 we invested MXN 11.57 billion towards elevating the competitiveness of the business, and improving execution at the point of sale, purchasing coolers and returnable bottles, modernizing production plants, the distribution fleet, and information technology, as well as building the plant located in Houston.

In 2019, our Operating Profit was MXN 20.2 billion, 8.8% higher than in the previous year, with an Operating Margin of 12.4%, while Net Income was MXN 9.58 billion, 10.2% higher than in 2018, reflecting a net margin of 5.9%, or 30 basis points higher than the preceding year.

In volunteering, almost 10,000 of our associates and their families participated in different institutional events, in which we rehabilitated 156 public spaces and collected 23 tons of waste, among other achievements.

EVER YEAR SINCE 2006, WE HAVE RATIFIED OUR ADHERENCE TO THE 10 PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT

MEXICO

In Mexico, sales were MXN 68.03 billion, 9.1% higher than in the previous year, with an EBITDA of MXN 15.67 billion, which was 16% higher than in 2018.

In terms of volume, Bebidas México broke the record of one billion unit cases in one year, which was recognized by The Coca-Cola Company, confirming the operation's solid marketing and customer service in a challenging consumer environment.

We welcomed new players in the Coca-Cola brand, such as Coca-Cola Café and Coca-Cola Energy.

We installed more than 100,000 coolers, using Advanced Analytics methodologies to prioritize these investments by type of customer; this was a 5.8% increase over 2018.

In 2019, we deployed the Suggested Order model to all customers in the traditional channel, reducing the incidence of points of sale without inventory by two percentage points.

Thanks to these and other focused actions at the point of sale, we obtained significant growth in the non-carbonated categories: dairy products 26%, energy drinks 17.5%, and sports beverages 12%.

77%

PENETRATION OF THE AC MOBILE TEAMS IN PERU

UNITED STATES

The beverages, food and snacks division in the United States reported annual revenues of MXN 59.03 billion, a 5.4% increase, and EBITDA of MXN 7.33 billion, which was a 12.2% increase.

We continued working towards the objective of creating US$ 90 million in synergies at CCSWB by capturing US$ 30 million more in 2019, for an accumulated total of US$ 62 million since 2017.

We achieved market share of 46.4% in sparkling beverages, which is the highest level in the last five years for this category.

In 2019, we launched more than 140 innovative products in different categories. Some of the most relevant launches were Coca-Cola Orange Vanilla, Smartwater Alkaline and Antioxidant, and Reign in energy drinks.

Coca-Cola Southwest Beverages finalized the first stage developing its service models in an effort to improve customer service, making 135,000 more visits than last year.

SOUTH AMERICA

As in 2018, in 2019 South America faced an adverse macroeconomic and political environment. Despite the challenges, we were able to do some streamlining by making products more affordable and increasing returnability, thus increasing profitability in the region.

Affected mainly by devaluation of the Argentine peso, Net Sales and EBITDA were MXN 35.65 billion and MXN 7.37 billion, respectively, which was lower in than 2018.

IN 2019, THE WISE STRATEGY WAS FOCUSED ON THE MOST PROFITABLE MARKETS, SUCH AS THE NORTHEAST UNITED STATES, WHICH HAS THE STRONGEST DISTRIBUTORS AND CLOSE PROXIMITY TO THE BERWICK PRODUCTION PLANT.

In Peru, we made progress in the digital transformation of our sales force, attaining 77% penetration of the AC Mobile teams, and increasing time at points of sale. We also initiated the Suggested Order pilot program, which proposes an optimal portfolio for the client. Its objective is to reduce out-of-stocks at the point of sale.

We continued with strategies to focus on the affordability of our products for consumers. In Argentina, leveraged by the investment made in returnables with the Universal Bottle, Aquarius was launched, becoming the leading Coca-Cola bottler in America with returnable packaging in the non-carbonated portfolio.

The beverage business in Ecuador captured more than 15,000 new customers, and it won the "Be There" Cup for market performance, awarded by The Coca-Cola Company Latin-Center.

FOOD AND SNACKS

Thanks to efforts that focused on increasing brand coverage, expanding the product portfolio, and boosting sales and distribution, we increased profitability in the food and snacks division.

Bokados increased its coverage in the interior of the country with new distribution centers in Toluca, Pachuca, Morelia and Puerto Vallarta, combined with the introduction of 60 new routes in Mexico City, Monterrey and Guadalajara.

As in Mexico, in Ecuador we continued working with the geographic expansion of Inalecsa by opening a new distribution center in the province of Santa Elena. We also launched Tigretón Cookies & Cream in the baked goods category, and we introduced the new line of cheese-flavored Locachos.

In 2019, the Wise strategy was focused on the most profitable markets, such as the Northeast in the United States, which has the strongest distributors and close proximity to the Berwick production plant. Cost efficiencies and lower expenditures led to better profitability in this area.

BUILDING A STRONGER FUTURE

The challenges we faced in 2019 in each country where we operate motivated our team to obtain positive results in key areas, such as commercial performance, cost and expense efficiencies, innovation, use of information technology, and sustainability and social responsibility initiatives. This was all done within an ethical framework of compliance as we continued to build a stronger future.

We appreciate the guidance, trust and support of the Board of Directors in complying with the goals agreed with the shareholders, always based on the cultural values and principles of the organization.

We recognize our associates for their talent and their determination to improve their performance, as well as the Coca-Cola Company for its loyalty, trust, and collaboration.

Our achievements in 2019 motivate us to continue exceeding the expectations of customers, consumers, associates, communities, and shareholders, as we continue the process of building an increasingly solid, agile and competitive company.

In 2020, we will place special emphasis on innovation and in the capitalization of information technologies to continue creating value, improving execution at the point of sale, expanding the portfolio of products, and creating shared-value activities to preserve the environment and the community, while we look for alternatives for profitable growth, both in beverages and in food and snacks.

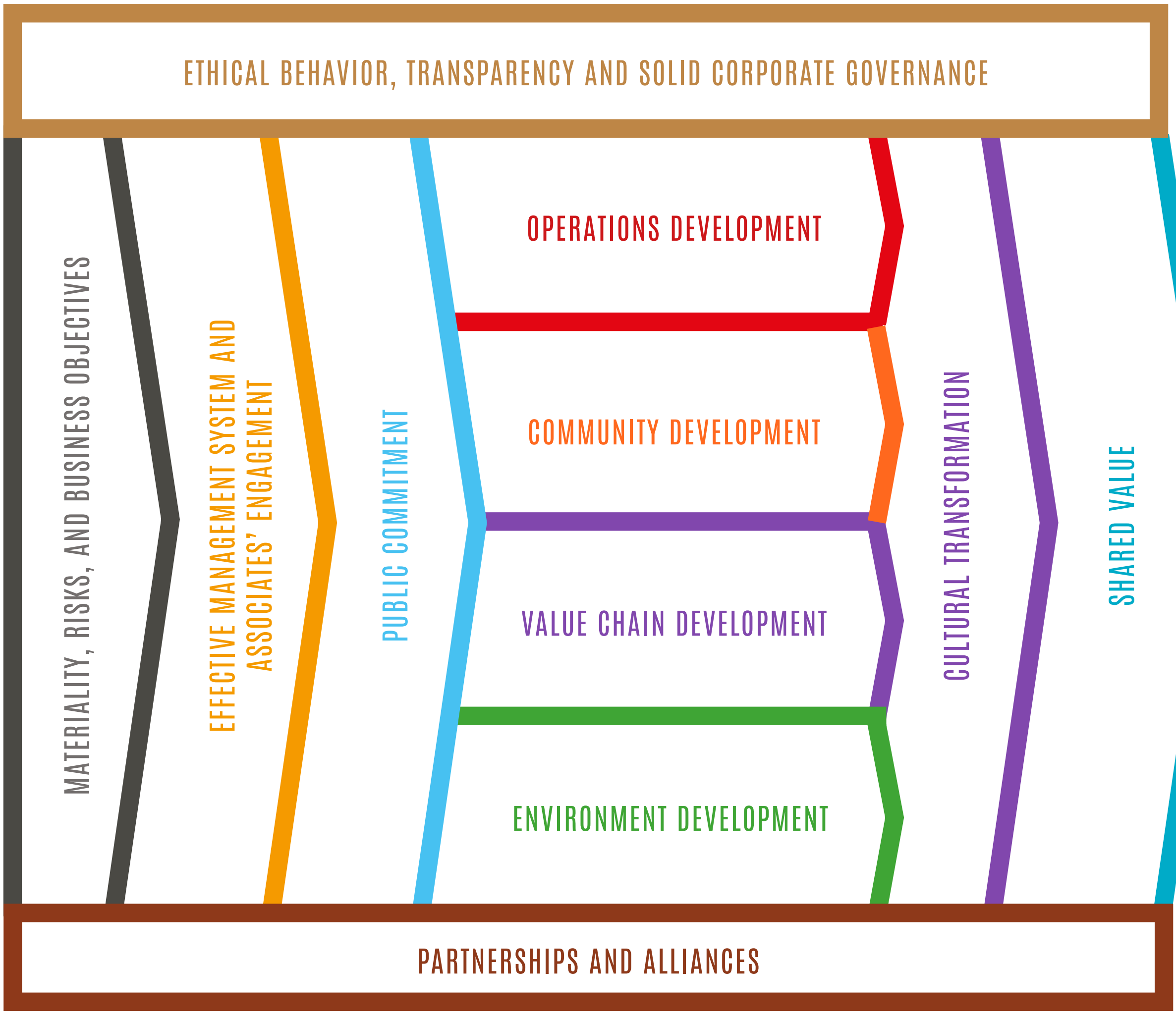
JORGE HUMBERTO SANTOS REYNA
Chairman of the Board of Directors

ARTURO GUTIÉRREZ HERNÁNDEZ
Chief Executive Officer

Sustainable development

At Arca Continental, we understand that creating positive value for our stakeholders, both internal and external, is the basis for attaining sustained growth that enables us to build for the future. The founders of the different entities that became what is today Arca Continental instilled a deep social and environmental commitment in each company. This vision has not changed, but it has evolved. Over the last few years we have worked to develop version 2.0 of our sustainability strategy. More than being a strategy that shows the company's internal development, we strive for everyone who has any type of relationship with the company – whether they are associates, providers, customers, neighboring communities, or the beneficiaries of any of our programs – to join the ranks of our agents or ambassadors of positive impact, so that together we can replicate the vision of our founders to build a stronger future.

This new version of our sustainability strategy, in which we seek to create a positive impact through shared values, is based on four pillars: operations, communities, the value chain, and the environment, as shown in the following graph.



Our sustainability strategy 2.0 is fully in line with the business' strategic objectives, in which we strive for Arca Continental to be a company that is profitable, stable, environmentally friendly, and one that will develop in harmony with the surrounding community.

Materiality and Stakeholders

[102-46, 102-47]

One of Arca Continental's overarching priorities is to create and maintain lasting relationships with any stakeholder who might be involved in the company development, whether they are individuals, groups or organizations.

We have established ongoing and direct communication strategies with these groups to promote open and transparent dialogue, to better understand their expectations and concerns, and thus to proactively provide service to them.

Since 2014, we have worked on identifying, analyzing and updating material issues at Arca Continental, conducting in-person and on-line surveys, focus groups, risk management and impacts, and analysis

of external factors, among other issues. We have also analyzed the maturation of those issues regarding their contribution to the Sustainable Development Goals (SDG) established by the United Nations. We have held feedback meetings with opinion leaders, peers, academics, authorities, and NGOs, among others, which has enabled us to clearly see what we must do, how to do it, and how to communicate it. These measures have allowed us to identify the matters on which we must focus to achieve the positive impact sought by the strategy.

The material matters for Arca Continental are, in alphabetical order:

- Continuous, verifiable and timely communication regarding environmental, social and Corporate Governance indicators
- Customer and consumer satisfaction
- Developing the community, with a focus on vulnerable groups
- Developing sustainable value chains and promoting local supply
- Minimizing the ecological footprint (water, waste and emissions) along the life cycle of our products
- Promoting active and healthy lifestyles
- Well-being and development of Associates

Process to build the materiality of Arca Continental

We identified those issues addressed by ISO26000, SA8000, OSHAS18000, and IFCPS, among others, that apply to our operations.

We assessed which of these issues were relevant to our stakeholders.

We analyzed the potential environmental, social, and economic impact of our operations on the most relevant issues.

We aligned our material issues with the UN Sustainable Development Goals (SDGs)

SASB Financial Materiality

The materiality of Arca Continental covers all the relevant topics for the company's stakeholders, as explained in detail in the previous section. This section furtherly relates the materiality of the company with those topics and metrics suggested by the SASB methodology in the non-alcoholic beverages accounting standard.

SASB NON-ALCOHOLIC BEVERAGES SUSTAINABILITY ACCOUNTING STANDARD

DIMENSION	MATERIAL TOPIC	ACCOUNTING METRIC
ENVIRONMENT	Fleet Fuel Management	Fleet fuel consumption is one of the most important source of Scope I emissions for the company. Aiming to furtherly reduce our global emissions and in the near future have SBT approved goals, we´re aggressively lowering our emissions as can be seen in the carbon strategy section of this report.
	Energy Management and Water Management	Both energy and water management have their own section in this report, all SASB account metrics and more are thoroughly disclosed in those sections.
SOCIAL CAPITAL	Health & Nutrition	Arca Continental main activity is to produce, distribute and sell non-alcoholic beverages under The Coca-Cola Company brand; therefore, all ingredient-related disclosures must be conducted through the Coca-Cola Company.
	Product Labeling & Marketing	Arca Continental has a strict policy, adhered to the PABI Code, to not target children in its marketing.
		We do not track GMOs ingredients in our products as some might contain traces in secondary ingredients. No main ingredients in our bottled, packed or dairy products are GMOs.
		We have not had a single incident of non-compliance with industry or regulatory labeling and/or marketing codes during the reported year.
BUSINESS MODEL & INNOVATION	Packaging Lifecycle Management	Packaging has being a highly relevant topic for the company, even before the World Without Waste goals set by the Coca-Cola Company, to which we adhere. All SASB recommended metrics and more can be found in the Circular Economy section of this report.
	Environmental & Social Impacts of Ingredient Supply Chain	All relevant topics and metrics, as well as our complete strategy related to our suppliers social and environmental audits can be found in the Sustainable Supply Strategy of this report.
	Ingredient Sourcing	Jointly with the Coca-Cola Company, we bottlers across the world are working to map all water stress related ingredients to create a water friendly sourcing strategy in the very near future.

Contributing to Sustainable Development Goals

Arca Continental is one of the first companies to align its development strategy with the United Nations' Sustainable Development Goals, starting with a thorough analysis of our contribution to those goals through a maturity model. We have also conducted numerous surveys with communities in Mexico, Ecuador, Peru and Argentina, to identify the goals in which each community is most interested in us having a positive impact.

The following table lists our projects and programs with the Sustainable Development Goals.

SDG	GOALS	PROJECTS AND PROGRAMS
1 NO POVERTY	1.1	Supplier Development Program.
	1.2	5By20 program, training for retailers, sustainable cattle industry.
2 ZERO HUNGER	2.1	Donations to food banks and community diners.
	2.3	Mexican Countryside project.
	2.4	Principles of Sustainable Agriculture.
3 GOOD HEALTH AND WELL-BEING	3.9	Environmental footprint reduction programs and goals.
4 QUALITY EDUCATION	4.1	Programs to offer further schooling to our associates, Ponte al 100, and Schools in Motion.
	4.3	Express home-schooling high school program.
5 GENDER EQUALITY	5.1 and 5.2	Programs to promote peace.
	5.1	Code of Ethics and Conduct Policies.
	5.5	The ANSPAC and 5by20 programs, as well as training for retailers, and fostering entrepreneurship.
6 CLEAN WATER AND SANITATION	6.2	Safe Water program in Argentina, Bebederos (Drinking Fountains) in Mexico, and filtering systems in community cisterns.
	6.3	Water treatment and reuse programs.
	6.4	Reforestation and water harvesting programs, donating treated water.
	6.5	Participating in water funds and basin councils.
	6.6	Wetland reforestation and protection programs.
7 AFFORDABLE AND CLEAN ENERGY	7.2	Program to migrate to renewable energy.
	7.3	Energy efficiency certifications, continuous improvement programs, Cold Dominion program.
8 DECENT WORK AND ECONOMIC GROWTH	8.1	Average lowest salary at Arca Continental vs. minimum wages.
	8.3	Programs to develop and offer training to retailers, entrepreneurship programs.
	8.4	Programs to reduce environmental footprint.
	8.5	Jóvenes Construyendo el Futuro (Young People Building the Future) program in Mexico, program to include people with disabilities, equal salaries for men and women.
	8.6	Guiding Principles for the Value Chain, working in collaboration with The Coca-Cola Company and ILO to eradicate child labor.
	8.7	Guiding Principles, internal safety (associates and contractors).
	8.8	Guiding Principles, Internal Safety (associates and contractors).

SDG	GOALS	PROJECTS AND PROGRAMS
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	9.2	Economic footprint and capabilities for creating local jobs.
10 REDUCED INEQUALITIES	10.1	Operating and generating wealth in developing nations.
	10.3	Code of Ethics and gender equality in salaries.
11 SUSTAINABLE CITIES AND COMMUNITIES	11.3 and 11.7	Rescuing public spaces through several programs.
	11.6	Urban reforestation, volunteer program, waste collection programs, and promoting the circular economy.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	12.2	Environmental footprint reduction and circular economy programs.
	12.5	World Without Waste strategy and goals.
	12.6	Sharing best practices at forums and on our sustainability website.
13 CLIMATE ACTION	13.1	Reforestation and water harvesting programs, basin protection, emissions reductions, and aid during natural disasters.
14 LIFE BELOW WATER	14.1	0% discharge in ground water bodies and treating 100% of discharged water.
15 LIFE ON LAND	15.1	Reforestation programs and Sustainable Agriculture Guiding Principles.
	15.2	Social programs linked to reforestation programs.
	15.4 y 15.5	Reforestation on the high basins.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	16.1	Program to promote peace.
	16.5	Code of Ethics and Transparency Mailbox.
	16.7	Coordinating and participating in neighbor councils.
17 PARTNERSHIPS FOR THE GOALS	17.11	Exporting our products to developing nations.
	17.16 and 17.17	Active participation and leadership in chambers and associations that promote sustainable development.

Dialogue with stakeholders

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

Ensuring that we understand the expectations and concerns of our stakeholders is a priority for Arca Continental. The different communication channels we have opened enable us to understand the sentiments of the communities where we operate, and to act so that way that the value we generate is shared by everyone.

	CONSUMERS	CUSTOMERS	SUPPLIERS	ACADEMY AND OPINION LEADERS	MEDIA
METHODS OF COMMUNICATION	» SATISFACTION, SERVICE AND QUALITY SURVEYS	» MATERIALITY SURVEYS » SATISFACTION, SERVICE AND QUALITY SURVEYS	» MATERIALITY SURVEYS » AUDIT AND EVALUATION FEEDBACK » ANNUAL REPORTS » DEDICATED SECTION ON WEBPAGE	» MEETINGS » REPORTS » WEBSITE » PARTICIPATION IN FORUMS AND CONGRESSES	» ANNUAL REPORTS » PRESS CONFERENCES » DEDICATED SECTION ON WEBPAGE » INTERVIEWS
FREQUENCY	» DAILY /ANNUALLY	» DAILY /ANNUALLY	» DAILY / MONTHLY	» MONTHLY / ANNUALLY	» MONTHLY / QUARTERLY
EXPECTATIONS	» PRODUCT QUALITY AND SAFETY » CLEAR, ACCURATE, USEFUL INFORMATION ABOUT PRODUCT CHARACTERISTICS ON LABELS	» PRODUCT QUALITY AND SAFETY » CUSTOMER DEVELOPMENT » COMMUNITY DEVELOPMENT PROGRAMS » TRAINING » EXCHANGE OF BEST PRACTICES » ETHICAL NEGOTIATION PRACTICES	» SUPPLIER DEVELOPMENT » ETHICAL NEGOTIATION PRACTICES » OPERATING SAFETY » ENVIRONMENTAL CARE AND PROTECTION » SHARING OF SOCIAL RESPONSIBILITY PRACTICES	» RESPONSIBLE ADVERTISING AND MARKETING » PRODUCT RESEARCH AND DEVELOPMENT » INFORMATION ON COMPANY ACTIVITIES AND PRODUCTS	» RESPONSIBLE ADVERTISING AND MARKETING » TIMELY, ACCURATE INFORMATION
INITIATIVES	DAILY NUTRITIONAL GUIDES (DNAS) ON LABELS PHYSICAL ACTIVATION PROGRAMS MASSIVE NUTRITIONAL ORIENTATION CAMPAIGNS CALL CENTER CONTACT (DIGA)	SERVICE MODEL (RTM) PORTFOLIO EXPANSION COMPLIANCE WITH ADVERTISING LAWS AND REGULATIONS RETAILER TRAINING AND SUPPORT	APPLICATION OF THE COCA-COLA SUPPLIER GUIDING PRINCIPLES	PROMOTION OF ACTIVE, HEALTHY LIFESTYLES DAILY NUTRITION GUIDES (DNAS) ON LABELS ADHERENCE TO THE PABI CODE COMPLIANCE WITH LAWS AND REGULATIONS	INTERVIEWS PRESS CONFERENCES AND WEBPAGE ADHERENCE TO THE PABI CODE ANNUAL REPORTS

INDIVIDUAL WELLBEING · SOCIAL WELLBEING · ENVIRONMENTAL WELLBEING · OTHER SECTIONS

For Arca Continental, stakeholders are those who 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 impacted by our performance as an organization. These groups and individuals influence our risk management and our social and environmental projects. Adequate and ongoing communication with them allows us to engage in a conversation that establishes the basis for working constructively towards the improvement of our operations.

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

ASSOCIATES AND THEIR FAMILIES	NGOs	COMMUNITY	AUTHORITIES AND GOVERNMENT	INVESTORS AND SHAREHOLDERS	THE COCA-COLA COMPANY
» MATERIALITY SURVEYS » ORGANIZATIONAL CLIMATE SURVEYS » INTERNAL INFORMATION PORTAL » MESSAGE BOARDS » BI-MONTHLY MAGAZINE » SAFETY AND HYGIENE COMMISSION » REPORT FOR ASSOCIATES » EQAP'S	» MATERIALITY SURVEYS » MEETINGS » EMAIL: RS@ARCACONTAL.COM » ANNUAL SOCIAL RESPONSIBILITY REPORT » WEBPAGE	» MATERIALITY SURVEYS » MEETINGS » OPINION SURVEYS » WEBPAGE	» MEETINGS » ANNUAL REPORT » WEBPAGE	» MATERIALITY SURVEYS » QUARTERLY REPORTS AND CONFERENCES » ANNUAL SHAREHOLDERS AND SOCIAL RESPONSIBILITY REPORTS » ANNUAL SHAREHOLDERS' MEETING » WEBPAGE » BOARD MEETINGS	» MATERIALITY SURVEYS » PERIODIC MEETINGS » E-MAILS » ROUNDTABLES » SOCIAL RESPONSIBILITY REPORT
» DAILY / QUARTERLY / ANNUALLY	» MONTHLY / QUARTERLY	» CONTINUOUS	» MONTHLY / QUARTERLY	» DAILY/MONTHLY / » QUARTERLY / ANNUALLY	» DAILY / MONTHLY / » QUARTERLY / ANNUALLY
» PROFESSIONAL AND VALUES TRAINING AND DEVELOPMENT » COMPETITIVE SALARIES AND BENEFITS » RESPECT FOR RIGHTS AND LIBERTIES » APPLICATION OF THE CODE OF ETHICS » OPERATIONAL SAFETY » OCCUPATIONAL HEALTH AND SAFETY	» ACTIVE PARTICIPATION IN, AND SUPPORT FOR, DIFFERENT CAUSES » FEEDBACK » PROFESSIONAL AND PERSONAL TRAINING AND DEVELOPMENT	» INVESTMENT IN SOCIAL, EDUCATIONAL, HEALTH AND SPORTS PROJECTS » RESPONSIBLE INTERACTION » ENVIRONMENTAL PROTECTION AND APPROPIATE NATURAL RESOURCE MANAGEMENT » PRODUCT QUALITY AND SAFETY » COMMUNITY DEVELOPMENT PROGRAMS	» COMPLIANCE WITH APPLICABLE LAWS, REGULATIONS AND STANDARDS » PARTICIPATION IN THE CREATION OF LAWS, REGULATIONS AND STANDARDS » TIMELY PAYMENT OF APPLICABLE TAXES AND CONTRIBUTIONS » RESPONSIBLE PERFORMANCE » INVESTMENT IN, AND CREATION OF JOBS	» PROFITABILITY, GROWTH AND VALUE GENERATION AND DIVIDEND PAYMENT » CONTINUOUS COMM-UNICATION WITH ACCURATE CONTENT » PROTECTION OF HUMAN RIGHTS ACROSS THE VALUE CHAIN » SUSTAINABILITY » ETHICAL CORPORATE GOVERNANCE PRACTICES » PRODUCT QUALITY AND SAFETY » TRANSPARENCY AND ACCOUNTABILITY	» COMPLIANCE WITH PRODUCT, CUSTOMER-SERVICE AND VALUE CHAIN QUALITY STANDARDS » COMPLIANCE WITH THE GOALS OF THE SUSTAINABILITY PLATFORM » ENVIRONMENTAL CARE AND PROTECTION » PRODUCT QUALITY AND SAFETY » COMMUNITY DEVELOPMENT PROJECTS
● APPLICATION OF THE COCA-COLA COMPANY OCCUPATIONAL HEALTH AND SAFETY PROGRAM ● TRAINING AND DEVELOPMENT PROGRAMS, E-LEARNING AND ARCA CONTINENTAL MASTER'S DEGREE ● ANNUAL ORGANIZATIONAL CLIMATE SURVEYS ● ANNUAL PERFORMANCE EVALUATIONS FOR SENIOR AND MIDDLE MANAGEMENT ● SYSTEM FOR CONTINGENCY MANAGEMENT AND CRISIS RESOLUTION ● AC+ MOVEMENT ACTIVITY PROGRAM	● DONATIONS COMMITTEE ● STRATEGIC PARTNERSHIPS ● ASOCIACIÓN PRO SUPERACIÓN PERSONAL, A.C. ● CEMEFI ● SUMARSE NETWORK ● MOVIMIENTO CONGRUENCIA ECOCE	● SCHOOLS IN MOTION ● COCA-COLA CUP ● POWERADE MARATHON ● VOLUNTEER PROGRAM ● LET'S PLAY ● PROGRAM HEALTH TO LEARN PROGRAM	● COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS ● CONTINUOUS INVESTMENT IN JOB CREATION ● PARTICIPATION IN ASSOCIATIONS AND CHAMBERS ● ONGOING DIALOGUE WITH AUTHORITIES ● HUMAN CAPITAL AND SUSTAINABILITY COMMITTEE	● CORPORATE GOVERNANCE STRUCTURE ● CODE OF ETHICS ● RISK IDENTIFICATION AND CORPORATE IMAGE AND REPUTATION COMMITTEE ● PRO-SUSTAINABILITY ACTIONS ● CONSTANT COMMUNICATION WITH INVESTORS ● HUMAN CAPITAL AND SUSTAINABILITY COMMITTEE	● COMPLIANCE WITH SUSTAINABILITY GOALS ● ACTIVE PARTICIPATION IN THE INDUSTRY'S SUSTAINABILITY COMMITTEE ● PARTICIPATION IN ALL CORPORATE PROGRAMS ● COCA-COLA CUP ● REFORESTATION AND WATER CLEAN UP CAMPAIGNS ● PROMOTION OF HEALTHY, ACTIVE LIFESTYLES ● EFFICIENT USE OF RESOURCES

Products

As part of our commitment to offer the highest-quality products, we are constantly strengthening our portfolio and adapting it to new consumption trends. By launching new products and reformulations, we strive to remain a leader in the food and snacks industry, driving the activities that enable us to continue growing, and building an organization that is prepared for the future.

At the same time, we focus on serving the market and the consumer, listening to comments, and handling concerns.

VALUE SHARE IN SPARKLING BEVERAGES SHARE GREW +0.8% AND REACHED A HISTORIC HIGH IN MEXICO.

TONICORP ICE CREAMS MARKET SHARE GREW 35.2%

New product launches

[102-6]

After listening to our consumers, we have focused innovation on products and packaging that will meet their tastes and needs. We continue to expand and diversify our product portfolio, both in beverages from The Coca-Cola Company, as well as snacks, through the brands that we change operate to produce and sell in Mexico, the United States and Ecuador.

- In **Mexico** we launched two new beverages under the Coca-Cola brand, which were both well received by the market: Coca-Cola Café and Coca-Cola Energy, strengthening the energy drinks category.
- We also launched ISOLITE, a beverage that has been specially developed to rehydrate with electrolytes, coconut water, and natural extracts for situations of moderate dehydration.
- Coca-Cola Orange Vanilla, in its Regular and Zero presentations, became the most significant product launches in 2019 in the **United States**, and the first new Coca-Cola flavor in 10 years.
- Also in the **United States**, two new flavors of Diet Coke were launched: Strawberry-Guava, and Bluberry-Açaí.
- In **Peru**, the launch of Agua Benedictino underscored our leadership position in the bottled water category
- In **Argentina**, we launched Del Valle&Nada Lemon and Orange flavors in single-serve presentations, and in the non-carbonated category we relaunched the brand Hi-C Fresh, with a new image and flavor to compete in the flavored water category.

MEXICO

The new Bokaditas Chorizo Chipotle, Enredos Black, Topitos T, Prispas Chamoy and D-Tochos Chile Limón were launched.

ECUADOR

The snacks business is being fortified with product launches such as Nachos Chile Limón and Saritas Picantes in the potato chip category, Tigretón Cookies & Cream, and Mis Gansitos dulce de leche, in the baked goods category.

The beverage business grows

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

- 6% growth in non-carbonated category has consolidated the diversification strategy and the vision of a total beverage company
- 7.7% volume growth in the single-serve water presentation
- 26% sales growth in dairy category
- We continue to take bold steps in the returnability strategy, attaining a 31.4% mix of returnable presentations in 2019

+12%

GROWTH OF THE ISOTONIC CATEGORY IN MEXICO.

+26%

INCREASE IN DAIRY SALES.

IN PERU, WE INCREASED OUR SHARE IN LOW OR NON-CALORIE PRODUCTS 13.7 POINTS THROUGH REFORMULATIONS AND NEW PACKAGE LAUNCHES, SUCH AS THE 237ML SIZE.

Reduction of the caloric footprint

Attentive to new consumption trends, we shored up our low- or no-calorie beverage portfolio, serving the needs of consumers who want to enjoy our beverages with fewer calories. We worked tirelessly to develop and create new formulas and to offer reduced-sugar and reduced-caloric options, satisfying market segments that demand products that fit their lifestyle, and keeping us on pace with future trends.

In Ecuador, Fanta, Fioravanti, Inca Kola, and Sprite were reformulated in order to reverse the downward trend the sparkling category was experiencing. This measure, in conjunction with solid execution at points of sale, should result in recovery in volumes sold.

Our priority is to meet the needs of our consumers. To that end, we have a large portfolio of beverages in a variety of presentations and flavors, of which more than 40% are low- or no-calorie. An example of success at the global level are our operations in Ecuador, where the sales of caloric and non-calorie beverages are nearly equal. We also have a large variety of products, both carbonated and non-carbonated – dairy products, mineral water and juices – as well as single-serve presentations containing less than 100 calories.

- In Mexico, the mix of low- and no-calorie products, including water, was 19% in 2019.

+12.6%

VOLUME GROWTH OF COCA COLA ZERO SUGAR VOLUME

Customer service

Providing experiences that satisfy consumer preference and love for our brands is a strategic activity for Arca Continental. In 2019, we capitalized on the most important events for our consumers, and we held very innovative campaigns.

In order to meet our stakeholders' demands and provide them with quick responses, we relied on our Call Centers in Mexico, Argentina, Ecuador and Peru.

Customer service agents of DIGA Mexico received training at the Coca-Cola Development Center, so they can provide excellent service to our customers and consumers.

In 2019, we received more than 856,000 telephone calls through our Customer Service channels globally, with a successful resolution percentage of 96%. Similarly, from 12,687 customers surveyed in 2019 we scored an average of 95% satisfied customers.

Operational excellence

Understanding that the market is constantly evolving, Arca Continental continued with its processes of growth and streamlining that will enable us to face a challenging future. Actions were implemented that allowed the company to maintain its leadership position in commercial matters, logistics and production, and to expand its portfolio of beverages, food and snacks, never losing its focus on satisfying the dynamic needs of customers and consumers and preparing operations to receive excellent long-term results.

On this path, savings and synergies were achieved that will allow Arca Continental to remain a benchmark in the market, driving change in its industry with digital technology at point of sale, improving its levels of attention and service, and staying on top of global trends.

Leading Operations

UNITED STATES

- CCSWB won the Candler Cup as the best bottler in the Coca-Cola System worldwide, recognizing its commitment to giving the best service to customer and consumers.

LAS FUENTES PRODUCTION PLANT IN JALISCO BECAME THE FIRST PLANT IN THE COCA-COLA SYSTEM IN MEXICO TO WIN THE NATIONAL QUALITY AWARD 2019. THIS AWARD WAS WON BY PETSTAR IN 2018, WHICH ALLOWED IT TO COMPETE AND WIN THE IBEROAMERICAN QUALITY AWARD IN 2019

ECUADOR

- More than 15,000 new customers were captured, which resulted in winning the "Be There" Cup, given by The Coca-Cola Company Latin Center, for market performance.

ARGENTINA

- For the second consecutive year, we were selected as finalists to represent Latin America in the Candler Cup, due to our outstanding performance and market share, among other indicators.
- We received the South Latin Commercial Cup 2018. This is the second consecutive year in which the company received the award due to its solid performance, revenues, volume, and market share.
- Investments of US$7 million were made in the Salta and Tucumán plants, so that the Universal Bottle could be introduced. This investment allows us to expand the products we offer in returnable presentations, at affordable prices for our consumers.

Continuous improvement

[404-2]

Continuous improvement and the ongoing search for excellence in every aspect of our operations is a characteristic of the organizational culture of Arca Continental. It is reflected in our efforts to maintain the highest standards of quality and efficiency as we pursue our path of sustained growth.

Savings and efficiencies

We are always working to find efficiencies and implementing best practices to remain on the cutting edge in our operations.

MXN 852 MILLION

NEW SAVINGS RECORD IN 2019.

Sharing Best Practices

To be a learning-focused company, the individuals, teams, and the organization itself must be constantly learning and sharing the development, transfer and use of knowledge and skills to have continuous improvement and to create a dynamic competitive advantage. This helps to create cooperative working environments in which all of the company's associates participate in developing common goals. The basis of Continuous Improvement is in line with the same objectives, concentrating on building a learning environment that involves everyone – from the Site Committee to the Continuous Improvement Teams – whose change end to purpose common goals and values.

Best practices, established in the philosophy and the continuous improvement system, should be shared and distributed both horizontally and vertically throughout the organization, with processes that support that distribution, and that are constantly improving.

Replication of Best Practices does not only refer to the practice of repeating the positive aspects of other operations; it is also the culture of sharing information between departments. Therefore, it is crucial for this exchange to include successes and failures. The expectation is that improvement is not complete until its replication is confirmed and the learning is shared with others.

In 2018, a Best Practices Procedure was created, through which the processes were announced for sharing knowledge and encouraging greater participation of the associates. The goal was to ensure support within processes and to replicate the best practices detected inside and outside the organization, in accordance with the Continuous Improvement Manual. The system was improved in 2019, with the goal of execution and adaptation to the changing needs of the work environment.

Through our Continuous Improvement Program, we train and support the different teams that comprise Arca Continental in the countries where we operate, so that they can propose innovative improvement projects. This program is carried out by teams organized by plant, which are responsible for analyzing and proposing improvements in specific aspects of at least one of the established themes: productivity, control of costs and expenses, quality, safety, environmental indicators, and personal development indicators.

The Operating Excellence Initiative is an integral tool that we use to analyze, detect and resolve issues in areas of opportunity that are identified in each stage of our processes, and it is extended to our value chain, our customers, and providers. Thus, we are able to work on priority improvements, using full scale solutions and teamwork.

We continued the strategic rollout of the Lean Six Sigma methodology throughout the organization.

In July 2019, Trechas process equipment was transferred from one of our operations in Fort Worth Texas to Topo Chico plant in Monterrey, Mexico; after the installation of the equipment, upgrade activities and commissioning of automation components, training of local personnel began to operate the equipment and gain expertise in the process.

At the same time, Research and Development activities were focused on standardizing recipes for products that were previously produced in the US, with raw materials supplied locally in Mexico.

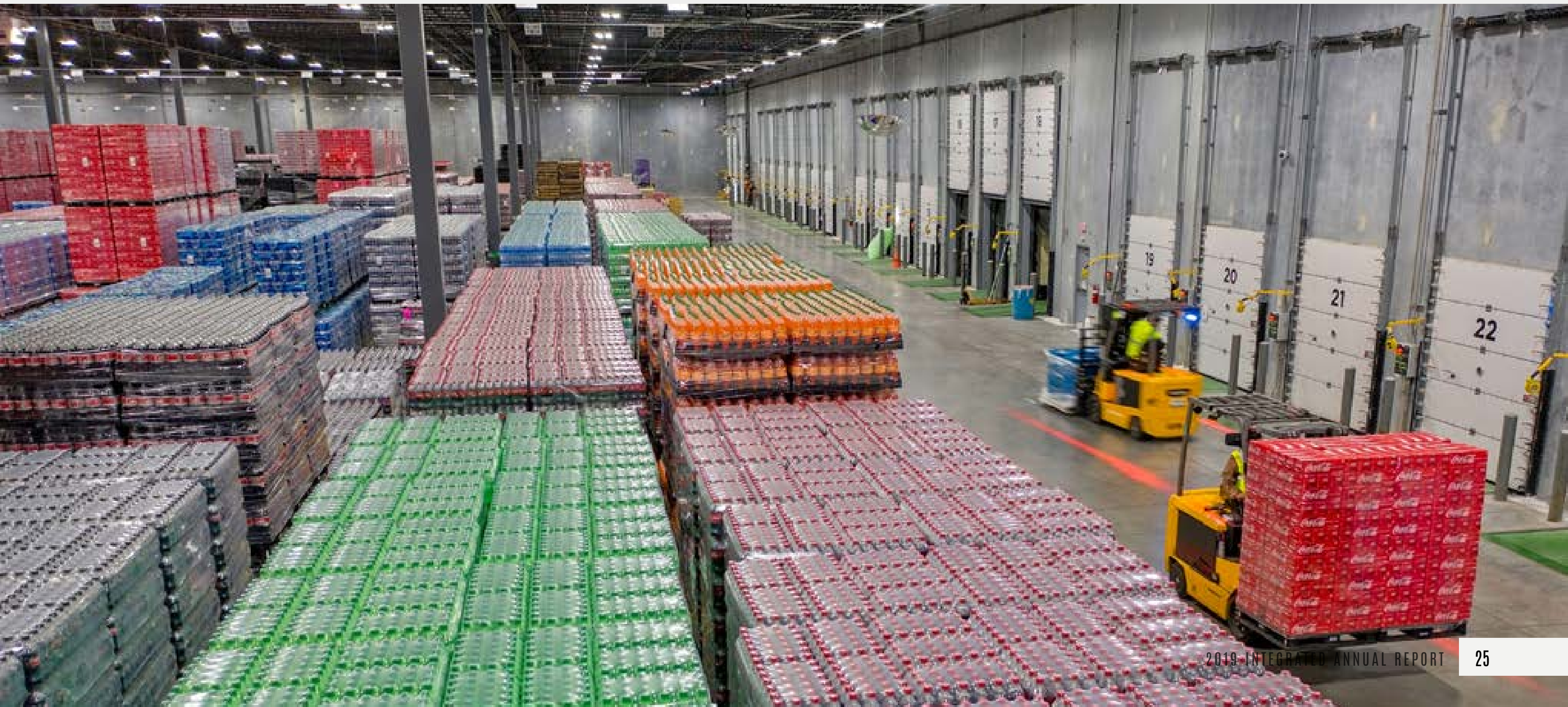
This point was a fundamental part of the process, since it was necessary to maintain or improve the sensory and quality characteristics of the products, ensuring the supply of materials and seeking to maintain or reduce their cost.

Moving the process to the Topo Chico plant and the approval of the product formulations directly impacted operational efficiency; the implementation of new business strategies by Wise Foods, is achieving sales levels well above the objectives initially set. Initially Trechas products were produced intermittently, today, the process works daily, managing to satisfy the demand for the Trechas product in the local market and mainly the market demand in the US.

CERTIFIED CENTERS OF OPERATING EXCELLENCE

10 BRONZE LEVEL

2 SILVER LEVEL



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

Responsible marketing

[417-1]

Responsible Marketing Policy

Through our labeling policy, we seek to fully comply with the advertising and communication regulations established in every country where we operate, and we offer responsible and transparent information on our products. To do this, we strictly comply with labeling guidelines established in the countries we serve. We also fully comply with Coca-Cola's Responsible Marketing Guide in beverage operations.

Responsible and Transparent Information

All of Arca Continental's products contain nutritional information on the packaging, and all non-returnable Coca-Cola packages that we handle contain Daily Nutritional Guidelines. We are committed to parents and their right to responsibly decide what their children consume. That is why, since 2008 we have followed the Code on Self-Regulated Food and Beverages Advertising directed towards Children (PABI Code), years before it became a government-mandated requirement. Following the guidelines of this code, 100% of our business units avoid advertising or communication directed towards children under 12 years of age. We have also created a special selection of beverages and snacks in our portfolio for Consumption at School Establishments in Mexico (Establecimientos de Consumo Escolar en México – ECoES), which strictly comply with the requirements established by the Secretaries of Health and Education.

Health and safety

[403-1]

Our objective is to return home healthy and safe, to take care of our work colleagues and the equity of the company, and to strive for safety in the communities we serve.

One of the main objectives in our sustainable development plan consists of adopting a Preventive Safety Culture. We assign great weight to each associate's responsibility to contribute to safe spaces and activities, both in operations as well as in the sale of our products. Anyone who is part of Arca Continental must support a safe and healthy environment, respect the measures taken to prevent injury and illness, protect individual integrity, and that of those who work with us.

During the process of adopting an occupationally safe and healthy culture, we have found that the best way to reach our objective is by consciously changing behavior from a preventative point of view. This has been achieved through programs that allow associates to learn to observe and anticipate what should be done when unsafe or non-standard acts or conditions are seen, before they happen, and to always be aware of the risks to which they are exposed, so that they can act in the manner that is safest for the associate, work colleagues, family, and the community. Therefore, we have included preventative programs in our initiatives, which facilitate adoption of a change in culture through a change in behavior.

To see our Occupational Health and Safety Policy, click the following:
http://www.arcacontal.com/media/330714/politica_seguridad.pdf

Some safety highlights for our associates during 2019 change are to include the following:

- Standardization of measures within Arca Continental's Integral Management System was reinforced
- The model was updated based on identifying and managing risks, in order to prevent them
- The Management System of CCSWB plants was aligned with Arca Continental's general model
- Internal auditing procedures were standardized and approved in matters of Quality, Safety, the Environment, and Industrial Safety, in all beverage operations

Industrial and Commercial Safety Model

Guarantee the integrity of our associates and community, and preserve Arca Continental's equity

INTEGRATED QUALITY AND IMPROVEMENT SYSTEM / SOCIAL RESPONSIBILITY AND SUSTAINABILITY MODEL

PEOPLE
- Safe behavior
- Training
- Structure
- Job Profiles

MANAGEMENT
- Reporting System
- Safety Committee
- Excellence
- Best Practices

INFRASTRUCTURE
- Diagnostic
- Investment and Maintenance Plan

OHSAS 18001:2007 / COMMITMENT FROM SENIOR MANAGEMENT

Safety Program

An important part of the Industrial and Commercial Safety strategy has been initiatives with the guidelines and standards under which Arca Continental operates, and whose success is based on the support of senior management. This means it is spread throughout the operation, assuring compliance with the three pillars defined in the Occupational Health and Safety Model:

1. **People:** Development and reinforcement of knowledge and personnel skills through in-person and online courses.

2. **Management:** The integration of verification into management systems through internal audits, the rollout of programs and initiatives through the Safety Committee, development and use of applications to facilitate management, and definition of preventive indicators.

3. **Infrastructure:** Investment to support and maintain initiatives over time.

A relevant process at Arca Continental in these matters has been migration from a corrective focus on complying with requirements, to adoption of a preventive focus, in which we strive to protect the different types of the company's capital to work optimally and safely.

Requirements of The Coca-Cola Company:
- LTIR (Lost Time Incident Rate)
- TIR (Total Incident Rate)
- Crash rate: APMK-MAPMK

Strategic preventive indicators of Arca Continental:
- SR (Safety Rating)
- SCI (Safe Conduct Index)

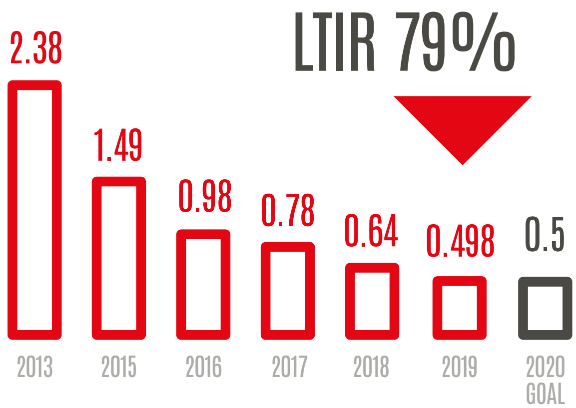
The **Safety Rating** (SR) measures the evolution and maturity level of safety prevention programs through dialogue, activity, and leading safety routines by associate, department, business unit, and country, whose objective is:
- To implement programs with a preventive focus
- Standardized metric
- Identify opportunities
- Effective action plans
- Encourage teamwork
- Measure commitment and leadership at all levels (Director to Supervisor)
- Culture of safety focused on prevention, based on safe behavior
- Zero accidents

The **Safe Conduct Index** (SCI) is developed using information on preventive observation cards by department, risk level, and number of people observed. The higher the SCI percentage, the more a culture of safe practices is reflected.

Safety achievements

[403-2]

One of our main achievements in 2019 was getting to a Lost Time Incident Rate (LITR) of 0.498, which is a 79% reduction over 2013 (LTIR 2.38). We attained a Total Incident Rate (TIR) of 1.678, which is a 61% reduction over 2016 (4.310).



WE WERE THE FIRST OF COCA-COLA'S LARGEST BOTTLERS TO REACH THE LTIR OBJECTIVE OF 0.5 IN 2020.

Contractor Safety

Our Intranet page has a program for managing contractors. Its purpose is to ensure the implementation of all safety, health and environmental requirements and procedures related to administration of contracted personnel. This procedure applies for all departments that have relationships with contractors before, during, and after performing work for Arca Continental. Additionally, in Mexico we have ARIBA, a platform where we follow up on the contractor certification process, which ensures that we have products and services that comply with our quality, security and safety standards.

We are currently developing REIM, which is an incident-investigation platform. This tool will allow us to create reports with our fixed contractors, as well as the number of hours they work, and the pertinent incidents report, if needed. The data obtained will be included in Arca Continental's LTIR and TIR indicators.

Risk Management

At Arca Continental, the risk management process is performed at the Board level by the Audit and Corporate Practices Committee, Senior Management, and the Risk Coordination Committees, whose goal is to ensure the continuity and sustainability of the business. We currently have a variety of programs that allow us to evaluate and mitigate all types of risks.

The purpose of Arca Continental's Risk Coordination Committee is to ensure that all possible critical risks that might arise are duly handled by the respective committee. 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 finance, information, financial and tax safety, audits of our providers, regulatory compliance, prompt crisis resolution, and contingency management.

In 2016, we issued and implemented a new risk management policy, and we implemented different programs to evaluate and control those risks.

We have created a strategic resilience model to ensure the continuity of the business through better risk management plans, crisis management, and continuity of the business. To execute that model, we focus on a management style that is more preventive and less reactive, employing methodologies and tools that allow us to perform better in those situations. We also have associates who are trained and certified by ERMA (Enterprise Risk Management Academy), who are responsible for properly managing the business' risks.

Following ISO 31000 methodology, we preventatively manage reputational, financial, operating, regulatory, strategic, and emerging risks. For each of these divisions we have established mitigation plans that allow us to make strategic decisions for every situation.

Crisis Management

We have our own internal methodology, and we use other internal and external management tools to handle incidents and elevated incidents so that we can find acceptable and adaptable solutions. Some examples include demonstrations against the company, internal incidents, and failure to comply with the quality and safety guidelines required for our products.

Business Continuity Plans

Following documented theory and other reliable tools, we preventatively and reactively manage large-scale risk that could potentially affect business continuity at any of our operations.

Given the geographic locations of our territories, their topographical characteristics and respective climate conditions, we are susceptible to different natural disasters that could negatively impact our operations and facilities, as well as our associates in those regions. Some examples include:

- Mexico, Peru, Ecuador and Argentina are prone to earthquakes
- Mexico and the United States are prone to hurricanes and flooding
- Mexico is prone to forest fires

We plan on contingency measures for elements outside of our business that could interrupt our operations, such as unscheduled water or electricity outages, fuel shortages, or social and/or political instability. Based on documented theory, we create plans to handle these issues within a defined recovery time framework, so that we can properly restore our operations in a shorter-than-expected time period.

In a changing environment within a global economy, Arca Continental is susceptible to numerous factors that might place the organization at risk. The following list of elements enumerates some of the organization's latent risks, its operations in different territories, its economic performance, and how it is perceived by stakeholders, among others.

Changes in climate conditions

Temperatures and rains may affect consumption behavior of our products, while natural phenomena affect our distribution routes. That is why Arca Continental has implemented programs to mitigate and adapt to climate change, and we have been reporting our activities to the Carbon Disclosure Project (CDP) since 2013.

Exposure to the risk of physical changes in our operations may be consulted in the Climate Change section of this document.

Special taxes

The imposition of new taxes, modification to current taxes, or any change in stance or interpretation by the tax authorities in the countries where we operate, could have an adverse negative effect on our financial situation, business, operating results, and projections.

Changes in health and environmental guidelines

At Arca Continental, we are aware that all production activities have an impact on the surrounding area. That is why we work hard to ensure that the environmental footprint of our production is as small as possible through our mitigation efforts. If we were required to comply with significant changes to guidelines in health matters, we could experience increases in our operating costs, and we might be obliged to implement measures that cause interruptions to our operations. In addition, the environmental standards in the countries where we operate have become increasingly stricter, and that trend could continue. If we must adapt or implement actions in order to comply with environmental regulations, we could incur significant liabilities or costs.

Scarcity of supplies and materials used in the preparation of our products

We are required to purchase certain supplies and materials previously authorized by The Coca-Cola Company. Their supply could be affected by factors over which we have no control. Shortages of these supplies could adversely affect us. In the countries where we operate, lack of water supply may be a determining factor for the normal course of operation of our existing plants. We cannot ensure that the supply of water will be enough to satisfy our future production needs.

Waste and prices of raw materials

We are aware that co-responsibility in waste management must be increased, so we continue to incorporate recycled material into our packaging in increasing quantities through PetStar, the largest food-grade PET plant in the world, where Arca Continental has a leadership position. Likewise, including the circular economy in our business model has led us to develop sturdy and reusable packaging, as well as lighter recyclable materials and packaging, with recycled and/or biodegradable content.

Existing or future regulations in product labeling

The authorities of some countries where we operate have requested that our products include labels with warnings and nutritional information. If new labeling requirements are implemented, our production costs and sales levels could be impacted. It is vital for our operation to have the necessary valid permits and licenses.

Cyber security

Our systems and those of third-party providers could be vulnerable to damage or interruption caused by circumstances out of their control, including failure to protect the data of our customers, consumers and associates. The same applies to information safety regarding the organization's sensitive data, as well as its intellectual property. Any significant interruption in the operation of our systems could adversely impact Arca Continental's operation.

Changes in consumer preferences for beverages and snacks

Decreased consumption of our products could reduce return on investment. In addition, consumers are constantly looking for new products and flavors, therefore the company's inability to offer innovative products could adversely affect consumption of our products.

Quality and safety of our products

All our food and beverages are produced and handled according to the highest quality and safety standards along our value chain in all our territories. Despite this, we must ensure that these standards are not violated. Thus, we use various means of communication to follow up adequately on every complaint and comment we receive from our customers and consumers. We also perform preventive internal and external audits.

Derivative financial instruments

We use derivative financial instruments in order to reduce exposure to the risk of foreign currency fluctuations in the price of some of our raw materials, to reduce exposure to the risk of foreign currency fluctuations for dollar-denominated debt, as well as the variable rates at which we pay our securitized debt. Likewise, any breach in paying specific securitized debt on listed companies presents a risk to the organization.

Changes in the tax system

It cannot be guaranteed that the tax system applicable to our securitized debt will not undergo modifications in the future that might affect the way interest accrued in relation to those instruments is handled, the transactions with that securitized debt, the bondholders, or us.

Breach of the Code of Ethics

Any situations or behaviors that breach or violate what is established in our Code of Ethics impact the perception and performance of the organization in the international markets.

The human rights of everyone with whom we have contact must be fully respected. This responsibility, both internal and external, extends to our associates and the rest of our value chain. Any type of violence, discrimination, and abuse of power, to name a few issues, are in violation of the culture and values of Arca Continental, therefore they will never be tolerated, and appropriate measures will be taken.

Any act or circumstance that causes harm to third parties or their property and for which compensation must be paid, could potentially damage the company's image, as well as its relationship with the community in the regions where we are present.

Respecting and complying with consumers' rights and obligations is vital for retaining their loyalty, and it is indispensable for ensuring the well-being of our associates through the guarantee of their labor rights, health and safety.

Transparency and compliance with the codes and voluntary agreement to which we have adhered are of great importance to how we are perceived by other institutions and stakeholders.

Theft, poor use, or taking advantage of the company's resources for personal ends places the company's integrity at risk. Any situation that makes Arca Continental susceptible to anti-competitive practices, such as money laundering, corruption, conflicts of interest, political proselytizing, and terrorism financing, is avoided at all costs and is strictly condemned in the organization.

Associates

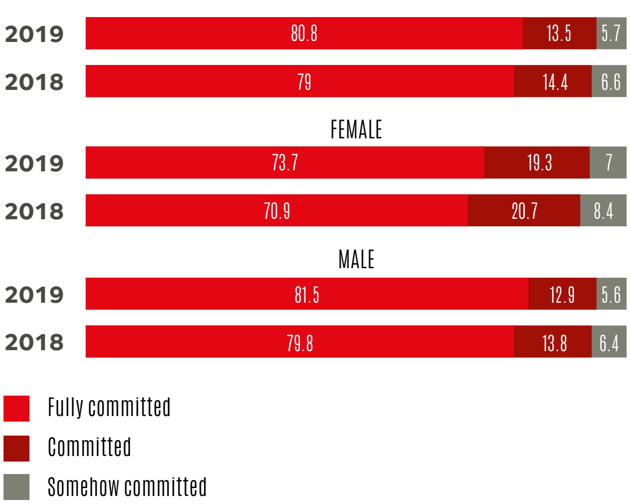
The success of our company is linked to the quality of the people that are part of it. Thus, we encourage well-rounded development and the well-being of our associates in a fair and inclusive work environment. We also provide ongoing training in safety, integrity, human values, and continuous improvement, which has allowed us to create a virtuous circle of productivity and innovation.

Labor Environment

At Arca Continental, we strive to provide an optimal working environment that is harmonious and productive for our associates. We know that a good work environment depends on the commitment and participation of everyone. That is why this year we performed Work Environment Surveys throughout all our operations, which allow us to measure the level of satisfaction of our associates in different areas, so we can direct our attention to our areas of opportunity. Some areas evaluated include the people, work process, leadership, decision-making power, AC+ matters, communication, and compensation.

In 2019, 95% of our associates participated in our Work Environment Survey, of which more than stated their commitment to the organization. Other categories with favorable scores were:

- Management clarity
- Pride for the company
- Focus on the customer
- Resources and support



Labor Benefits

[401-1, 401-2, 202-2]

At Arca Continental we have an Integral Compensation System whose purpose is to validate the equity and competitiveness of associates' benefits and remuneration at all our business units. Through this system, we have created a work environment in which we pay competitive remuneration that is higher than what is established by the law in each market we serve.

Thanks to actions such as this, our total personnel turnover rate was 19.5% at the end of 2019, including our operations in the United States, which allows us to retain and develop the best talent, thus helping the company's own development.

IN AN AGREEMENT THAT WE DEVELOPED IN CONJUNCTION WITH THE UNIVERSITY OF NUEVO LEON, WE IMPLEMENTED THE PILOT PROGRAM OF APOYO AL TALENTO HUMANO (PATH - HUMAN TALENT SUPPORT PROGRAM), WHICH LINKS STUDENTS CURRENTLY STUDYING PSYCHOLOGY TO OUR ASSOCIATES AND THEIR FAMILY MEMBERS. THROUGH THIS PROGRAM WE PROVIDE PSYCHOLOGICAL SUPPORT TO NEARLY 500 ASSOCIATES THROUGH A BRIEF SERIES OF THERAPY SESSIONS, IN ORDER TO SUPPORT THE INTEGRAL WELL-BEING OF OUR ASSOCIATES.

Profile of our associates

ARCA CONTINENTAL IS DEEPLY COMMITTED TO RESPECTING THE FREE RIGHT OF ASSOCIATION. AT THE END OF 2019, 41% OF OUR ASSOCIATES, BOTH PLANT AND TEMPORARY WORKERS, WERE UNIONIZED.

[102-7, 102-8, 102-41, 403-1]

TURNOVER RATE BY AGE RANGE

AGE RANGE	NON-UNIONIZED		UNIONIZED	
	WOMEN	MEN	WOMEN	MEN
18 - 20	45%	29%	51%	46%
21 - 30	26%	31%	53%	35%
31 - 40	20%	18%	37%	19%
41 - 50	15%	10%	31%	7%
Older than 50	11%	8%	35%	5%

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

AGE RANGE	NON-UNIONIZED		UNIONIZED	
	WOMEN	MEN	WOMEN	MEN
18 - 20	46	494	47	1,020
21 - 30	1,966	9,661	235	9,218
31 - 40	1,726	10,912	328	7,428
41 - 50	788	7,113	194	4,751
Older than 50	480	4,419	139	2,392

NUMBER OF FULL-TIME ASSOCIATES BY REGION

[102-8]

	NON-UNIONIZED		UNIONIZED	
	WOMEN	MEN	WOMEN	MEN
Mexico	2,302	14,145	650	20,570
Ecuador	884	8,720		
Argentina	44	440	52	1,559
Peru	666	1,538	70	2,300
United States	1,111	7,757	171	380
TOTAL	5,007	32,600	943	24,809

NUMBER OF FULL-TIME ASSOCIATES BY TYPE OF CONTRACT

[102-8]

CONTRACT	NON-UNIONIZED		UNIONIZED	
	WOMEN	MEN	WOMEN	MEN
Full-Time	5,079	32,538	922	24,692
Part-Time	23	114	12	103

An important piece in the process of development and success of our associates is to prioritize hiring and promoting local managers and directors so that they can continue to grow in the company.

NATIONALITY OF DIRECTORS BY REGION

[202-2]

	MEXICO	ECUADOR	ARGENTINA	PERU
National directors	89.1%	47%	87.5%	33%
Foreign directors	10.9%	53%	12.5%	67%

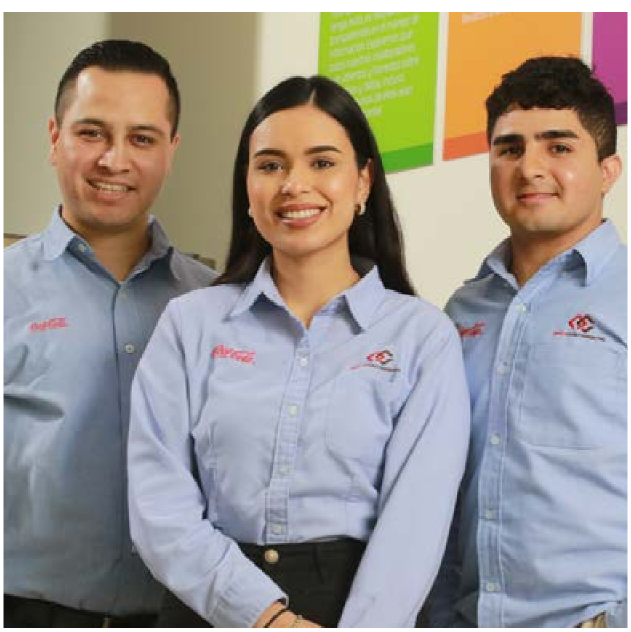
+26,000

ASSOCIATES TRAINED IN THE AMBASSADOR PROGRAM.

Ambassador Program

Under the direction of the Coca-Cola System, this program seeks to inspire, inform, develop and recognize each associate; therefore, training is being provided regarding the vision of Arca Continental and Vision 2020 of The Coca-Cola Company.

In Argentina the Well Done Program (Bien Hecho) was implemented, whose purpose is to incorporate our institutional values into daily work activities. Part of the value this platform offers is the work of those same associates, who choose their colleagues to recognize based on exemplary performance and work integrity.



Inclusion of Disabled Individuals

As founding partners of the Congruency Movement, at Arca Continental we have been taking the necessary measures for 15 years to promote, sensitize, and facilitate social and work inclusion of associates with disabilities. Through this inclusive culture we seek to enrich our work culture, as we design our spaces to be more accessible to different needs. Arca Continental currently forms part of the Consolidation Committee of this Movement.

For the sixth consecutive year we participated in the Diplomado +Talento (Graduate +Talent) Program, whose objective is to design and develop inclusion projects through the content imparted. It covers organizational culture, regulatory framework for labor inclusion, accessibility for inclusion, evacuation protocols, inclusive recruitment process, induction, communication, training, responsibility, and inclusion. Today we have nearly 1,000 people with disabilities working with us. We have conducted sensitization programs with our associates so that we properly encourage an inclusive culture within our organization.

3.47%

IS THE SALARY DIFFERENCE BETWEEN MEN AND WOMEN AT ARCA CONTINENTAL

5,950

FEMALE ASSOCIATES, 79 OF WHOM ARE IN MANAGER OR DIRECTOR POSITIONS

Diversity and equal opportunity

[405-2]

At Arca Continental, we believe that our associates have the right to equitable access to professional development opportunities as a function of their skills, talent and professional commitment, regardless of sex, age, sexual orientation, nationality, race or religion, thus our recruitment and talent development are free from discrimination of any type.

We have also designed salary tabulators using a reference market that evaluates the different positions; this has resulted in a salary gap between men and women of just 3.47%, which is trending downward and moving closer to our goal of zero salary difference.

We also promote the professional growth of women at Arca Continental to occupy middle and upper management positions, so that there will be an equitable number of both sexes in key positions in our organization.

Respect and protection of human rights

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

All bottlers in the Coca-Cola System must comply with policies regarding Rights at Work, which is based on the Universal Declaration of Human Rights, as well as the Declaration on Fundamental Principles and Rights at Work, and the United Nations Global Compact. This policy specifies that, in addition to complying with all that is specified in the Guiding Principles, we must implement the Policy on Human Rights, considering the following areas:

- **Respect for human rights.** Arca Continental respects human rights. We are committed to identifying, preventing and mitigating adverse impacts to human rights as a result of, or caused by, business activities, whether they occur before or during the process of their mitigation.
- **Relationship with the community and stakeholders.** We are committed to the relationship with our stakeholders in communities, with a commitment to listen to them, learn from them and take their viewpoints into consideration as we carry out our business activities.
- **Valuing diversity.** For a long time, we have had a commitment to equal opportunities and zero tolerance for discrimination and harassment. We are dedicated to having work areas that are free of discrimination and harassment.
- **Freedom of association and collective bargaining agreements.** Where our associates are represented by legally recognized unions, we are committed to engaging in constructive dialogue with their elected leaders.

As part of our transparent and associate-focused culture, everyone who works with us must be familiar with our Code of Ethics, as well as its section on Human Rights. Otherwise, or if someone is subject to or witnesses an ethical violation, or a violation of Human Rights, they may call our Transparency Hotline, which will be answered by the Corporate Audit area and channeled to the corresponding areas, following up on all reported issues.

Similarly, our security personnel are constantly being trained in matters of protecting Human Rights, thus we ensure that our external security providers are being trained constantly, and that they are legally formed.

Training and skills development

[404-1, 404-2]

We believe that in order to be successful in our operations and our development as a multinational company, it is vital to constantly update our content and to develop the skills of our associates. We have therefore designed training programs that allow us to grow and improve, so that we can reach our objectives.

Arca Continental's training processes combine four variables for implementation, depending on the type of training the associate requires, and the mechanism that will be used to impart that training, as shown in the diagram below.

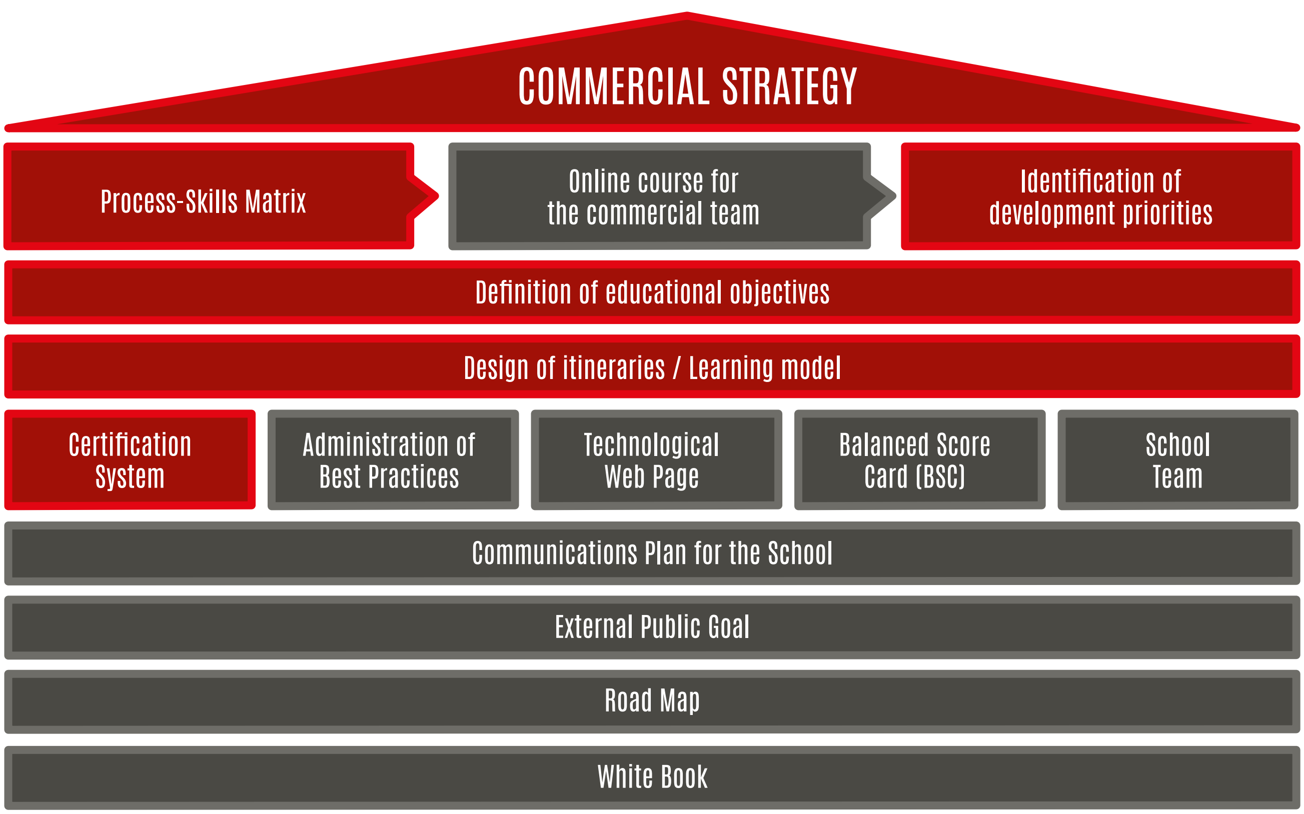
Sales School

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 obtain the sales objectives of a company, providing knowledge and developing associates' skills by using different methodologies and learning formats.
- **METHOD** for developing the organization's sales team, propitiating its formation and providing action guidelines.
- A set of **SCHEDULE** intended to develop commercial skills in the sales team. The logical route of learning goes from the simple to the complex.
- A project that guarantees preparation of the sales force by aligning **STRATEGIES** and commercial tactics, creating project teams that standardize processes and procedures.
- The team responsible for effective implementation of commercial **PROCESSES** in the Sales Area.

In addition to training the associates, the Sales School is a means for communicating commercial strategy to the entire organization, facilitating the standardization of work systems and procedures, managing commercial knowledge, and making members feel like they belong, among other items.

Among other benefits Arca Continental's Sales School facilitates identification and development of talent, impacting customers' key indicators, and making the operations of Arca Continental profitable, and therefore, indirectly, making customers' operations profitable as well.



IN 2019, TRAINING COURSES WERE PROVIDED TO MORE THAN 57,000 ASSOCIATES WORLDWIDE, AND IN TOTAL NEARLY 1.7 MILLION MAN-HOURS OF TRAINING WERE COMPLETED.

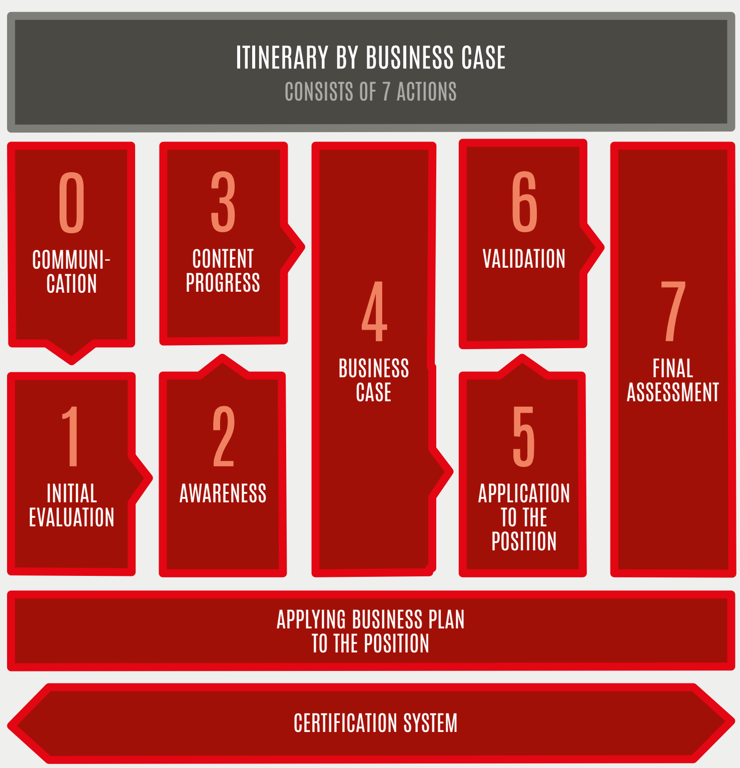
Technical School

Facing the need to develop a series of skills, Arca Continental has decided to use its Technical School as a means to communicate and implement business strategies. The objective is to design and administer 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 implementation of the strategy

For key positions within the company, general training is provided in safety, quality, the environment, and profitability, based on 16 modules. 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, they require academic accreditation and technical training.



E-learning

We continue working to enrich and standardize courses and workshops that we offer online for all our operations. Since 2018, we have included more than 25 e-learning courses in various areas such as the Code of Ethics, Integral Sales Planning and Operations, English Classes, Quality Performance Index, Industrial Safety (Manual Handling of Loads, High Work, Identifying Dangers and Investigating Accidents) and Mobile Sales Application. This model represents an increasingly higher percentage of the ongoing training we provide to our associates.

In 2019, the e-learning courses were opened to unionized associates, making e-learning courses available to 100% of Arca Continental's associates.

JOIN AC

Join AC is the name of our Onboarding program, which was launched in 2018. The name of the program is the acronym for "Joining, Orientation, and Integration of New Associates at Arca Continental." In addition, it means to link or connect, which is exactly what we seek to do with our new associates when they join our company.

The purpose of the program is to ensure that our associates have the same experience when they join any of our businesses. Our new associates should 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 reduce or eliminate earlier turnover.
- To create a feeling of belonging among our new associates.
- To accelerate the productivity of our new associates.
- To ensure that our new associates and their supervisors have a positive experience during the onboarding process

	NUMBER OF ASSOCIATES WHO PARTICIPATED IN THE PROGRAM					
PROGRAM NAME:	**MEXICO**	**ECUADOR**	**ARGENTINA**	**PERU**	**USA**	**TOTAL**
Leadership School	823	317	185	211	1,048	**2,584**
Commercial School	871	2,164		844		**3,879**
Technical School	357	45		321	58	**781**
Annual Training Plan	38,671	7,341	1,445	2,591	7,831	**57,879**
Others	401	449	5	1,847	335	**3,037**

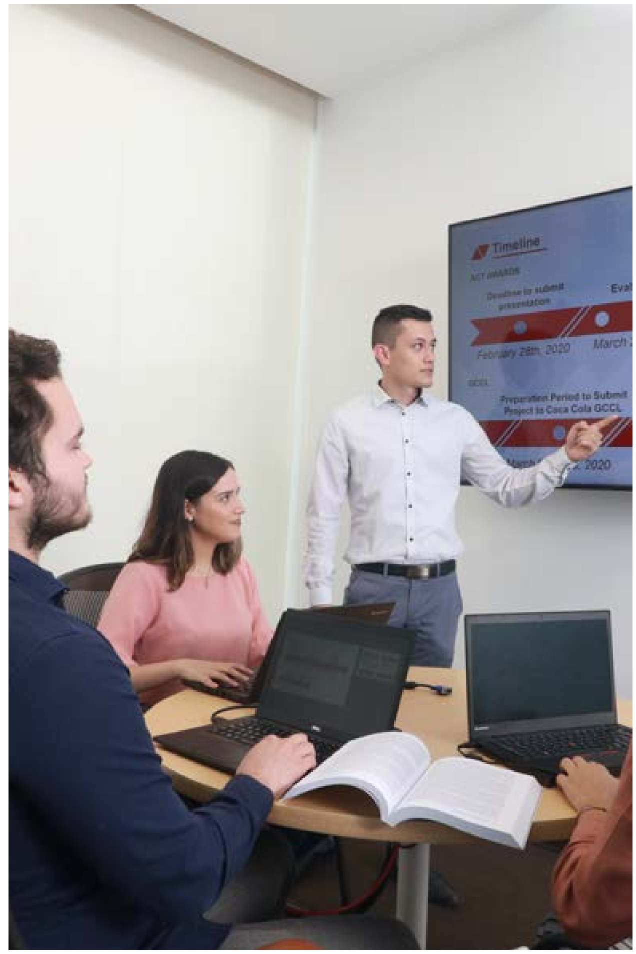
In 2019, the Arca Continental AC Leaders Leadership School was launched in association with Harvard Business School. This program, designed to develop our leaders through a common platform, was offered to more than 3,000 participants in the various territories of Arca Continental.

- Executive Leadership Program: 48 participants with 100% participation
- Essential Leadership Program: 2,855 participants with 92% participation

ACLeaders
ESCUELA DE LIDERAZGO ARCA CONTINENTAL

HARVARD BUSINESS PUBLISHING
CORPORATE LEARNING

Integrated development of human capital



Skills management

[404-3]

To encourage well-rounded development of our personnel, we use different tools that allow us to measure the performance of our associates by evaluating their skills. The results obtained facilitate the process of designing personalized training programs and career plans that are adequate to the needs of each associate.

We also perform evaluations that focus on fulfilling objectives at the personal and organizational level, in order to obtain an overall diagnosis that will allow us to create the strategy to help associates achieve those objectives.

At Arca Continental we use SAP Success Factors to manage our human capital. This tool has allowed us to tie our organizational Strategic Objectives to our Human Resources, thus strengthening the commitment of our associates, and team productivity and performance. To learn more about SAP Success Factors and what this platform offers, visit their website at: www.successfactors.com.

In order to improve the work experience of our associates, as well as their personal and professional development, in 2019 we improved evaluation of our executives in the areas we qualify as fundamental behavior and skills, such as social and environmental sensitivity, teamwork, execution, focus on results, focus on the internal and external customer, development of human capital, and a focus on quality.

Arca Continental Leadership Programs

Arca Continental's Executive Leadership Program is focused on developing leadership and management skills based on the principles of our culture, with the objective of managing businesses in a complex global environment, so that we can act strategically, generating market share and results.

The program's modules focus on participant-centered learning, and are based on learning methods proven by the Harvard Business School, using relevant work activities, encouraging practical application of learning, and creating lasting results. Creating these programs allows inclusion of complete contextualization of the culture, behavior, principles, vision, and the mission of Arca Continental.

Through Arca Continental's Leadership Program, the participant will have unique, contextualized and enjoyable experiences that drive knowledge acquisition. This program will allow a broader conversation and a behavioral change throughout the organization. The initiative may be integrated and measured using Success Factors to accelerate alignment of the organization, and to create impact.

Personal development

Strengthening Human Values

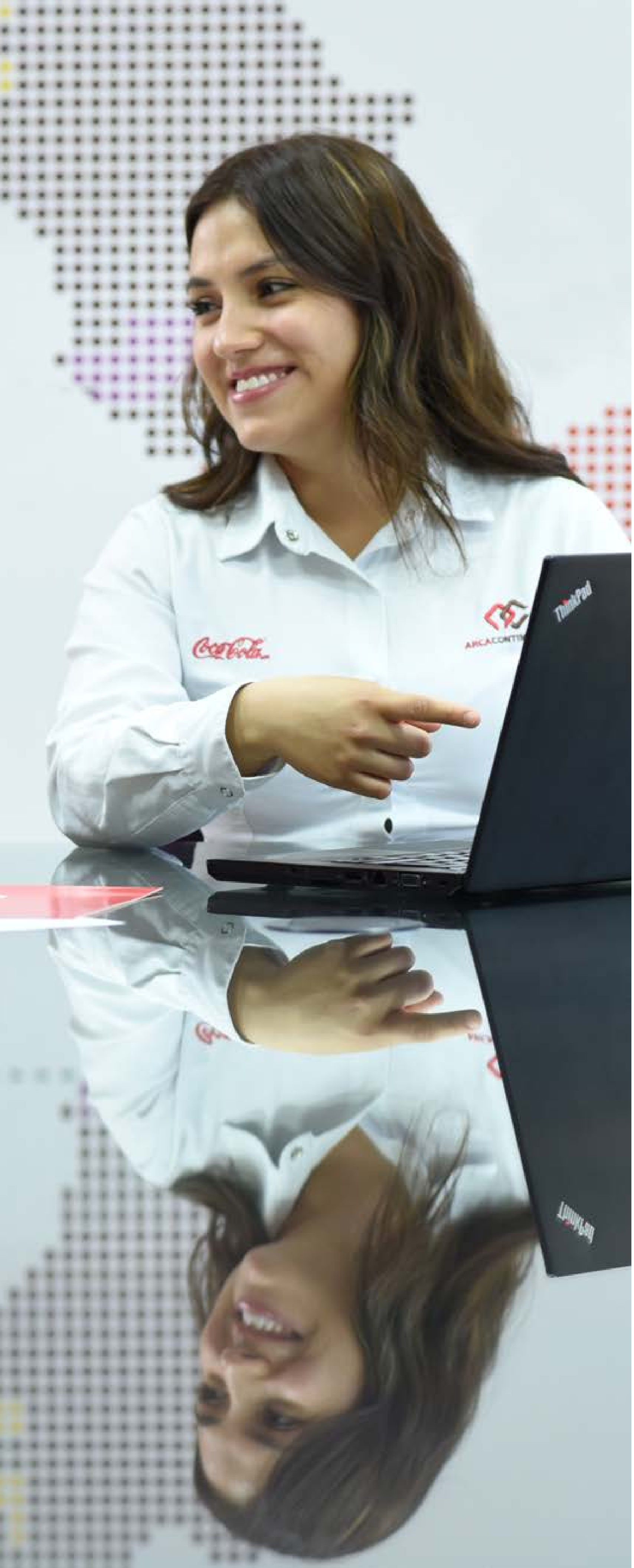
[404-2]

After more than 31 years of our Strengthening Human Values Program, we are continuing our mission to support our associates and their families with their personal development through self-knowledge.

This program centers on the human being, their family relationships, and how to respond to challenge. It is presented inclusively, respectfully, and in a way that is open to different perspectives and beliefs. Some of the areas included in the program are: personal dignity and respect for all of creation, educating intelligence, will and affectivity, marriage and family, educating the family in self-esteem, assertive communication in the family, ethical human development, culture of life, and addictions.

The program is organized into teams by area in Mexico, Ecuador and Argentina, with associates who have the capacity and credentials necessary to be instructors for the courses. In 2019, there were 53 courses in Mexico and Ecuador, for a total of 848 hours, attendance of 1,018 associates, and 26 family members. To date, the total number of participants since the launch of the program is 36,509 people. We currently have 15 certified business units, having trained 90% of their associates with the program.

Furthermore, in coordination with the Assistant Secretary of Citizen Prevention and Participation of Nuevo Leon, Mexico, in 2019 the first stage of a pilot program called "Ambassadors for Peace" was implemented in three regions close to our operations Bebidas Mundiales Cedi Lincoln, Planta Topo Chico y Bokados, with the attendance of 321 neighbors who were trained in Human Values and the Culture of Peace. Nine Lead Multipliers came from those participants, who were trained as instructors, and five of them were certified to provide courses in their communities.



Events and Programs for Associates and their Families

More than 150,000 people attended events organized by Arca Continental for associates and their families: family day, women's day, years of seniority, December festivities, and student recognition, among others.

- **International Women's Day.** As we do every year, we celebrated all our female associates on International Women's Day. This year 2,700 women participated in the event.
- **Family Day.** The purpose of this annual festival is to celebrate our associates and their families in a space for recreation and leisure, where Children's Day, Mother's Day, and Family Sunday are all celebrated. This year we had more than 20,000 attendees, including associates and their families
- **Coca-Cola Stars, Awards for Years of Service, and We Make it Possible.** This category of programs recognizes the trajectory traveled by our associates for the uninterrupted years they have been a part of Arca Continental. This year we recognized nearly 3,000 associates from our operations in Mexico, Peru, Ecuador and Argentina.
- **December Festivities.** Through this event dedicated to December festivities, we celebrated Christmas with our associates and their families. This year in Mexico, Peru, Ecuador and Argentina, more than 40,000 associates and their family members enjoyed the Christmas festivities.
- **Top Honors, Boti Honor, and Honor Roll.** Valuing the effort and dedication behind good school performance, these programs recognize the children of associates who have done well at their respective schools, and who stand out as excellent students. In this edition of those programs, a total of 2,850 students in Mexico, Peru, Ecuador and Argentina received awards.

The AC+ Movement

For the fifth consecutive year, we received the distinction of being a Socially Responsible Company (SRC), granted by the Workplace Wellness Council Mexico.

The AC+ Movement is an institutional platform program of Arca Continental that seeks to develop and monitor the activation sequences for our associates through a process that is focused on three specific actions: measuring, activating, and balancing.

1. By measuring, we seek to create awareness in our associates with respect to their health, with relevant information they can use to make informed decisions and thus seeking a healthier life.

2. By activating, we mean providing our associates with the tools necessary to be physically active day after day, to create healthy habits. Among the most noteworthy of these types of programs are the following: Your Health is Worth More, Live Healthy, Active and Healthy Companies Challenge, Walk 10,000 Steps Challenge, Energy Balance, and Challenge for your Well-Being.

3. When we talk about balance, we advise our associates to find equilibrium between calories consumed and calories burned in physical activities.

This program is implemented locally in each of our operations and is adapted to the specific needs of the associates.

El Movimiento AC+

+10 THOUSAND

ASSOCIATES AND THEIR FAMILY MEMBERS PARTICIPATED IN INSTITUTIONAL EVENTS THROUGHOUT OUR TERRITORIES.

We currently have 26 cafeterias for our associates, where we offer menus with healthy foods, with the intention of supporting their well-being and encouraging them to eat a balanced diet.

As we do every year, under the AC+ Movement, in Mexico we held Physical Activity Day at our facilities. In 2019, 135 associates participated in this celebration, and 4,964 associates benefited from the different tournaments and sports activities that we sponsored throughout the year. In addition to those events, some of our work centers have exercise equipment, such as stationary bikes and treadmills, to encourage physical activity and a healthier lifestyle for our associates.

INTRODUCTION (OBJECTIVES, SCHEDULE, ROLES)	QUESTIONNAIRE ON HEALTHY HABITS	BIOCHEMICAL AND PHYSICAL TESTS	PAR-Q QUESTIONNAIRE ON PHYSICAL APTITUDE	PHYSICAL TESTS	PHYSICAL ACTIVATION
	100% OF ASSOCIATES	100% OF ASSOCIATES	100% OF ASSOCIATES	ONLY SUITABLE CANDIDATES	ONLY SUITABLE CANDIDATES

Active and Healthy Companies Challenge

This program, developed in collaboration with Queremos Mexicanos Activos (We Want Active Mexicans) and CONMÉXICO, is focused on determining how healthy our associates' habits are. To obtain this information, questionnaires were sent out and we developed personalized physical activity schedules that meet the needs of participants so that they can gradually improve their habits, until they reach a level of excellence.

First place in the Queremos Mexicanos Activos initiatives:

- Challenge: "Aliviánate" (Get Lighter)
- Challenge: "Actívate Total" (Get Totally Activated)

4TH

CONSECUTIVE YEAR RECEIVING GOLD LEVEL RECOGNITION IN THE "ACTIVE AND HEALTHY COMPANY" CHALLENGE, OF THE "QUEREMOS MEXICANOS ACTIVOS" INITIATIVE.

Sustainable communities

Focusing on the continuity of the business in the long term, we strive to live the philosophy of being a good neighbor, strengthening our ties with the communities where we operate, and helping to create a stronger social fabric. Working to have a better future together with society, we constantly invest in social areas, we support volunteer programs that show our associates a different reality from our own surroundings, and we work with governmental and social organizations, and with other companies that have similar objectives.

WE STRENGTHENED OUR VOLUNTEER PROGRAMS.

- 9,700 VOLUNTEERS
- 42,600 MAN-HOURS
- 7,100 TREES PLANTED
- 156 PUBLIC SPACES REHABILITATED
- 23 TONS OF TRASH COLLECTED
- 48 LINEAR KILOMETERS OF WATER BODIES CLEANED

Impact oriented community projects

Donation Program

At Arca Continental we have a Donation Policy and Manual that applies to all of our operations. Our donations support civil organizations, innovative individuals, and leaders who develop projects that are in line with our objectives and values. We believe that lasting social change and reconstruction of the social fabric require a great deal of time to consolidate, therefore we support long-term projects. We also strive for the initiatives that we support to benefit the largest number of people and communities possible.

IN 2019, ARCA CONTINENTAL DONATED MORE THAN 80 MILLION PESOS TO SOCIAL CAUSES THROUGH LEGITIMATE FOUNDATIONS.

Volar Volunteer Program

[413-1]

The objective of the Arca Continental Volunteer Program (Programa de Voluntariado de Arca Continental – VOLAR) is for the company and associates to join forces to benefit the community and to protect the environment.

This institutional Social Responsibility program is carried out across all of our operations in Mexico, Argentina, Ecuador, Peru, and the United States, each with its respective Volunteer Committee that performs the program's activities and distributes the available resources. In 2019, we had a total of 24 Committees comprised of 382 associates who participated in the program on Annual Volunteer Day, Annual Sustainability Day, and Christmas with Meaning. We also provided support to communities that were affected by natural disasters with cash or in-kind donations.

Annual Volunteer Day

This institutional day takes place at all the organization's business units with the objective of our associates volunteering their time and work to benefit a community or a public institution with reforestation work, cleaning up bodies of water such as riverbanks, canals, lagoons, beaches, or rehabilitating public spaces, such as schools, parks, or social assistance facilities.

In 2019, 5,338 associates and their families participated in Annual Volunteer Day in our territories in Mexico, Argentina, Ecuador, Peru, and the United States. Due to this effort, 9 parks, 22 schools, 1 home, and 12 vulnerable communities were rehabilitated. In addition, 3,145 trees were planted, 19 linear kilometers of water were cleaned, nearly 12 tons of waste were collected, and 3,873 people got physically active.

Annual Sustainability Day

The purpose of this day is for our associates and their families to become more aware of the importance of protecting the environment. We invite external institutions to participate and help those attending expand their culture of protecting the environment. We also use this date to communicate our achievements in our operations as we work towards a more sustainable organization.

This year, 6,192 people attended the Annual Sustainability Day in all our territories, and we had the participation of 2,714 volunteers. As part of the day, we engaged in reforestation activities, planting 3,972 trees, battery collection campaigns, collecting PET, and placement of containers for proper waste disposal.

Collection of School Supplies

Arca Continental Argentina has been participating in the program "Juntos podemos ser útiles" (Together we can be usefull). The purpose of this program is to collect school supplies and teaching materials for the schools that need them the most in the communities where we operate. This year the program gave nearly 2,000 school supplies to 120 students.

Impulse Volunteer Program

The Educational Program "Emprendedores desde Pequeños" (Young Entrepreneurs), carried out in conjunction with the association Training Entrepreneurs ABP (IMPULSA Nuevo León), has been in operation for six years, teaching children 5 to 12 years old about content and values over a space of five weeks, while their enterprising spirits are developing. One of its objectives is to help students understand their place in the world and how their actions and decisions affect both them and their surroundings. In 2019, the program was taught at Justo Sierra Primary School to 294 enterprising children, with the support of 21 associates who volunteered for a total of 294 man-hours.

Since the start of the IMPULSA Volunteer program, we have positively impacted the education of 2,638 children.

"Navidad con Sentido" (Christmas with Meaning)

As part of the Christmas festivities that we sponsor at Arca Continental, our associates donate new toys, which are delivered to children in at-risk communities that are close to our work locations. In 2019, we collected 14,000 toys, which were delivered to 13,919 children in Mexico, Argentina, Ecuador, Peru and the United States.

Visiting Program: Coca-Cola Mission

Our doors are always open to anyone who wants to learn more about our operations and products. We have a visiting program in our operating centers where visitors learn about our culture, values, and our beverage manufacturing process. We also talk about other matters such as safety, quality, and social responsibility, among others.

14,000

CHILDREN FROM ALL OF OUR TERRITORIES ATTENDED THE CELEBRATIONS AND RECEIVED PRESENTS DURING OUR CHRISTMAS WITH MEANING PROGRAM.

Integral development of women

One of our firmest commitments is to support the integral development of women. We have joined Vision 2020 of The Coca-Cola Company, seeking to empower five million women globally through different development programs.

ANSPAC

In 2019, we completed more than 30 years of operations of the "Asociación Nacional Pro-Superación Personal A.C." (ANSPAC) Arca Continental, whose objective is to develop the wives, mothers and daughters of our associates through courses and workshops in moral and human training. In this way we contribute to strengthening the family, and we encourage the development of skills that lead to improving family finances.

In 2019, 1,200 women participated in the program, which was divided into 38 units in Mexico and Ecuador, with the collaboration of a total of 220 leaders who taught the courses and workshops. This year a new unit was opened at Cedi Juventud.

"Mi familia, mi fuerza" (My family, my strength): with this slogan, in 2019 we positioned the message that having a strong and united family contributes to each person in that family being able to develop well in all areas.

5by20 Potencia Mexico

With the objective of empowering women and developing their entrepreneurial skills, we implemented the program 5by20 Potencia Mexico, in which the "My Business" workshop was taught. In that workshop women who own grocery stores are taught about sales, accounting, finance, marketing, and human development, among other subjects. In 2019, 215 women participated in those workshops, receiving a total of 50 hours of training each.

+8,000

WOMEN PARTICIPATED IN PROGRAMS THAT PROMOTE THE INTEGRAL DEVELOPMENT OF WOMEN, SUCH AS 5BY20 "POTENCIA MÉXICO", "DESTAPANDO MI EMPRENDIMIENTO" IN PERU, ANSPAC, "POTENCIÁ TU NEGOCIO" IN ARGENTINA AND "EMPRENDAMOS JUNTOS" IN ECUADOR.

ALL OF ARCA CONTINENTAL'S TERRITORIES HAVE AT LEAST ONE RETAILER TRAINING AND EMPOWERMENT PROGRAM.

"Destapando mi Emprendimiento" (Uncapping my Entrepreneurship) in Peru

The objective of this program is to impact and strengthen women in the Pucusana district, by promoting entrepreneurial initiatives through courses and workshops in personal, family, and business growth. As a result of the program's success, it has consolidated and strengthened a community among the participants of all editions of the project, processes have been standardized into five manuals, and specialized networks have been created by business type. They have grown their savings and monthly sales, and they have shared their experiences and knowledge acquired with members of their community.

In 2019, 55 women benefited from the program, and after nearly 88 hours of training, on average they have increased their income by 25%. Since the start of the program, more than 247 women have been trained, and 35 businesses formalized in Pucusana.

"Potenciá tu Negocio" (Improve your Business) in Argentina

This program focuses on growing sales and improving client management, empowering relationships and creating loyalty between customers and their sellers. It also improves the image and knowledge about Arca Continental.

"Emprendamos Juntos" (Starting-up Together) in Ecuador

Meeting the needs of formal businesses in Ecuador headed by women, "Emprendamos Juntos" seeks to fully develop female store owners so that they will be able to manage their establishments better. This program has benefited 6,578 store owners in Quito and Guayaquil with approximately 35,000 hours of training. This year, the graduating group exceeded the estimated goal with 109% effectiveness and compliance.

Active and healthy lifestyles

[413-1]

Thanks to our different programs that promote a healthy and active lifestyle, for the fifth consecutive year we received the distinction of a Responsibly Healthy Organization.

We are currently in the stage of advancing and fortifying the initiatives that we have developed to promote active and healthy lifestyles.

We believe that a culture in which healthy food and lifestyle are relevant is learned and strengthened at school and at home. That is why year after year we implement programs that teach people about nutrition, physical activity that focuses on students, teenagers, teachers, and school principals.

- In 2019, Arca Continental sponsored more than 1,100 sporting events, in which three million people participated, of which one million were under the age of 15. The amounts contributed to these events exceed US$238,000, for a total of 4,400 hours of physical activity.
- In Argentina, the program "El Estado en tu Barrio" (The State of Your Neighborhood) was sponsored in San Miguel de Tucumán, to raise awareness about the importance of maintaining an active and healthy lifestyle.

+3 MILLION

PEOPLE BECAME PHYSICALLY ACTIVE IN EVENTS DEVELOPED OR SPONSORED BY ARCA CONTINENTAL.

Ecuador: "Hora de Moverse" (Time to Get Moving)

The objective of this program, created in conjunction with the University of Southern California and The Coca-Cola Company, is to invite children 5 to 12 years old attending public school to exercise at least 60 minutes every day. This simple activity benefits the health of the participants, while improving their academic performance and their relationship with classmates. To be able to make this program a reality, we trained physical education teachers in grades one to seven, showing them techniques for using the sports facilities at their schools. We also gave them a kit with the material necessary to provide the "Hora de Moverse" program.

Monterrey Powerade Marathon

The Powerade Marathon was held for the fourteenth time in the city of Monterrey and continues to be the fastest-growing marathon in Mexico, with the second largest field of participants. This marathon is "cardio-protected," as it has urgent care doctors and defibrillators every five kilometers along the race course.

In 2019, 8,000 people ran the marathon. The Mini-Marathon of 4.2 km was held at the same time; its purpose is to encourage first-timers to run. In this second sporting event, 1,000 runners participated.

In this same event the sports community has the opportunity to contribute to different associations by fund-raising. This year we had 690 runners who together raised MXN 1,245,600 which will go to support 10 charitable institutions.

IN 2019, THE COUNCIL FOR RESPONSIBLE SPORTS AWARDED US GOLD CERTIFICATION IN SUSTAINABLE SPORTING EVENTS, AS WE REDUCED OUR ECOLOGICAL FOOTPRINT IN OUR EVENT BY RECYCLING 810 KG OF WASTE, BECOMING THE FIRST MARATHON IN MEXICO IN THE "CARBON NEUTRAL" CATEGORY. IN 2019, 8,500 MARATHONERS AND 1,000 MINI-MARATHONERS PARTICIPATED, PROMOTING PHYSICAL ACTIVITY AMONG YOUNG PEOPLE, AS WELL AS INCLUSION AND EDUCATION IN PROTECTING THE ENVIRONMENT.

Sustainable neighborhoods

"Proyecto Siglo XXI" (Project 21st Century)

Directed towards customers in the Traditional Channel, this project gives customers tools that allow them to stand out from their competition and to meet their consumers new expectations. The program provides support to micro businesses in four fundamental areas:

1. **Training.** Training grocers in areas such as administration, accounting, and inventory management.

2. **Public image.** Providing support in refurbishment of the façade, display racks, awning, and everything that a modern store should visually offer its consumers.

3. **Interior development.** We support these micro businesses with their cold capacity, we refurbish their displays, counters and shelves so that they can offer their consumers a pleasant and safe purchasing experience.

4. **Digitalization.** To truly bring these stores into the 21st century, we offer them ERP systems to accept credit card payments, for example.

In 2019, through Brío, we trained and empowered more than 4,000 customers throughout the territory in Mexico, for a total to date of more than 9,000 sites.

"Vive tu Parque" (Live your Park)

[203-1]

For the third consecutive year, we implemented the "Vive tu Parque" program in conjunction with The Coca-Cola Foundation and the Sustainable Schools Foundation, in order to provide added value to public spaces in the communities. It is in these spaces that we encourage physical activity, community involvement, and protecting health and the environment. Since the start of the program in 2017 to December 2019, we have installed 101 outdoor gyms in Nuevo Leon, Aguascalientes, Sonora, San Luis Potosi, Chihuahua and Coahuila, thus benefiting more than 140 neighborhoods.

"Centro Complementario de Negocios" - CCN (Complementary Business Centers)

CCNs are a concentration of different businesses in a community that provide complementary products to the local consumer, with a variety of services, fresh products and personalized treatment. These projects focus on strengthening retailers by developing surrounding businesses in a certain community, in an effort to reactive growth in the commercial area and to contribute to the profitability of the different businesses.

In an effort to encourage physical activity as well as a harmonious community, we have rehabilitated parks and public spaces close to the CCNs, to generate shared value for everyone through the Vive tu Parque program. This element adds significant social and economic value to the CCNs by encouraging a flow of customers and consumers close to the complementary businesses, and it increases the feeling of belonging to a community and strengthening the social fabric.

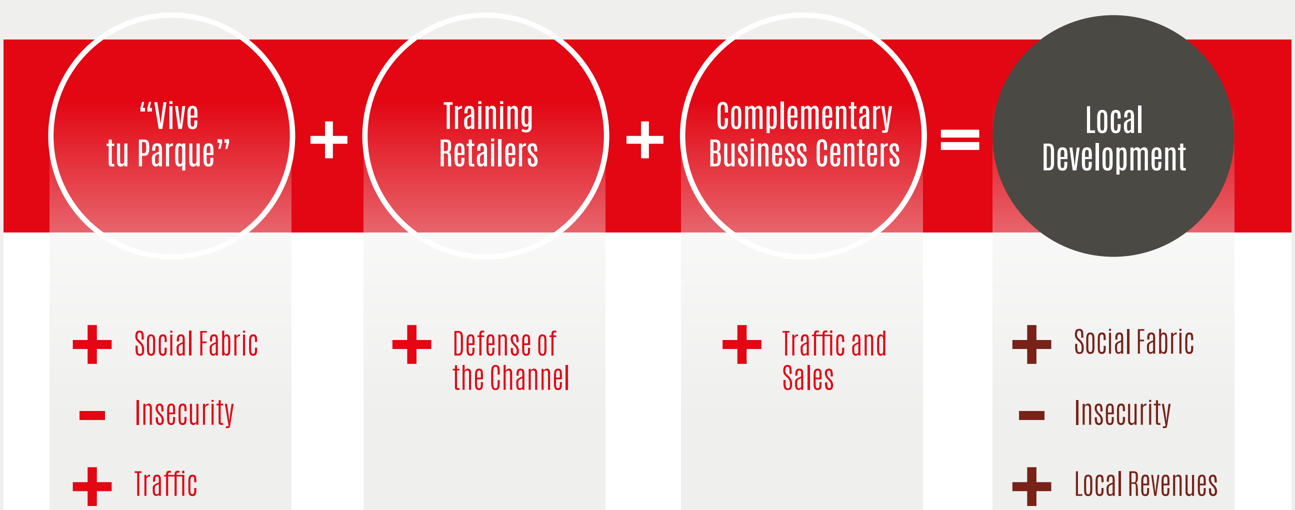
In 2019, we activated a total of 34 Complementary Business Centers in Mexico, thanks to which local competition has developed, while the loyalty of current customers has increased, and new consumers have been won.

One of the successful cases of this strategic model is the Lincoln CCN in the metropolitan area of Monterrey, which is comprised of 18 businesses, half of which are Coca-Cola customers. The transformation of the businesses, along with community support has had a positive impact on the local economy. In a survey on satisfaction with the project, the following was concluded:

- The uniform image of the complementary businesses is pleasing to 90% of those surveyed
- The proximity of the business is an important factor for 68% of the customers
- Seventy-five percent of those surveyed have made multiple visits to some businesses
- Activation of the CCN has caused 30% of those surveyed to notice some businesses for the first time
- Activation of the park with its games and exercise equipment has promoted interaction in the community and healthier lifestyles, and it has increased foot traffic and store visits

BENEFITS OF SYNERGY

TYING THE "SIGLO XXI" AND COMPLEMENTARY BUSINESS CENTER PROGRAMS TO REHABILITATION OF PUBLIC SPACES, SUCH AS THE "VIVE TU PARQUE" PROJECT, HAS PROVED TO HAVE MULTIPLE SOCIAL BENEFITS THAT TRANSLATE INTO LOCAL DEVELOPMENT.



Value chain

[203-2]

At Arca Continental we believe that the success of our sustainability strategy depends on everyone involved in our value chain. That is why we believe our suppliers are relevant partners in the business and why we earmark funds for their development.

Sustainable supply strategy

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

Arca Continental's Responsible Supply Strategy is divided into two phases, where we carefully select our future partners, or we decide to continue doing business with our current ones.

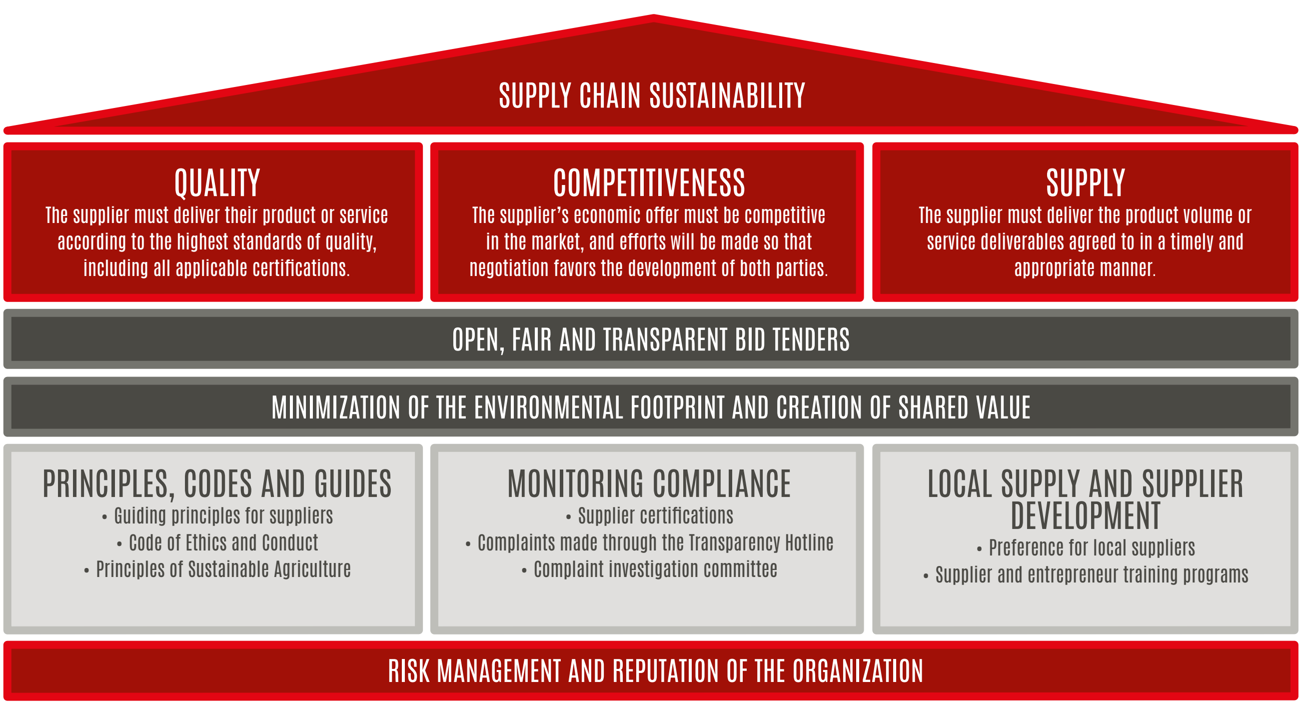
1. In the first phase, only the suppliers who comply with our principles and code of ethics can access our bid processes.
2. In the second phase, suppliers that comply with expected quality standards, are formal suppliers, and offer competitive prices, will be selected.

Compliance with these two phases will ensure long-term responsible provision of products for Arca Continental.

We use different criteria to identify the sustainable risk level for potential suppliers, which are:

- Risk of violating 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 water use in water-stressed locations
- Operations in regions with a high level of biodiversity or near major water bodies

For us to ensure that our supply chain has at least the same levels of professionalism, values, respect for Human Rights, integrity and efforts to protect the environment that Arca Continental has, every individual or organization that wishes to establish a commercial relationship with us must undergo an incorporation process. According to the supplier's criticality level, which is identified during the process, an invitation to go through these steps may be extended. Compliance with each step is required in order to be able to go on to the next step.



The steps in this process are:

1. Due Diligence. The supplier must have all required documents and permits, and it must comply with regulations required by the authority in the region where it operates. It must show that its funds do not come from an illegal source. In cases in which classification of anti-corruption risk so indicates, the existence of lawsuits or relevant legal penalties not included in international sanctions lists, or politically exposed persons lists will be reviewed by an authority or any other company in The Coca-Cola System, including the existence of negative mentions in communication media.

2. Identification of criticality. Direct or indirect suppliers, according to their type 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. Every new supplier will be required to read, sign by way of acceptance, and implement the Code of Ethics and Polices of Conduct. If the due diligence process raises any alarms, remediation measures will be taken, which in some critical cases may include audits or compliance certifications. If a supplier is considered as critical, third-party audits may have to be agreed to in order to comply with the Guiding Principles for Coca-Cola Suppliers, the Code of Ethics, and Arca Continental's Policies of Conduct, and if applicable, Sustainable Agriculture Principles. The page "Matrix type of supplier – responsibility" details what type of supplier must acquire what level of responsibility considering these codes and principles.

4. Bidding. Only when a supplier has complied with the first three steps in the process may it join a bid tender, where it may finally show the economic competitiveness of its products or services.

a. During the bid process, in addition to the financial proposal, factors that influence purchasing decisions are evaluated, such as prioritizing local suppliers or qualification in social and environmental matters that the supplier obtained during certification.

The criteria for identifying a supplier as critical, whether direct or indirect, are the following:

- **Ingredients.** Any supplier whose product is part of a formulation, or that directly provides an ingredient in our products, is considered critical.
- **Contact with the product.** All materials that have direct contact with our products are considered critical, and therefore the suppliers of those materials are also considered to be critical.
- **Activities or geographical areas identified as vulnerable with respect to Human Rights.** Suppliers that are specifically located in an area or that perform an activity that has been recognized by authorities or organizations – such as the International Labor Organization – as being susceptible to violation of Human Rights, are considered critical.
- **Exposure or complaint.** Any supplier that has been exposed in the media or by authorities, that is considered as an activity with exposure to risk of corruption, or who has been reported through our Transparency Hotline will be considered critical while the investigation is under way.

MATRIX OF RESPONSIBILITIES BY TYPE OF SUPPLIER

	ALL SUPPLIERS	SUPPLIERS IN THE AGRICULTURAL SECTOR	CRITICAL SUPPLIERS, BOTH DIRECT AND INDIRECT
Guiding Principles for Suppliers	Written recognition and commitment to comply	Written recognition and commitment to comply	Evaluation and certification by an independent third party
Code of Ethics and Conduct	Written recognition and commitment to comply	Written recognition and commitment to comply	Additional anti-corruption controls
Principles of Sustainable Agriculture		Evaluation and certification by an independent third party	

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

PILLAR	INDICATORS
Principles, codes and guides	1. Number of suppliers who have read and signed their acceptance of Arca Continental's Code of Ethics and Conduct. 2. Number of suppliers who have read and signed accepting the Guiding Principles for Coca-Cola Suppliers. 3. Number of critical suppliers (direct and indirect) who have been certified in the Guiding Principles for Coca-Cola Suppliers. 4. Number of agricultural suppliers (direct and indirect) who have been certified in Coca-Cola's Sustainable Agricultural Principles.
Monitoring compliance	1. Complaints received through the Transparency Hotline. 2. Corrective actions or penalties assessed as a result of investigations performed following a complaint.
Local supply and development of suppliers	1. Percentage of local suppliers for each operation. 2. Number of suppliers who received training, specifying the type of training and the number of hours trained. 3. Number of entrepreneurs who received training, specifying the number of hours trained. 4. Number of entrepreneurs included in Arca Continental's value chain after receiving training.

CRITICAL DIRECT SUPPLIERS

[102-9]

PRODUCT	MEXICO	PERU	ECUADOR	ARGENTINA	UNITED STATES
Sugar	1	2	3	4	0
HFCS	3	0	0	0	2
CO2 / N2	1	1	2	3	2
PET resin	8	6	6	4	2
PET bottles	5	4	6	4	1
Glass bottles	3	1	1	1	1
Aluminum cans	2	0	0	0	1
Packaging materials	19	11	7	7	2

CRITICAL INDIRECT SUPPLIERS

[102-9]

PRODUCT	MEXICO	PERU	ECUADOR	ARGENTINA	UNITED STATES
Pad Shrink	4	4	2	3	1
Plastic packaging	4	4	1	3	4
Labels	3	3	3	3	1
Pallets	4	5	2	3	3
Cardboard	6	2	1	3	2
Distribution boxes	1	2	1	2	0
Coolers	2	6	2	4	6
Vending	5	5	0	0	2

AUDITS OF SUPPLIER GUIDING PRINCIPLES IN 2019

315
SCOPE OF SUPPLIERS

272
SUPPLIERS AUDITED

271
SUPPLIERS IN COMPLIANCE

Audits on Guiding Principles

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

The manual for Supplier Guiding Principles – SGP, is one of the fundamental bases of responsibility programs in the work place. These programs are carried out in the belief that being a good corporate citizen is essential for our long-term success in business, and this should be reflected in our relationships and actions in our work place, and in the work locations of those authorized to be suppliers for our business.

The principles listed below reflect the values that we sustain in our own policies, and we require that our direct suppliers respect them.

- Freedom of association and collective bargaining agreements
- Prohibit child labor
- Prohibit forced labor and worker abuse
- Eliminate discrimination
- Fair working hours and salaries
- Provide a safe and healthy work place
- Protect the environment
- Comply with the laws and regulations in force

In 2019, 272 of our principal suppliers were audited and certified within the framework of the Guiding Principles, thus nearly 100% of our critical suppliers have been audited over the last four years. The following table shows our strategic suppliers for containers, ingredients, coolers and co-packers.

Compliance of Arca Continental

As part of the Coca-Cola System, Arca Continental is also subject to certification by a third party in Guiding Principles. All Arca Continental's beverage operating centers are verified every three years in a more complex version of the Guiding Principles for Coca-Cola Suppliers, because in addition to the elements in the manual for other suppliers, the bottlers must comply with other items:

1. The audit is stricter and more complex. The Guiding Principles for bottlers include aspects such as health and safety of contractors, protection of migrant workers, and "previous, free and informed consent" processes when there are steps to expand properties, for example.
2. Designing and executing an action plan to remediate any risk associated with failure to comply with the Guiding Principles, to be implemented and to verify that they were corrected during the current year.
3. A facility that has any type of risk rating that has not been proven to be corrected is not allowed to operate.

None of Arca Continental's facilities have ceased to operate due to risk of breach of the Guiding Principles. Approximately one-third of our facilities renew their certificates annually.

100%

OF ARCA CONTINENTAL'S OPERATING CENTERS HAVE UP-TO-DATE CERTIFICATIONS IN THE GUIDING PRINCIPLES.

Supply chain

[102-9]

The supply chain of the beverage operation is comprised of the following elements:

1. INGREDIENT SUPPLIERS
Preparation of our products requires raw materials that must follow standards defined for each material sent by freight and contracted by the suppliers.

2. WAREHOUSING
The ingredients are stored for subsequent use in the production process at the production plants, using forklifts and warehouses.

3. PRODUCTION
The production plants use the materials, labor and machinery available to make the products that are sometimes requested by third parties.

4. LOGISTICS
The products are received by our Logistics personnel at the product warehouses and are later sent to the Distribution Centers.

5. SALES AND DISTRIBUTION
The Sales area collects Customer orders and asks the Logistics area to provide the products, which are loaded for their delivery routes for distribution to the market. Subsequently the products are delivered to the market by personnel in a delivery vehicle.

6. CUSTOMERS
The Customer receives our products according to their order.

7. BOTTLE RECYCLING
Through different waste management projects, such as PetStar in Mexico and INTERCIA in Ecuador, we collect a percentage of PET, glass, and aluminum containers, which we send to the market. Later they are returned to us and used as recycled material in our containers, thus closing the value cycle of our circular economy model.

Supplier support programs

Since 2015, we have performed supplier satisfaction surveys in which we evaluate the quality of service, procedures, and institutional image. As part of the Quality System of Coca-Cola de México and Arca Continental (ISOs), every quarter we evaluate our main suppliers at each plant. In that evaluation we assess administrative concepts, service, quality, environmental aspects, commercial, and safety matters. Regardless of this evaluation, any critical or urgent corrective action is taken at the time it arises, involving the Supply, Internal User, and Supplier areas.

In 2019, we continued to implement and improve Purchasing Management in Mexico, in order to provide personalized service to our suppliers and to conduct specialized business at the corporate level and at the local level of each plant.

Alliance for Entrepreneurship and Innovation

Arca Continental and Coca-Cola Ecuador are part of the Alliance for Entrepreneurship and Innovation of Ecuador (AEI), which is a network of academics and public and private actors that supports entrepreneurship and innovation. Training is provided to entrepreneurs, as is access to financing and legal advice. For more information on AEI, please visit their website: http://aei.ec/.

Local Suppliers

[204-1]

One of our objectives is to continually increase the ingredients obtained from local suppliers. Arca Continental has more than 50,000 suppliers worldwide. The following table shows the local suppliers in each of our territories.

	PERCENTAGE OF LOCAL SUPPLIERS* BY COUNTRY
Mexico	99%
Ecuador	91%
Peru	93%
Argentina	98%
United States	99%

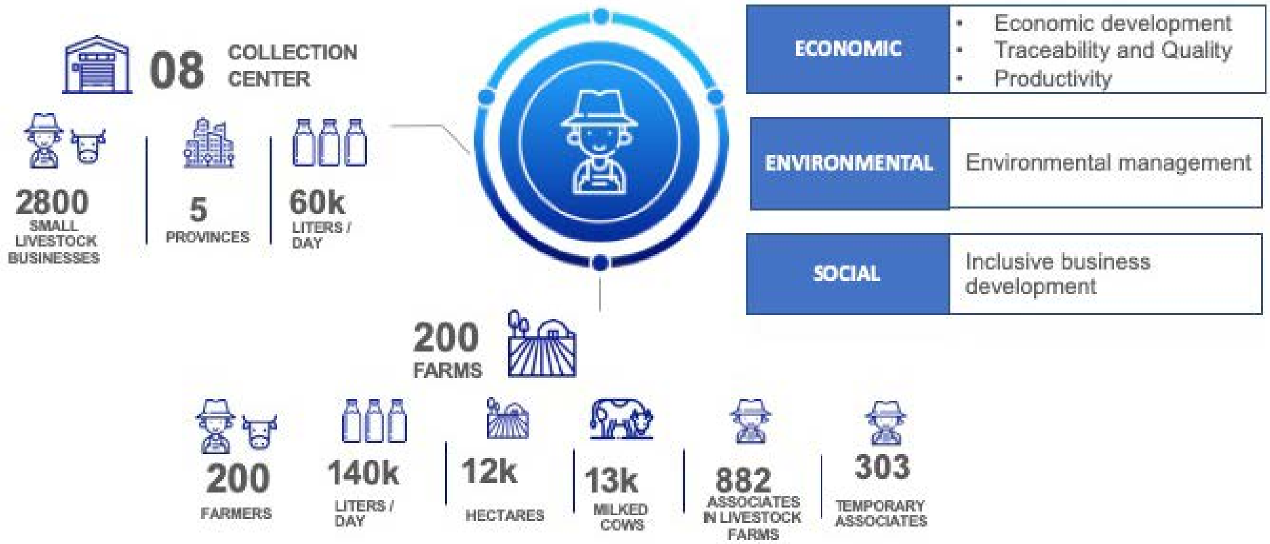
* We consider local suppliers to be those that are based in the same country where the purchase is made.

Cattle Development in Ecuador

Committed to rural development, Tonicorp has developed the Socially Inclusive Cattle Program. This program seeks to incorporate small livestock businesses into the business' value chain, improve the quality of milk, encourage fair trade, and mutually beneficial relationships with cattle-raising partners in rural areas. The project was implemented using PDP methodology in collaboration with the United Nations Development Program (UNDP), the Ministry of Agriculture and Livestock, and the Ministry of Industry and Productivity of Ecuador. To date, 3,000 cattle-raising families have benefited in the areas of Cañar, Azua and Chimborazo, 40% of which are headed by women.

The contribution of US $32,000 has driven economic growth of cattle ranchers through social solutions that bring value to the organization. For Tonicorp, this project is presented as an opportunity to decrease risks due to lack of supply, reduce costs along the supply chain, strengthen the corporate reputation, reinforce long-term business relationships, as well as the strategic relationship with the government. In addition to improving product quality, this program benefits small businesses as follows:

- Access to better credit conditions
- More competitive prices by productivity and reduced costs
- Inclusive sources of work
- Social development and economic reactivation in rural areas
- Culture of quality and continuous improvement to strengthen its operations
- Obtaining BPM quality certificates



Programs to support retailers

From Store Owner to Businessperson

The objective of this program is to empower and train our suppliers so that they can change their own viewpoint and go from being a store owner to a business person, and thus become one of our business partners. Through training using coursework evaluated by universities, we develop our suppliers at their own level (new, in development, developed). The workshops cover issues such as business management, new administrative tools, and sales techniques, among others. We continue to work on developing this program, because our Customers recognize its practicality and efficacy.

The Empower Yourself Program in Ecuador

The objective of this program is to reinforce and improve the business of the country's store owners through training. In 2019, more than 1,000 retailers from different areas of Quito and Guayaquil participated, receiving training in the areas of finance, sales, customer service, organization and presentation of the business, and community action work. We also implemented the "Reemprende" (Restart) program, which was attended by 2,500 customers, of whom the vast majority were women.

Business Development School in Peru

Since 2008, the Business Development School has offered workshops on marketing, administration, accounting and taxation, finance, business branch, and entrepreneurship to retailers, with the goal of strengthening our long-term relationship and developing our portfolio as part of their business.

In 2019, more than 100 training workshops were held, in which there were more than 4,000 participants, 75% of whom were women.

A survey conducted after the training showed that almost 90% of the participants applied the knowledge and skills acquired during our workshops to their businesses, as well as to their personal lives.

Customers and consumers

15 INCREASE IN STORE TRAFFIC WHERE BRÍO POINT-OF- SALE TERMINALS WERE INSTALLED IN MEXICO.

WE CONTINUED TO GROW AT DOUBLE DIGITS IN THE MEXICAN DIRECT TO HOME CHANNEL, WITH RESULTS OF +14.8% IN VOLUME OVER THE PRIOR YEAR, AND +25.0% IN REVENUES.

Direct to Home

In Mexico, we relaunched the online sales service "Coca-Cola en tu Hogar" (Coca-Cola in your Home), using direct relationship models with the consumer, which is under way in key cities in our territory. In 2019, we planned to be in 140,000 homes in seven cities in Mexico, with new functionalities and a larger portfolio.

Strengthening the Vending Business

To optimize the vending business, we continued with our commitment to build and strengthen our advanced analytical capabilities, starting with the pilot for two business cases.

- One to define optimal products and visit frequency, at Dallas-Fort Worth International Airport in the United States.
- The second business case is called "Next Best SKU," and allows us to send recommendations to the sales force on SKUs that are successful with customers that have similar characteristics.

We began our Vending operations in Ecuador, installing 380 machines with a variety of soft drinks, snacks, and warm beverages in the first year.

WE INSTALLED CASHLESS PAYMENT SYSTEMS IN LIMA, PERU, AND IN MONTERREY, MEXICO, MODERNIZING THIS BUSINESS AND RETAINING OUR LEADERSHIP POSITION.

Brío

Brío is a technology subsidiary of Arca Continental. It empowers small- and medium- sized businesses to improve their operation by means of a digital platform that also allows them to increase traffic to their store by using electronic sales and collection functions, which helps them increase their competitiveness and become agents of change in their communities.

In 2019, more than 9,000 customers in Mexico had been impacted by Brío's retailer platform, increasing the number of services offered through its new version.

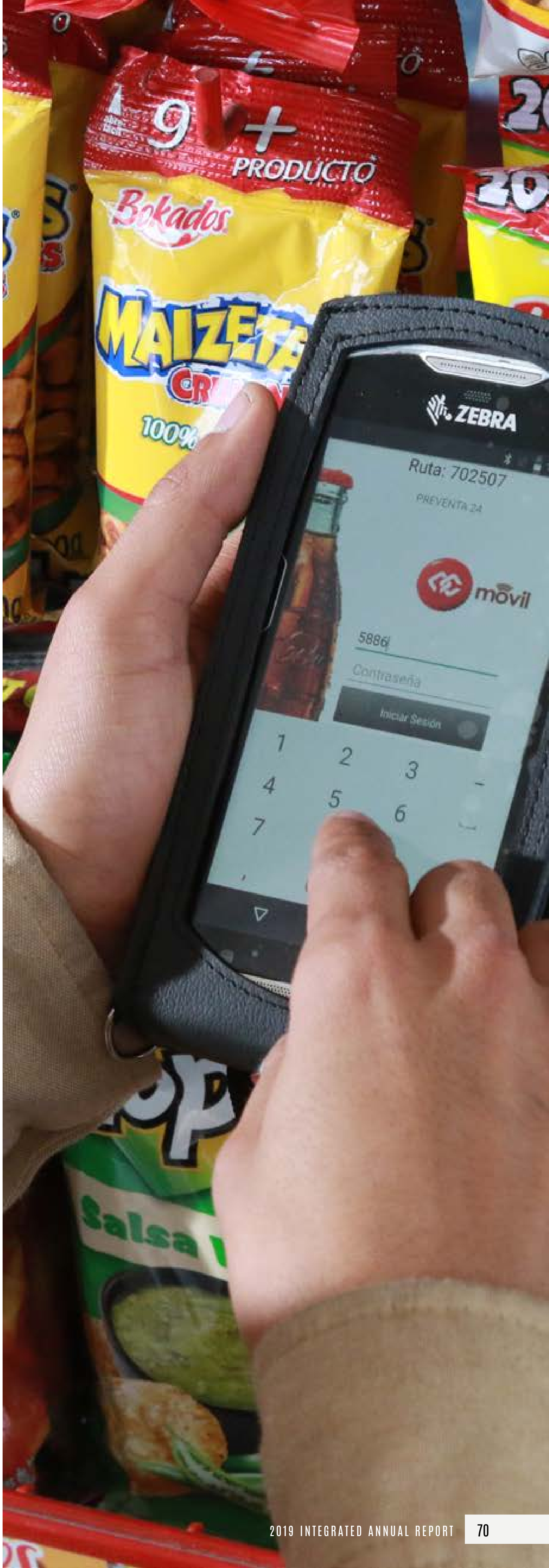
ONE YEAR AFTER LAUNCHING THE SUGGESTED ORDER, THERE HAS BEEN A 25% REDUCTION IN POINTS OF SALE WITHOUT INVENTORY IN THE TRADITIONAL CHANNEL. WE HAVE SIMULTANEOUSLY DEVELOPED MODELS THAT ALLOW US TO IMPROVE OUR COMPETITIVE POSITION AND TO CONTINUE CAPTURING CONSUMPTION OCCASIONS THROUGH OUR CUSTOMERS AND CONSUMERS.

Advanced Analytics

We focused our efforts on building a more agile company that uses state-of-the-art technology to benefit customers and consumers. We take advantage of cutting-edge tools to be more efficient, strengthening the business with key information that allows better decisions to be made.

Arca Continental has the legacy of a culture of data-based decision-making, which has reached a level of sophistication in key commercial capacities. The explosion of data and computing capacity available gives us the opportunity to take these efforts to the next level. Within this context, Advanced Analytics is a key capacity for promoting growth, earnings and competitive advantages.

The Advanced Analytics initiative, which identifies key processes in all areas of the organization and develops models that help its efficiency, was the basis for developing the Suggested Order models to improve product availability for customers in Mexico.



Environmental Stewardship

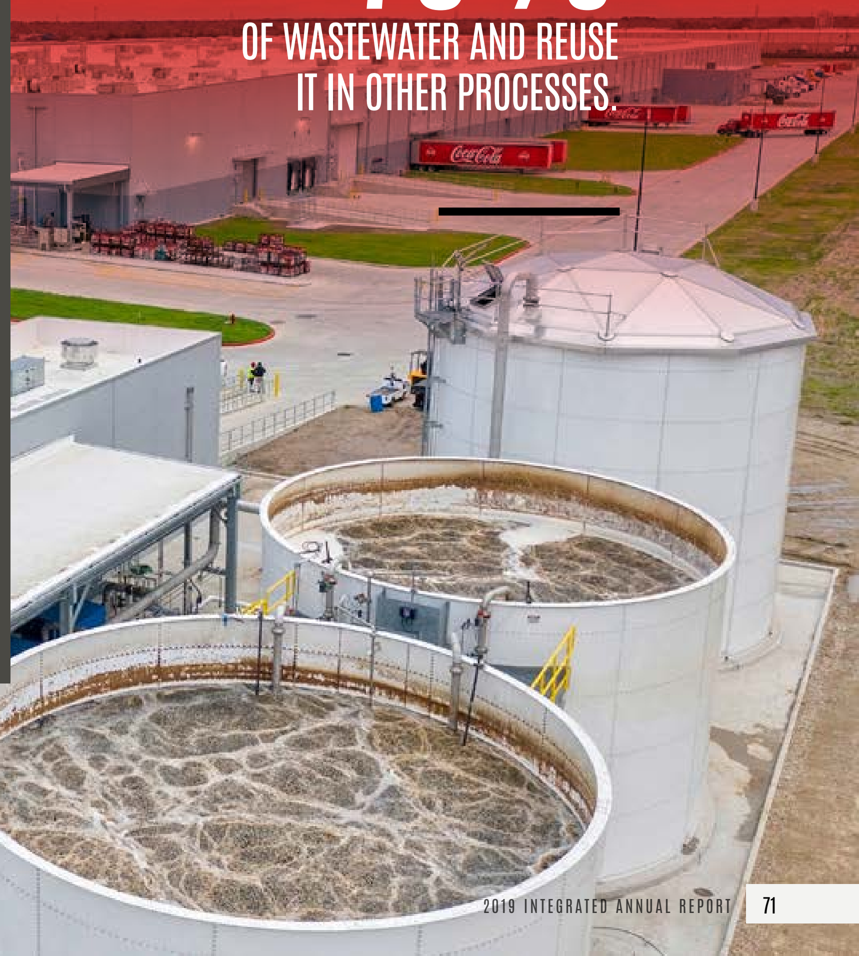
[302-3, 305-4]

- Through the "Agua Segura" (Safe Water) project in Argentina, 51 water treatment filters were installed in our territories in 2019. They were delivered to vulnerable schools and community centers, positively impacting 2050 students in our territory. To date this project has impacted more than 14,000 children with the installation of more than 360 filters since 2016.
- During Summer Sprite ("Verano Sprite"), Arca Continental cleaned up more than eight tons of waste, of which nearly 700 kilos were recyclable, by cleaning up beaches in Cabo San Lucas and the Santa Catarina River, in Monterrey.
- The Universal Bottle was launched in Mexico, Argentina, Ecuador and Peru. The same model of bottle is interchangeable among different products and brands in the Coca-Cola portfolio, which supports the company's returnability strategy.
- Arca Continental Lindley presented the first bottle made 100% from other recycled bottles as part of its commitment to having "A World Without Waste," and responsibly handling PET containers.
- Arca Continental and Coca-Cola signed an agreement with the city hall of Puerto Iguazú, where the Iguazú water falls are located, providing the framework to work together on improving solid urban waste management, in coordinated collaboration and based on a control panel.

INSTALLATION OF THE RAINMAKER SYSTEM AT TONICORP IN GUAYAQUIL, ABLE TO RECOVER APPROXIMATELY

70%

OF WASTEWATER AND REUSE IT IN OTHER PROCESSES.



We incorporated a company-wide vision of sustainability and social responsibility into all areas of the company. We took steps to improve our environmental indicators, as we are always willing to go the extra step to the benefit of our associates, the environment, and integral development of the communities where we operate.

Arca Continental's environmental commitment is based on a philosophy that demands the maximum protection of our natural resources, while seeking to reduce our environmental footprint as much as possible, integrating these efficiency practices holistically in the company's work.

A fundamental part of our business philosophy is to decrease environmental impact from our production operations, while protecting the environment of the communities where we are present. Through Arca Continental's Environmental Sustainability Model, which is founded on the pillars of water, energy, waste, and packaging, our goal is to have a business that is both profitable and friendly towards the planet.

In order to comply with the objectives of environmental well-being, we took several measures and made investments in projects that allow us to mitigate the emissions of our production activities, neutralize our water consumption, conserve the ecosystems and bodies of water that surround us, reduce the amount of waste generated, and maximize the quantity that we recycle.

	BEVERAGE STRATEGIES	2020 GOAL	2019 ACHIEVEMENTS
Reduce the water footprint	Improve efficient water use	1.6 liters of water for each liter of beverage produced	1,607 liters of water for each 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 where we operate was replaced
Reduce the carbon footprint	Reduce CO_2 emissions into the atmosphere	25.14 gr of CO_2 per liter of beverage produced, 21.5% reduction in the carbon footprint with respect to 2010: 32.04 gr of CO2 per liter of beverage produced[(2)]	23.20 gr of CO_2 per liter of beverage produced
		Reduce the amount of energy (MJ) necessary to produce one liter of beverage by 11% with respect to 2010: 0.273 MJ per liter of beverage produced	0.265 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 the waste footprint	Increase recycling of waste generated	Recycle 90% of the waste generated at production centers	96.4% of waste generated was recycled
	Use of sustainable materials	Maximize the percentage of food-grade recycled PET, as well as BioPET in our containers	24.72% use of recycled food-grade PET and BioPET, on average

Environmental Policy[1]

To be able to meet the objectives established in matters of protecting and caring for the environment, we carefully comply with the environmental laws in force, as well as the rules and regulations imposed by our organization, which focus on using resources rationally and efficiently.

We are in the process of updating our Environmental Policy to face the new challenges and opportunities arising from our expanded operations, as well as the environmental regulations in force in all our regions. The purpose of this renewal is so we can surpass the compliance standards in each country where we operate, so that our products have a better ecological footprint, as our operations continue to grow and improve.

Environmental Management System (EMS)[2]

Arca Continental's senior management establishes, documents, implements and maintains an Environmental Management System that is based on the requirements of standard ISO 14001, and the Operating Requirements of Coca-Cola (KORE) in the Environmental area, which establishes universal operating standards on environmental matters that all bottlers of Coca-Cola products must comply with. To date, 100% of our production centers are ISO 14001 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

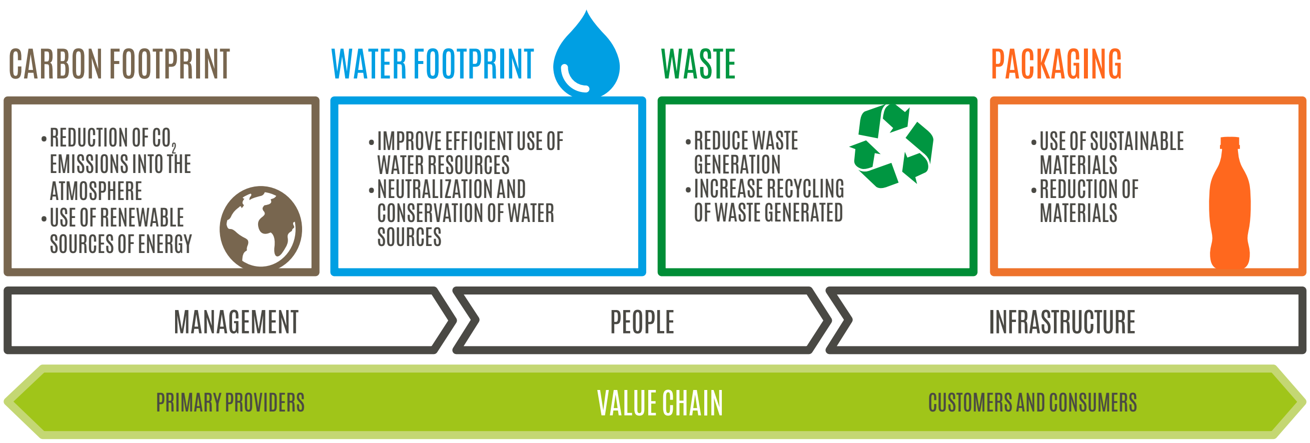
Environmental Focus

Currently, Arca Continental's upper management, as well as managers from each of our plants, have efficiency-related objectives in environmental matters. Variable compensation is tied to compliance with those objectives, which will drive the organization's environmental strategy monitoring, and it will contribute to continuous improvement in our operations at the different organizational levels.

We strive to be a leading organization in environmental matters, and in conserving resources in the areas where we operate. In order to achieve our goals and have the maximum impact, we put our Environmental Management System into action; it assures the sustainability of our processes and decisions and constantly assesses our performance, so that we can see areas of opportunity and achieve our goals.

Through this System we have focused on all areas of the business, the life cycles of our products, our value chain, and our associates. This system is based on Standard ISO 14001:2004, and on Coca-Cola (KORE) environmental specifications. It also incorporates internationally accepted practices found in the EIRIS and RobecoSAM systems.

All our efforts are focused on placing Arca Continental in the circular economy in matters of waste reduction, including the recycling capacity of our packaging, and integrating PetStar and ECOCE. Thanks to these efforts, we are spearheading the circular economy in Mexico, therefore we will continue working to attain an advantageous position in this new business model, in which inclusion and respect for our planet is prioritized.



Water Stewardship

Conservation

[102-11, 303-2]

Aware of the importance of water not only to our operations but to life on the planet, as part of the Coca-Cola System, at Arca Continental we are committed to Vision 2020 in water-related issues, which are broken down into three objectives:

1. **Improve efficient water use**
2. **Replace and treat water used in our products**
3. **Research and participate in protecting water sources**

Our Source Vulnerability Analysis (SVA) focuses on constantly monitoring the water cycle and the interaction of production centers with other major players that use the watersheds near our operations. SVA is evaluated by an independent third-party expert every five years throughout all our operations. The principal environmental and social risks are studied in order to determine the amount of water that can be used sustainably from each watershed. Based on these findings, Arca Continental, The Coca-Cola Company and the independent expert developed a Source Water Protection Program (SWPP) that must be strictly followed at each production center. Monthly performance and progress reports are written, and periodic audits are performed.

We also believe that different bodies of water are healthy and that using them is sustainable, thus we track consumption from various sources, including municipal, wells, and groundwater, and we also quantify industrial waste, reused water, and decreases in consumption. At Arca Continental we continue to return more than 100% of the water we use to nature through reforestation and water capture initiatives.

The operations of Arca Continental have not significantly affected the watersheds where our production centers are located. However, using the Water Risk Atlas tool of the World Resources Institute, we have found that approximately 40% of our operating centers are located in areas with high water stress. With this in mind, it is fundamental to have an integral water use strategy that involves those in our value chain. Our management and policy systems consider the importance of this resource, both within our operations, as well as with respect to our providers.

We participate actively in private initiatives for integrated administration of the watersheds in the areas where we have operations. For example, we are founding members of the Metropolitan Water Fund of Monterrey ("Fondo de Agua Metropolitana de Monterrey" – FAMM) in Mexico, we head five water funds in Ecuador, and we lead reforestation and conservation activities in our regions in Latin America.

The following are among some of the water conservation programs and the most important harvesting and reforestation we are engaged in to conserve water sources.

National Reforestation and Water Harvesting Program in Mexico

This program, headed by the Coca-Cola Industry in Mexico, seeks to create joint efforts between private initiative, government and civil society to restore Mexico's ecology. Our goal is to return to nature all the water used in the development of our products through recovery, reforestation and forest maintenance, which allows water tables to be replenished.

Together with experts such as Pronatura, the National Forestry Commission (CONAFOR), and the National Commission on Protected Natural Areas (CONANP), we have achieved our goals in different states throughout Mexico where we operate:

STATE	HECTARES RESTORED	ACCUMULATED PRODUCTION PROJECTS WITH POSITIVE ENVIRONMENTAL IMPACT
Aguascalientes	195	42
Baja California Sur	270	-
Chihuahua	692	4
Coahuila	575	24
Durango	202	52
Jalisco	190	105
Nuevo Leon	160	73
San Luis Potosi	200	53
Sinaloa	110	71
Sonora	110	102
Tamaulipas	200	-
Zacatecas	275	-

In a study done by "Universidad Nacional Autónoma de México", and the environmental engineering consulting firm LimnoTech, it was found that the Coca-Cola Industry in Mexico complies with 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, a series of social projects was performed in order to create savings, wealth, and self-sustenance in the communities where there are reforestation activities. Since 2013, we have implemented different programs to support vulnerable communities that are in the regions where we operate. We work together with government entities to carry out conservation projects which, in addition to the environmental scope, seek to positively impact the economy and quality of life of those who are members of the communities where we are present.

Some of the efforts that are focused on that goal are listed in the following table:

NUMBER AND SCOPE OF PROJECTS		
Water capture tanks	9	Aguascalientes, Coahuila, Durango, Jalisco, Nuevo Leon and San Luis Potosi
Community cisterns	81	Aguascalientes, Coahuila, Nuevo Leon, San Luis Potosi and Zacatecas
Rooftop water capture systems and backyard gardens	126	Aguascalientes, Baja California Sur, Chihuahua, Coahuila, Durango, Jalisco, Nuevo Leon, Sinaloa and Sonora
Wastewater treatment plants	2	Jalisco and Sonora
Water purification plants	2	Jalisco

IN 2019, MAINTENANCE ACTIVITIES WERE PERFORMED ON FLORA ON 500 REFORESTED HECTARES IN MEXICO, WITH THE RESULT OF SURVIVAL OF MORE THAN 80% OF THE SPECIES PLANTED.

Water Replenishment Program in Ecuador

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

From the time the program was initiated to now, the following funds have been supported:

- Water Protection Fund (Fondo para la Protección del Agua – FONAG)
- Guayaquil Water Fund (Daule River Basin)
- Water Fund for Conservation of the Paute River Basin (Fondo del Agua para la Conservación de la Cuenca del Río Paute (Fonapa)
- Páramos Tungurahua Fund and the Fight against Poverty
- Regional Water Fund (Fondo Regional del Agua – Foragua)

Within that program, the Water Project for the Future is focused on protecting watersheds, replenishing those watersheds, and having socio-environmental benefits through:

- Sustainable production projects (organic gardens, improved pastureland, living fences, and training in best production practices)
- Activities to maintain, control and monitor conservation areas (personnel and field equipment)
- Visits to verify agreement conditions
- Conservation of forests
- Reforestation with native species
- Passive recovery (enclosed regeneration in degraded zones)

This project, which has been in place since 2014, to date has recovered 1,043 hectares in nine areas, which has impacted 619 families in the region, by replenishing approximately 953,000 cubic meters of water.

Access to Safe Water in Communities in Argentina

[203-1]

We know that water is a universal right, but access to it and its quality can sometimes be problematic and can only be resolved by working together on integral, complementary and adequate strategies. The strategic alliance created between Arca Continental, Coca-Cola Argentina, and the entity Proyecto Agua Segura (Safe Water Project), has resulted in a joint project whose goal is to provide the education and technology necessary for use, care and safe access to water for the vulnerable communities in Argentina, through innovation and work on the water network.

Innovative water filtration systems were installed at 175 schools and rural community centers in 13 Argentine provinces, which will increase the quality of life of the members of these communities, and it will change the reality for more than 34,000 children. In addition to these efforts, training and educational workshops were provided to volunteers and members of the community in how to use and take care of the installed technology, healthy habits for presenting disease, the water cycle, and the importance of water as a human right for complete development.

Given the importance of access and preservation of water to Arca Continental's Sustainability Strategy, we are pleased to be part of the solution through a collaborative initiative with the government and local civil society.

Metropolitan Water Fund of Monterrey (Fondo de Agua Metropolitano de Monterrey – FAMM)

[203-1]

Arca Continental is the proud founder of the Metropolitan Water Fund of Monterrey (FAMM). Together with The Nature Conservancy and other companies and entities, we have implemented the Replenishment program, which has two major initiatives: (1) field activities, and (2) the water plan.

One of the major projects in which FAMM participates, together with universities, private organizations, independent consultants and the State Government of Nuevo Leon, is the Nuevo Leon 2050 Water Plan (PHNL2050). This integrated plan seeks to resolve the problem of water safety, and includes water stress risk management, water culture, conservation of watersheds, demand management, and water supply.

Following best international practices to obtain better results, PHNL2050 has the following characteristics:

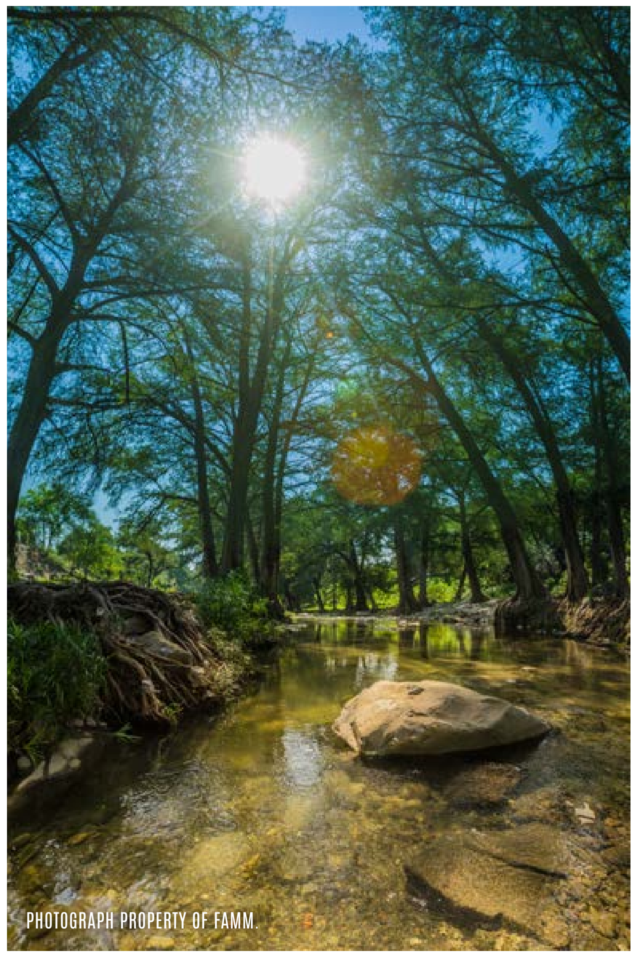
- Based on data and science: with official data from the Water and Drainage System of Monterrey, CONAGUA, and innovative methodologies
- Participative: more than 30 meetings were held with stakeholders
- Transparent: progress and sessions are published on the PHNL web page and on YouTube
- Exhaustive: topographical maps of the technically and legally viable projects were included
- Integral: inclusion of critical issues for integral management
- Long term: time frame is 2050, with periodic analyses

Currently the PHNL2050 is in its second stage, in which the focus is on analyzing water demand options through floods and droughts, water culture, and conservation of watersheds, among others. Institutions such as the Technological Water Center of Monterrey, Technological Government School of Monterrey, the Schools of Civil Engineering Forestry Science of "Universidad Autónoma de Nuevo León", RAND Corporation and Antea Group, are of vital importance in providing a broader vision of the implications of a plan such as this.

Recommendations with portfolios and short-, medium- and long-term investment schemes focus on attaining water safety in Nuevo Leon.

http://famm.mx/
http://planhidriconl.mx/

WE SUPPORT SYNERGIES BETWEEN DIFFERENT INSTITUTIONS TO RESOLVE THE CHALLENGES OF WATER SAFETY. IN THE RIO BRAVO BASIN, WE HAVE CREATED PROJECTS HAND-IN-HAND WITH FAMM, THE NATURE CONSERVANCY, AND THE RIO BRAVO WATERSHED BOARD, FOR EXAMPLE.


PHOTOGRAPH PROPERTY OF FAMM.

Efficient water use

In Argentina, the Tucuman plant has a weather station within its facilities that continuously monitors the underground watershed, providing information on temperature, pressure and humidity. The data gathered is shared with institutions such as the School of Natural Sciences at Universidad Nacional de Tucuman.

Efficient water use

The way we measure our water-use efficiency is the ratio of the number of liters of water required to produce one liter of beverage; that is, including the water consumption in all processes involved.

In an effort to improve efficient water use, we have taken several steps at our operating centers through various projects and initiatives: we have implemented new technology, trained our associates, recovered water from our industrial processes, repaired leaks, created water-saving committees, and we support a culture of continuous improvement.

In 2019, our efficiency indicator was 1,607 liters of water per liter of beverage produced, which was a 21% reduction in the water footprint of our drinks in relation to our baseline from 2010. Thanks to all of our programs and initiatives, this year we have saved more than 4.77 million cubic meters of water, in comparison to projected consumption if we had not intervened in the operations.

INDEX OF WATER USE IN BEVERAGES BY COUNTRY	(L OF WATER / L OF BEVERAGE)
Mexico	1.507
Ecuador	1.780
Argentina	1.765
Peru	1.914
United States	1.585

Water Reuse and Discharge

[303-3, 306-1]

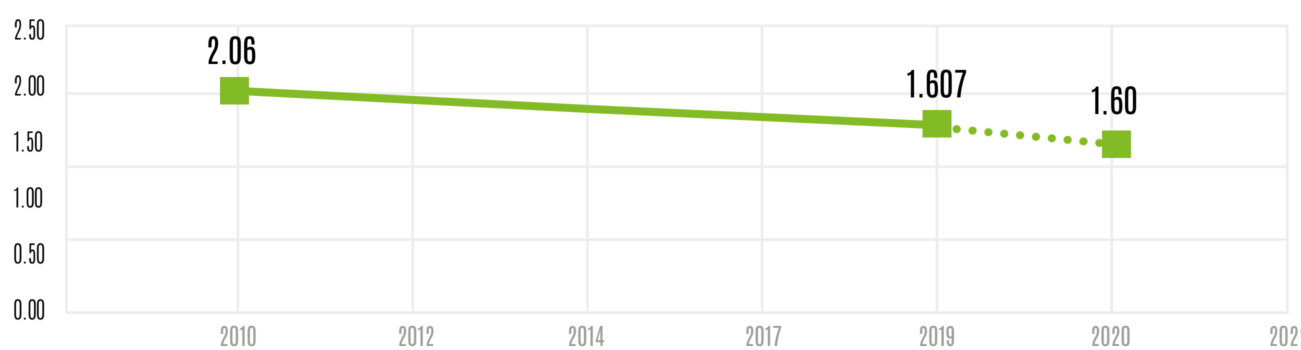
We have initiatives that have allowed us to reuse 1.67 million cubic meters of water in our operations throughout 2019, through access to wastewater treatment plants.

All our operating plants in Mexico, Argentina, Ecuador, Peru and the United States have direct access to treatment plants, whether municipal plants or onsite, which is the case at our Northpoint facility in Houston. To be in compliance with the current standards regarding wastewater discharge, Arca Continental has 34 wastewater treatment plants (WWTP) in our beverages operations, 18 of which are located in Mexico, six in Peru, three in Argentina, six in Ecuador, and two in the United States.

In addition, five of our operating centers have tertiary purification processes at their treatment plants: three in Mexico, located in Matamoros, Mexicali and Hermosillo, and one in Guayaquil, Ecuador. This makes it possible to use treated water for sanitary use and for watering. In Guadalajara, Mexico, for example, we signed an agreement with Universidad ITESO, in which the institution uses our treated water for sanitary and maintenance purposes. We continue working to improve our processes and good practices throughout our regions and businesses.

In Ecuador, a tertiary system was started up at the Guayaquil plant to reuse water in auxiliary services, and the model was developed for the Rain Maker project at the Tonicorp plant, which was scheduled to begin operations in 2019. Both projects will allow a significant portion of the water consumed to be reused, and to reduce the levels of water discharged.

LITERS OF WATER PER LITERS OF BEVERAGE



WATER DISCHARGES BY SOURCE (thousands of m³)

[306-1]

DESTINATION	TYPE OF TREATMENT	MEXICO	ECUADOR	ARGENTINA	PERU	USA	TOTAL
Municipal network	Untreated	156	-	105	48	649	**959**
	Primary treatment	205	-	-	47	159	**411**
	Secondary treatment	1,343	425	136	206	-	**2,110**
	Tertiary treatment	72	-	-	426	-	**498**
Surface bodies of water	Untreated	3	12	-	-	-	**15**
	Primary treatment	-	37	-	-	-	**37**
	Secondary treatment	597	307	206	228	395	**1,733**
	Tertiary treatment	156	-	-	-	-	**156**
Own wells	Untreated	-	-	-	-	-	**-**
	Primary treatment	-	-	-	-	-	**-**
	Secondary treatment	-	-	-	476	-	**476**
	Tertiary treatment	-	-	-	-	-	**-**
Total discharges	Untreated	159	12	105	48	649	**974**
	Primary treatment	205	37	-	47	159	**447**
	Secondary treatment	1,940	732	342	910	395	**4,319**
	Tertiary treatment	228	-	-	426	-	**654**

Water consumption by source

Following our Water Source Protection Program, at Arca Continental not a single drop of water is taken from surface bodies of water, because we operate with water from the municipal network or well water granted under concession, depending on the region, always aware and careful of the limits stipulated by the authority and by our Plan. In 2019, we used a total of 18.8 million cubic meters of water.

100%

OF OUR WATER DISCHARGES GO THROUGH TREATMENT.

WATER CONSUMPTION BY SOURCE (thousands of m³)

[303-1]

	MEXICO	ECUADOR	ARGENTINA	PERU	UNITED STATES	TOTAL
Municipal network	1,482	1,060	240	163	2,443	**5,388**
Own wells	8,477	807	393	2,875	714	**13,266**
Surface water bodies	0		471			**471**
Recovered from rain	310					**310**
Total consumption	10,269	1,867	1,104	3,038	3,157	**19,435**

Circular economy

Arca Continental continues to be an international reference in handling waste, managing PetStar, the largest food-grade recycling plant in the world, and creating initiatives and programs where it collaborates with different players to obtain bigger objectives.

A central part of our strategy is to promote the circular economy, as we work on making our packaging sustainable. That is why we have taken significant steps and made investments in countries where we operate, reincorporating our packaging into the value chain at the end of its life cycle.

In 2018, the Coca-Cola System announced the goals of a World Without Waste, among which we published the following for 2030:

1. Our packaging will be 100% recyclable.

2. Our packaging will contain at least 50% recycled material.

3. We will encourage collection of 100% of the packaging that we put into the market.

Thanks to our efforts, today Arca Continental is one of the most advanced bottlers in the Coca-Cola System in these goals. As our leadership shows, in 2018 the company became a signatory to The New Plastics Economy Global Commitment: Signatory Pack, headed by the Ellen MacArthur Foundation and the United Nations Environment Programme. This agreement, which seeks to slow contamination by plastics, was signed by PetStar, ECOCE and Coca-Cola, and supports creating solutions to produce and manage plastic packaging.

As part of this agreement, Arca Continental has agreed to use at least 20% recycled content in all our non-returnable PET plastic bottles in all regions by 2025.

AQUARIUS WAS LAUNCHED IN RETURNABLE TWO-LITER REFPET BOTTLES. THUS, WE BECAME THE FIRST BOTTLER IN THE WORLD TO PLACE A MICROBIOLOGICALLY SENSITIVE PRODUCT INTO PLASTIC RETURNABLE BOTTLES.

WE HAVE ADVANCED IN THE GOALS OF A WORLD WITHOUT WASTE; CURRENTLY 99.5% OF THE BOTTLES IN OUR PORTFOLIO ARE RECYCLABLE, AND A MIX OF 43.5% OF OUR PACKAGES ARE RETURNABLE.

IN MEXICO

- 19 production centers certified as Zero Waste
- National Quality Prize: “La Favorita” facility

IN ECUADOR

Agreements were signed with authorities and the National Recyclers Network so that, through the DAR program, better economic and social conditions can be created for collectors, while the PET-recycling strategy is expanded.

- Sustainable strategy for shared value
- Dignified access to recyclable material
- The plan is to be extended to the entire country, benefiting more than 1,500 Ecuadorian families
- Tonicorp received the Much Better Certificate: Plastic products in contact with food, with AAA rating

In addition, returnable packaging was launched in the non-carbonated beverages portfolio in the 300-ml size, in the tea, water and juice categories. And the universal returnable bottle was launched with a label that can be removed with water.

Arca Continental signed the Circular Economy Pact supported by the National Government of Ecuador, within the framework of the National Agreement 2030.

IN PERU

The first voluntary agreement for clean production signed in 2018 with the Ministry of the Environment and the Ministry of Production was implemented, and the following goals have been met: incorporation of recycled material in the manufacture of new containers, reuse of glass packaging, and support for recycling PET plastic packages through six agreements signed with municipalities nationally, and alliances with other organizations.

IN ARGENTINA

As part of the returnable packaging strategy, and seeking to increase our coverage and keep prices affordable for consumers, the 2-liter PET universal bottle was launched, which will allow us to offer new products in returnable bottles, thus making investments in containers more efficient.

The National Agreement for the New Circular Economy

Arca Continental and PetStar signed the National Agreement for the New Circular Economy in the Mexican Senate, along with 60 other companies, associations and chambers. The Agreement contains ambitious objectives for 2025, such as adding an average of 20% recycled content to all plastic packaging, and to innovate in the design so that all plastics are reusable, recyclable, compostable or usable, in accordance with The New Plastics Economy Global Commitment launched in 2018 by the Ellen MacArthur Foundation and the United Nations Environment Programme.

The principle objectives of this Agreement are the following:

- To eliminate problematic or unnecessary packaging and replace disposable packaging models with others that can be reused.
- To innovate to guarantee that 100% of plastic containers and packages can be reused, recycled or composted easily and safely by 2025.
- To circulate the plastic that is produced. To significantly increase circulation of plastics that have been reused or recycled and converted into new containers or products.

ARCA CONTINENTAL IS ONE OF THE FIRST COMPANIES TO SIGN THE AGREEMENT FOR THE NEW PLASTICS ECONOMY.

NEW PLASTICS ECONOMY Global Commitment

Arca Continental's sustainable packaging principles

At Arca Continental, we are aware of the major challenges we face in rational use of resources. We strive for our operations and processes to minimize the environmental footprint of our operations, including the life cycle of our products, packaging and services.

Arca Continental's Sustainable Packaging Principles apply to all operations and countries where we are present. To analyze the environmental footprint of all our packaging, both primary and secondary, we classify the materials and uses of packaging in two ways:

- **Number of package uses.** A package may be used once, or on multiple occasions (for example, a returnable bottle) before the material or the package loses the necessary qualities for it to be reused.
- **Number of lives of the material.** There are materials that can be recycled to create the same or another product. Now there are materials that allow containers to be recycled many times, and there are also materials that are difficult to use, with limited recycling, or materials for which recycling is not economically viable.

These two dimensions allow us to classify packaging into four categories, as shown in the following graph.

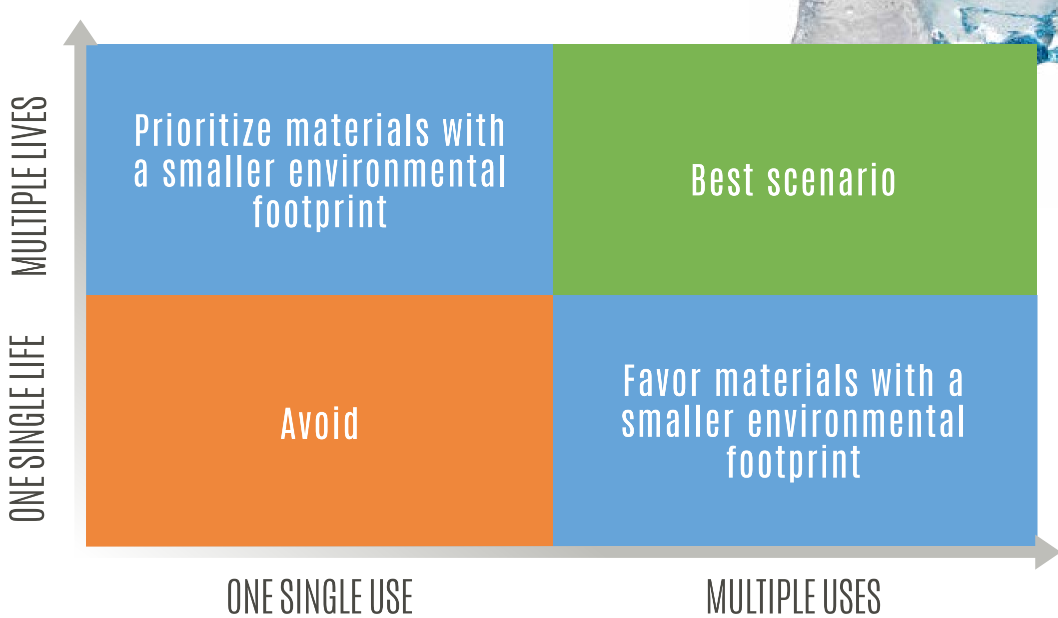
Arca Continental's principles of sustainable packaging indicate the company's stance and method of procedure in each of these categories:

I. One single life and one sole use. We will avoid and redesign this category for all future packaging and product designs, both primary and secondary.

II. One single life, multiple uses. We will only use this category when the analysis of the material's life cycle is less than any other economically viable operation, promoting recyclability with local partners.

III. Multiple lives, one single use. We will use this category when the sum of the environmental footprints of the material and the process are less than any other economically viable option, prioritizing recycling for same use (cradle-to-cradle) through partners.

IV. Multiple lives, multiple uses. This is the most favored scenario, as long as the environmental footprint of the product and process is smaller than the other categories.



Recycling performance

Over the last seven years we have worked hard to lighten the weight of our PET bottles. Our success in this area has a huge impact on our processes, because by decreasing the amount of plastic used, the amount of energy used in containers is reduced, and our logistics and final disposal processes are improved. Due to these efforts, this year we have saved more than 1,571.74 tons of PET resin, which is equal to 6,374.75 tons of CO_2 not emitted into the atmosphere.

Our strategic alliances with recycled food-grade PET providers (PCR – post consumer recycled) and Bio PET have contributed to the incorporation of these materials into our plastic containers. In 2019, we consumed 42,332 tons of these materials in our operations, which represents 24.72% of our total consumption of PET. Note that this percentage varies by country, given the availability of materials.

PIONEERS IN THE GLOBAL COCA-COLA SYSTEM, CIEL BOTTLES IN MEXICO AND SAN LUIS IN PERU ARE MANUFACTURED USING 100% RECYCLED PET.

Innovative Bottlers

The returnable Universal Bottle, which is interchangeable among brands for ease of customer use, was hugely successful in Peru. This is in addition to the company's efforts to protect the environment in terms of returnability.

New presentations in non-carbonated drinks:

- Water 1.5L
- Frugo 300 ML
- Powerade 1L

FOOD-GRADE RECYCLED (PCR) PET AND BIO PET USED BY REGION
[301-2]

	MEXICO	ECUADOR	ARGENTINA	PERU	UNITED STATES
Percentage of rPET and BioPET	29.34%	23.07%	10.09%	27.49%	14.56%
PCR PET (ton)	24,810	4,040	777	7,988	416
Bio PET (ton)					4,301

PetStar

PetStar is the largest food-grade PET-recycling plant in the world, and part of the Mexican Coca-Cola Industry.

With its characteristic philosophy of excellence and quality, it has become an industry reference in the circular economy thanks to its integrated process, which starts with collecting plastic bottles and goes all the way to incorporating recycled content into new containers. Besides excellence in its operations, which have been certified by local and international institutions, PetStar has adhered to the Global Compact and the United Nations Earth Charter. The following are some of the certifications that have been obtained: ISO9001, ISO14001, ISO22000, ISO50001, OHSAS18001, Clean Industry, Socially Responsible Company, Super Companies, and Operation Clean Sweep.

The goal of the Botelloteca Program is to keep the flow of material that goes into the recycling industry at a friendly level, in compliance with the objectives established by the World Economic Forum.

This program analyzes the components of packages to determine which of their elements, from lids to labels, additives and materials, can be recycled. Using laboratory results, the program compares the protocols with guidelines established by the Association of Plastic Recyclers (ARP), with special emphasis on its APR Design Guide for Plastic Recyclability.

If the expected results are not obtained, the brand will be notified by an impartial third party of failure to meet the required specifications, and it will be informed of the alternatives to follow in order to comply.

PETSTAR
MODELO DE NEGOCIO SUSTENTABLE

Certifications

- **Cradle-to-Cradle. Certification granted by Cradle to Cradle Products Innovation Institute, for being the first recycled resin in the world to obtain this distinction.**
- **ISO 9001. Certification in quality of processes and products at all ten plants.**
- **ISO 14001. Certification for environmental processes at all ten plants.**
- **ISO 22000. Certification of safety of processes and products at the recycling plant in Toluca.**
- **ISO 50001. Certification in energy efficiency at all ten plants.**
- **ISO 39001. Certification of Road Safety Management at the Xalostoc Collection Center.**
- **OHSAS 18001. Certification of occupational health and safety processes at the recycling plant in Toluca.**
- **LEED Platinum. (Leadership in Energy & Environmental Design). Certification granted by the U.S. Green Building Council to the PetStar Museum-Auditorium as a sustainable building.**
- **PASST Safe Company. (Program for Self-Management in Occupational Health and Safety). Certification granted by the Secretary of Labor and Social Security to six plants.**
- **PNC National Quality Award 2017 in the category "Organizational Innovation."**

Madrid, Spain

Iberoamerican Quality Prize

In 2019, we once again showed that we are a worldwide example of quality, as we received the Iberoamerican Quality Award, Gold Category, from the President of the Iberoamerican Secretary General's Office. This award recognizes excellence and sustainable management at the highest level of the organization, competing with companies that have won National Quality Awards in the countries in Iberoamerica.

Winning this prize clearly shows our commitment to sustainability and our vision of being an example of global excellence, driving competition, showing that the PET collection and recycling chain in Mexico is possible, and that it can be successful with high quality standards employing our Sustainable Business Model.

Progress in the Global Company of The New Plastics Economy

At the global conference Our Ocean, the Ellen MacArthur Foundation and UN Environment presented a report on signatory companies' progress with the Global Compact of The New Plastics Economy, which was launched in 2018.

In the case of PetStar, headed by Arca Continental, this report contains one of its most ambitious goals, which was to obtain Cradle-to-Cradle certification in 2019, involving Arca Continental in this goal. Arca Continental uses 100% recycled resin from PetStar to manufacture the CIEL blue bottle, which is considered 100% a circular product as it can be turned into a bottle an infinite number of times.

Furthermore, Arca Continental presented some other achievements obtained not only in Mexico, but also in Ecuador, Peru and in the United States, involving value strategies to include more recycled content in its packaging.

Carbon Footprint

Since 2016 we have used wind energy; today PetStar resin represents a 93% drop in emissions into the atmosphere compared to using virgin resin.

PetStar Museum-Auditorium

The museum-auditorium opened its doors in 2013, with the objective of encouraging shared responsibility and the culture of recycling, receiving more than 15,000 visitors per year and seeking to inspire each one to think sustainably.

Multiple-Use Room

Applying the same logic, we built a Multiple-Use Room as a complementary space, whose purpose is to be a tool to learn about the benefits of sustainability and recycling, communicating with our stakeholders, implementing projects, and consolidating strategic alliances with authorities, companies, and civil society; measures which all contribute to creating social, environmental and economic value.

To reach more people, since 2016 we have impacted more than 200,000 people through our web site (www.petstar.mx) where you can take our virtual tour and use the CO_2 calculator.

Social Value

With the objective of improving the conditions of children whose parents are pickers, we work with the Centro de Educación y Desarrollo Infantil Comunitario – CEDIC (Community Center for Child Education and Development) in Chimalhuacán, State of Mexico.

In order to broaden the social impact of the CEDIC model in all regions where we are present, we established in alliance with Mayama, which is a learning center that transforms the lives of boys, girls, and families who are pickers, marginalized, and subject to violence in the metropolitan area of Guadalajara.

CEDIC: supports 400 girls and boys

MAYAMA: supports 294 girls and boys

15,117

TOTAL VISITORS IN 2019

68,888

TOTAL ACCUMULATED VISITORS 2015-2019

ECOCE

At Arca Continental, one of our day-to-day goals is to build a sustainable company. Because we want to reduce our waste footprint even further, we have partnered with ECOCE A.C., which has helped us create more awareness about the importance of recycling in the communities where we have operated for 18 years.

ECOCE is a non-profit civil association created and supported by the product consumption industry. It represents associated companies, administering the National Private Collective Plan for Handling Post-Consumption Packaging Waste of PET, PEAD, PEBD, BOPP, aluminum and other materials, and is registered at the federal level with SEMARNAT (PM-ROTR-008-2013).

This association helps us manage our waste from containers and post-consumer packaging under the Shared Responsibility principle, by encouraging mass collection of post-consumer containers and packaging. It operates programs to collect and recover our containers and packaging, creating environmental awareness in the communities where we operate.

ECOCE also invests in innovation, seeking new useful alternatives that contribute to conserving our surroundings by managing packaging materials, such as metalized BOPP.

It also creates synergies with all levels of government to analyze and serve critical areas, and it monitors the creation of legislation, regulation and standards at the federal, state and municipal levels in waste matters.

ECO-RETO

ECO-RETO is a free, voluntary program to recover waste from containers and packaging at public and private schools, from kindergartens to prep schools. Waste from PET, PEAD, PEBD, BOPP, aluminum and tin is recovered for recycling. This program encourages environmental education, promoting recovery of waste from containers and packaging, teaching management, students, teachers, and personnel how to correctly handle the waste from containers, and thus, contribute to protecting the environment.

2018-2019 SCHOOL YEAR	
Schools	2,601
Number of students	603,309
Kg of PET	1,598,252
Kg of PEAD	149,785
Kg of flexible packaging	6,249
Kg of aluminum	8,505
Kg of tin	5,159

Institutional program, sporting events, and eco-rescues

This is a free and voluntary container collection program that sensitizes and educates the fixed population and visitors, institutions and public offices, universities, hospitals, athletes, museums and sporting events, with a minimum of 150 people.

It recovers and periodically exchanges the waste from PET containers, high-density polyethylene (PEAD), aluminum, tin, low-density polyethylene (PEBD), and polypropylene (PP), whether it is metalized or not, seeking to change habits by disposing of waste separately so it can be recycled.

STATE	INSTITUTIONS INSCRIBED	KG OF PET	KG OF PEAD	KG OF FLEXIBLE PACKAGING	KG OF ALUMINUM	KG OF TIN	KG OF GLASS
Baja California Sur	6	7,658	1,158	1	197	187	0
Chihuahua	2	158	19	0	0	0	0
Coahuila	6	76	0	0	0	0	0
Durango	4	974	79	0	0	0	0
Jalisco	27	5,252	329	15	0	2	242
Nuevo Leon	26	4,007	372	14,984	400	310	0
San Luis Potosi	1	363	71	0	54	25	0
Sinaloa	25	15,882	1,813	0	0	0	0
Sonora	25	2,902	516	15,544	26	24	0
TOTAL	122	37,270	4,357	30,544	677	548	242

SPORTING EVENTS STATISTICS	
Participants involved	66,880
Kg PET collected	1,209
Kg PEAD collected	296
Kg of straws collected	803
Kg of waxed containers collected	267
Kg of aluminum collected	51
Kg of cardboard collected	1,102

THROUGH THE CONSORTIUM BETWEEN ARCA CONTINENTAL, PETSTAR AND ECOCE, NEARLY SEVEN OUT OF EVERY TEN BOTTLES THAT WE INTRODUCE INTO THE MEXICAN MARKET ARE RECOVERED FOR RECYCLING.

A CULTURE OF RECYCLING

To promote the culture of recycling within our offices and operating centers, ECOCE has provided us with containers to collect PET in our facilities. By joining efforts, both associates and visitors participate in this awareness movement by correctly disposing of their waste.

IPASA

In addition to our efforts to recover and recycle PET bottles, the lids of these containers also play an important role in our circular economy model. IPASA, which is owned by Arca Continental, is dedicated to developing and manufacturing plastic products for the industry. In a joint effort, the lids of the PET containers (which are made of HDPE), are collected and recycled at IPASA, and the quality plastic is used to create pallets and boxes for glass bottles.

Industrial waste management

[306-2, 306-4]

At Arca Continental we have an Integrated Waste Management Plan, which is revised and modified constantly so that it can meet identified needs and results obtained. Through this program, in 2019 we recycled more than 89,000 tons of industrial waste from our beverage plants, representing 96.5% of our total waste generated. In turn, 1,758 tons of hazardous waste generated were properly disposed of as stipulated by the law for each specific case.

Throughout the rest of our operations, implementation of the Waste Management Plan has yielded excellent results. For Bebidas Mexico, in 2019 year six of our plants were certified "Zero Waste," which totals 19 operating centers to date.

We know there is always room for improvement, thus we continue working to achieve results throughout our production activities in all our regions.

RECYCLING OF WASTE GENERATED BY ARCA CONTINENTAL

[306-2]

	MEXICO	ECUADOR	ARGENTINA	PERU	UNITED STATES	TOTAL	2019 GOAL
Waste generated (tons)	53,866	6,844	6,404	14,669	21,668	103,451	
Waste recycled (tons)	53,289	6,042	6,079	13,460	19,987	98,858	
Percentage of waste recycled	98.9%	88.3%	94.9%	91.8%	92.2%	95.6%	95.5%

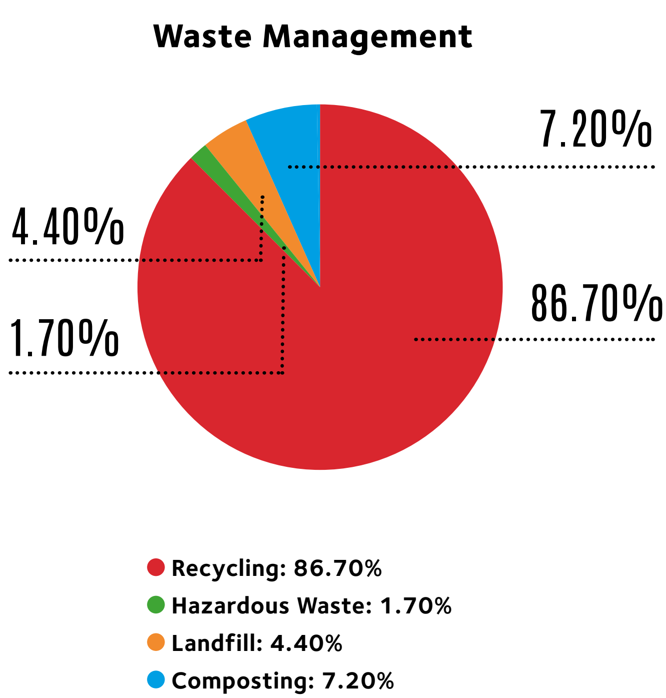
WASTE GENERATION BY CATEGORY

[301-3, 306-2]

CATEGORY OF INDUSTRIAL WASTE	AMOUNT OF WASTE RECYCLED (TONS)	PERCENTAGE RECYCLED
Water treatment sludge	5,650	95.33%
Sludge from the reactor	4,338	99.43%
Wood	12,369	95.89%
Metal	2,167	96.55%
Aluminum	662	98.89%
Paper and cardboard	11,574	98.28%
PET	6,795	98.40%
Plastics (others)	6,363	89.86%
Glass	31,990	93.51%
*Others	8,790	97.71%

FINAL DISPOSAL OF WASTE

[301-3]



Carbon footprint

Reducing emissions

[305-4, 305-5]

Under our strategy to face climate change, we have established three mitigation goals for the year 2020:

1. Reduce our carbon footprint by 21.5% with respect to 2010.
2. Reduce the energy footprint of our drinks by 11% with respect to 2010.
3. Obtain at least 30% of our energy from renewable sources for the company's operations.

As part of this strategy, to mitigate the effect of greenhouse gas emissions and better adapt to climate change, since 2014 we have been reporting to the CDP on issues related to water and the value chain, the GEI Program of SEMARNAT, and to CESPEDES.

The objective of the Emissions Reduction Program, in force since 2010, is to keep a detailed record of electricity and fuels consumed in our different operations. This is how we can more closely monitor each initiative presented and placed into operation to reduce our emissions, as we look for areas of opportunity to continually improve. Among them is a series of programs to optimize operations, electricity supply from renewable sources and replacing inputs for alternatives that are more planet-friendly.

As a result of these initiatives and the efforts made to bring them to fruition, in 2019 at our beverages operations we obtained an emissions indicator equal to 23.20 grams of CO_2e per liter of beverage, thus reducing our carbon footprint and surpassing the goal established for 2020. Since 2016, Bebidas Mexico has met the 2020 objective of reducing emissions per liter of beverage produced.

In 2019, the PIASA sugar mill provided us with 41,725 MWh of cogenerated energy, while the company Naturgy provided us with 31,130 MWh of wind energy.

EMISSIONS GOALS (grams CO_2e/liter of beverage produced)

[305-5]

RELATIVE GOAL	BASELINE (2020)	2019	2020 GOAL
Scopes 1 and 2	32.04	23.20	25.14

GREENHOUSE GAS EFFECT EMISSIONS INDEX (grams of CO_2e per liter of beverage)

[305-4, 305-5]

EMISSIONS INDEX BY COUNTRY IN BEVERAGES	
Mexico	19.55
Ecuador	15.09
Argentina	34.17
Peru	32.10
United States	28.57

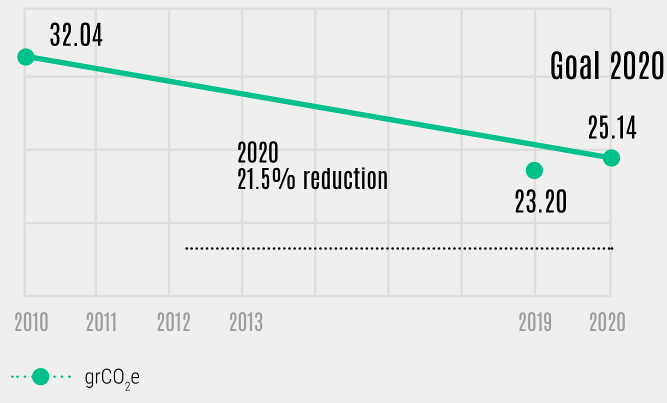
Includes beverage manufacturing in Mexico, Ecuador, Peru, Argentina and the United States.

EMISSIONS BY REGION – SCOPE 1 (TonCO_2e)

[305-1]

COUNTRY	2019
Mexico	121,204
Ecuador	26,805
Argentina	48,399
Peru	15,016
United States	78,226
Total 2019	289,650

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



EMISSIONS BY REGION – SCOPE 2 (TonCO_2e)

[305-2]

COUNTRY	2019
Mexico	89,299
Ecuador	19,180
Argentina	13,736
Peru	36,713
United States	44,647
Total 2019	203,574

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

EMISSIONS BY CATEGORY (TonCO_2e)

[305-1, 305-2]

CATEGORY	BEVERAGES	COMPLEMENTARY BUSINESSES
Electricity	172,756	30,818
Fuel from fixed sources	74,440	80,171
Fuel from mobile sources	104,340	8,275

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

Efficient energy consumption

[302-4]

Coca-Cola bottlers all over the world participate in the esKO Top 10 Energy Savings Challenge program, whose objective is to reduce the carbon footprint by moderated energy consumption, as implementation of good practices is pushed.

Our various energy efficiency projects, such as optimization of refrigeration systems and installation of highly energy-efficiency equipment, have allowed us to save 21% in energy for each liter of beverage produced over 2010.

USE OF ENERGY

[302-1]

SOURCE	2019
Non-renewable fuels (MWh)	1,774,029
Non-renewable electricity (MWh)	317,616
Renewable electricity (MWh) *Hydroelectric, biomass and wind	138,963

Includes snack and beverage manufacturing in Mexico, Ecuador, Peru, Argentina and the United States, including the company's fleet.

Use of renewable energies

Our 2020 energy goal is to obtain 30% of the energy we consume from renewable sources. We have been implementing this project throughout the company's operations since 2011.

In 2019, renewable energy consumption in Mexico represented 34% of total electricity consumed. Of this alternative energy, 43% comes from cogeneration using biomass, and 57% is from wind energy.

We work hard throughout our operations to achieve our goals, therefore we have established two strategies:

- Investing to increase the use of clean energy
- Exploring alternatives to generate renewable energy in South America

Thanks to these efforts, in Mexico it is estimated that for the year 2020, more than half of its electricity consumption will be from renewable sources.

This year renewable energy was acquired, to be provided by a wind farm to supply all of Bebidas México, Bokados and IPASA plants. Pending regulatory approval, this supply should go online mid 2021, with the objective of consuming 70% from renewable sources in Mexico in 2022.

Cold Dominion program

[302-5]

Through this program we would like to ensure that our end consumers enjoy cold and refreshing beverages. We support our retailers and small businesspeople by installing new, low-environmental impact coolers at no charge, which helps establishments save electricity and reduce emissions.

In 2019, more than 113,000 new coolers using CO_2 refrigerant were installed. This high-yield equipment does not damage the ozone layer. These low-maintenance, high-performance systems have the following characteristics:

- Temperature control for optimal operation
- Coolants without HFCs and low environmental impact
- Motors with electric fans for better yield
- Low-maintenance condenser
- High-efficiency doors with double-paned tempered glass, using argon gas and Low-E film
- LED lighting
- High-efficiency isolating foam
- Durable, resistant and recyclable plastic front grill

INSTALLED EQUIPMENT	2019
MEXICO	65,028
UNITED STATES	11,173
ARGENTINA	5,397
ECUADOR	16,444
PERU	15,520

Climate change adaptation strategy

[201-2, 302-5]

Considering scenarios that we might face as a food and beverages company given the effects of climate change, our Human Capital and Sustainability Committee has developed an adaptation strategy that includes guidelines to be followed in the event of different scenarios.

To combat water scarcity, for example, we include adaptive methods for optimal operation of our plants. Similarly, considering the threat of extreme natural disasters in the areas where we operate, we have developed response plans and strategies to resume operations and to provide assistance to the surrounding communities that would be affected.

Some of the low-emissions projects/products include:

PET bottles: use PCR + BioPET
Resin savings: 42,332 tons of virgin resin in 2019:
- PCR: 38,031 ton
- BIOPET: 4,301 ton

Cold Dominion program: equipment using CO_2 refrigerant

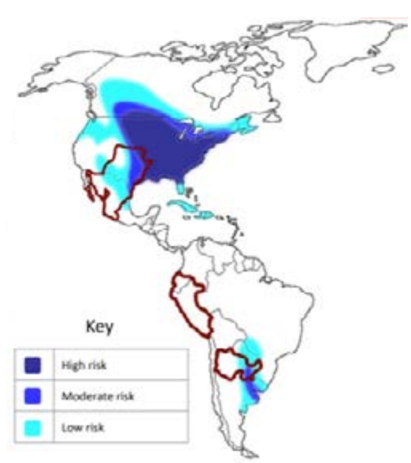
In recent years we have thoroughly analyzed risk exposure determined in the regions where we operate, from heat waves to water availability. This analysis, which may be consulted here, has resulted in prioritizing our adaptation efforts.

The exposure maps have also allowed us to focus on the locations where greater intervention from our adaptation strategy will be required, as well as vulnerability studies.

The regional exposure of Arca Continental to physical risks of climate change is shown in the following maps.

HURRICANES, CYCLONES AND TROPICAL STORMS

TORNADOES AND DUST DEVILS



Sustainable Construction

In 2016, Arca Continental published its Sustainable Construction Manual, which contains guidelines based on good practices, as well as international recognitions.

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

Thanks to following this manual, the three buildings that comprise the corporate offices of Arca Continental located in Monterrey, Mexico, have attained Silver and Gold Level LEED Certification thanks to good practices in sustainable building, which were used during construction in 2016.

In turn, the PetStar Museum-Auditorium, located in Toluca, Mexico, was awarded LEED Platinum Level in 2015 due to its excellence in applying green space strategies, such as:

- Renewable energy through solar panels
- LED lighting
- Zero consumption of potable water
- Stabilizing earth walls
- Green roof
- Xeriscaping: dry landscaping

This green project has public education programs about the PET recycling process and sustainability principles, which include green construction strategies, methods for saving water and energy, and rehabilitation of flora on site.

The Manual is constantly revised and updated so that it will reflect best international practices and remain at the forefront. The scope of the project includes training those who are involved in maintenance and operation of the buildings so that they make the very best use possible of the facilities, technology, savings, and tangible yields through responsible use. The new construction projects include a waste management, emissions, and water plan.

Ethical behavior

[102-16, 102-17, 102-1, 205-1, 205-2]

Our Code of Ethics complies with the laws and regulations in force in all countries where we operate, respecting the perspective of our principal stakeholders, including our customers, providers, associates, and authorities, among others.

Its objective is to provide guidance and establish guidelines regarding desired conduct in anti-corruption processes and controls, to support transparency, encourage fair trade, and to have healthy relationships with our associates and everyone with whom the company comes into contact.

OUR CODE OF ETHICS IS DISTRIBUTED THROUGH SEVERAL COMMUNICATION TOOLS, DISTRIBUTION CAMPAIGNS, AND COURSES FOR OUR ASSOCIATES, WITH THE OBJECTIVE BEING THAT ALL OF OUR ASSOCIATES UNDERSTAND THE CODE AND KNOW THAT THEY CAN CONSULT IT AT ANY TIME.

Although our Code already complies with the requirements imposed by the Mexican Securities Law and BMV recommendations to be able to be part of the Sustainable IPC, in 2016 we implemented a new Code of Ethics that had been improved and modified to reflect international best practices. Arca Continental has been an industry reference, and therefore we have been improving sections of the Code, as well as its management and proper documentation.

This process of evolution started with a complete diagnostic of the Code of Ethics and comparing it to international best practices and has included specific proposals for improving the Code and its management.

Some of the improvements and modifications to our new Code of Ethics include:

- Of the four fundamental values of Arca Continental, the central axis for building the Code of Ethics and Behavioral Policies is Sustained Integrity in Respect and Justice
- The values of honesty, trust and loyalty emanate from the value of Sustained Integrity in Respect and Justice, which govern our behavior inside and outside the company
- We want the Code of Ethics to be a practical guide to orient every one of our actions and every decision that we make
- The new Code of Ethics includes a specific section about protecting Human Rights, recognizing the United Nations' Principles on Human Rights, and its principles on the Global Compact, which now includes protecting health and promoting safety, personal development, and the fight against violence
- The scope of sustainability is not limited to environmental matters; it now also includes social matters
- Special emphasis is placed on transparency and handling information
- We highlight how important it is that our providers comply with the Code
- The new Code of Ethics offers a detailed guide about when to act, including a series of questions that can help guide associates in decision-making

Compliance management

[102-17, 406-1]

Managing the Code of Ethics and the Professional Conduct Policies of Arca Continental, including all its subsidiaries, is the responsibility of the Integrity and Ethics Committee. The Committee is divided into two branches: the Executive Committee and the Operating Committee, whose tasks are different but complementary.

The entire Ethics and Compliance System has its own governance and structure, which are summarized in the Code Management Manual, with the final responsibility resting with the Ethics and Compliance Management Committee, which reports the development and status of the system to the Audit Committee of Arca Continental's Board of Directors, through the Ethics and Compliance Official, which is supported by an Operating Committee to perform its functions. In addition to this centralized structure, each territory and business has a Local Ethics and Compliance Committee.

The Committees are comprised of 50 people, including various areas such as directors, Human Resources manager, PAC, Legal and Administration. In 2019, 8,000 hours were invested in research by the members of the committees and their work teams. Approximately 40% of reports related to the Code of Ethics were applicable, of which 12% resulted in some type of administrative disciplinary measure.

The Executive Committee is headed by the company's Chief Executive Officer and includes people from all areas of the organization. This Committee must meet every quarter and is responsible for ensuring that the contents of the Code remain in line with international best practices, supporting a culture of compliance with the Code inside and outside of the organization, and promoting strategies so that the values contained in the Code are disseminated and understood by Arca Continental's stakeholders.

In turn, the Operating Committee is responsible for handling diversions from the Code that have been identified, and then training associates in ethics matters. This Committee is comprised of directors and managers who have enough scope to accelerate conflict resolution and who have been involved with integrity matters since before the formation of this management system.

HOTLINE

Every associate or commercial partner must report anything that is in violation of the Code of Ethics.
They may use:

- The Transparency Hotline, by calling a toll-free number
- Sending an e-mail to the hotline

For more information, go to:
http://www.arcacontal.com

Reports are handled immediately by an independent third party who assumes responsibility for it.

The hotline administrator receives a request through the Transparency Hotline, or by any other means.

The request is assigned to the appropriate Local Committee.

The Committee assigns it to the responsible expert.

Corrective steps are taken and penalties assigned, according to the case and violation.

Reports are made periodically to the Managing Committee on Ethics, and to the Board's Audit Committee.

There is also an Ethics Official who functions as a tie between the two Committees; he ensures that the information flows correctly between the two Committees, and he channels complaints from the Transparency Hotline to the appropriate areas. The people responsible for resolving each case are assigned based on the criteria defined in the Manual for Management of the Code of Ethics and Professional Conduct Policies.

The Manual details how each member of the Committee should participate, how performance reports should be written, and how frequently they should be prepared. Furthermore, it indicates the mechanisms for maintaining a culture that supports the values of Arca Continental.

The Manual also details what to do when a complaint is received, either through the Transparency Hotline, by e-mail, or by a physical letter. A simplified version of this process is shown in the following diagram.

Training in the Code of Ethics

At the end of 2016, Arca Continental updated its Code of Ethics for all its business units, for its approval, distribution and compliance. The communication and dissemination campaign began in January 2017, and at the end of the same year the e-Learning course on the Code of Ethics was rolled out to associates in Mexico who had access to assigned computer equipment.

The course is divided into three modules: Corporate Values, Conduct Policies, and Values in Action. The course is designed to educate about the values and policies that govern Arca Continental's associates, so that they can reach their personal objectives and those of the organization. At the end of the course a test is given on what has been learned. A grade of higher than 80 must be obtained to pass the course, otherwise the associate must take it again.

In 2019, more than 5,000 associates had passed the e-learning Code of Ethics course in Mexico. In 2019, rollout of that course began to the business units in Latin America, and subsequently in the United States. We continue working towards 100% of our associates having access to this online course.

The Process of Code Management

In 2018, through an independent entity Arca Continental identified and evaluated the Fraud Risk Management Program to:

- Identify potential areas of fraud, whether internal or external
- Possible scenarios in which this risks of fraud could be committed

Creation of the Fraud Risk Evaluation included: Planning activities regarding fraud risk evaluation criteria; Conceptual Establishment of the universe of fraud risks in the industry in which Arca Continental operates; evaluation of fraud risks through interviews and surveys with key personnel from the companies analyzed; and a special focus on assessing the level of vulnerability of the most relevant fraud risks in terms of impact, probability, and ability to control, to mitigate these risks.

Human rights

Our Code of Ethics establishes the obligations that all the company's associates must follow, consistently and fully respecting the human rights of those with whom we establish contact. We also specify that we must act without discrimination due to age, sex, civil status, nationality, and respecting an individual's political affiliation, as well as their religious beliefs and traditions.

Anti-corruption efforts

[205-1]

As part of our efforts to fight corruption, our new Code of Ethics clearly stipulates that "associates, directors and shareholders are strictly prohibited from engaging in acts of corruption, bribery, collusion, and in general any illegal activity during the performance of their functions, and they will refrain from participating, directly or indirectly, in any bid or tender in which there are signs of corruption. This guideline extends to our business partners (providers and brokers)."

We have an online Provider Portal where any provider who wishes to enroll in the system and offer us their services can read and agree that they will comply with and respect our Code of Ethics; this means that currently 100% of our providers are informed and committed to adding to our efforts to stamp out corruption and bribery.

Tax compliance

Arca Continental operates in strict compliance with the laws of the countries where it operates, as established in our Code of Ethics and Professional Conduct Policies. As we are committed to community development, our tax obligations are paid in accordance with the highest ethical standards. As stated in our principles of compliance, at Arca Continental the use of mechanisms such as transfer prices, tax evasion and tax havens to decrease the company's obligations are not tolerated. Transfer prices are calculated and audited pursuant to best international practices.

Every year an independent third party issues a tax report certifying due compliance with those obligations. This report may be seen at the following link: http://www.bmv.com.mx/es/emisoras/perfil/AC-6081

Corporate governance

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

At Arca Continental, we believe that solid corporate governance positively influences the various aspects that make the company great. Strengthening corporate governance standards guarantees fairness, transparency, responsibility and independence in all our areas of influence, it minimizes conflicts, and offers a safe path for resolution. It also aligns the activities of all stakeholders in creating value, it facilitates an optimal balance between the different government entities, reduces risk, and strengthens the organization in the face of a dynamic and complex environment.

Arca Continental's Corporate Governance is in line with the Code of Best Corporate Practices of the Mexican Stock Exchange, and is based on our long-term vision and philosophy, through four strategic pillars:

- **Responsibility:** guaranteeing rendering of Administration's accounts to the Board, and of the Board to shareholders.
- **Fairness:** protecting the rights of all shareholders and treating them equitably.
- **Transparency:** ensuring the availability of timely, material and precise information, and independently providing the internal means of control and reporting.
- **Independence:** avoiding conflicts of interest and ensuring the participation of expert independent board members.

Arca Continental is governed by the Corporate Code of Conduct of The Coca-Cola Company, which states that we must act honestly, in accordance with the law, in compliance with the Code, and be responsible. This applies to all our operations, including commercial, which insures that our transactions are transparent and legal.

Currently, our Board of Directors, presided over by Jorge Humberto Santos Reyna, has 21 members, five of whom five are independent, and two are female. In 2019, all meetings had a quorum of board members larger than what is required for a meeting to be formally in session.

Likewise, and to support attaining business objectives, our Board of Directors is structured into three committees: Audit and Corporate Practices; Human Capital and Sustainability; and Planning and Finance. Of the members of the Board of Directors, nine are on the Planning and Finance Committee, five are on the Human Capital and Sustainability Committee, and three are on the Audit and Corporate Practices Committee.

AUDIT AND CORPORATE PRACTICES COMMITTEE

AUDITING FUNCTIONS:

- To opine on accounting, control and internal auditing guidelines and policies
- To evaluate the performance, findings, opinions, statements and reports of the external auditor, and to propose appointment of an external auditor
- To discuss the financial statements with Administration and give its opinion to the Board in this regard
- To monitor internal mechanisms and controls
- To investigate possible breaches of the operating guidelines and policies, control systems and audit

CORPORATE PRACTICE FUNCTIONS:

- To opine on non-recurring operations, such as acquisitions, mergers, and the most relevant transactions
- To opine on operations with related parties
- To opine on performance of the Chief Executive Officer and senior management, and their remuneration packages
- Oversees the company's cybersecurity performance and strategy

PLANNING AND FINANCE COMMITTEE

- To evaluate and, where applicable, recommend investment and financial policies proposed by Administration to the Board
- To recommend long-term plans, operating budgets and investments
- To make recommendations on strategic projects and relevant financing

In order to avoid situations in which there is a conflict of interest, starting in 2005 we adopted the policy of not entering into transactions with parties related to the company's controlling company, with the exception of those that are strictly necessary for strategic purposes, or that might significantly impact the results of the company or its operations.

The Issuers Committee of the Mexican Stock Exchange (Bolsa Mexicana de Valores – BMV) recognized Arca Continental as one of the three best companies in Mexico in matters of social responsibility in its sector.

HUMAN CAPITAL AND SUSTAINABILITY COMMITTEE

- To evaluate the succession plans for top executive and talent development
- To establish guidelines and recommendations on general compensation policies and human resources
- To issue evaluation and remuneration criteria on the Chief Executive Officer, and to extend the process to the top executives
- To revise sustainability and social responsibility programs and indicators

MANAGING SUSTAINABILITY

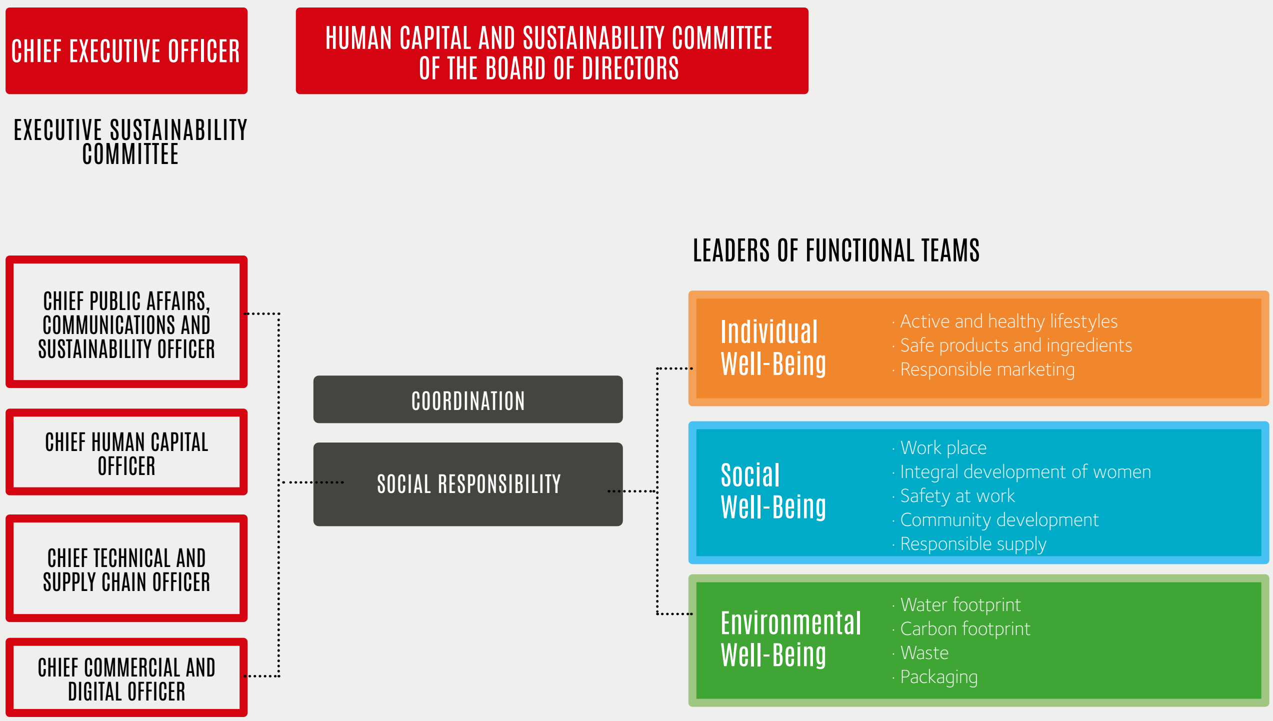
[102-45]

The Human Capital and Sustainability Committee is committed to improving the well-being of people, supporting sustainable development in the communities where we operate, and protecting the environment. To roll out the strategies this Committee and Senior Management establish at the operating level, in 2013, the Executive Sustainability Committee was formed, whose mission is to approve the policies, objectives, metrics and good practices throughout the organization in matters of sustainability and social responsibility, and to create and implement a plan to comply with Vision 2020.

If you would like to learn more about Corporate Governance at Arca Continental, you will find the annual report on the web page of the Mexican Stock Exchange at the following link:

www.arcacontal.com/inversionistas.aspx

[102-20]



Members of the Board of directors

Jorge Humberto Santos Reyna (45) 1, C, P
Alternate: Samira Barragán Juárez de Santos
Chairman of the Board of Directors since 2019 and Chairman of the Board of Directors of subsidiary AC Bebidas.

Board Member since 2001, and previously Vice Chairman of Arca Continental's Board of Directors since 2007, Chairman of the Board of Directors at AC Bebidas. Member of the Board of Directors of Regional SAB de C.V, Chairman of the Board at Grupo Regio Engordas, S.A. de C.V., as well as CEO of Grupo San Barr, S.A. de C.V., member of the Executive Committee at the Nuevo Leon State Agricultural Board and Vice Chairman of the Board of Directors of the Mexican Red Cross of Monterrey. Formerly held the positions of Chairman of the Board of Directors of Arca Continental South America, Treasurer of the Asociación Mexicana de Engordadores de Ganado Bovino del Noreste A.C. (Mexican Beef Association), President of the Nuevo Leon State Agricultural Board, and presided over the Northeastern Beef Association and the . He presides over the Boards of the companies Integradora de Insumos Pecuarios del Noreste and la Social Union of Mexican Entrepeneurs, in Monterrey. He was a Board Member of Grupo Procor, CAINTRA Nuevo León and Papas y Fritos Monterrey.

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.

Luis Arizpe Jiménez (57) 1, P
Alternate: Miguel Arizpe Jiménez
Board Member since 2003 and Vice-Chairman of the Board of Directors since 2008. Member of the Board of Directors of Grupo Industrial Saltillo and Chairman of the Audit Committee, Chairman of the Board of Directors of Saltillo Kapital, Hotel Camino Real Saltillo, Inversiones del Norte, and Inmobiliaria BIRARMA. Former Chairman of the Mexican Red Cross, Saltillo Delegation, 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 former President of the Coahuila Southeastern Chapter of COPARMEX, President of the Northern Federation of COPARMEX, as well as a member of the Advisory Board at Grupo Financiero Banorte, Northern Region.

Emilio José Arizpe Narro (71) 1, P
Alternate: José Antonio Rodríguez Fuentes
Board Member since 2019. Was a member of AC's Board from 2008 to 2011.

Alfonso J. Barragán Rodríguez (34) 1, C
Alternate: Juan Manuel Barragán Treviño
Board Member since 2019 and Alternate Board Member since 2014. He has Industrial and Information Technology Engineering degrees 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 on the Boards of various commercial and technology companies in the U.S. and Mexico, including Mcliff, Ustudio, SparkCognition and Vendwatch Telematics, where he has carried out strategic and operating transformations. He has contributed to various international patents and participated in intellectual property licensing programs for several "Fortune 500" companies.

Juan Carlos Correa Ballesteros (49) 1, C
Alternate: Adrián Jorge Lozano 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 a number of different positions, including COO and Corporate Vice-President over the past three years. He is currently Executive Vice-President at CorMa Holding Family Office. He has a Master's Degree in Finance from the University of Miami.

Felipe Cortés Font (78) 2, A
Alternate: Pau Cortés Valdés
Board Member since 2013. Founding partner at Auric. He worked for Grupo Alfa for 28 years and was part of the team leading the strategic and financial restructuring of the company as the head of the Planning and Controllership divisions. He also led the Petrochemical Sector division and later held the position of CEO at Hylsamex. He currently serves on the Boards of Grupo Promax, Arendal, Stiva and Ternium México. He was Director of the American Iron and Steel Institute and President of Canacero, Nuevo León Productivity Center, and the Latin American Institute for Steel and Iron. He has a Bachelor's Degree in Science from MIT.

Alejandro M. Elizondo Barragán (66) 1, P

Alternate: Alberto Javier Elizondo Barragán

Board Member since 2004. Director of Development at Grupo Alfa. He has held several positions within Alfa's corporate and steel and petrochemical divisions for more than 43 years. He also serves on the Boards of Grupo Stiva, Axtel, and The Museum of Steel.

Francisco Rogelio Garza Egloff (65) 1, P

Alternate: Manuel Gutiérrez Espinoza

Board Member since 2019. Former Chief Executive Officer of Arca Continental from 2003 to 2018. 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. Former Chief Executive Officer of Sigma Alimentos, Akra, Petrocel-Temex and Polioles at Grupo Alfa, where he had a 26-year career. 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. He has a Chemical Engineering Degree from the Instituto Tecnológico de Monterrey and completed Senior Management studies at IPADE.

Roberto Garza Velázquez (63) 1, P

Alternate: Miguel C. Barragán Villarreal

Board Member since 2001 and Vice-Chairman since 2019. 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 (66) 1, P

Alternate: Rodrigo Alberto González Barragán

Board Member since 2001. Chairman of the Board for UNIDOS and Grupo Logístico Intermodal Portuario. He also serves on the Boards of Terra Regia, Berel, CABAL, and Universidad de Monterrey. He served as Alternate 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 (45) 1

Alternate: Jose Roberto Gavilano Ramírez

Board Member since 2018. He was CEO of Corporación Lindley from 2007 to 2014 and has served as its 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 (59) 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 Vice-Chairman of the Board of Directors and Operations. Additionally, he serves on the Board of Directors of Lorean Energy Group and is a member of the Advisory Board at Teléfonos de México, as well as a Regional Director for Nafinsa and Grupo Financiero Banorte.

Miguel Ángel Rábago Vite (64) 1, C, P

Alternate: Roberto Martínez Garza

Board Member and Vice-Chairman since 2011. 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 (80) 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 BBVA Bancomer, Grupo Martí, Probursa, and Cityexpress Hotels, among others. He is currently President of ASP y Asociados, S.C. He serves on 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 (63) 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 (64) 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, is an associate and member of the Management Committees 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, Ceniceros y Cia. for three years.

Eduardo Manuel Treviño Barragán (42) 1, C
Alternate: Bernardo González Barragán
Board member since 2019. Previously he worked at the company Velas y Veladoras Garza, S.A. de C.V. for 15 years, in various positions from production to new project development, then in the areas of IT and management. He has a Business Degree from Instituto Tecnológico de Monterrey.

Jesús Viejo González (46) 1, P
Alternate: Magda Cristina Barragán Garza de Viejo
Board Member since 2007. He is Executive President of Trefilia Capital and Grupo CONVEX. 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, Research Project. Board Member of Sistema Axis and Argos, and President of the El Paso Museum of Art.

Jaime Sánchez Fernández (Non-member Secretary)
(Non-member Secretary)
Executive Legal Director and Secretary of the Board of Directors since 2009.

Legend
1. Patrimonial
2. Independent

Committees
A. Audit and Corporate Practices
C. Human Capital and Sustainability
P. Planning

Executive Team

Arturo Gutiérrez Hernández (54)
Chief Executive Officer
Chief Executive Officer since January 1st, 2019. Formerly he served as Deputy Chief Executive Officer. He has held several company positions for 18 years, including Chief Operating Officer, and director for the Mexico Beverages Division, Human Resources, Planning, and Legal. He serves on several Boards of industry-related 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 (54)
Executive Director Food and Snacks
Formerly he served as CEO for 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, and 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 (51)
Chief Commercial and Digital Officer
He held the position of General Manager for Corporación Lindley since 2015. Before that, we was 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.

Jesus Eduardo García Chapa (47)
Executive Director Venture Capital
He formerly held the positions of Deputy Financial Officer for Farmacias del Ahorro. He has ample experience in Mexico and abroad in areas such as logistics, finances, 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 (52)
Chief Public Affairs and Communications Officer
Communications and Sustainability. Formerly held the position of Communications and Social Responsibility Director. He serves on several Boards for industry-related companies worldwide. He has over 28 years' experience in journalism, communications, social responsibility, and public affairs. He holds a Degree in Communications from the Universidad Regiomontana, a Master's in Science Degree from ITESM, and post-graduate executive education from Boston College and IPADE.

Alejandro González Quiroga (58)
Executive Director Latin America Beverages
He served as CEO for AC Mexico Beverages and has occupied several positions at the company for more than 31 years. He was Director for 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 certifcates in Top Management from ITESM and IPADE.

Emilio Marcos Charur (56)
Chief Financial Officer
He was formerly Director for Beverage Operations Mexico and for the Complementary Businesses Division, besides heading our Treasury and Procurement divisions. He holds a Degree in Industrial Engineering and Computer Systems from ITESM and an MBA from Illinois University.

Gabriel Meneses Jones (46)
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 (52)
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 post-graduate certificate in Supply Chain from the Instituto Tecnológico Autónomo de México (ITAM).

Alejandro Rodríguez Sáenz (57)
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 S.A. 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 (49)
General Counsel
He formerly held the position of Legal Director, Secretary of the Board of Directors, and Legal Corporate Manager at Embotelladoras Arca. He worked for Alfa for 8 years as a corporate lawyer and worked independently. He holds a degree in Law from the Universidad de Monterrey and a Master's Degree in Law from the University of Michigan.
MARK SCHORTMAN (62) President & CEO CCSWB.
He formerly held several key positions within the Coca-Cola System in North America and Europe. He is Chairman of the Board of Coca-Cola Sales and Services Company LLC, responsible for purchasing raw materials (packaging and ingredients) as well as indirect goods and services for all the Coca-Cola bottlers in North America. He holds a Degree in Business Administration by the Universidad de Cal Poly and an MBA by St. Mary's College.

Jean Claude Tissot Ruiz (48)
President of Arca Continental Coca-Cola Southwest Beverages
He formerly held the position of Chief Operating Officer at AC-CCSWB and Chief Marketing Officer in Arca Continental. Previously, Mr. Tissot worked as an executive at The Coca-Cola Company for more than 15 years and prior to that 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.

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 intended to encourage 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 Associations in the Food and Beverages Industry)	International	Member
Consumer Goods Forum (CGF)	International	Member
International Council of Beverages Associations (ICBA)	International	Member
International Council of Beverages Associations LATAM (ICBA-LATAM)	International	Member
International Labour Organization (ILO)	International	Member
Organization for International Investment (OFII)	International	Member
United Nations Global Compact	International	Member
"Asociación de Embotelladoras Mexicanas de Coca-Cola" – ASCOCA (Association of Mexican Coca-Cola Bottlers)	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 de la Industria de la Transformación Nuevo León" –CAINTRA (Chamber of the Nuevo Leon Transformation Industry)	Mexico	Board Member
"Cáritas de Monterrey"	Mexico	Board Member
"Cámara Nacional de la Industria de la Transformación" – CANACINTRA (National Chamber of the Transformation Industry)	Mexico	President of the Food, Beverages and Tobacco Sector (SAByT). National Board Member through Rama de Botanas. Vice President of Rama 106 of Botanas and the Water Commission. Legislative Liaison Committee.
"Centro Mexicano para la Filantropía" – CEMEFI (Mexican Center for Philanthropy)	Mexico	Member
"Consejo Empresarial para el Desarrollo Sostenible" – CESPEDES (Corporate Council for Sustainable Development)	Mexico	Board Member
Confederation of Industrial Chambers	Mexico	Directors Table: Vice President and Coordinator of the Northeast Region
"Confederación Patronal de la República Mexicana en Nuevo León" - COPARMEX NL (Owners Confederation of the Mexican Republic in Nuevo Leon)	Mexico	Board Member
"Consejo Consultivo del Agua" – CCA (Water Consultation Board)	Mexico	Board Member

ASSOCIATION	COUNTRY	PARTICIPATION
“Consejo Coordinador Empresarial” – CCE (Coordinator of the Corporate Board)	Mexico	Member
“Consejo de Cámaras Industriales de Jalisco” – CCIJ (Council of Industrial Chambers of Jalisco)	Mexico	Board Member
“Consejo Mexicano de la Industria de Productos de Consumo” –ConMéxico (Mexican Board of the Consumer Products Industry)	Mexico	Member of the Institutional Liaison Committee and of Commissions
“Consejo Nacional Agropecuario” – CNA (National Cattle 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
“Queremos Mexicanos Activos” – QMA (Active Mexico)	Mexico	Board Member
Agency for Economic Development of Catamarca	Argentina	Member
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
Argentine-Mexican Chamber of Commerce	Argentina	Member
Chamber of Commerce and Industry of the Province of Salta	Argentina	Member
Chamber of Commerce and Industry in Santiago del Estero	Argentina	Member
Regional Sugar Mill of Tucuman	Argentina	President
Commercial and Industrial Center of La Rioja	Argentina	Member
Economic Federation of Tucuman	Argentina	Member
Argentine Institute for Social Responsibility	Argentina	Member
International Council of Beverages Associations LATAM	Argentina	Member
Industrial Union of Catamarca	Argentina	Member
Industrial Union of Corrientes	Argentina	Member
Industrial Union of Jujuy	Argentina	Member
Industrial Union of Tucuman	Argentina	Spokesperson
Association Sustainable North	Argentina	Member
Board of the Alliance for Entrepreneurship and Innovation	Ecuador	Associate
Board of the Association of Beverage Companies of Ecuador	Ecuador	Member
Board of the Chamber of Industries and Production	Ecuador	Board Member
Board of the Ecuadorian-American Chamber	Ecuador	Affiliate
Board of Women For Ecuador	Ecuador	Affiliate
Board of the Center for the Dairy Industry	Ecuador	Board Member
Board of the United Nations Global Compact	Ecuador	Board Member
Alliance of Companies that Finance and Build Works through Taxes	Peru	Member of the Managing Board
Association of Non-Alcoholic Beverages and Soft Drinks of Peru	Peru	Lead associates
Association of Grocers of Peru	Peru	Member of the Consultative Board
Association of Good Employers	Peru	Lead associate
Peruvian Association of Internal Communication	Peru	Associate

ASSOCIATION	COUNTRY	PARTICIPATION
Peruvian Association of Mass Consumption Companies	Peru	Associate
Peruvian Association of Finance	Peru	Associate
Peruvian Association of Human Resources	Peru	President
American Chamber of Commerce of Peru	Peru	Associate
Lima Chamber of Commerce	Peru	Associate
Chamber of Commerce and Industry of Arequipa	Peru	Associate
Peruvian-Mexican Chamber of Commerce	Peru	Associate
Chamber of Commerce and Production of Freedom	Peru	Associate
Chamber of Commerce, Industry and Tourism of Loreto	Peru	Associate
Chamber of Commerce, Industry, Services, Tourism and Production of Cusco	Peru	Associate
Banking and Commerce Club	Peru	Associate
Corporate Club	Peru	Associate
INPERU	Peru	Collaborating Associate
Peruvian Institute of Corporate Action	Peru	Associate
Ministry of Production and Ministry of the Environment	Peru	Associate
Patronato del Rímac	Peru	Founding Associate
Peru 2021	Peru	Associate
Corporate Advisory Services for Consulting Support	Peru	Associate
National Society of Industries	Peru	Associate
Peruvian Marketing Society	Peru	Member of the Managing Board
"Viva Lima"	Peru	Member of the Consultative Board
Water Resources Group	Peru	Member of the Managing Board
American Beverage Association	United States	Board Member
Texas Beverage Association	United States	Treasurer of the Executive Committee/Member of the Board
New Mexico Beverage Association	United States	Board Member
Oklahoma Beverage Association	United States	President of the Executive Committee
Arkansas Beverage Association	United States	Board Member
Texas Association of Manufacturers	United States	Member of the Board/Vice President of Transport
North Texas Commission	United States	Board Member
Texas Association of Mexican American Chambers of Commerce	United States	Board Member
Texas NAACP	United States	Board Member
Texas League of United Latin American Chambers	United States	Board Member
Oklahoma State Chamber	United States	Board Member
Texas Border Coalition	United States	Board Member
New Mexico Association of Commerce & Industry	United States	Member
OFII (Organization for International Investment)	United States	Member
Keep Houston Beautiful	United States	Member
League of United Latin American Citizens (LULAC)	United States	Member

Awards and recognitions

As a result of the performance and efforts made at different business units in our regions, Arca Continental has received numerous recognitions that confirm its leadership position in the food and beverages industry.

ORGANIZATION	AWARD, RECOGNITION OR CERTIFICATION
The Coca-Cola Company	Arca Continental and Coca-Cola Southwest Beverages won the 2019 Candler Cup, which is the highest recognition for excellence in commercial performance, awarded to a global member of the Coca-Cola System.
Dow Jones	The company was included in the Dow Jones Sustainability Index for Latin America.
United Nations Global Compact	Arca Continental Ecuador received recognition for its Sustainable Development Objectives for Best Practices in Sustainable Development due to its "Water for the Future" and "Bottle-to-Bottle Recycling System (B2B)" programs.
MSCI	We have been part of the MSCI Sustainability Index since 2014.
"Bolsa Mexicana de Valores" – BMV (Mexican Stock Exchange)	We have been part of the BMV Sustainability Index since 2011, when it was established.
Financial Times Stock Exchange (FTSE)	The Financial Times Stock Exchange in London ratified Arca Continental as a member of the FTSE4Good Index due to its commitment to best global environmental, social and corporate best practices.
General Secretariat of Iberoamerica, Madrid, Spain	The Iberoamerican Award for Quality, Gold Category, was given to PetStar, which is the largest food-grade PET recycling plant in the world, headed by Arca Continental and other members of the Mexican Coca-Cola Industry.
CEMEFI & ALIARSE	We received recognition as a Socially Responsible Company (SRC) in several of our territories:
"Queremos Mexicanos Activos" – QMA (Active Mexico)	-Arca Continental, 16th consecutive year
United States Government Office of Personnel Management	-Arca Continental Lindley, 5th consecutive year
US Green Building Council	-PetStar, 5th consecutive year
Council for Responsible Sports	For the fourth consecutive year, we were awarded Gold Level in the "Healthy and Active Company" challenge.
Secretary of the Economy (SE), Government of Mexico	The McAllen plant in Texas was given the President's Quality Award for Excellence, above other Coca-Cola plants in the United States.

ORGANIZATION	AWARD, RECOGNITION OR CERTIFICATION
Secretary of the Environment and Natural Resources (SEMARNAT), Government of Mexico	The corporate offices have obtained LEED Silver Certification; the Trujillo plant in Peru has LEED Gold Certification, and the PetStar Museum-Auditorium has LEED Platinum Certification.
"Corporación Mucho Mejor Ecuador" – CMME (Corporation Much Better Ecuador)	The Powerade Marathon in Monterrey was awarded with Gold Level Certification in sustainable sporting events.
BRC Global Standard	The National Quality Award was granted to our La Favorita Bottling Plant in Jalisco.
U.S. Food and Drug Administration (FDA)	Thirteen of our production centers have been certified "Zero Waste."
	In Ecuador, Tonicorp has been recognized with the "Much Better" Certificate for its products made of food-grade level "AAA" plastic.
	Our Wise production centers in the United States have BRCS recognition for grade level "A" food safety.
	Bokados was approved by the FDA.

Consolidated Financial Statements

ARCA CONTINENTAL, S. A. B. DE C. V. AND SUBSIDIARIES

DECEMBER 31, 2019 AND 2018

Management's Discussion and Analysis of Financial Results

NET SALES

In 2019, total revenues reached Ps. 158,953 million, increasing 3.8% when compared to 2018. Net sales, which corresponds to product sold within our territories, increased 4.5%.

Total Volume sold within our territory reached 2,010 MUC (excluding jug water); the positive results for the categories were mainly driven by the positive performances in Mexico and Peru; notably the stills beverage and jug water categories grew 4.4% and 6.7%, respectively. Mexico reached 1,042 MUC, excluding jug water, a 1.9% increase compared to 2018; we continued to focus on innovation using advanced analytics in order improve execution in the traditional channel. For the U.S. operations, volume reached 441 MUC, in line with 2018.

In South America, volume declined 2.3% to 528 MUC, excluding jug water. This drop was mainly due to the operation in Argentina, which decreased 5.7% due to the economic situation in the country throughout the year.

COST OF SALES

In 2019, cost of sales increased 2.5%, mainly due to lower raw material prices, mainly PET resin, aluminum and sweeteners, offset by the higher price of concentrate and the re-expression effects in Argentina. As a result, gross profit reached Ps. 73,073 million, up 5.5%, to reach a gross margin of 55.1%; these results were achieved mainly from the continuation of our price-pack initiatives during the year.

OPERATING EXPENSES

Selling and administrative expenses increased 2.9% to Ps. 52,284 million; 32.1% with respect to net sales, 50 basis points lower than 2018 as a result of efficiencies and savings plans implemented in the operations, mainly due to increases in depreciation and personnel expenses (see Note 22).

OPERATING INCOME AND EBITDA

Consolidated operating income reached Ps. 20,200 million, an increase of 8.8% when compared to 2018, and representing an operating margin of 12.4%. Consolidated EBITDA increased 10.7% from Ps. 27,466 million to Ps. 30,404 million and a margin of 18.7% with respect to total revenues. EBITDA for Mexico rose 16.1%, for a margin of 23.9%. The EBITDA margin for U.S. Beverages was 13.2% while South America remained in line with 2018 for a margin of 20.5%.

COMPREHENSIVE FINANCING RESULTS

The comprehensive financing result in 2019 was Ps. 3,592 million, down 12.7% mainly due to a lower exchange rate loss and lower interest expense when compared to the previous year (see Note 25).

INCOME TAXES

Income taxes went from Ps. 3,860 million to Ps. 5,031 million in 2019. The effective tax rate for 2019 was 30%.

MAJORITY NET INCOME

In 2019, majority net income increased 10.2% to Ps. 9,588 million or Ps. 5.43 per share, with a net margin of 5.9%.

CASH POSITION AND NET DEBT

In 2019, the company registered a cash balance of Ps. 22,051 million and debt of Ps. 53,261 million, resulting in a net debt position of Ps. 31,210 million. The Net Debt/ EBITDA ratio without considering the effects of IFRS16 application was 1.0x.

CAPEX

CAPEX reached Ps. 11,568 million in 2019, mainly allocated towards projects, such as the new plant in Houston, to capture synergies in the U.S., and to strengthen distribution, production and point-of-sale execution capabilities in all operations.

Consolidated Balance Sheets

For the years ended December 31
(In millions of Mexican Pesos)

DECEMBER 31,	2019	2018	2017 (1)	2016	2015 (1)	2014
ASSETS						
CURRENT ASSETS:						
Cash and cash equivalents	**22,051**	15,941	23,842	5,546	8,295	9,039
Clients and other accounts receivable, net, include related parties	**10,686**	13,332	11,428	6,586	6,772	4,312
Inventories and advance payments	**8,509**	8,291	8,428	5,464	4,705	3,102
Derivative instruments	**110**	4	83	53	23	0
Total current assets	**41,357**	37,568	43,781	17,650	19,795	16,453
Investment in shares of associates	**8,168**	6,970	6,770	5,211	4,491	3,926
Property, plant and equipment, net	**71,937**	74,079	71,664	49,233	42,913	25,321
Assets right of use	**1,177**	0				
Goodwill and intangible assets, net	**113,418**	117,090	116,406	65,110	56,321	33,605
Deferred Income Taxes	**1,691**	1,124	933	1,246	865	1,022
Derivative instruments	**30**	98	165	125	550	0
Other accounts receivable	**668**	950	566	349		0
Total assets	**238,447**	**237,879**	**240,285**	**138,924**	**124,934**	**80,327**
LIABILITIES AND STOCKHOLDERS' EQUITY						
CURRENT LIABILITIES:						
Suppliers, include related parties	**10,271**	10,024	8,311	6,514	5,394	2,952
Derivative instruments	**125**	111	5	1	118	0
Current portion of long-term debt	**6,761**	2,672	1,785	4,368	6,998	1,699
Short term lease	**248**	0				
Other accounts payable and taxes	**10,346**	11,020	13,216	7,477	6,575	5,937
Total current liabilities	**27,751**	23,827	23,318	18,359	19,084	10,588
Current debt	**46,500**	53,155	53,338	26,816	32,916	14,078
Long term lease	**935**					
Derivative instruments	**226**	6	444	11	0	0
Employee benefits	**4,390**	3,122	2,724	2,198	1,767	1,225
Other deferred liabilities, include related parties	**699**	757	939	464	491	108
Deferred income tax	**16,559**	17,483	17,945	10,755	9,043	4,944
Total liabilities	**97,060**	**98,350**	**98,708**	**58,603**	**63,302**	**30,943**
STOCKHOLDERS' EQUITY:						
Capital stock	**982**	982	982	978	972	972
Share premium	**45,089**	45,115	45,121	38,674	28,141	28,121
Retained earnings	**68,392**	63,053	60,524	27,911	22,942	18,508
Other reserves	**-1,567**	2,652	3,847	3,862	-1,011	-1,536
Total stockholders' equity (controlling interest)	**112,896**	**111,802**	**110,474**	**71,425**	**51,044**	**46,064**
Non-controlling interest	**28,491**	27,727	31,103	8,896	10,588	3,320
Total liabilities and stockholders' equity	**238,447**	**237,879**	**240,285**	**138,924**	**124,934**	**80,327**

(1) Revised to include fair value adjusments due to bussiness combination in 2017.

Arturo Gutiérrez Hernández
CHIEF EXECUTIVE OFFICER

Emilio Marcos Charur
CHIEF FINANCE OFFICER

Consolidated Statements of Income

For the years ended December 31
(In millions of Mexican Pesos)

DECEMBER 31,	2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)
Sales volume excluding jug (MUC)	**2,010.3**	2,004.8	1,874.8	1,534.1	1,290.2	1,152.9
Net sales	**162,728**	155,653	137,156	93,666	76,454	61,957
NPSG income	**2,313**	3,299	2,331			
Cost of sales	**-91,968**	-89,712	-77,025	-49,654	-39,363	-31,569
Gross income	**73,073**	69,240	62,462	44,012	37,090	30,388
Selling expenses	**-43,919**	-42,531	-36,825	-24,143	-20,218	-16,193
Administrative expenses	**-8,364**	-8,281	-7,302	-5,095	-4,281	-3,631
Other (expense) income, net (2)	**676**	1,096	1,006	671	579	425
Non-recurring expenses (3)	**-1,266**	-954	3,065	855	-417	-216
Operating income	**20,200**	18,570	22,407	16,300	12,754	10,774
Comprehensive financing income (cost):						
Interest (expense) income, net	**-3,348**	-3,672	-3,036	-2,137	-1,041	-943
Exchange (loss) gain, net	**-278**	-683	500	-329	-777	-31
Monetary position (loss) gain, net	**34**	242				
	-3,592	**-4,113**	**-2,536**	**-2,466**	**-1,818**	**-974**
Equity in income (loss) of associated companies	**167**	223	178	165	157	54
Income before taxes	**16,776**	14,680	20,048	13,999	11,093	9,854
Income tax	**-5,031**	-3,860	-3,259	-4,288	-3,434	-3,089
Consolidated net income	**11,744**	10,820	16,789	9,711	7,659	6,765
Non-controlling Interest	**-2,156**	-2,118	-3,699	-677	-413	-260
Controlling Interest	**9,588**	8,702	13,090	9,034	7,246	6,505
Weighted average of outstanding shares (thousands of shares)	**1,764,283**	1,764,283	1,764,283	1,678,753	1,611,264	1,611,264
Depreciation and Amortization	**8,458**	7,942	6,651	4,646	3,536	2,655
EBITDA (excludes non-recurring expenses)	**29,924**	**27,466**	**25,993**	**20,092**	**16,707**	**13,644**
	18.4%	17.6%	19.0%	21.5%	21.9%	22.0%
CAPEX	**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) Include the equity income from strategic associated companies
(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 Responsability 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 Mexican Financial Reporting Standards (MfRs).

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 PricewaterhouseCoopers, S.C. a firm of independent public accountants.Their audit was carried out in accordance with international auditing standards 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 rm 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 therm 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

Report of the Independent Auditors

To the General Stockholders' Meeting 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 at December 31, 2019, and the related consolidated statements of income, of comprehensive income, of changes in stockholders' equity and of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2019, and its 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 (ISA). 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 Ethics Standards of Mexican Institute of Public Accountants together with other requirements applicable to our audit of the consolidated financial statements in Mexico. We have fulfilled our other ethical responsibilities in accordance with these requirements and standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, an in forming our opinion thereon, and we do not provide a separate opinion on these matters. Figures expressed in thousands of Mexican pesos (Ps), unless otherwise specified.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE MATTER
Use of judgments and estimations to estimate the recovery value of intangible assets with indefinite useful lives. As mentioned in Notes 5 and 12 to the consolidated financial statements, when recording intangible assets with an indefinite useful life, the recovery values of the cash generating units (CGUs) to which said assets are assigned must be estimated annually to identify and recognize possible impairment. Indefinite life intangible assets are mainly comprised of goodwill, bottler's agreements and brands with book values at December 31, 2019 of Ps54,349,606, Ps50,499,021 and Ps3,928,376, respectively. We have focused on this area in our audit, due to the significance of the balances mentioned and because said estimations involve the application of significant judgments in determining the approaches, assumptions and premises used in calculating the recovery value, such as: market multiples in case of sale, the revenue growth rates (price and volume), operating margin, future investment in fixed assets (CAPEX), long-term growth rate and discount rate.	With regard to the recovery value of indefinite life intangible assets, we considered and evaluated the future cash flow projections prepared by Management, and the processes used to prepare them, verifying that future cash flow projections are in line with the historical trends and long-term business plans approved by the Board of Directors for 2020 - 2024. For each CGU, we compared the actual results for the four years immediately prior with the figures budgeted for those years in each prior period, to determine whether or not any of the assumptions included in the projections could be considered to be very optimistic. With respect to the most relevant approaches and assumptions used, and relying on our valuation experts, we: 1 Verified that the income approach, considering multiples of exit operating cash flows for terminal value used by the Company in the determination of the recovery value of all CGUs except for Beverages Ecuador and Toni, is commonly used and accepted in the market for similar assets. 2 For the CGUs Beverages Ecuador and Toni, assessed that given the economic situation in Ecuador it is commonly accepted to use the market approach of implied multiples of comparative Companies to determine the recovery value (fair value less disposal costs). 3 Compared the following assumptions with industry comparable obtained from databases taken from recognized sources of information: market multiples in case of sale, revenue growth rates, operating margin, CAPEX, long-term growth rate and discount rate. 4 Additionally, we calculated the recovery value of the CGUs, using the market approach involving implied multiples of comparable companies adjusted through liquidity, control premiums and exit costs. 5 Compared the results of the calculations 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, considering the aforementioned. 6 Compared the disclosures included in the financial statements with the information set down previously.

ADDITIONAL INFORMATION

Management is responsible for the other information. The other information comprises the Annual Report presented to Comisión Nacional Bancaria y de Valores (CNBV) and the Annual Information presented to the stockholders (but does not include the consolidated financial statements and our auditor's report thereon), which are expected to be made available to us after to the date of this auditor's report.

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

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

When we read the other information not yet received, we will issue the report on required by the CNBV and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those Charged with Governance and, if required, describe the issue in our report.

OTHER MATTER

This version of our report is a translation from the original report, which was prepared in Spanish. In all matters of interpretation of information, views or options, the original Spanish language version of our report takes precedence over this translation.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS 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 are responsible for overseeing the Company's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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, related safeguards.

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

The engagement partner on the audit resulting in this independent auditor's report is stated below.

PricewaterhouseCoopers, S. C.

Humberto Pacheco Soria
Audit Partner

Monterrey, N. L., March 5, 2020

Consolidated Statements of Financial Position

At December 31, 2019 and 2018
(thousands of Mexican pesos)

	NOTE	2019	2018
ASSETS			
CURRENT:			
Cash and cash equivalents	7	**$ 22,051,280**	$ 15,940,867
Clients and other accounts receivable, net	8 (a)	**10,455,167**	13,031,960
Related parties	28	**230,941**	299,622
Inventories	9	**7,948,144**	7,798,035
Derivative financial instruments	21	**110,232**	4,171
Prepayments		**561,072**	492,910
Total current assets		**41,356,836**	**37,567,565**
NON-CURRENT:			
Investment in shares of associates	10	**8,168,311**	6,969,589
Property, plant and equipment, net	11	**71,937,106**	74,078,610
Right-of-use assets	13	**1,177,018**	-
Goodwill and intangible assets, net	12	**113,417,537**	117,090,108
Deferred income taxes	18	**1,691,427**	1,124,462
Derivative financial instruments	21	**30,092**	98,414
Other accounts receivable	8 (c)	**668,491**	950,722
Total non-current assets		**197,089,982**	**200,311,905**
Total assets		**$ 238,446,818**	**$ 237,879,470**
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT:			
Current debt	14	**$ 6,761,038**	$ 2,671,954
Factoring	15	**-**	811,501
Suppliers		**7,544,940**	7,834,066
Related parties	28	**2,725,735**	2,190,486
Derivative financial instruments	21	**125,219**	110,759
Income tax payable	26	**1,015,863**	269,479
Lease liabilities	13	**247,892**	-
Other current liabilities	16	**9,330,432**	9,938,996
Total current liabilities		**27,751,119**	**23,827,241**
NON-CURRENT:			
Non-current debt	14	**46,500,428**	53,154,854
Lease liabilities	13	**934,736**	-
Employee benefits	17	**4,390,019**	3,121,657
Derivative financial instruments	21	**225,843**	6,034
Deferred income taxes	18	**16,559,266**	17,483,400
Other non-current liabilities	16	**698,730**	756,768
Total non-current liabilities		**69,309,022**	**74,522,713**
Total liabilities		**97,060,141**	**98,349,954**
STOCKHOLDERS' EQUITY:			
CONTROLLING INTEREST:			
Capital stock	19	**981,959**	981,959
Share premium		**45,089,220**	45,114,583
Retained earnings		**68,391,858**	63,053,562
Other comprehensive income	20	**(1,567,051)**	2,652,069
Total controlling interest		**112,895,986**	111,802,173
Non-controlling interest		**28,490,691**	27,727,343
TOTAL STOCKHOLDERS' EQUITY		**141,386,677**	**139,529,516**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**$ 238,446,818**	**$ 237,879,470**

The above consolidated statement 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, 2019 and 2018
(thousands of Mexican pesos)

	NOTE		2019		2018
Net sales	6	$	**162,727,943**	$	155,653,079
Income related to NPSG	6 and 28		**2,312,925**		3,299,438
Cost of sales	22		**(91,967,632)**		(89,711,924)
Gross profit			**73,073,236**		69,240,593
Operating expenses					
Selling expenses	22		**(43,919,425)**		(42,531,282)
Administrative expenses	22		**(8,364,134)**		(8,281,347)
Share of net income of strategic associates	10		**58,287**		71,995
Other (expenses) income, net	23		**(647,791)**		70,826
Operating profit			**20,200,173**		18,570,785
Financial income	25		**2,757,709**		3,616,932
Financial expenses	25		**(6,349,459)**		(7,730,118)
Financial costs, net			**(3,591,750)**		(4,113,186)
Share of net income of associates	10		**167,260**		223,198
Profit before income tax			**16,775,683**		14,680,797
Income tax expense	26		**(5,031,224)**		(3,859,823)
Net consolidated profit			**11,744,459**		**10,820,974**
Net consolidated profit attributable to:					
Equity holders of the parent			**9,588,282**		8,702,902
Non-controlling interest			**2,156,177**		2,118,072
		$	**11,744,459**	**$**	**10,820,974**
Basic earnings per share, in pesos			**5.43**		**4.93**
Diluted earnings per share, in pesos	29.i		**5.43**		**4.93**
Weighted average of outstanding shares (thousands)		**$**	**1,764,283**	**$**	**1,764,283**

The above consolidated statement 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 Comprehensive Income

For the years ended December 31, 2019 and 2018
(thousands of Mexican pesos)

	NOTE		2019		2018
Net consolidated profit		$	**11,744,459**	$	10,820,974
Other consolidated comprehensive income items, net of tax:					
Items that will not be reclassified to profit or loss:					
			(795,306)		(90,601)
Remeasurement loss of defined benefit liability, net	20		**(139,059)**		(280,527)
Equity in other comprehensive income of associated companies accounted for using equity method, net	20		**(934,365)**		(371,128)
Items that may be reclassified to profit or loss:					
Effect of derivative financial instruments designated as cash flow hedges, net	20		**(121,191)**		(40,582)
Effect of translation of foreign entities	20		**(4,528,103)**		(1,385,725)
			(4,649,294)		(1,426,307)
Total other comprehensive income for the year			**(5,583,659)**		(1,797,435)
Total consolidated comprehensive income		**$**	**6,160,800**	**$**	**9,023,539**
Attributable to:					
Equity holders of the parent			**5,369,162**		7,508,036
Non-controlling interest			**791,638**		1,515,503
Total consolidated comprehensive income		**$**	**6,160,800**	**$**	**9,023,539**

The above consolidated statement 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 Changes in Stockholders' Equity

For the years ended December 31, 2019 and 2018
(thousands of Mexican pesos)

		Controlling interest	
	NOTE	CAPITAL STOCK	SHARE PREMIUM
Balances at January 1, 2018 after adoption of IFRS-9 and IAS-29		$ 981,959	$ 45,120,404
Transactions with stockholders:			
Dividends declared in cash on April 26, 2018	19	-	-
Dividends to non-controlling interest		-	-
Repurchase of own shares	3x.	-	(5,821)
Transfer of Ecuador branch to AC Bebidas	2a.	-	-
Non-controlling interest acquired in subsidiaries	2b.	-	-
		-	(5,821)
Net profit		-	-
Total other comprehensive income for the year	20	-	-
Total consolidated comprehensive income		-	-
Balances at December 31, 2018		981,959	45,114,583
Changes in accounting policies due to adoption of IFRIC-23	3b.	-	-
Balances at January 1, 2019 after adoption of accounting policies		981,959	45,114,583
Transactions with stockholders:			
Dividends declared in cash on April 4, 2019	19	-	-
Repurchase of own shares	3x.	-	(25,363)
		-	(25,363)
Net profit		-	-
Total other comprehensive income for the year	20	-	-
Total consolidated comprehensive income		-	-
Balances at December 31, 2019		**$ 981,959**	**$ 45,089,220**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

	RETAINED EARNINGS	OTHER COMPREHENSIVE INCOME	TOTAL CONTROLLING INTEREST	NON-CONTROLLING INTEREST	TOTAL STOCKHOLDERS' EQUITY
	$ 62,834,602	$ 3,846,935	$ 112,783,900	$ 31,702,665	$ 144,486,565
	(3,881,423)	-	(3,881,423)	-	(3,881,423)
	-	-	-	(67,000)	(67,000)
	(403,468)	-	(409,289)	-	(409,289)
	(1,272,588)	-	(1,272,588)	1,272,588	-
	(2,926,463)	-	(2,926,463)	(6,696,413)	(9,622,876)
	(8,483,942)	-	(8,489,763)	(5,490,825)	(13,980,588)
	8,702,902	-	8,702,902	2,118,072	10,820,974
	-	(1,194,866)	(1,194,866)	(602,569)	(1,797,435)
	8,702,902	(1,194,866)	7,508,036	1,515,503	9,023,539
	63,053,562	2,652,069	111,802,173	27,727,343	139,529,516
	(132,840)	-	(132,840)	(28,290)	(161,130)
	62,920,722	2,652,069	111,669,333	27,699,053	139,368,386
	(4,057,851)	-	(4,057,851)	-	(4,057,851)
	(59,295)	-	(84,658)	-	(84,658)
	(4,117,146)	-	(4,142,509)	-	(4,142,509)
	9,588,282	-	9,588,282	2,156,177	11,744,459
	-	(4,219,120)	(4,219,120)	(1,364,539)	(5,583,659)
	9,588,282	(4,219,120)	5,369,162	791,638	6,160,800
	$ 68,391,858	**$ (1,567,051)**	**$ 112,895,986**	**$ 28,490,691**	**$ 141,386,677**

Arturo Gutiérrez Hernández
CHIEF EXECUTIVE OFFICER

Emilio Marcos Charur
CHIEF FINANCE OFFICER

Consolidated Statements of Cash Flows

For the years ended December 31, 2019 and 2018
(thousands of Mexican pesos)

	NOTE	2019	2018
Profit before income tax		$ **16,775,683**	$ 14,680,797
Adjustments arising from:			
Depreciation and amortization	22	**8,937,393**	7,942,443
Disposals of property, plant and equipment	11 and 23	**1,168,405**	570,740
Impairment of clients	8 and 22	**102,350**	(74,130)
Profit on disposal on property, plant and equipment	23	**(87,261)**	(43,017)
Costs related to employee benefits	17	**496,344**	453,511
Participation in the profits of strategic associates	10	**(225,547)**	(295,193)
Financial result, net	25	**3,393,080**	3,965,211
		30,560,447	27,200,362
Changes in working capital:			
Clients and other accounts receivable, net		**196,894**	(2,144,971)
Inventories		**(671,153)**	(562,618)
Suppliers, related parties		**(110,996)**	2,267,931
Derivative financial instruments		**196,531**	(186,425)
Employee benefits		**244,327**	254,369
Other liabilities		**127,086**	392,485
		(17,311)	20,771
Income taxes paid		**(2,884,467)**	(6,607,234)
Net cash flows generated from operating activities		**27,658,669**	20,613,899
Investing activities			
Acquisitions of property, plant and equipment	11	**(11,568,233)**	(11,061,379)
Disposal of property, plant and equipment	11	**1,813,017**	187,615
Purchase of intangible assets	12	**(453,505)**	(362,509)
Investment of shares of associates	10	**(1,146,591)**	(54,947)
Dividends from associates	10	**47,938**	25,091
Interest collected and other financial income	25	**909,364**	834,658
Business acquisition, net of cash received from that operation	2	**-**	(51,046)
Net cash outflows used in investment activities		**(10,398,010)**	(10,482,517)
Financing activities			
Current and non-current debt obtained	14	**1,398,729**	5,525,158
Payment of current and non-current debt	14	**(2,803,364)**	(4,263,532)
Factoring	15	**(811,501)**	(241,727)
Interest paid and other financial expense	25	**(3,982,796)**	(4,256,729)
Purchase of own shares	3.x	**(84,658)**	(409,289)
Payment of principal portion of lease liabilities	13	**(517,189)**	-
Dividends paid to non-controlling interest		**-**	(67,000)
Acquisition of non-controlling interest		**-**	(9,622,876)
Dividends paid to equity holders	19	**(4,057,851)**	(3,881,423)
Net cash outflow by financing activities		**(10,858,630)**	(17,217,418)
Net increase (decrease) in cash and cash equivalents		**6,402,029**	(7,086,036)
Effects of exchange rate changes on cash and cash equivalents		**(291,616)**	(814,794)
Cash and cash equivalents at beginning of year		**15,940,867**	23,841,697
Cash and cash equivalents at end of year		$ **22,051,280**	$ 15,940,867
Investments operations not requiring cash flows:			
Acquisitions of right-of-use assets	13	$ **1,630,743**	$ -

The above consolidated statement of financial position 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, 2019 and 2018
(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 granted by TCCC the latter, AC holds the exclusive right to conduct this type of activities 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 27).

Additionally, the Company produces, distributes and sells food and snacks through its brands Bokados, Wise, Deep River brands 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 29). The term "the Company", as used in this report, refers to AC and its subsidiaries in the aggregate.

In 2017, AC transferred to its subsidiary AC Bebidas, S. de R. L. de C. V., (AC Bebidas) its interest in the capital stock of its subsidiary and associated companies, as well as its joint operation, mainly engaged in the soft drinks business. On April 1, 2017 AC Bebidas acquired from Coca-Cola Refreshments USA, Inc. (CCR) the 100% of capital stock of Coca-Cola Southwest Beverages, LLC (CCSWB) in exchange for an interest in the AC Bebidas capital stock of 20% (as of December 31, 2017 AC maintained 79.86% of interest in AC Bebidas and CCR the 20.14%). Additionally, effective as from October 2018, AC transferred the net assets of its branch in Ecuador to AC Bebidas. These transfers were conducted at the book value of these entities, as shown in AC's consolidated financial statements and because it is a transaction within the group, it had no impact at the consolidated level. Moreover, with the transfer of its Ecuador branch's net assets and liabilities in 2018, AC's interest in AC Bebidas reached 80%.

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 - BUSINESS COMBINATIONS:

2018

A. ECUADOR BRANCH CONTRIBUTION

On October 15, 2018, AC contributed to AC Bebidas, the Ecuador branch's assets and liabilities in exchange for increasing the interest in the subsidiary by 0.14%. This transaction was conducted within the framework of the Transaction Agreement entered into in 2017.

For accounting purposes, the transfer of the net AC Bebidas assets was considered a business combination of entities under common control, and therefore the net assets transferred were accounted by AC Bebidas at values at the Arca Continental consolidated level (predecessor accounting) as from the date on which the transfers were made, not including comparative figures, based on Company accounting policies. Under this treatment, there was no difference between the historical book value of the net assets acquired of $349,216 and the contribution value, determined on the basis of the tax cost thereof. As a consequence of the predecessor's accounting, the Ecuador branch's $6,362,940 goodwill recognized by AC was transferred to AC Bebidas and no additional goodwill was recognized in connection with this transaction.

After this contribution, AC's interest in AC Bebidas is 80%, with Coca-Cola Refreshments USA, Inc. (CCR) holding the remaining 20%.

B. ACQUISITION OF CORPORACIÓN LINDLEY'S MINORITY INTEREST

On September 26, 2018, AC Bebidas entered into an agreement for the purchase of shares with Peru Beverage Limitada S. R. L. (Peru Beverage Limitada), a subsidiary of The Coca Cola Company, through which it acquired 223,774,704 common shares of Corporación Lindley S.A. (CL) with full voting rights and representing 38.52% of the common shares not listed at the Public Registry of the Securities Market of the Securities Market Superintendence of Peru. As a result of said purchase of shares, AC Bebidas currently holds 99.78% of CL voting shares.

As the sole and total price for the purchase of said shares, AC Bebidas paid Peru Beverages Limited the amount of $9,622,876 (US$506.8 million) in cash, equivalent to US$2.26 dollars per share. The difference between the book value of the minority interest acquired and the amount paid is shown under stockholders' equity in the retained earnings.

At December 31, 2017, there were 355,903,118 common shares issued by CL and 15,801,752 investment shares. Investment shares carry no corporate rights such as voting rights or the right to attend stockholders' meetings; neither do they confer the right to appoint members of the Board of Directors. The percentage of voting shares December 31, 2019 and 2018 is 99.78%

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements and notes thereto were authorized for issuance on March 5, 2020 by the undersigned officers.

Following is a summary of the most significant accounting policies followed by the Company and its subsidiary, 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 hedging measured at fair value, and (ii) net assets and the results of the operations conducted by the company in Argentina, a hyper-inflationary 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, 2019:

- *IFRS-16 - Leases*

Adoption of IFRS 16 resulted in changes in accounting policies and adjustments to the amounts recorded in the financial statements (see Note 30). The new accounting policies are explained in note 3m. In accordance with the transitory provisions of IFRS-16, comparative figures were not restated.

- IFRIC-23 - Uncertainty over income tax treatments

This interpretation clarifies the application of the recognition and measurement criteria of IAS-12 - Income tax, when there are uncertain tax positions, these refer to those positions where there is uncertainty about whether the competent tax authority will accept such position under the current tax laws. In such cases, the Company will recognize and measure its assets or liabilities for current or deferred taxes by applying the requirements of IAS-12 based on tax income or losses, tax bases, unused tax losses, unused tax credits and tax rates determined by applying this Interpretation.

In assessing how an uncertain tax treatment affects the determination of tax income or tax losses, tax bases, unused tax losses, unused tax credits and tax rates, the Company assumes that it will be inspected the amounts that the authority is entitled to examine and have full knowledge of all related information when conducting such inspections.

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, the management applied its professional judgment and considered the prevailing conditions of the fiscal positions that it has taken at the date of adoption in its different subsidiaries and the faculties of the corresponding authorities to evaluate the fiscal 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.

As of December 31, 2019, there have been no changes in the facts and circumstances considered by the management to determine the value of their positions.

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. 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 2 and 29).

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 on the basis of 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 statement 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 when necessary to ensure that they are in line with the Company's policies.

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 consider 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 value by the equity method. That method is used to initially recorded investments at acquisition cost. Said investments are subsequently value 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 equity in an associated company 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 income statement, and equity in movements in other comprehensive income, subsequent to acquisition, is recognized in other comprehensive income. The Company presents the equity in net profits 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 or not 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 losses/gains of associates" by the equity method in the 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 of its parts have joint control over of agreement.

Revenue 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 29 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 exchange fluctuations in the statement of income, except when deferred to other comprehensive income because they qualify as cash flow coverage.

iii. Conversion of foreign subsidiaries

Income 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 or not 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 to the historical exchange rate.
- Income, 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.

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 income statements, 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, that is to say, of the financial statements of the preceding period. Said 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 statement of income as part of the gain or loss on disposal.

The exchange rates used in preparing these financial statements are as follows:

	December 31,	
	2019	2018
Pesos to the US dollar	18.87	19.66
Pesos to the Peruvian sol	5.70	5.83
Pesos to the Argentine peso	0.32	0.52
Pesos to the Euro	21.18	22.47

The average exchange rates used in preparing these financial statements are as follows:

	December 31,	
	2019	2018
Pesos to the US dollar	19.29	19.21
Pesos to the Peruvian sol	5.78	5.83
Pesos to the Argentine peso	0.40	0.70
Pesos to the Euro	21.58	22.63

Translation of 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 so as to reflect changes in the purchasing power of the functional currency. In order to determine whether or not 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 was 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 International Accounting Standard 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) based on the price indexes published by the National Institute of Statistics and Censuses (INDEC).

The price indexes used for restatement of the financial statements are:

YEAR	INDEX
2019	283.4442
2018	184.2552
2017	124.7956

The financial information pertaining to the subsidiaries in Argentina are restated as follows:

a. 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;

b. 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 of 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. Income and expenses are restated applying the change in the general price index, from the date on which the expenses and income 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 consolidated statement of income as part of the financial result (Note 25).

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 accumulated effect arises from the existing difference between the equity at the 2017 close corresponding to the subsidiaries in Argentina and the initial equity for 2018, due to the effects of restatement of said entities’ financial information. The accumulated effect of initial application of IAS-29 on the consolidated financial statements amounted $2,998,446 and was recognized in the retained earnings. The Company opted for recognizing the adjustment of the items, including the capital, on the effect of translation of foreign entities, which as of December 31 of 2019 and 2018 was $2,100,710 and $957,439, respectively.

On March 3, 2020, the IFRS Interpretations Committee (IFRIC) ratified its agenda decision regarding the translation of a hyperinflationary foreign operation (IAS-21 and IAS-29) and the Company is in the process of analyzing the accounting treatment that it will apply for the accumulated effect derived from the initial application of IAS-29 and its subsequent effects, to modify its accounting policy, having the possibility to choose between the two methods: a) present the effects of hyperinflation and translation to reporting currency in the cumulative translation adjustment of foreign entities if the Company considers that the combination of both effects comply with definition of exchange difference in accordance with IAS-21, or, b) to present in OCI the translation effect if it comply with definition of exchange difference of IAS-21 and, consistent with paragraph 25 of IAS-29, to present hyperinflation effect in equity (split method).

E. 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.

F. 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 accounts receivable are initially recognized on the basis of the consideration, unless they contain significant financing components, in which case they are recognized at fair value. The Company holds clients and 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 losses 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.

G. 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 statement of 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 fair value through other comprehensive income (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 income and financial costs, and impairment expenses are shown as a separate item in the statement of income.

- FVPL: Assets failing to meet the amortized cost or FV-OCI criteria are measured at fair FVPL. A gain or loss in a debt instruments subsequently measured at FVPL is applied to income and shown in net terms in other income (expenses) 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 recognize in other financial income or expenses in the 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. for further details.

v. Offsetting of financial instruments

Financial assets and liabilities were offset and the net amount is shown in the 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. At December 31, 2019 and 2018, no financial assets and liabilities have been offset.

H. 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 or not 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 21. Movements in the hedge reserve in net capital stock is shown in Note 20. 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 capital stock. 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 capital stock. The changes in value over time of options related to the hedged item (aligned time value) are applied to other comprehensive income (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 capital stock. 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 capital stock.

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 deferred of options contracts or forwards points (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 capital 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 capital 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).

I. INVENTORIES

Inventory is shown at the lesser of cost and net realization 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 realization value is the sales price estimated in the normal course of Company operations, less the respective variable selling expense.

J. NON-CURRENT ASSETS HELD FOR SALE

Non-current assets (or groups of assets) to be disposed of are classified as held for sale when their book value is mainly recoverable via a sales transaction considered to be highly likely.

Those assets are recorded at the lower of the value arrived at by comparing the balance in books and fair value less cost of sales; they are not depreciated or amortized as long as they are classified as held for sale, and are shown separately from other assets in the statement of financial position. At December 31, 2019 and 2018, the Company holds no assets available for sale.

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 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 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 arising from the same and the cost of the property, plant and equipment can be reliably determined. The carrying amount of replaced parts is derecognized. Repair and maintenance expenses are recognized in the 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 components 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 other fixed assets.

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 the intended purpose. At December 31, 2019 and 2018, the determination of said costs is based on specific and general financing.

The residual 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 statement of income.

Returnable and non-returnable containers (bottles) -

Company operations involve both returnable and non-returnable containers. Returnable containers are recorded as fixed assets under 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 recorded in consolidated income 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 of 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, it has elected to apply the practical expedient 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
- Makes adjustments specific to the lease, ei. 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.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as 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 reasonably certain that the leases will be extended (or not terminated).

Accounting policies applied until December 31, 2018

Until December 31, 2018, the Company classified the leases as financial or operating leases depends on the substance of the transaction rather than on the form of the contract.

Leasing in which a significant portion of the risks and benefits pertaining to ownership were retained by the lessor was classified as operating leasing. Payments made under operating leasing (net of any incentive received by the lessor) were charged to the statement of income by the straight line method over the term of the lease.

Leases where the Company assumes substantially all the risks and benefits of the leased property were classified as financial leases. Financial leases were capitalized at the outset of the lease at the lower of the fair value of the leased property and the present value of minimum lease payments. If determination was practical for discounting minimum payments at present value, the interest rate implicit in the lease is used; otherwise, the incremental rate on the lessee's loan was used. All of the lessee's initial direct costs were added to the original figure recorded as an asset.

All lease payments were applied to liabilities and the financial charges until a constant rate for the balance was achieved. The respective lease obligations were included in non-current debt, net of financial charges. Interest on financial costs was charged to income for the year during the lease period so as to produce a periodic constant interest rate in the remaining balance of the liability for each period. Property, plant and equipment acquired under financial leases were depreciated over the shorter of the useful life of the asset and the lease term.

N. INTANGIBLE ASSETS

Goodwill represents the acquisition cost of a subsidiary 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 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. The assignment is made to cash generating units or cash generating groups of units 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 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 own 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 27). Brands and distribution rights have no expiration and are those used by the Company to operate in its snack and dairy product segments. Those in definite-life intangible assets are assigned to cash-generating units (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 the 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 in 5, 10 and 30 year 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 indications 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 (cash generating unit). Impaired non-financial assets other than goodwill are reviewed in search of possible impairment reversal on each reporting date.

P. SUPPLIERS AND OTHER ACCOUNTS PAYABLE

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 accounts payable 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 payables 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 statement of income during the term of the loan, using the effective interest rate method.

Loans are eliminated from the 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 income as other financial income or costs.

R. FACTORING

A liability owed to suppliers is eliminated from the statement of financial position when it is settled, that is to say, when the obligation is eliminated, canceled, or expires. The Company contracts financial factoring for financing of accounts payable to suppliers in Peru and when changes in terms and conditions indicate that the liability owed to suppliers is no longer extant, a new financial liability is considered to be owed to the factoring entity, resulting in cancellation of the original liability owed to the supplier.

S. INCOME TAXES

Income taxes reflected in the statement of income represent 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 balance sheet 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.

T. 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 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 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 are 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 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.

iv. Employees' statutory profit sharing and bonuses

The Company records a liability and an expense for bonuses and employee profit-sharing when it has a legal or assumed obligation to pay those benefits and determines the amount to be recorded based on profits for the year, after certain adjustments.

U. 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 financial statements and are recorded on the basis of management's best estimation.

V. CAPITAL STOCK

The Company's common 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, nevertheless although the Company has incurred in no such costs.

W. COMPREHENSIVE INCOME

Comprehensive income Consists of net income, plus remeasurement of the defined-benefit liability 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.

X. FUND FOR REPURCHASE OF OWN SHARES

The Stockholders periodically authorize disbursement of a maximum amount for the acquisition of own shares. Own shares acquired are shown as a decrease in the fund for repurchase of own shares included in the consolidated statement 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.

Y. 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.

Z. REVENUE RECOGNITION

The Company manufactures 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, in which prices are negotiated continually, given the turnover of products and the competitiveness it must maintain in the market. Income 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 revenue 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 revenue is generated at a specific point in time.

In the Modern Channel, retail products are sold at a discount for volume, based on 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 on 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, revenue is recorded net of discounts. The list price is already discounted; therefore, make an estimate is not needed.

AA. EARNINGS PER SHARE

The basic profit per share is calculated dividing the net 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 profit 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.

BB. BOTTLER INCENTIVE AGREEMENT

At its discretion, and as per the bottler's incentive agreement, TCCC provides the Company a number of 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 General Director, who in turn periodically informs the Board of Directors. Both the Financial Risk Committee and the General Director 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. CL and CCSWB 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 instruments 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 2019 and 2018, 41.81% and 40.08% of sales were generated in Mexican pesos, 3.43% and 5.11% in Argentine pesos, 44.17% and 44.07% in US dollars, and 10.59% and 10.74% in Peruvian soles. Those are the functional currencies of each of the consolidating entities (see Note 29).

Following is the Company's exposure to exchange risk at December 31, 2019 and 2018, respectively. The enclosed tables show the book value of the Company's monetary assets and liabilities denominated in foreign currency.

Figures in thousands of Mexican pesos
At December 31,

	2019			2018		
	US DOLLAR	ARGENTINE PESO	PERUVIAN SOL	US DOLLAR	ARGENTINE PESO	PERUVIAN SOL
Monetary assets	$ 22,490,180	$ 1,393,766	$ 3,967,996	$ 19,011,822	$ 1,667,814	$ 3,266,166
Monetary liabilities	(16,066,718)	(647,819)	(3,429,770)	(12,999,022)	(1,263,591)	(4,013,324)
Non-current monetary liabilities	(22,752,584)	(100,446)	(1,670,940)	(25,604,347)	(167,970)	(1,843,885)
Net position	**$ (16,329,122)**	**$ 645,501**	**$ (1,132,714)**	**$ (19,591,547)**	**$ 236,253**	**$ (2,591,043)**

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, 2019 and 2018, respectively:

	Hypothetical variation (maintaining all other variables constant)	
	2019	2018
One-peso increase to the dollar	$ (865,225)	$ (996,691)
A 50-cent increase / decrease with respect to the Argentine peso	(1,024,039)	(225,906)
A 50-cent increase / decrease with respect to the Peruvian sol	99,392	222,007

This exposure is 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 capital and the time value is amortized linearly to income.

See Note 21 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 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, 2019 and 2018, 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, 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, 2019 and 2018, a large part of the debt, considering its value in pesos, was referred to a fixed interest rate. At December 31, 2019 and 2018 $38,282 and $40,816 million representing 72% and 73% of the overall debt, was referenced to a fixed interest rate.

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 long and short 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, 2019 and 2018, including exchange rates, interest rates, maturities and effective interest rates, are described in detail in Note 14.

At December 31, 2019 and 2018, if the TIIE 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 $134,336 and $10,460 ($133,045 and $14,693 in 2018), respectively.

See Note 21 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.

The main raw materials and other production materials are concentrates acquired from TCCC, sweeteners, diesel, aluminum for cans and plastic containers. The Company is exposed to the risk of exchange fluctuations related to the prices of sweeteners, diesel, aluminum for cans and plastic containers, which, in the aggregate, represent approximately 22% (23% in 2018) of the cost of sales of beverages at December 31, 2019. The Company contracts hedges for the purchase of these raw materials and other production materials with a view to offsetting the effect of variations in exchange rates (see Note 21).

At December 31, 2019, appreciation of one Mexican pesos or one Peruvian to the US dollar, with all other variables remaining constant, would have had a (negative) positive impact on valuation of derivative financial instruments in stockholders' equity of ($556) and $611, respectively. The impact on net income for the period would not be material because the instruments exposing the Company to those risks are under highly effective cash flow hedging.

See Note 21 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 into 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 management of cash 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, taking into account 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.

During 2019 and 2018, approximately 44.9% and 50%, respectively, of the Company's sales were in cash. As much as 48.3% and 40.5% of net sales in 2019 and 2018, 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 operations and 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 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 capital and interest payable in the future up to the date of maturity at December 31, 2019 and 2018 are:

	UNDER 1 YEAR	1 TO 3 YEARS	3 TO 5 YEARS	OVER 5 YEARS	TOTAL
AT DECEMBER 31, 2019					
Current and 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**
AT DECEMBER 31, 2018					
Current and non-current debt	$ 6,170,583	$ 27,800,510	$ 11,278,727	$ 31,192,028	$ $76,441,848
Suppliers, related parties, derivative financial instruments and sundry creditors	12,825,615	-	6,034	-	12,831,649
	$ 18,996,198	**$ 27,800,510**	**$ 11,284,761**	**$ 31,192,028**	**$ 89,273,497**

At December 31, 2019 and 2018, the Company has not unused credit facilities.

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 is 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 statement of financial position).

The Net Debt to EBITDA ratio at December 31, 2019 and 2018 was as follows:

	At December 31,			
	2019		2018	
Total debt (Note 14)	$	53,261,466	$	55,826,808
Less: Cash and cash equivalents (Note 7)		(22,051,280)		(15,940,867)
Net debt		31,210,186		39,885,941
EBITDA (Note 6)		30,403,868		27,466,887
		1.03		**1.45**

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 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 or not 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 on the basis of 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 a number of different assumptions. The assumptions used in determining the net cost (income) of/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 17).

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. and has determined that it exercises significant influence, although it 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 29).

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 own experience, during the business relationship of over 90 years with TCCC, and market evidence, the Company considers it will continue to renew these agreements and has thus assigned them as indefinite life intangible assets (see Note 27).

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, the 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 in the standard applicable to any of the years reported on. In accordance with this standard, the operating segments whose total income is equal to or under 10% of the Company's total income 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 income. 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 the US).

The Company evaluates the performance of each of the operating segments based on profits before the net financial results, taxes, depreciation, 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 income when measure 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 line item, net in the 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, 2019								
	BEVERAGES					OTHERS		
	MEXICO	ARGENTINA	ECUADOR	PERU	US	MEXICO AND OTHERS	ELIMINATIONS	TOTAL
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 flow (1)	$ 15,332,814	$ 964,045	$ 2,230,966	$ 3,793,530	$ 7,188,117	$ 894,396	$ -	$ 30,403,868
Nonrecurring expenses	$ 78,477	$ 7,035	$ 95,034	$ 179,233	$ 681,354	$ 225,169	$ -	$ 1,266,302
Depreciation and amorti-zation	$ 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)
Share in net income 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 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)	$ 3,600,004	$ 552,051	$ 907,560	$ 956,170	$ 5,125,441	$ 427,007	$ -	$ 11,568,233

(1) Corresponds to the manner by which AC measures its operating cash flow.
(2) In addition to the Mexico segment, there are investments in associates in other geographic segments (Note 10).

Year ended December 31, 2018 (Re-expressed)								
	BEVERAGES					OTHERS		
	MEXICO	ARGENTINA	ECUADOR	PERU	US	MEXICO AND OTHERS	ELIMINATIONS	TOTAL
STATEMENT OF INCOME:								
Sales per segment	$ 59,704,150	$ 7,962,406	$ 11,819,169	$ 16,021,338	$ 54,866,343	$ 10,245,829	$ (1,666,718)	$ 158,952,517
Intersegment sales	$ (1,073,019)	$ -	$ -	$ (143,842)	$ -	$ (449,857)	$ 1,666,718	$ -
Sales to external customers	$ 58,631,131	$ 7,962,406	$ 11,819,169	$ 15,877,496	$ 54,866,343	$ 9,795,972	$ -	$ 158,952,517
Operating profit	$ 10,482,831	$ 1,120,212	$ 896,988	$ 2,085,971	$ 3,987,869	$ (3,086)	$ -	$ 18,570,785
Operating flow (1)	$ 13,209,804	$ 1,636,654	$ 1,811,160	$ 3,597,246	$ 6,531,115	$ 680,908	$ -	$ 27,466,887
Nonrecurring expenses	$ 154,257	$ -	$ 157,338	$ 171,807	$ 359,962	$ 110,295	$ -	$ 953,659
Depreciation and amorti- zation	$ 2,572,715	$ 516,442	$ 756,834	$ 1,339,468	$ 2,183,285	$ 573,699	$ -	$ 7,942,443
Financial income	$ 2,843,587	$ 379,789	$ 12,571	$ 312,507	$ $18,520	$ 49,958	$ -	$ 3,616,932
Financial expenses	$ (4,871,094)	$ (830,525)	$ (176,338)	$ (1,151,773)	$ (611,375)	$ (89,013)	$ -	$ (7,730,118)
Share in net income of associates	$ 197,879	$ -	$ -	$ -	$ 25,319	$ -	$ -	$ 223,198
Profit (loss) before taxes	$ 8,653,202	$ 669,476	$ 733,221	$ 1,246,705	$ 3,420,333	$ (42,140)	$ -	$ 14,680,797
STATEMENT OF FINANCIAL POSITION:								
Total assets	$ 69,307,224	$ 8,590,820	$ 15,111,499	$ 45,013,111	$ 92,906,367	$ 12,921,478	$ (5,971,029)	$ 237,879,470
Investment in associates (2)	$ 6,174,338	$ 318,487	$ -	$ -	$ 476,764	$ -	$ -	$ 6,969,589
Total liabilities	$ 49,670,154	$ 2,228,285	$ 6,078,380	$ 18,191,592	$ 31,383,768	$ 1,667,943	$ (10,870,168)	$ 98,349,954
Investment in fixed assets (Capex)	$ 4,207,331	$ 532,921	$ 1,310,658	$ 1,616,877	$ 2,955,085	$ 438,507	$ -	$ 11,061,379

(1) Corresponds to the manner by which AC measures its operating cash flow.
(2) In addition to the Mexico segment, there are investments in associates in other geographic segments (Note 10).

Derived from the appointment of the new Chief Executive Officer, as from January 1, 2019, the financial information by segments is prepared as follows: NPSG sales are included in the US Beverages business, (previously presented as a separate segment), the assets and liabilities of the holding companies are mainly presented within the Mexico Beverages segment (previously within the other business segment). The Chief Executive Officer makes operational decisions within the Group (acting as Chief Operating Decision Maker). This in accordance with IFRS-8.

Following are sales to external customers, as well as property, plant and equipment, goodwill and intangible assets per geographic area:

Year ended December 31, 2019				
	SALES WITH CUSTOMERS	PROPERTY PLANT ANDEQUIPMENT	GOODWILL	INTANGIBLE ASSETS
Mexico	$ 68,036,319	$ 23,379,681	$ 8,235,074	$ 10,260,556
Peru	17,222,555	16,946,280	9,680,778	14,051,812
US	61,351,336	21,857,420	23,672,117	29,298,534
Argentina	5,581,584	2,963,576	2,416,785	738,170
Ecuador	12,849,074	6,790,149	10,344,852	4,718,859
Total	**$ 165,040,868**	**$ 71,937,106**	**$ 54,349,606**	**$ 59,067,931**

Year ended December 31, 2018				
	SALES WITH CUSTOMERS	PROPERTY PLANT AND EQUIPMENT	GOODWILL	INTANGIBLE ASSETS
Mexico	$ 62,383,415	$ 23,109,079	$ 8,305,130	$ 10,194,263
Peru	16,710,574	18,008,504	9,914,040	14,543,548
US	59,308,765	22,768,854	24,651,773	30,944,621
Argentina	7,962,406	3,152,653	2,660,159	824,518
Ecuador	12,587,357	7,039,520	10,774,538	4,277,518
Total	**$ 158,952,517**	**$ 74,078,610**	**$ 56,305,640**	**$ 60,784,468**

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. In the years ended December 31, 2019 and 2018, no Company customer accounted for 10% of total sales.

NOTE 7 - CASH AND CASH EQUIVALENTS:

Cash and cash equivalents are composed as follows:

	At December 31,			
	2019		2018	
Cash on hand and in banks	$	94,016	$	56,777
Short-term bank deposits		14,771,677		11,042,773
Short-term investments (under three months)		7,185,587		4,841,317
Total cash and cash equivalents	**$**	**22,051,280**	**$**	**15,940,867**

NOTE 8 - CLIENTS AND OTHER ACCOUNTS RECEIVABLE, NET AND NON-CURRENT ASSETS:

A. CLIENTS AND OTHER ACCOUNTS RECEIVABLE ARE COMPRISED AS FOLLOWS:

	At December 31,			
	2019		2018	
Clients	$	8,932,610	$	9,469,295
Provision for impairment of clients		(342,141)		(402,922)
Clients, net		8,590,469		9,066,373
Income tax and other taxes recoverable		92,639		1,858,620
Notes and other account receivable [1]		947,816		690,466
Sundry debtors		824,243		1,416,501
	$	**10,455,167**	**$**	**13,031,960**

(1) Net of expected losses

At December 31, 2019 and 2018, none of AC's clients accounts for, either individually or in the aggregate, more than 10% of its income.

Accounts receivable are denominated in the following currencies:

	At December 31,			
	2019		2018	
Mexican pesos	$	3,424,548	$	5,201,558
Peruvian soles		679,884		1,164,118
Argentine pesos		403,113		540,964
US dollars		5,947,622		6,125,320
	$	**10,455,167**	**$**	**13,031,960**

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 on the basis of 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, 2019 or December 31, 2018, 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.

On that basis, the provision for losses at December 31, 2019 and 2018 was determined as follows for accounts receivable from customers:

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
Loss provision	$ -	$ (91,355)	$ (14,358)	$ (1,273)	$ (785)	$ (5,652)	$ (228,718)	$ (342,141)

DECEMBER 31, 2018	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		1.40%	1.40%	1.40%	1.40%	1.40%	78.40%	
Gross book amount of accounts receivable	$ 215,206	$ 7,364,373	$ 923,465	$ 190,259	$ 128,331	$ 155,561	$ 492,100	$ 9,469,295
Loss provision	$ -	$ (70,127)	$ (12,980)	$ (3,826)	$ (3,187)	$ (4,312)	$ (308,490)	$ (402,922)

The final balances of the provisions for expected losses for accounts receivable from customers at December 31, 2019 y 2018 are adjusted to the provision for initial losses as follows:

	2019	2018
Opening loss allowance at January 1, 2019	$ 402,922	$ 500,653
Increase in the provision for credit losses applied to income for the year	102,350	41,521
Accounts receivable canceled during the year as uncollectible	(158,336)	(51,624)
Unused reversed amount	(4,795)	(87,628)
At December 31, 2019	**$ 342,141**	**$ 402,922**

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 accounts receivable is shown as net impairment losses under operating income. 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. The impairment loss identified is immaterial.

C. OTHER NON-CURRENT ASSEST

The other non-current assest balance shown at December 31, 2019 and 2018 is mainly comprised as follows:

	At December 31,	
	2019	2018
Guarantees received for the Famaillá sugar mill	$ 66,089	$ 109,638
Other	602,402	841,084
	$ 668,491	**$ 950,722**

NOTE 9 - INVENTORIES:

Inventories are analyzed as follows:

	At December 31,	
	2019	2018
Raw materials	$ 2,875,662	$ 2,594,456
Finished products	3,410,774	3,367,582
Materials and spare parts	1,597,794	1,772,730
Products in process	63,914	63,267
	$ 7,948,144	**$ 7,798,035**

For the years ended December 31, 2019 and 2018, $79,791,283 and $77,626,891 was applied to income, respectively, corresponding to inventories consumed (including $15,411 and $2,266, respectively, corresponding to damaged, slow-moving and obsolete inventories).

NOTE 10 - INVESTMENT IN SHARES OF ASSOCIATES:

Investments in the shares of associated companies are comprised as follows:

	At December 31,	
	2019	2018
Opening balance	$ 6,969,589	$ 6,769,478
Additions (1)	1,146,591	54,947
IAS 29 (hyperinflationary economies) effect	109,332	114,146
Disposals	(95,751)	(26,807)
Dividends collected	(47,938)	(19,827)
Additions from business combinations	-	62,986
Share in the results of associated companies	225,547	295,193
Share in other comprehensive income of associated companies	(139,059)	(280,527)
Ending balance	**$ 8,168,311**	**$ 6,969,589**

(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, which main activity is the management of convenience stores and minimarkets. This acquisition was made with a price of $670,222 (US$35 millions). The acquisition was recognized in accordance with IAS-28 - Investment in Associates and Joint Ventures. As of December 31, 2019, the income and assets of Tiendas Tambo, S. A. C. were $480 and $471 millions of Peruvian soles, respectively.

Following are the Company's associated companies at December 31, 2019 and 2018, 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. 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.

December 31, 2019						
	COUNTRY OF INCORPORATION	NATURE	VALUATION METHOD	BALANCE	GAIN (LOSS)	SHAREHOLDING INTEREST
Promotora Industrial Azucarera, S. A. de C. V. (PIASA) (1)	México	Associate	The equity method	$ 3,278,814	$ 166,665	49.18%
Jugos del Valle, S. A. P. I. (JDV) (2)	México	Associate	The equity method	1,113,000	12,423	16.45%
Petstar, S. A. P. I. de C. V. (PETSTAR) (3)	México	Associate	The equity method	523,530	(53,105)	49.90%

December 31, 2018						
	COUNTRY OF INCORPORATION	NATURE	VALUATION METHOD	BALANCE	GAIN (LOSS)	SHAREHOLDING INTEREST
Promotora Industrial Azucarera, S. A. de C. V. (PIASA) (1)	México	Associate	The equity method	$ 3,108,844	$ 126,418	49.18%
Jugos del Valle, S. A. P. I. (JDV) (2)	México	Associate	The equity method	984,184	(33,190)	16.45%
Petstar, S. A. P. I. de C. V. (PETSTAR) (3)	México	Associate	The equity method	575,001	40,909	49.90%

(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	
	2019	2018	2019	2018	2019	2018
SUMMARY STATEMENT OF FINANCIAL POSITION						
Current assets	$ 1,957,883	$ 2,617,339	$ 6,025,750	$ 5,048,923	$ 227,375	$ 373,897
Non-current assets	7,650,133	6,569,643	7,122,834	7,876,471	1,009,666	963,229
Current liabilities	1,195,795	1,365,096	4,573,289	4,143,583	114,743	123,071
Non-current liabilities	1,745,918	1,501,157	1,808,229	2,797,947	73,141	61,748
Net assets	**$ 6,666,303**	**$ 6,320,729**	**$ 6,767,066**	**$ 5,983,864**	**$ 1,049,157**	**$ 1,152,307**
RECONCILIATION OF BOOK BALANCES						
Beginning balance	$ 6,320,729	$ 6,074,774	$ 5,983,864	$ 5,944,197	$ 1,152,307	$ 1,070,485
Capital increase	-	-	727,446	272,019	-	-
Income for the year	338,854	257,026	75,535	(201,798)	(106,423)	81,982
Other comprehensive income	6,720	(11,071)	(19,779)	(30,554)	3,274	(160)
Dividends paid	-	-	-	-	-	-
Ending balance	6,666,303	6,320,729	6,767,066	5,983,864	1,049,158	1,152,307
Shareholding %	49.18%	49.18%	16.45%	16.45%	49.90%	49.90%
Book balance	**$ 3,278,814**	**$ 3,108,844**	**$ 1,113,000**	**$ 984,184**	**$ 523,530**	**$ 575,001**
SUMMARY STATEMENT OF COMPREHENSIVE INCOME						
Income	**$ 8,380,338**	**$ 7,943,824**	**$ 18,387,494**	**$ 16,703,798**	**$ 1,422,699**	**$ 1,519,900**
Income for the year	$ 338,854	$ 257,026	$ 75,535	$ (201,798)	$ (106,423)	$ 81,982
Other comprehensive income	6,720	(11,071)	(19,779)	(30,554)	3,274	(160)
Total comprehensive income	**$ 345,574**	**$ 245,955**	**$ 55,756**	**$ (232,352)**	**$ (103,149)**	**$ 81,822**

During the years ended as of December 31, 2019 and 2018 the company has not received material 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 actually 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:

	At December 31,	
	2019	2018
Aggregate balance of individually immaterial entities	$ 3,252,967	$ 2,301,560
Aggregated amounts of AC's share in:		
Profit from continuing operations	$ 99,564	$ 161,056
Total comprehensive income	**$ 99,564**	**$ 161,056**

None of the associated companies' shares is publicly traded and consequently, there are no published market prices.

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT:

Movements of property, plant and equipment for the years ended December 31, 2019 and 2018 are analyzed as follows:

	Assets subject to depreciation				
	BUILDINGS	MACHINERY AND EQUIPMENT	TRANSPORTATION EQUIPMENT	REFRIGERATORS AND SALES EQUIPMENT	BOTTLES AND DISTRIBUTION CRATES
FOR THE PERIOD ENDED DECEMBER 31, 2018					
Net book value	$ 13,943,836	$ 16,246,207	$ 5,416,219	$ 10,865,245	$ 2,905,781
Effect of adoption of IAS29 (hyperinflationary economy)	443,414	899,494	12,310	134,315	74,223
Effects of conversion	(321,766)	(577,008)	(51,918)	(169,404)	(161,041)
Additions / Transfers	1,147,610	2,269,097	1,321,366	2,762,087	2,135,480
Disposals	(84,225)	(129,107)	(19,474)	(233,728)	(570,740)
Depreciation charges recognized in the year	(641,115)	(2,019,255)	(939,846)	(1,975,088)	(1,357,588)
Ending balance	**$ 14,487,754**	**$ 16,689,428**	**$ 5,738,657**	**$ 11,383,427**	**$ 3,026,115**
DECEMBER 31, 2018					
Cost	$ 19,421,177	$ 29,684,747	$ 11,409,448	$ 19,827,673	$ 9,240,547
Accumulated depreciation	(4,933,423)	(12,995,319)	(5,670,791)	(8,444,246)	(6,214,432)
Ending balance	**$ 14,487,754**	**$ 16,689,428**	**$ 5,738,657**	**$ 11,383,427**	**$ 3,026,115**
FOR THE PERIOD ENDED DECEMBER 31, 2019					
Net book value	$ 14,487,754	$ 16,689,428	$ 5,738,657	$ 11,383,427	$ 3,026,115
Effect of adoption of IAS29 (hyperinflationary economy)	210,105	397,630	4,592	70,068	39,070
Effects of conversion	(707,231)	(609,820)	(149,689)	(416,233)	(131,130)
Additions / Transfers	2,543,681	1,865,177	1,142,312	2,220,809	1,941,060
Disposals	(1,359,279)	(933,138)	(197,236)	(186,101)	(484,158)
Depreciation charges recognized in the year	(597,812)	(2,225,703)	(1,070,853)	(2,097,806)	(1,337,217)
Ending balance	**$ 14,577,218**	**$ 15,183,574**	**$ 5,467,783**	**$ 10,974,164**	**$ 3,053,740**
DECEMBER 31, 2019					
Cost	$ 20,108,453	$ 30,404,596	$ 12,209,427	$ 21,516,216	$ 10,605,389
Accumulated depreciation	(5,531,235)	(15,221,022)	(6,741,644)	(10,542,052)	(7,551,649)
Ending balance	**$ 14,577,218**	**$ 15,183,574**	**$ 5,467,783**	**$ 10,974,164**	**$ 3,053,740**

			Assets not subject to depreciation		
COMPUTER EQUIPMENT	FURNITURE AND OTHER	SUBTOTAL	LAND	INVESTMENTS IN PROCESS	TOTAL
$ 707,873	$ 770,480	$ 50,855,641	$ 17,908,206	$ 3,176,291	$ 71,940,138
8,837	23,339	1,595,932	186,819	23,086	1,805,837
(18,763)	(100,103)	(1,400,003)	(310,659)	(123,475)	(1,834,137)
528,592	131,842	10,296,074	190,542	574,763	11,061,379
(1,996)	(7,505)	(1,046,775)	(154,631)	(264,158)	(1,465,564)
(355,986)	(140,165)	(7,429,043)	-	-	(7,429,043)
$ 868,557	**$ 677,888**	**$ 52,871,826**	**$ 17,820,277**	**$ 3,386,507**	**$ 74,078,610**
$ 2,355,186	$ 1,806,739	$ 93,745,517	$ 17,820,277	$ 3,386,507	$ 114,952,301
(1,486,629)	(1,128,851)	(40,873,691)	-	-	(40,873,691)
$ 868,557	**$ 677,888**	**$ 52,871,826**	**$ 17,820,277**	**$ 3,386,507**	**$ 74,078,610**
$ 868,557	$ 677,888	$ 52,871,826	$ 17,820,277	$ 3,386,507	$ 74,078,610
9,183	9,796	740,444	74,789	1,531	816,764
(29,415)	(19,912)	(2,063,430)	(537,898)	(176,507)	(2,777,835)
413,372	198,727	10,325,138	317,420	925,675	11,568,233
(27,816)	(176,219)	(3,363,947)	(307,855)	(222,553)	(3,894,355)
(384,559)	(140,361)	(7,854,311)	-	-	(7,854,311)
$ 849,322	**$ 549,919**	**$ 50,655,720**	**$ 17,366,733**	**$ 3,914,653**	**$ 71,937,106**
$ 2,720,510	$ 1,819,131	$ 99,383,722	$ 17,366,733	$ 3,914,653	$ 120,665,108
(1,871,188)	(1,269,212)	(48,728,002)	-	-	(48,728,002)
$ 849,322	**$ 549,919**	**$ 50,655,720**	**$ 17,366,733**	**$ 3,914,653**	**$ 71,937,106**

Of the depreciation expense for 2019 of $7,854,311 ($7,429,043 in 2018), $2,574,198 ($2,428,489 in 2018) was recorded in the cost of sales, $4,629,107 ($4,446,029 in 2018) in selling expenses and $651,006 ($554,525 in 2018) in administration expenses, respectively.

Investments in process at December 31, 2019 and 2018 correspond mainly to the construction of buildings and investments in production equipment, distribution and improvements.

During 2018, the Company began construction of the new production plant in Houston, Texas. This investment will total approximately $4,981,680 (US$264 million). At December 31, 2019 and 2018, the Company incurred a total of $4,169,174 (US$216.1 million) and $754,813 (US$38.4 million), respectively.

As of March 5, 2020, date of issuance of the consolidated financial statements, the new production plant is operating 5 production lines. As a result of this investment, the Company has reconsidered its production, storage and distribution capacity in the territory and is to, consolidate the activities of 3 plants and 4 warehouses and distribution centers. As of December 31, 2019, the Company reviewed the recoverable value of the assets involved and recorded an impairment of $159,189 (US$8.4 million) for those assets that will not continue in operation. As of December 31, 2018, he useful lives of these assets were adjusted to recognize in future depreciation the difference between their book value and their residual value.

At December 31, 2018, the Company had entered into financial lease agreements in its operations in Peru, for the following amounts:

	2018		
	COST	DEPRECIATION	NET BOOK VALUE
Buildings	$ 71,380	$ (4,120)	$ 67,260
Refrigerators and sales equipment	35,147	(32,428)	2,719
Transportation equipment	5,789	(4,096)	1,693
	$ 112,316	**$ (40,644)**	**$ 71,672**

NOTE 12 - GOODWILL AND INTANGIBLE ASSETS, NET:

Movements in intangible assets for the year ended, December 31, 2019 and 2018 are as follows:

		Intangible assets acquired				
	GOODWILL	BOTTLING CONTRACTS	TRADEMARKS	SOFTWARE LICENSES	OTHER	TOTAL
BEGINNING BALANCE AT JANUARY 1, 2018	$ 54,343,561	$ 52,330,660	$ 5,004,713	$ 1,385,594	$ 2,878,258	$ 115,942,786
Effect of translation	(664,839)	(728,087)	(596,946)	(39,096)	(8,324)	(2,037,292)
Additions	-	-	-	178,585	448,082	626,667
IAS 29 (hyperinflationary economy) effect	2,216,027	529,185	-	71	-	2,745,283
Acquisitions resulting from business combinations	410,891	-	-	-	-	410,891
Disposals	-	-	(32,531)	(51,699)	(597)	(84,827)
Amortization charges recorded in the year	-	(7,174)	(192,199)	(138,805)	(175,222)	(513,400)
Ending balance at December 31, 2018	**$ 56,305,640**	**$ 52,124,584**	**$ 4,183,037**	**$ 1,334,650**	**$ 3,142,197**	**$ 117,090,108**
DECEMBER 31, 2018						
Attributed cost	$ 56,305,640	$ 52,131,758	$ 4,616,979	$ 1,861,437	$ 4,019,636	$ 118,935,450
Accumulated amortization	-	(7,174)	(433,942)	(526,787)	(877,439)	(1,845,342)
Net book value	**$ 56,305,640**	**$ 52,124,584**	**$ 4,183,037**	**$ 1,334,650**	**$ 3,142,197**	**$ 117,090,108**

	Intangible assets acquired					
	GOODWILL	BOTTLING CONTRACTS	TRADEMARKS	SOFTWARE LICENSES	OTHER	TOTAL
BEGINNING BALANCE AT JANUARY 1, 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 ecorded in the year	-	-	(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 2019 of $603,336 ($513,400 in 2018), $21,822 ($12,562 in 2018) was recorded in the cost of sales, $35,881 ($15,509 2018) in selling expenses and $545,633 ($485,329 in 2018) in administration expenses.

Goodwill acquired from business combinations is assigned at the acquisition date to the Cash Generating Units (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	2019	2018
Beverages Mexico	$ 7,835,007	$ 7,835,007
Beverages US	20,523,597	21,463,614
Beverages Peru	9,325,723	9,550,429
Beverages Ecuador	8,000,850	8,333,175
Beverages Argentina	2,416,785	2,660,159
Wise Foods	3,148,521	3,188,160
Inalecsa	929,045	967,634
Toni	1,414,957	1,473,729
Vend (Note 28)	355,055	363,610
Nayhsa	256,773	256,773
Other	143,293	213,350
	$ 54,349,606	**$ 56,305,640**

At December 31, 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			
	2019		2018	
Rate of growth in volume	0.5%	3.3%	2.0%	4.8%
Rate of growth in income[1]	3.7%	35.1%	6.7%	11.7%
Operating margin (as a % of income)	5.0%	22.5%	5.3%	23.0%
Other operating costs	5.1%	24.6%	4.8%	24.8%
Annual CAPEX (as a % of income)	1.8%	7.6%	9.9%	2.1%
Discount rate	5.8%	15.5%	4.7%	11.9%

(1) Including the hyperinflation effects

At December 31, 2019 and 2018:

- 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 years 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 income 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 income, which do not differ significantly from sales volumes and prices. Management projected those costs on the basis of 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 income.
- Annual CAPEX represents the percentage of income 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 income 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:

	% of value in use over book value	
CASH GENERATING UNIT	2019	2018
Beverages Mexico	596%	333%
Beverages US	60%	75%
Beverages Peru	48%	45%
Beverages Argentina (1)	353%	217%
Wise Foods	10%	4%
Inalecsa	33%	37%
Nayhsa	21%	189%

(1) Including the hyperinflation effects.

Management considers that a possible change in key assumptions used, within a reasonable range surrounding same, would not result in the book value of the CGUs materially exceeding value in use.

As a result of the macroeconomic, political and social factors occurred in Ecuador in 2018, the cash flow projections of the businesses in this country were affected, therefore the Company complemented the impairment analysis with the fair value method, different from the value of use, prepared using more conservative bases for the Ecuador Beverages CGU. The additional calculation was made by evaluating the fair value less cost of disposal (FVLCOD) of the underlying assets. The valuation is considered Level 3 in the fair value hierarchy due to non-observable data used in the valuation. In the case of Toni CGU, management decided to carry out the same approach in order to detect any possible impairment. No impairment was identified in any CGU.

Management approach and the main assumption used to determine FVLCOD of the CGUs was EBITDA multiples, which the Administration considers to be and acceptable factor in the beverage industry.

	% excess of FVLCOD over book value	
	2019	2018
Cash generating unit		
Ecuador Beverages	72%	20%
Toni	8%	9%

As a result of annual testing for impairment, the Company recognized no impairment losses in the years ended December 31, 2019 and 2018 (see Note 5).

NOTA 13 - LEASES:

This note provides information for leases where the Company is a lessee.

I. AMOUNTS RECOGNIZED IN THE BALANCE SHEET

The balance sheet shows the following amounts relating to leases:

	December 31,		January 1,	
		2019		2019
RIGHT-OF-USE ASSETS				
Buildings	$	1,077,844	$	917,332
Transportation equipment		371,646		356,681
Machinery and equipment		168,295		161,857
Land		12,958		28,141
	$	1,630,743	$	1,464,011
Accumulated depreciation of right-of-use assets		(453,725)		-
Right–of-use assets net	**$**	**1,177,018**	**$**	**1,464,011**

Additions to the right-of-use assets during the 2019 financial year were $377,182.

	December 31,		January 1,	
		2019		2019
LEASE LIABILITIES				
Current	$	247,892	$	425,342
Non-current		934,736		1,038,667
	$	**1,182,628**	**$**	**1,464,009**

During 2018, the Company only recognized lease assets and lease liabilities in relation to leases that were classified as “finance leases” under IAS 17 leases. The assets were presented in property, plant and the liabilities as part of the debt current and non-current. For adjustments recognized on adoption of IFRS 16 on January 1, 2019, see note 30.

II. AMOUNTS RECOGNIZED IN THE STATEMENT OF INCOME

The statement of profit or loss shows the following amounts relating to leases:

		2019
DEPRECIATION CHARGE OF RIGHT-OF-USE ASSETS		
Buildings	$	224,377
Transportation equipment		153,891
Machinery and equipment		94,254
Land		7,224
	$	**479,746**
Interest expense (included in finance cost) (Note 25)	$	85,439
Expense relating to short-term leases, insignificant value assets and variable lease payments (included in cost of goods sold and administrative expenses)	$	292,839

The total cash outflow for leases in 2019 was $517,189.

NOTE 14 - DEBT:

A. DEBT IS ANALYZED AS FOLLOWS::

	At December 31,			
		2019		2018
Debt instruments and bonds	$	36,482,393	$	37,469,599
Scotiabank		4,997,827		5,917,086
Bancomext		4,235,192		4,281,248
Banamex		1,596,467		1,594,765
Santander		1,560,075		1,681,060
Banco JP Morgan		1,410,168		1,467,194
Bank of America, NA		1,109,937		-
BBVA Bancomer		698,446		697,672
International Finance Corp.		596,946		776,607
Banco Rabobank		329,117		1,600,693
Banco Internacional		149,356		136,668
Banco Bolivariano		70,773		49,142
Citibank Ecuador		10,784		53,681
Financial leases and other		13,985		101,393
Total debt		53,261,466		55,826,808
Current portion of debt		(6,761,038)		(2,671,954)
Non-current debt	**$**	**46,500,428**	**$**	**53,154,854**

B. THE TERMS, CONDITIONS AND BOOK VALUE OF NON-CURRENT DEBT ARE AS FOLLOWS:

			Interest rate				At December 31,	
	COUNTRY	CURRENCY	CONTRACTUAL	EFFECTIVE	MATURITY DATE	FREQUENCY INTEREST PAYMENT	2019	2018
CEBUR ARCA 10 (1)	México	MXN	7.74%	7.87%	11/13/2020	Biyearly	$ -	$ 2,500,000
CEBUR ARCA 11-2	México	MXN	7.63%	7.75%	10/01/2021	Biyearly	2,000,000	2,000,000
CEBUR ARCA 13-2	México	MXN	5.88%	5.99%	03/10/2023	Biyearly	1,700,000	1,700,000
CEBUR ACBE 17	México	MXN	7.84%	7.95%	09/03/2027	Biyearly	6,000,000	6,000,000
CEBUR ACBE 17-2 (2a)	México	MXN	TIIE 28 + 0.20%	7.36%	09/09/2022	Monthly	1,000,000	1,000,000
144A Corporate bonds	Perú	USD	6.75%	6.86%	11/23/2021	Biyearly	2,446,915	5,058,391
144A Corporate bonds	Perú	USD	4.63%	4.68%	04/12/2023	Biyearly	2,529,259	2,682,143
Private bond	Perú	SOL	7.50%	7.64%	12/09/2026	Biyearly	854,730	875,325
Private bond at 12 years	USA	USD	3.49%	3.52%	28/12/2029	Biyearly	7,524,564	7,835,305
Private bond at 15 years	USA	USD	3.64%	3.66%	28/12/2032	Biyearly	7,524,564	7,835,305
Debt instruments and bonds							$ 31,580,032	$ 37,486,469
Bancomext	México	MXN	TIIE 91 + 0.80%	8.45%	06/22/2027	Quarterly	$ 4,173,333	$ 4,231,032
Banamex	México	MXN	TIIE 91 + 0.90%	8.55%	06/15/2024	Quarterly	1,596,467	1,594,765
Santander (2b)	México	MXN	TIIE 91 + 0.90%	8.55%	06/20/2024	Quarterly	1,446,839	1,445,180
Banco JP Morgan	México	USD	3.64%	3.95%	04/25/2025	Biyearly	1,410,168	1,467,194
Scotiabank	México	MXN	TIIE 28 + 0.55%	8.27%	01/19/2022	Monthly	1,368,688	2,470,282
Scotiabank (2b)	México	MXN	TIIE 91 + 0.90%	8.53%	06/20/2024	Quarterly	998,374	997,458
Scotiabank	México	MXN	TIIE 91 + 0.90%	8.55%	06/15/2024	Quarterly	997,792	996,729
BBVA Bancomer	México	MXN	TIIE 91 + 0.90%	8.53%	06/21/2024	Quarterly	698,446	697,672
Bank of America	Ecuador	USD	2.98%	2.56%	07/16/2024	Biyearly	666,145	-
International Finance Corp.	Ecuador	USD	4.64%	4.64%	12/15/2023	Biyearly	447,006	623,187
Bank of America	Ecuador	USD	2.75%	2.63%	07/16/2024	Biyearly	443,792	-
Banco Internacional	Ecuador	USD	7.40%	7.40%	04/12/2022	Quarterly	84,927	-
Banco Bolivariano	Ecuador	USD	8.25%	8.25%	03/09/2021	Biyearly	70,773	-
Banco Rabobank	Ecuador	USD	3.05%	3.31%	10/27/2021	Biyearly	56,406	58,633
Santander	México	USD	2.99%	2.99%	03/16/2020	Biyearly	-	117,940
Banco Internacional	Ecuador	USD	7.54%	7.60%	11/15/2020	Monthly	-	27,028
Banco Internacional	Ecuador	USD	6.23%	6.29%	10/27/2020	Quarterly	-	40,078
Banco Rabobank	Ecuador	USD	3.19%	3.28%	05/29/2020	Biyearly	-	142,019
Banco Rabobank	Ecuador	USD	4.39%	3.35%	05/29/2020	Biyearly	-	142,019
Citibank	Ecuador	USD	6.00%	7.71%	05/20/2020	Quarterly	-	11,232
Scotiabank	Perú	SOL	4.25%	4.25%	12/29/2023	Quarterly	459,057	550,792
Financial bank loans							$ 14,918,213	$ 15,613,240
Financial leases and other							2,183	55,145
Total							**$ 46,500,428**	**$ 53,154,854**

(1) Loan classified as current due to its maturity date.
(2) The Company has contracted three swaps for this loans that fixes the interest rate at 7.369% plus spread of 0.20% (2a) and at 7.225% plus spread of 0.90% (2b).

C. 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**

At December 31, 2018, annual maturities of the non-current debt are comprised as follows:

	2020	2021	2022	2023 ONWARD	TOTAL
Debt instruments and bonds	$ 5,029,195	$ 5,209,630	$ 2,321,274	$ 24,926,370	$ 37,486,469
Bank loans	1,840,056	1,603,559	3,345,534	8,824,091	15,613,240
Financial lease and other	13,620	8,750	2,047	30,728	55,145
	$ 6,882,871	**$ 6,821,939**	**$ 5,668,855**	**$ 33,781,189**	**$ 53,154,854**

D. FOLLOWING IS AN ANALYSIS OF NET DEBT AND MOVEMENTS IN NET DEBT DURING THE YEAR ENDED ON DECEMBER 31, 2019 AND 2018:

	2019
Cash and cash equivalents	$ 22,051,280
Current debt	(6,761,038)
Non-current debt	(46,500,428)
Net debt	**$ (31,210,186)**
Cash and cash equivalents	$ 22,051,280
Debt at fixed rate	(38,282,468)
Debt at variable rate	(14,978,998)
Net debt	**$ (31,210,186)**

		Financial liabilities			
		Short term		Long term	
	CASH AND CASH EQUIVALENTS	DEBENTURES	FINANCIAL DEBT	DEBENTURES	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)**

		2018
Cash and cash equivalents	$	15,940,867
Current debt		(2,671,954)
Non-current debt		(53,154,854)
Net debt	**$**	**(39,885,941)**
Cash and cash equivalents	$	15,940,867
Debt at fixed rate		(40,815,724)
Debt at variable rate		(15,011,084)
Net debt	**$**	**(39,885,941)**

		Financial liabilities			
		Short term		Long term	
	CASH AND CASH EQUIVALENTS	DEBENTURES	FINANCIAL DEBT	DEBENTURES	FINANCIAL DEBT
Net debt at January 1, 2018	$ 23,841,697	$ (1,031,350)	$ (753,879)	$ (33,811,819)	$ (19,525,750)
Cash inflow	226,868,344	-	(69,149)	(3,841,600)	(1,614,409)
Cash outflow	(233,873,929)	1,007,359	938,213	-	2,317,960
Exchange rate effects	(814,794)	(308,280)	377,615	325,329	340,043
Other movements not requiring cash flows	(80,451)	329,727	(3,162,210)	(158,379)	2,813,771
Net debt at December 31, 2018	**$ 15,940,867**	**$ (2,544)**	**$ (2,669,410)**	**$ (37,486,469)**	**$ (15,668,385)**

E. MAIN FEATURES OF THE DEBT:

On December 28, 2017, CCSWB in the US issued a first block of new debt to syndicated creditors via a private placement in the form of two bond issues at 12 and 15 years for a total of $5,661,810 (US $300 million) each. The second block of issues of $ 1,887,270 (US $100 million) at 12 and 15 years each was issued on March 1, 2018.

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, 2019, in the percentage corresponding to AC, is $993,119 ($1,034,369 in 2018). 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.

AC Bebidas, in Ecuador signed a new loan agreement with Bank of America for $1,113,489 (US$59,000), with a maturity of 5 years. The loan comprised 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 November 23, 2011, Corporacion Lindley (CL) issued international corporate bonds under rule 144A/Regulation S of the US Securities Market Law amounting to $6,038,400 (US $320,000) at the rate of 6.75%, maturing on November 23, 2021 (Bond 21). Additionally, on April 12, 2013, another set of international bonds was issued under the same Regulation in the amount of $4,906,200 (US $260,000) at the rate of 4.63%, maturing on April 12, 2023 (Bond 23). Corporate bonds 144A are unsecured.

On April 29, 2016, CL repurchased $1,320,900 (US$70,000) of Bond 21 and $2,453,100 (US$130,000) of Bond 23. Cash paid at that date for the repurchase, equivalent to fair value, was $1,532,244 (US$81,200) and $2,588,021 (US$137,150), respectively, for Bonds 21 and 23. The Company evaluated that operation 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 $855,000 (150 million 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.

CL has planned to issue one or more rounds of bonds in the local market, for which it has registered a Corporate Bond Program, called "Second Corporate Bond Program of Lindley Corporation", for an amount of up to $1,200 million Peruvian soles. The amounts of bonds that CL decides to issue during the year 2020 will be based on the cash needs to meet the amortization of financial liabilities that must be made in the months of May and November of that year.

Financial leasing is secured with items related to the contracts.

AC Bebidas, Distribuidora Arca Continental and Bebidas Mundiales act as guarantors of the debt in Mexico, and AC Bebidas is guarantor of the private bonds 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 case of advance expiration.

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 21. The fair value of current debt is equivalent to book value, as the discount impact is not significant. Fair values at December 31, 2019 and 2018 are based on a number of different discount rates, which fall within level 2 of the fair value hierarchy (see Note 21).

At December 31, 2019 and 2018, and at the date of issuance of these financial statements, the Company and its subsidiaries had duly complied with the obligations set down in the loan agreements.

NOTE 15 - FACTORING:

As of December 31, 2018, the Company had agreements in Peru with financial institutions to finance its current accounts payable to suppliers, which were paid at the end of 2019. The periods of obligations to suppliers extended an average of 100 days, were not subject to guarantees and are comprised as shown below:

	At December 31,	
	2018	
Banco Continental (BBVA)	$	647,283
Banco de Crédito del Perú (BCP)		10,335
Scotiabank		152,762
Other		1,121
	$	**811,501**

NOTE 16 - OTHER LIABILITIES:

Other current and non-current liabilities is comprised as follows:

	At December 31,			
		2019		2018
CURRENT				
Sundry creditors	$	1,193,521	$	1,878,803
Federal and state taxes payable (1)		2,593,209		3,738,655
Accrued expenses payable		4,296,160		3,074,874
Employees' Statutory Profit Sharing payable		1,020,571		856,355
Bonuses		48,214		156,833
Provision for trials		99,296		157,763
Dividends payable		64,638		65,649
Other		14,823		10,064
Total current liabilities	**$**	**9,330,432**	**$**	**9,938,996**
NON-CURRENT				
Guarantee deposits per bottle	$	251,954	$	222,673
Provision for trials		21,257		33,331
Other provisions		66,076		109,625
Other		359,443		391,139
Total other non-current liabilities	**$**	**698,730**	**$**	**756,768**

(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 act as a collection agent by charging the amount in question to the end consumer. That tax is paid over to the authorities on a monthly basis. The balances of these taxes pending payment at the 2019 and 2018 period close are shown in the federal and state taxes payable line item.

Movements in the provisions for trials are as follows (see Note 27).

		2019		2018
Beginning balance	$	191,094	$	215,001
Debit (credit) to income:				
Additional provisions		3,939		22,847
Provisions used		(57,989)		(8,517)
Exchange rate differences		(16,491)		(38,237)
Ending balance	**$**	**120,553**	**$**	**191,094**

NOTE 17 - EMPLOYEE BENEFITS:

The valuation of employee benefits under formal and informal retirement plans (covering a significant number of employees in 2019 and 2018) covers all employees and is mainly based on the number of years of service of employees, their current age and estimated compensation at the retirement date.

Certain Company subsidiaries have defined contribution arrangements.

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 2019 and 2018 no contributions were made.

In Argentina and Peru, there is no obligation to provide long-term employee benefits, which are covered by the State. 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.

Following is a summary of relevant financial information pertaining to those employee benefits:

	At December 31,			
		2019		2018
Obligations in the statement of financial position:				
Pension benefits	$	(2,841,530)	$	(2,205,011)
Seniority premium		(732,615)		(366,705)
Major medical expenses		(623,838)		(340,665)
Indemnities upon termination of employment		(30,302)		(34,566)
Severance upon termination ofemployment (dismissal)		(161,734)		(174,710)
Liability in statement of financial position	**$**	**(4,390,019)**	**$**	**(3,121,657)**

	At December 31,			
		2019		2018
Charged to the statement of income (Notes 22, 24 and 25) for:				
Pension benefits	$	334,233	$	284,173
Seniority premium		59,502		53,159
Major medical expenses		38,406		29,981
Indemnities upon termination of employment		39,234		55,376
Severance upon termination of employment (dismissal)		24,969		30,822
	$	**496,344**	**($**	**453,511**

Total expense is recorded for the years ended on December 31 were prorated as follows:

		2019		2018
Cost of sales	$	59,436	$	50,621
Selling expenses		110,440		84,944
Administration expenses		127,798		169,971
Financial expenses (Note 25)		198,670		147,975
Total	**$**	**496,344**	**$**	**453,511**

	At December 31,			
		2019		2018
Actuarial losses - Financial hypotheses	$	708,663	$	(390,243)
Actuarial losses - Salary adjustments		232,987		-
Actuarial losses - Experience adjustments		179,886		427,117
Actuarial losses - Demographic hypotheses and past services		54,719		81,892
Re-measurements recognized in other comprehensive income for the period	**$**	**1,176,255**	**$**	**118,766**

I. PENSION BENEFITS

The Company operates defined benefit pension plans based on compensation at retirement and length of service. Most plans are 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.

Amounts recognized in the statement of financial position are determined as follows:

	At December 31,			
		2019		2018
Present value of obligations for defined benefits	$	(4,852,877)	$	(4,725,524)
Fair value of plan assets		2,011,347		2,520,513
Liability in statement of financial position	**$**	**(2,841,530)**	**$**	**(2,205,011)**

Movements in the obligation for defined benefit obligations in the year are as follows:

		2019		2018
At January 1	$	(4,725,524)	$	(4,503,823)
Labor cost		(186,133)		(182,727)
Interest cost - Net		(310,604)		(290,511)
Re-measurement - Losses due to changes in hypotheses		(449,434)		(190,082)
Exchange rate differences		50,480		2,613
Benefits paid		751,991		434,444
Labor cost due to past services		-		(1,037)
Reductions		16,347		5,599
At December 31	**$**	**(4,852,877)**	**$**	**(4,725,524)**

Movements in the fair value of plan assets for the year were as follows:

		2019		2018
At January 1	$	2,520,513	$	2,639,798
Return on plan assets		115,012		156,013
Gains (losses) on changes in hypotheses		67,911		(42,351)
Exchange rate differences		(22,819)		(3,892)
Benefits paid		(624,596)		(195,110)
Reductions		(44,674)		(33,945)
At December 31	**$**	**2,011,347**	**$**	**2,520,513**

Plan assets include the following:

		2019			2018	
Capital instruments	$	297,476	15%	$	361,382	14%
Debt instruments		1,629,482	81%		2,071,582	82%
Property		66,305	3%		71,425	3%
Other		18,084	1%		16,124	1%
Total	**$**	**2,011,347**		**$**	**2,520,513**	

The figures recorded in the statement of income are as follows:

		2019		2018
Labor cost	$	186,133	$	181,991
Interest cost - Net		152,862		117,434
Cost of past services		-		88
Reductions and other		(4,762)		(15,340)
Total included in personnel costs	**$**	**334,233**	**$**	**284,173**

Total expenses recorded were prorated as follows:

		2019		2018
Cost of sales	$	40,108	$	38,564
Selling expenses		58,376		27,408
Administration expenses		100,053		120,879
Financial expenses		135,696		97,322
Total	**$**	**334,233**	**$**	**284,173**

The main actuarial assumptions were as follows:

	2019	2018
Discount rate MXN	7.50%	9.25%
Discount rate USD	3.41%	3.85%
Inflation rate	3.50%	3.50%
Salary growth rate	4.50%	4.50%
Future increase in pensions	4.50%	4.50%
Expected return on plan assets	7.50%	9.25%
Life expectancy	23.38 years	23.58 years

Pension benefit plan sensitivity to changes in the main assumptions at December 31, 2019 are as follows:

		Percentage impact on the plan	
	CHANGE IN THE ASSUMPTION	INCREASE IN THE ASSUMPTION	DECREASE IN THE ASSUMPTION
Discount rate	1.00%	(5.44%)	6.21%
Salary increase rate	1.00%	4.71%	(4.21%)
Future pension increase	1 year	(0.65%)	0.85%

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 on the basis of 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 suffered no changes with respect to the prior period.

II. SENIORITY PREMIUM

The Company records the seniority premium retirement benefit obligation to its employees. The recording method, assumptions and frequency of valuation are similar to those used for pension benefit plans.

Amounts recognized in the statement of financial position are determined as follows:

	At December 31,			
		2019		2018
Present value of obligations for defined benefits	$	(738,498)	$	(389,889)
Fair value of plan assets		5,883		23,184
Liability in the statement of financial position	**$**	**(732,615)**	**$**	**(366,705)**

Movements in the obligation for seniority premium defined benefit obligations in the year are as follows:

	2019		2018	
At January 1	$	(389,889)	$	(395,181)
Labor cost		(26,818)		(27,293)
Interest cost - Net		(33,843)		(28,924)
Re-measurement - (Losses) gains due to changes in hypotheses		(355,099)		31,011
Liability acquired in business combinations		(1,324)		-
Benefits paid		68,475		30,498
At December 31	**$**	**(738,498)**	**$**	**(389,889)**

Movements in the fair value of plan assets for the year were as follows:

	2019		2018	
At January 1	$	23,184	$	60,081
Return on plan assets		551		(7,840)
Benefits paid		(17,852)		(29,057)
At December 31	**$**	**5,883**	**$**	**23,184**

Plan assets include the following:

	2019			2018		
Capital instruments	$	448	8%	$	1,891	8%
Debt instruments		5,435	92%		21,293	92%
Total	**$**	**5,883**		**$**	**23,184**	

The figures recorded in the statement of income are as follows:

	2019		2018	
Labor cost	$	26,818	$	27,293
Interest cost - Net		32,684		25,866
Total included in personnel costs	**$**	**59,502**	**$**	**53,159**

Total expenses recorded were prorated as follows:

	2019		2018	
Cost of sales	$	4,798	$	4,811
Selling expenses		17,759		17,952
Administration expenses		4,261		4,530
Financial expenses		32,684		25,866
Total	**$**	**59,502**	**$**	**53,159**

III. MAJOR MEDICAL EXPENSES

The Company has established a 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.

Amounts recognized in the statement of financial position are determined as follows:

	At December 31,			
		2019		2018
Present value of funded obligations	$	(865,735)	$	(569,320)
Fair value of plan assets		241,897		228,655
Liability in the statement of financial position	**$**	**(623,838)**	**$**	**(340,665)**

Movements in the obligation for major medical expense obligations in the year are as follows:

		2019		2018
At January 1	$	(569,320)	$	(574,410)
Cost of current service		(9,507)		(4,307)
Interest cost - Net		(49,031)		(41,911)
Re-measurement - Gains (losses) from changes in hypotheses		(275,923)		25,650
Exchange rate differences		990		192
Benefits paid		37,056		25,466
At December 31	**$**	**(865,735)**	**$**	**(569,320)**

Movements in the fair value of plan assets for the year were as follows:

		2019		2018
At January 1	$	228,655	$	238,941
Return on plan assets		13,242		8,818
Contributions		-		6,362
Benefits paid		-		(25,466)
At December 31	**$**	**241,897**	**$**	**228,655**

Plan assets include the following:

		2019			2018	
Capital instruments	$	19,216	8%	$	23,042	10%
Debt instruments		222,681	92%		205,613	90%
Total	**$**	**241,897**		**$**	**228,655**	

The figures recorded in the statement of income are as follows:

		2019		2018
Current cost of service	$	9,507	$	5,842
Interest cost - Net		28,899		24,139
Total included in personnel costs	**$**	**38,406**	**$**	**29,981**

Total expenses recorded were prorated as follows:

		2019		2018
Cost of sales	$	5,389	$	1,537
Selling expenses		2,626		3,203
Administration expenses		1,492		1,742
Financial expenses		28,899		23,499
Total	**$**	**38,406**	**$**	**29,981**

IV. INDEMNITIES UPON TERMINATION OF EMPLOYMENT

Amounts recognized in the statement of financial position are determined as follows:

	At December 31,			
	2019		2018	
Present value of unfunded obligations	$	(30,302)	$	(34,566)
Liability in the statement of financial position	$	(30,302)	$	(34,566)

Movements in the obligation for defined benefit obligations in the year are as follows:

	2019		2018	
At January 1	$	(34,566)	$	(35,213)
Cost of current service		(1,240)		(1,922)
Interest cost - Net		(1,267)		(1,295)
Re-measurement - Gains due to changes in hypotheses		3,050		953
Exchange rate differences		1,314		889
Benefits paid		2,407		2,759
Reductions		-		(737)
At December 31	**$**	**(30,302)**	**$**	**(34,566)**

The figures recorded in the statement of income are as follows:

	2019		2018	
Current cost of service	$	39,234	$	55,376

Total expenses recorded were prorated as follows:

	2019		2018	
Cost of sales	$	6,219	$	3,057
Selling expenses		27,228		30,941
Administration expenses		5,787		21,378
Total	**$**	**39,234**	**$**	**55,376**

V. SEVERANCE UPON TERMINATION OF EMPLOYMENT (DISMISSAL)

Amounts recognized in the statement of financial position are determined as follows:

	At December 31,			
	2019		2018	
Present value of unfunded obligations	$	(161,734)	$	(174,710)
Liability in the statement of financial position	$	(161,734)	$	(174,710)

Movements in the obligation for defined benefit obligations in the year are as follows:

	2019		2018	
At January 1	$	(174,710)	$	(154,787)
Cost of current service		(22,819)		(24,865)
Interest cost - Net		(6,140)		(5,929)
Re-measurement - Gains (losses) from changes in hypotheses		7,346		(9,955)
Exchange rate differences		6,833		1,300
Benefits paid		26,846		10,386
Reductions and other		910		9,140
At December 31	**$**	**(161,734)**	**$**	**(174,710)**

The figures recorded in the statement of income are as follows:

		2019		2018
Current cost of service	$	22,819	$	24,865
Interest cost - Net		6,140		5,929
Reductions and other		(3,990)		28
Total included in personnel costs	**$**	**24,969**	**$**	**30,822**

Total expenses recorded were prorated as follows:

		2019		2018
Cost of sales	$	2,922	$	2,652
Selling expenses		4,451		5,440
Administration expenses		16,205		21,442
Financial expenses		1,391		1,288
Total	**$**	**24,969**	**$**	**30,822**

VI. ASSOCIATED RISKS

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's 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 modified none of 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 18 - DEFERRED TAXES ON INCOME:

Following is an analysis of the deferred tax asset and the deferred tax liability:

	At December 31,			
		2019		2018
Deferred tax asset	$	1,691,427	$	1,124,462
Deferred tax liability		(16,559,266)		(17,483,400)
Deferred tax liability, net	**$**	**(14,867,839)**	**$**	**(16,358,938)**

Gross movement in the deferred taxes on income account is as follows:

		2019		2018
At January 1	$	(16,358,938)	$	(16,825,583)
Credit to the statement of income		744,925		49,483
Favorable tax pertaining to components of other comprehensive income items		312,919		34,932
Effect of translation		433,255		382,230
At December 31	**$**	**(14,867,839)**	**$**	**(16,358,938)**

Deferred tax liability movements over the year are explained below:

		Asset (Liability) At December 31, 2019		2018
Employee benefits	$	665,302	$	340,137
Unamortized tax losses		331,983		225,080
Employees' statutory profit sharing		177,818		169,368
Provisions and others		1,003,325		942,999
Deferred tax asset		2,178,428		1,677,584
Property, plant and equipment - net		(5,133,849)		(6,063,053)
Intangible assets		(11,777,376)		(11,936,531)
Prepayments		(67,526)		(101,511)
Other		(67,516)		64,573
Deferred tax liability		(17,046,267)		(18,036,522)
Deferred tax liability - Net	**$**	**(14,867,839)**	**$**	**(16,358,938)**

Following are movements in temporary differences over the year:

		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)		453,435		-		475,769		(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)		565,764		(68,030)		492,521		(17,046,267)
Deferred tax liability	**$**	**(16,358,938)**	**$**	**685,659**	**$**	**312,919**	**$**	**492,521**	**$**	**(14,867,839)**

	BALANCE AT DECEMBER 31, 2017	APPLIED TO INCOME	APPLIED TO OTHER COMPREHENSIVE INCOME	CONVERSION OF FOREIGN SUBSIDIARIES	BALANCE AT DECEMBER 31, 2018
Employee benefits	$ 384,268	$ (72,296)	$ 28,165	$ -	$ 340,137
Unamortized tax losses	177,524	47,556	-	-	225,080
Employees' statutory profit sharing	169,918	(550)	-	-	169,368
Provisions and other	791,225	151,774	-	-	942,999
	1,522,935	126,484	28,165	-	1,677,584
Property, plant and equipment, net	(5,786,352)	134,087	-	(410,788)	(6,063,053)
Intangible assets	(12,256,097)	(272,398)	-	591,964	(11,936,531)
Prepaid expenses	(165,696)	64,185	-	-	(101,511)
Other	(140,373)	(2,875)	6,767	201,054	64,573
	(18,348,518)	(77,001)	6,767	382,230	(18,036,522)
Deferred tax liability	**$ (16,825,583)**	**$ 49,483**	**$ 34,932**	**$ 382,230**	**$ (16,358,938)**

The deferred income tax asset arising from unamortized tax losses is recorded as the respective tax benefit to be realized via future tax profits becomes likely. The Company recorded a deferred tax asset of $331,983 and $225,080 for 2019 and 2018, respectively, with respect to remaining tax losses of $1,412,760 for 2019 and $1,032,338 for 2018, which can be amortized against future tax profits.

At December 31, 2019, accrued unamortized tax losses of the Mexican entities totaling $392,250 expire in 2027-2029 and those of the foreign entities totaling $1,020,510 expire from 2020 to 2027.

At December 31, 2019, the Company has not recorded estimated deferred tax liabilities of approximately $6,387 million ($2,422 million in 2018) 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 19 - STOCKHOLDERS' EQUITY:

At the April 4, 2019 General Ordinary Stockholders' Meeting (April 26 2018), it was agreed to pay cash dividends from the CUFIN equivalent to $2.30 pesos per share ($2.20 pesos in 2018) on all shares issued at that date, totaling $4,057,851, which were on April 16, 2019 ($3,881,423 in 2018).

The Company's capital stock at December 31, 2019 and 2018 was comprised as follows:

	Subscribed capital stock		
	Number of shares		
	FIXED	VARIABLE	TOTAL
Total shares at December 31, 2019 and 2018	**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, 2019 and 2018, the legal reserve amounts to $1,726,046 and is included in retained earnings.

At December 31, 2019, 5,820,235 own 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), 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 are subject to 42.86% tax if paid in 2020. Tax is payable by the Company and may be credited against income tax for the current period or for 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, 2019, the tax value of the CUFIN and the value of the CUCA total $30,981,083(*) and $31,981,477 respectively.

(*) Stemming from earnings at 2013 $5,802,015 and rest from subsequent years $25,179,078.

NOTE 20 - OTHER ACCRUED COMPREHENSIVE INCOME:

	EFFECT OF CONVERSION OF FOREIGN ENTITIES	REMEASUREMENT OF DEFINED BENEFIT LIABILITY	EFFECT OF CASH FLOW HEDGING	TOTAL
Balances at December 31, 2017	$ 5,081,525	$ (1,324,925)	$ 90,335	$ 3,846,935
Effect of remeasuring of defined benefit liability	-	(118,766)	-	(118,766)
Effect of deferred taxes	-	28,165	-	28,165
Share in other comprehensive income of associates via the equity method	(265,410)	(15,117)	-	(280,527)
Effect of cash flow hedging	-	-	(47,349)	(47,349)
Effect of deferred taxes	-	-	6,767	6,767
Effect of conversion of foreign entities	(1,385,725)	-	-	(1,385,725)
Effect of conversion of foreign entities of non-controlling interest	602,569	-	-	602,569
Balance at December 31, 2018	4,032,959	(1,430,643)	49,753	2,652,069
Effect of remeasuring defined benefit liability	-	(1,176,255)	-	(1,176,255)
Effect of deferred taxes	-	380,949	-	380,949
Share in other comprehensive income of associates via the equity method	(138,567)	(492)	-	(139,059)
Effect of cash flow hedging	-	-	(53,161)	(53,161)
Effect of deferred taxes	-	-	(68,030)	(68,030)
Effect of conversion of foreign entities	(4,528,103)	-	-	(4,528,103)
Effect of conversion of foreign entities of non-controlling interest	1,364,539	-	-	1,364,539
Balances at December 31, 2019	**$ 730,828**	**$ (2,226,441)**	**$ (71,438)**	**$ (1,567,051)**

NOTE 21 - 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, 2019		
FINANCIAL ASSETS	CURRENT	NON-CURRENT	TOTAL
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**

	December 31, 2018		
FINANCIAL ASSETS	CURRENT	NON-CURRENT	TOTAL
FINANCIAL ASSETS AT AMORTIZED COST:			
Cash and cash equivalents	$ 15,940,867	$ -	$ 15,940,867
Clients and other accounts receivable	11,173,340	-	11,173,340
Related parties	299,622	-	299,622
FINANCIAL ASSETS AT FAIR VALUE WITH CHANGES IN OCI:			
Derivative hedging instruments (1)	4,171	98,414	102,585
	$ 27,418,000	**$ 98,414**	**$ 27,516,414**
FINANCIAL LIABILITIES			
FINANCIAL LIABILITIES AT AMORTIZED COST:			
Debt	$ 2,671,954	$ 53,154,854	$ 55,826,808
Factoring	811,501	-	811,501
Suppliers, related parties, sundry creditors	11,903,355	-	11,903,355
FINANCIAL LIABILITIES AT FAIR VALUE WITH CHANGES IN OCI:			
Derivative hedging instruments (1)	110,759	6,034	116,793
	$ 15,497,569	**$ 53,160,888**	**$ 68,658,457**

(1) Classified in level 2 of the fair value hierarchy.

The additional information related to the loan with related parties is detailed in Note 29.

I. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Due to the short-term nature of cash and cash equivalents, accounts receivable, other accounts receivable, suppliers, 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, 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

	December 31, 2018			
		BOOK VALUE		FAIR VALUE
ASSETS				
Derivative financial instruments	$	102,585	$	102,585
LIABILITIES				
Derivative financial instruments	$	116,793	$	116,793
Non-current debt	$	53,154,854	$	53,384,378

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 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 a number of 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, 2019 and 2018, 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, currency forwards, aluminum and diesel hedge were held at December 31, 2019.

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, 2019

CONTRACT	TONS HEDGED	VALUE OF UNDERLYING		FAIR VALUE	MATURITIES PER YEAR			COLLATERAL/ GUARANTEE
		UNITS	PRICE US$		2020	2021	2022+	
Cargill (1)	3,000	Dollar/Ton	350	$ 68	$ 68	$-	$-	$-
MacQuaire (1)	22,950	Dollar/Ton	344.40-353.45	385	385	-	-	-
BNP Paribas (1)	3,800	Dollar/Ton	348.8	12	12	-	-	-
Bank of America (1)	5,000	Dollar/Ton	345-350	116	116	-	-	-
JPMorgan (1)	11,050	Dollar/Ton	340-361.50	206	206	-	-	-
Rabobank UA (2)	29,030	Dollar/Ton	1,752 - 1,840	723	723	-	-	-
Rabobank UA (2)	21,350	Dollar/Ton	366 - 374	(862)	(862)	-	-	-
Rabobank UA (3)	4,512,929	Dollar/Gallon	1.7000 - 1.8425	569	569	-	-	-
				$ 1,217	**$ 1,217**	**$-**	**$-**	**$-**

December 31, 2018

CONTRACT	TONS HEDGED	VALUE OF UNDERLYING		FAIR VALUE	MATURITIES PER YEAR			COLLATERAL/ GUARANTEE
		UNITS	PRICE US$		2019	2020	2021+	
Rabobank UA (2)	31,800	Dollar/Ton	1,823-1,908	$ (3,983)	$ (3,983)	$-	$-	$-
Rabobank UA (3)	6,405	Dollar/Gallon	1.5944-1.6775	(1,140)	(1,140)	-	-	-
Bank of America (1)	5,000	Dollar/Ton	333	(64)	(64)	-	-	-
BNP Paribas (1)	2,500	Dollar/Ton	336	(36)	(36)	-	-	-
Cargill (1)	8,650	Dollar/Ton	341.70-346.10	(45)	(45)	-	-	-
Citibank	12,100	Dollar/Ton	336.30-346.10	(110)	(110)	-	-	-
JP Morgan (1)	12,400	Dollar/Ton	332.50-351.70	(29)	(29)	-	-	-
Macquarie Bank (1)	16,000	Dollar/Ton	332.50-341.70	(227)	(227)	-	-	-
				$ (5,634)	**$ (5,634)**	**$-**	**$-**	**$-**

(1) Sugar
(2) Aluminum
(3) Diesel

b. Positions in derivative financial instruments for hedging purposes of exchange rates:

December 31, 2019

CONTRACT	NOTIONAL AMOUNT	VALUE OF UNDERLYING ASSET		FAIR VALUE	MATURITIES PER YEAR			COLLATERAL/ GUARANTEE
		UNITS	RANGE OF REFERENCE		2020	2021	2022+	
Cross Currency Swaps	135,000	Soles / Dollar	3.3800	$ 1,889	$ -	$ 14,880	$ (12,990)	$ -
Cross Currency Swaps	30,000	Soles / Dollar	3.3800	6,329	3,751	2,577	-	-
Cross Currency Swaps	65,000	Soles / Dollar	3.3800	(12,869)	-	-	(12,869)	-
Call Spread	50,000	Soles / Dollar	3.3800	1,595	-	1,595	-	-
Cross Currency Leasing	4,659	Soles / Dollar	3.3800	(126)	-	-	(126)	-
Rabobank UA	43,612	Pesos / Dollar	18.8727	(954)	(954)	-	-	-
BBVA Bancomer	45,073	Pesos / Dollar	18.8727	(1,776)	(1,776)	-	-	-
Banco Nacional de Mexico	49,524	Pesos / Dollar	18.8727	(1,961)	(1,961)	-	-	-
Scotiabank	52,465	Pesos / Dollar	18.8727	(1,082)	(1,082)	-	-	-
				$ (8,955)	$ (2,022)	$ 19,052	$ (25,985)	$ -
Scotiabank	1,000,000	Interest rate		**$ (18,827)**	**$**		**$ (18,827)**	**$ -**
Rabobank UA	2,450,000	Interest rate		(45,712)	-	-	(45,712)	-
				$ (64,539)	**$ -**	**$ -**	**$ (64,539)**	**$ -**

December 31, 2018

CONTRACT	NOTIONAL AMOUNT	VALUE OF UNDERLYING ASSET		FAIR VALUE	MATURITIES PER YEAR			COLLATERAL/ GUARANTEE
		UNITS	RANGE OF REFERENCE		2019	2020	2021+	
Rabobank UA	14,906	Euro / Dollar	1.1434	$212	$ 212	$ -	$ -	$ -
Rabobank UA	49,681	Pesos / Dollar	19.6566	(281)	(281)	-	-	-
Cross Currency Swaps	135,000	Soles / Dollar	3.38	4,837	-	-	4,837	-
Cross Currency Swaps	30,000	Soles / Dollar	3.38	6,614	-	3,838	2,776	-
Cross Currency Swaps	65,000	Soles / Dollar	3.38	(10,990)	-	-	(10,990)	-
Call Spread	50,000	Soles / Dollar	3.38	2,892	-	-	2,892	-
Cross Currency Leasing	4,659	Soles / Dollar	3.38	(306)	-	-	(306)	-
				$ $2,978	$ (69)	$ 3,838	$ (791)	$ -
Scotiabank Inverlat SA	1,000,000	Interest rate		**$39,304**	**$ -**	**$ -**	**$ 39,304**	**$ -**

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, 2019 and 2018, 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.

There was no ineffectiveness during 2019 or 2018 with regard to the derivative financial instruments contracted by the group.

NOTE 22 - COSTS AND EXPENSES ON THE BASIS OF TYPE:

Cost of sales and selling and administrative expenses classified by type for the years ended on December 31, 2019 and 2018 are as follows:

		2019		2018
Raw materials and other production materials [1]	$	79,791,283	$	77,626,891
Personnel expenses		28,906,969		28,188,590
Employee benefit obligations		297,674		305,536
Variable selling expenses		8,786,103		8,545,618
Depreciation		8,334,057		7,429,043
Transportation		3,455,092		3,516,146
Advertising, promotion and public relations		3,017,171		3,026,129
Maintenance and conservation		3,050,877		3,117,086
Professional fees		2,800,171		2,868,780
Supplies (electricity, gas, telephone, etc.)		535,272		636,430
Taxes (taxes other than income tax, value added tax and excise tax)		798,510		844,522
Spillage, breakage and shortages		829,552		943,785
Leases		292,839		783,898
Travel expenses		537,921		534,982
Provision for impairment of clients		102,350		(74,130)
Amortization		603,336		513,400
Insurance premiums		704,713		487,381
Consumption of materials and production materials		114,097		112,429
Restatement of operating expenses		37,575		45,772
Other expenses		1,255,629		1,072,265
Total	**$**	**144,251,191**	**$**	**140,524,553**

(1) Includes damaged, slow-moving and obsolete inventory.

NOTE 23 - OTHER INCOME (EXPENSES) - NET:

Other income/expenses for the years ended December 31, 2019 and 2018 are comprised as follows:

		2019		2018
Expenses related to new projects and to business combination (Note 2)	$	(185,852)	$	(543,915)
Indemnities		(250,576)		(368,169)
Prior years' taxes		(37,294)		(19,013)
Income from secondary taxes, rights and dues		820,221		1,066,245
Results of fixed asset sales or disposals		(935,034)		(43,017)
Income from sale of fixed asset		87,261		-
Other		(146,517)		(21,305)
Total	**$**	**(647,791)**	**$**	**70,826**

NOTE 24 - EMPLOYEE BENEFIT EXPENSES:

Employee benefit expenses incurred in the years ended on December 31, 2019 and 2018 are as follows:

		2019		2018
Salaries, wages and benefits	$	25,812,670	$	25,266,544
Termination benefits		173,977		125,758
Social security dues		2,920,322		2,796,288
Employee benefits (Note 17)		297,674		305,536
Total	**$**	**29,204,643**	**$**	**28,494,126**

NOTE 25 - FINANCIAL INCOME AND COSTS:

Financial income and expenses for the years ended on December 31, 2019 and 2018 are as follows:

		2019		2018
FINANCIAL INCOME:				
Interest income from short-term bank deposits	$	738,846	$	819,713
Other financial income		170,518		14,945
Financial income, excluding exchange gains		909,364		834,658
Gain from exchange fluctuations		1,814,588		2,540,266
Gain on monetary position		33,757		242,008
Total financial income		2,757,709		3,616,932
FINANCIAL EXPENSES:				
Interest on debt instruments		(1,023,442)		(1,024,206)
Interest on bank loans		(2,533,438)		(2,899,525)
Interest on leases due to adoption of IFRS 16		(85,439)		-
Financial cost (employee benefits) (Note 17)		(198,670)		(147,975)
Taxes pertaining to financial operations		(75,411)		(102,296)
Other financial expenses		(340,477)		(332,998)
Financial expenses, excluding exchange losses		(4,256,877)		(4,507,000)
Losses on exchange fluctuations		(2,092,582)		(3,223,118)
Total financial expenses		(6,349,459)		(7,730,118)
Financial expense net	**$**	**(3,591,750)**	**$**	**(4,113,186)**

NOTE 26 - INCOME TAXES:

I. INCOME TAX UNDER THE TAX CONSOLIDATION REGIME

The Mexican Income Tax Law eliminates the tax consolidation regime. As a result of said elimination, the Company found it necessary to deconsolidate for tax purposes as from December 31, 2013.

The last portion of tax payable on that deconsolidation amounting to $35,446 was paid to the Mexican tax authorities in April 2018.

In 2019, the Company determined an individual tax profit of $306,600 (tax profit of $85,930 in 2018). 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:

	For the year ended December 31,			
		2019		2018
Domestic	$	10,350,037	$	8,743,309
Foreign		6,425,645		5,937,488
	$	**16,775,682**	**$**	**14,680,797**

III. COMPONENTS OF INCOME TAX EXPENSE

Components of income tax expense include:

	For the year ended December 31,			
		2019		2018
TAX INCURRED:				
Tax incurred on taxable profits for the year	$	(5,776,149)	$	(3,909,306)
DEFERRED TAX:				
Origin and reversal of temporary differences		744,925		49,483
Total taxes on income expense	**$**	**(5,031,224)**	**$**	**(3,859,823)**

Domestic federal tax, foreign federal tax and foreign state tax expense shown in the consolidated statement of income are comprised as follows:

	For the year ended December 31,			
		2019		2018
INCURRED:				
Domestic	$	(3,667,243)	$	(2,740,336)
Foreign		(2,108,906)		(1,168,970)
		(5,776,149)		(3,909,306)
DEFERRED:				
Domestic		271,386		167,409
Foreign		473,539		(117,926)
		744,925		49,483
Total	**$**	**(5,031,224)**	**$**	**(3,859,823)**

IV. BOOK / TAX RECONCILIATION

For the years ending on December 31, 2019 and 2018, the reconciliation between the legal tax rate and the effective income tax rate is as follows:

	For the year ended December 31,	
	2019	2018
Tax at the legal rate (30% for 2019 and 2018)	$ (5,032,705)	$ (4,404,239)
Tax effects of inflation	(11,228)	(185,031)
Differences due to the tax rates of foreign subsidiaries	371,625	338,533
Non-deductible expenses	(446,739)	(301,921)
Other tax deductions	84,459	303,923
Other non-taxable income	100,125	853,501
Other	(96,761)	(464,589)
Tax at the effective rate (30.8% and 26.3% for 2019 and 2018, respectively)	**$ (5,031,224)**	**$ (3,859,823)**

V. TAX PERTAINING TO THE COMPONENTS OF OTHER COMPREHENSIVE INCOME

The debit/(credit) of tax related to other comprehensive income components is as follows:

	2019			2018		
	BEFORE TAXES	TAX PAYABLE (RECEIVABLE)	AFTER TAXES	BEFORE TAXES	TAX PAYABLE (RECEIVABLE)	AFTER TAXES
Effect of derivative financial instruments contracted as cash flow hedging	$ (53,161)	$ (68,030)	$ (121,191)	$ 47,349	$ (6,767)	$ 40,582
Re-measurement of labor liabilities	(1,176,255)	380,949	(795,306)	118,766	(28,165)	90,601
Other comprehensive income	**$ (1,229,416)**	**$ 312,919**	**$ (916,497)**	**$ 166,115**	**$ (34,932)**	**$ 131,183**
Effect of translation of initial balances with respect to the ending balances from conversion of foreign subsidiaries		433,255			382,230	
Deferred tax		**$ 746,174**			**$ 347,298**	

NOTE 27 - CONTINGENCIES:

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 1, 2022
Ecuador (3)	December 31, 2017	December 31, 2022
Peru	January 31, 2016	April 30, 2020
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 United States there are two agreements for bottling, selling and marketing products in the Southwest of the United States, 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 Arcador in this country. AC Bebidas pay to AC royalties 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 a 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 absolute certainty that this will be the case. If that is not the case, the AC business and operating results will be adversely affected.

Additionally, bottling agreements signed with TCCC establish that AC may bottle no beverages other than those of the Coca-Cola brand, with the exception of 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 IN PERU

At December 31, 2019, 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 $423,744 (approximately $547,953 at December 31, 2018), which are pending a definitive sentence. Management and the Company's legal advisors consider that those processes could have an unfavorable result for the Company in the amount of approximately $99,296 ($157,763 at December 31, 2018); 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, 2019 (see Note 16).

CONTINGENCIES IN ECUADOR

At December 31, 2019, the Company has filed a number of claims at the tax office for a total of approximately $603,917 (approximately $567,514 at December 31, 2018), which are pending a definitive sentence. Management and the Company's legal advisors consider that those processes could have an unfavorable result for the Company in the amount of approximately $106,873 ($100,593 at December 31, 2018); they also estimate that lawsuits classified as remote or possible will be resolved favorably for the Company, although a provision was created at December 31, 2019 for $75,370 (see Note 16).

CONTINGENCIES IN ARGENTINA

At December 31, 2019, 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 $103,317 (approximately $190,452 at December 31, 2018), 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 $21,257 ($33,331 at December 31, 2018); they also estimate that lawsuits classified as remote will be resolved favorably for the Company, which is why no provision has been created at December 31, 2019.

NOTE 28 - RELATED PARTIES AND ASSOCIATES:

The Company is controlled by Fideicomiso de Control, which holds 47% at December 31, 2019 and 2018 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, which also hold shares outside the control 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:

		2019		2018
Salaries and other short-term benefits	$	245,684	$	316,121
Pension plans	$	161,882	$	524,728
Seniority premium	$	350	$	250
Post-retirement medical expenses	$	10,690	$	7,925

B. RELATED PARTY BALANCES AND TRANSACTIONS

Short-term receivable balances:

	At December 31,			
		2019		2018
OTHER RELATED PARTIES:				
The Coca Cola Company (TCCC)	$	47,355	$	-
Coca-Cola Servicios del Perú, S. A.		32,988		16,637
Criotec, S. A. de C. V.		1,300		110,299
Coca-Cola Refreshments (CCR)		-		37,521
Corporación Inca Kola Perú, S. R. L.		-		9,129
NPSG Bottlers and others		101,347		82,949
ASSOCIATES:				
Tiendas Tambo, S. A. C.		33,882		22,608
Santa Clara Mercantil de Pachuca, S. A. de C. V.		9,498		20,579
Other associates		4,571		-
Total short-term accounts receivable	**$**	**230,941**	**$**	**299,622**

Short-term payable balances:

	At December 31,			
		2019		2018
OTHER RELATED PARTIES:				
Coca-Cola North America (TCCNA)	$	957,351	$	413,983
The Coca-Cola Export Corporation (TCCEC)		513,269		376,638
Coca-Cola de Chile, S. A. (CCCH)		458,208		431,651
Corporación Inca Kola Perú, S. R. L.		202,096		-
CONA Services LLC		36,139		-
Coca-Cola Refreshments		31,102		-
Monster Energy México, S. de R. L. de C. V.		28,993		65,516
Coca Cola del Ecuador, S. A.		12,415		74,761
The Coca-Cola Company (TCCC)		-		238,280
Other related parties		34,814		-
ASSOCIATES:				
Petstar, S. A. P. I. de C. V. (PETSTAR)		138,792		70,101
Fevisa Industrial, S. A. de C. V.		64,441		41,739
Servicios y Productos para Bebidas Refrescantes S. R. L.		62,028		-
Western Container, Co.		56,103		60,252
Industria Envasadora de Querétaro, S. A. de C. V. (IEQSA)		41,022		42,039
JDV Markco, S. A. P. I. de C. V.		37,272		56,843
Jugos del Valle, S. A. P. I. de C. V. (JDV)		32,738		151,803
Promotora de Marcas Nacionales, S. de R. L. de C. V.		13,349		-
Promotora Industrial Azucarera, S. A. de C. V. (PIASA)		2,949		152,025
Alimentos de Soja, S. A. U.		2,654		-
Other associates		-		14,855
Total short-term payables	**$**	**2,725,735**	**$**	**2,190,486**

The main transactions with related parties and associates were the following:

INCOME:

	At December 31,			
		2019		2018
OTHER RELATED PARTIES:				
Sale of export mineral water	$	1,349,053	$	1,045,032
Sale of finish good Nostalgia		1,257,615		1,102,059
ASSOCIATES:				
Sale of finish good to Tambo		166,032		109,056
Other income		68,875		4,547
	$	**2,841,575**	**$**	**2,260,694**

PURCHASES:

	At December 31,			
		2019		2018
OTHER RELATED PARTIES:				
Purchase of concentrate (CCNA, TCCC, TCCEC, CCCH and CCI)	$	33,834,923	$	35,678,463
Purchase of containers (FEVISA)		639,781		575,283
Purchase of refrigerators (CRIOTEC)		585,808		479,086
Royalties (TCCC and TCCEC)		570,619		403,406
NPSG purchases		233,951		822,797
Purchase of Monster products		206,094		158,130
Air taxi		68,916		50,437
Advertising, fees and others		250,808		97,007
ASSOCIATES:				
Purchase of juice and nectar (JDV)		2,933,871		2,754,964
Purchase of sugar (PIASA)		2,551,920		2,665,894
Purchase of canned goods (IEQSA)		847,562		823,759
Purchase of resin (PETSTAR)		761,696		726,587
Purchase of Santa Clara products (JDV)		368,961		406,393
Purchase of spare parts and others		177,543		74,800
Others		178		3,541
	$	**44,032,631**	**$**	**45,720,547**

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 revenue volatility in NPSG income. For the periods ended December 31, 2019 and 2018, they totaled $2,312,925 and $3,299,438, respectively. The Company evaluates the performance of its sales operations with third parties totally independently in the territory operated by CCSWB.

NOTE 29 - SUBSIDIARIES, JOINT OPERATIONS AND TRANSACTIONS WITH NON-CONTROLLING PARTIES:

I. INTEREST IN SUBSIDIARIES

The Company's main subsidiaries at December 31, 2019 and 2018 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.

			Shareholding of controlling company		Shareholding non-controlling interest		
COMPANY	COUNTRY	ACTIVITIES	2019	2018	2019	2018	FUNCTIONAL CURRENCY
Arca Continental, S. A. B. de C. V. (Holding)	México	B / E					Mexican peso
Desarrolladora Arca Continental, S. de R. L. de C. V. (g)	México	B / F	100.00	100.00	-	-	Mexican peso
Servicios Ejecutivos Arca Continental, S.A. de C.V.	México	E	100.00	100.00	-	-	Mexican peso
AC Bebidas Ecuador, S. de R.L de C.V.	México	B	100.00	100.00	-	-	Mexican peso
Vending del Ecuador, S.A. (f)	Ecuador	A / C	100.00	100.00	-	-	US dollar
AC Bebidas, S. de R. L. de C. V. (AC Bebidas)	México	B	80.00	80.00	20.00	20.00	Mexican peso
Bebidas Mundiales, S. de R. L. de C. V.	México	A	80.00	80.00	20.00	20.00	Mexican peso
Distribuidora Arca Continental, S. de R. L. de C. V.	México	A	80.00	80.00	20.00	20.00	Mexican peso
Productora y Comercializadora de Bebidas Arca, S. A. de C. V.	México	A / B	80.00	80.00	20.00	20.00	Mexican peso
Compañía Topo Chico, S. de R. L. de C. V.	México	A	80.00	80.00	20.00	20.00	Mexican peso
Procesos Estandarizados Administrativos, S. A. de C. V.	México	E	80.00	80.00	20.00	20.00	Mexican peso
Fomento de Aguascalientes, S. A. de C. V.	México	F	80.00	80.00	20.00	20.00	Mexican peso
Fomento Durango, S. A. de C. V.	México	F	80.00	80.00	20.00	20.00	Mexican peso
Fomento Mayrán, S. A. de C. V.	México	F	80.00	80.00	20.00	20.00	Mexican peso
Fomento Potosino, S. A. de C. V.	México	F	80.00	80.00	20.00	20.00	Mexican peso
Fomento Rio Nazas, S. A. de C. V.	México	F	80.00	80.00	20.00	20.00	Mexican peso
Fomento San Luis, S. A. de C. V.	México	F	80.00	80.00	20.00	20.00	Mexican peso
Fomento Zacatecano, S. A. de C. V.	México	F	80.00	80.00	20.00	20.00	Mexican peso
Inmobiliaria Favorita, S. A. de C. V.	México	F	80.00	80.00	20.00	20.00	Mexican peso
Servicios AC Bebidas México, S. de R. L. de C.V. (b)	México	E	80.00	80.00	20.00	20.00	Mexican peso
Coca Cola Southwest Beverages, L.L.C.	USA	A	80.00	80.00	20.00	20.00	US dollar
Great Plains Coca-Cola Bottling Company	USA	A	80.00	80.00	20.00	20.00	US dollar
Texas-Cola Leasing, Corp.	USA	F	80.00	80.00	20.00	20.00	US dollar
AC Bebidas Argentina, S.de R.L. de C.V. (e)	México	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	80.00	80.00	20.00	20.00	Argentine peso
Corporación Lindley, S. A. (h)	Perú	A / B	79.82	79.82	20.18	20.18	Peruvian sol
Embotelladora La Selva, S. A.	Perú	A	79.82	79.82	20.18	20.18	Peruvian sol
Empresa Comercializadora de Bebidas, S. A. C.	Perú	A	79.82	79.82	20.18	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	80.00	80.00	20.00	20.00	US dollar
AC Alimentos y Botanas, S. A. de C. V. (c)	México	B	100.00	100.00	-	-	Mexican peso
Nacional de Alimentos y Helados, S. A. de C. V.	México	C	100.00	100.00	-	-	Mexican peso
Industrial de Plásticos Arma, S. A. de C. V.	México	D	100.00	100.00	-	-	Mexican peso
Bbox Vending, S. de R. L. de C. V.	México	A / C	100.00	100.00	-	-	Mexican peso

			Shareholding of controlling company		Shareholding non-controlling interest		
COMPANY	COUNTRY	ACTIVITIES	2019	2018	2019	2018	FUNCTIONAL CURRENCY
Interex, Corp	USA	A / C	80.00	80.00	20.00	20.00	US dollar
Arca Continental USA, L.L.C.	USA	B	100.00	100.00	-	-	US dollar
AC Foods LLC	USA	B	100.00	100.00	-	-	US dollar
Old Lyme Gourmet Co. (Deep River Snacks)	USA	C	100.00	100.00	-	-	US dollar
AC Snacks Foods, Inc.	USA	B	100.00	100.00	-	-	US dollar
Wise Foods, Inc.	USA	C	100.00	100.00	-	-	US dollar
Industrias Alimenticias Ecuatorianas, S. A.	Ecuador	C	100.00	100.00	-	-	US dollar
Vend S. A. C. [a]	Perú	A / C	100.00	100.00	-	-	Peruvian sol
Vendtech, S. A. C.	Perú	A / C	100.00	100.00	-	-	Peruvian sol
Soluciones Brio, S.A.P.I. de C.V.	México	E	100.00	100.00	-	-	Mexican peso
Abastecedora de Bebidas y Snacks, S. de R.L. de C.V. [d]	México	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) On January 1, 2018, the Norco Company Incorporated was merged into Vend, S. A. C.
b) Arca Continental Corporativo, S. de R. L. de C. V. on March 12, 2018, it changed its name to Corporativo AC Bebidas México, S. de R. L. de C. V. and subsequently, on April 16, 2018, the name was changed to the current name of Servicios AC Bebidas México, S. de R. L. de C. V.
c) On February 9, 2018, a name change was authorized for the company formerly known as AC Negocios Complementarios, S. A. de C. V.
d) This subsidiary was incorporated on February 28, 2018.
e) In March 2018, the Board of Directors approved the international transfer of the Company's place of business. On May 3, the formal procedures were started for said transfer and consequently, the Company changed its tax domicile to Mexico under the name AC Bebidas Argentina, S. de R. L. de C. V.
f) On July 30, 2018, the stockholders approved the name change of the Company formerly known as AC Bebidas Comercializadora del Ecuador, S. A.
g) On August 21, 2018, the merger was approved of Promotora ArcaContal de Noreste, S. A. de C. V. into Desarrolladora Arca Continental, S. de R. L. de C. V.
h) The percentage of voting shares at December 31, 2019 and 2018 is 72.96%. See Note 2b.

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			
		2019		2018
CONSOLIDATED STATEMENT OF FINANCIAL POSITONS - SUMMARY				
Current asset	$	38,518,398	$	34,009,333
Non-current assets		170,762,130		173,805,181
Current liabilities		(24,911,186)		(23,549,555)
Non-current liabilities		(65,910,272)		(71,793,264)
Net assets	**$**	**118,459,070**	**$**	**112,471,695**
CONSOLIDATED STATEMENT OF COMPREHENSIVE RESULTS - SUMMARY				
Net sales	$	153,687,879	$	144,457,555
Net income		10,990,086		9,634,061
Comprehensive result		6,128,825		8,116,975
CONSOLIDATED STATEMENT OF CASH FLOWS - SUMMARY				
Operating activities	$	25,893,568	$	19,784,868
Investment activities		(9,661,179)		9,728,235
Financing activities		(9,770,432)		7,470,765

III. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Except for the acquisition of non-controlling interests described in point i. above, in the years ended on December 31, 2019 and 2018, there were no transactions with non-controlling interests and no conflicts of interest to be disclosed. See Note 2.

IV. INTEREST IN JOINT OPERATION

At December 31, 2019 and 2018, 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:

			Holding percentage		
ENTITY	COUNTRY	OPERATION	2019	2018	FUNCTIONAL CURRENCY
Holding Tonicorp, S. A.	Ecuador	A	89	89	US dollar
Industrias Lácteas Toni, S. A	Ecuador	B / C	100	100	US dollar
Plásticos Ecuatorianos, S. A.	Ecuador	D	100	100	US dollar
Distribuidora Importadora Dipor, S. A.	Ecuador	E	100	100	US dollar

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 30 - CHANGES IN ACCOUNTING POLICIES DUE TO ADOPTION OF IFRS-16:

As indicated in note 3a., above, the group has adopted IFRS 16 Leases retrospectively from January 1, 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognized in the opening balance sheet on January 1, 2019. The new accounting policies are disclosed in note 3m.

On adoption of IFRS 16, the group recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 6.95%.

For leases previously classified as finance leases the entity recognized the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date.

I. PRACTICAL EXPEDIENTS APPLIED

In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases;
- Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying IAS 17 and Interpretation the IFRIC4 Determining whether an Arrangement contains a Lease.

II. VALUATION OF LEASE LIABILITIES

		2019
Operating lease commitments disclosed as at December 31, 2018	$	1,057,893
Discounted using the lessee's incremental borrowing rate of 6.95%		1,023,907
(Less): short-term leases not recognized as a liability		(22,467)
(Less): low-value leases not recognized as a liability		(161)
(Less): contracts reassessed as lease contracts		(61,737)
Add/(less): adjustments as a result of a different treatment of extension and termination options		588,783
Add/(less): adjustments relating to changes in the index or rate affecting variable payments		(64,314)
Lease liability recognized as at January 1 2019	$	1,464,011
Of wich are:		
Current lease liabilities	$	425,344
Non-current lease liabilities		1,038,667
	$	**1,464,011**

III. VALUATION OF RIGHT-OF-USE ASSETS

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet as at December 31, 2018.

IV. ADJUSTMENTS RECOGNIZED IN THE BALANCE SHEET ON JANUARY 1, 2019

The change in accounting policy affected the following items in the balance sheet as of January 1, 2019 in an increase of right-of-use assets and lease liabilities by $1,464,011, without affecting accumulative gain or loss.

NOTE 31 - SUBSEQUENT EVENTS:

When preparing these financial statements, the Company has evaluated events and transactions for subsequent recognition or disclosure at December 31, 2019 and up to March 5, 2020 (date of issuance of these financial statements) and has identified no significant subsequent events affecting them.

Arturo Gutiérrez Hernández
CHIEF EXECUTIVE OFFICER

Emilio Marcos Charur
CHIEF FINANCE OFFICER

VERIFICATION LETTER

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Independent Limited Assurance Report on Indicators of Sustainability Performance

(Non-Financial Information)

To the Board of Directors of Arca Continental, S.A.B. de C.V. and subsidiaries,

We were engaged by the Administration of Arca Continental, S.A.B. de C.V. (hereinafter "Arca Continental"), to report on the Indicators of Sustainability Performance (Non-Financial Information) prepared and presented by the Sustainability and Social License Department of Arca Continental, contained in the Integrated Report 2019, for the period from January 1st to December 31, 2019 ("the Report"), which are detailed in Appendix A attached to this report (the "Contents"), in the form of an independent conclusion of limited assurance about whether, based on our work 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 aspects, in accordance with the Global Reporting Initiative (GRI) Standards (the "Criteria").

Management's responsibilities

Arca Continental Executive Sustainability Committee, through its Sustainability and Social License Department, is responsible for the preparation of the information subject to our review, free from material misstatement, in accordance with the Criteria.

Arca Continental Executive Sustainability Committee, through its Sustainability and Social License Department , is also responsible for preventing and detecting fraud and for identifying and ensuring that Arca Continental complies with the laws and regulations applicable to its activities.

Arca Continental Executive Sustainability Committee, through its Sustainability and Social License Department, is also responsible for ensuring that staff involved in the preparation and presentation of the Contents are properly trained, information systems are properly updated and that any change in the presentation of data and/or in the form of reporting, encompass all significant reporting units.

Our responsibilities

Our responsibility is to review the information related to the Contents included in the Integrated Report and to express an independent conclusion of limited assurance based on the evidence obtained. We conducted our engagement in accordance with 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 (IAASB). The Standard requires that we plan and perform our procedures to obtain limited assurance about whether, based on our work performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Contents included in the Report for the period from January 1st to December 31, 2019 are not prepared, in all material aspects, in accordance with the Global Reporting Initiative (GRI) Standards.

(Continues)

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

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KPMG Cárdenas Dosal, S.C. (the "Firm") applies the 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 performed depend on our judgement and experience on the Contents presented in the Report and other circumstances of the work, and our consideration of the areas in which material misstatements are likely to arise.

By obtaining an understanding of the Contents included in the Report and other circumstances of the work, we have considered the process used to prepare the Contents, with the purpose of designing assurance procedures that are adequate in the circumstances, but not for the purpose of expressing a conclusion as to the effectiveness of Arca Continental internal control over the preparation of the Contents presented in the Report.

Our engagement also includes assessing the appropriateness of the main matter, the suitability of the criteria used by Arca Continental in the preparation of the Contents, by assessing the appropriateness of the methods, policies and procedures, and models used.

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 has a reasonable assurance engagement been performed.

Criteria

The criteria on which the preparation of the Contents has been assessed, refers to the requirements established in accordance with the Global Reporting Initiative (GRI) Standards.

Conclusion

Our conclusion has been formed on the basis of, and 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, nothing has come to our attention that causes us to believe that the Contents detailed in Appendix A attached to this assurance report, prepared by Arca Continental, and included in Arca Continental Integrated Report for the period from January 1st to December 31, 2019, are not prepared, in all material aspects, in accordance with the Global Reporting Initiative (GRI) Standards (the "Criteria").

(Continues)

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Restriction of use of our report

Our report should not be considered as suitable to be used or relied on by any party wishing to acquire rights against us other than Arca Continental Executive Sustainability Committee, , for any purpose or in any other context. Any party other than Arca Continental Executive Sustainability Committee and the 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. To the fullest extent permitted by law, we accept or assume any 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, Cárdenas Dosal, S.C.

Alberto Dosal Montero

Partner

Monterrey. N.L. , August 5th, 2020

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Appendix A

Description of the Contents of the limited assurance engagement:

GRI Standard	Contents	Description
Environmental footprint		
Energy		
GRI 302 Energy	302-1	Energy consumption within the organization
Water		
GRI 303 Water	303-1	Water withdrawal by source
Emissions		
GRI 305 Emissions	305-1	Direct (Scope 1) GHG emissions
	305-2	Energy indirect (Scope 2) GHG emissions
Effluents and Waste		
GRI 306 Effluents and waste	306-1	Water discharge by quality and destination
	306-2	Waste by type and disposal method
Social		
GRI 403 Occupational health and safety 2016	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities
GRI 404 Training and education	404-1	Average hours of training per year per employee

ANNEX I

Packaging Materials

MATERIAL	VOLUME PURCHASED (METRIC TONS)	PERCENTAGE RECYCLED	PERCENTAGE BIODEGRADABLE	PERCENTAGE RECYCLABLE
Aluminum Cans	45,700	0.000%	0.000%	100.000%
Steel cans	0	0.000%	0.000%	0.000%
TetraPak	931	0.000%	0.000%	1.208%
Glass (Returnable)	64,585	0.000%	0.000%	0.000%
Glass (Non-Returnable)	198,850	0.393%	0.000%	0.951%
Metalic cap	5,658	0.000%	0.000%	0.366%
PET (Returnable)	6,569	0.000%	0.000%	100.000%
PET (Non-Returnable)	171,240	24.721%	0.000%	100.000%
HDPE cap	14,678	0.000%	0.000%	1.163%
PP label	2,575	0.000%	0.000%	0.000%
HDPE container	0	0.000%	0.000%	0.000%
Large container HDPE	63	0.000%	0.000%	100.000%
Large container PP	0	0.000%	0.000%	0.000%
Bag-In-Box	189	0.000%	0.000%	7.686%
Shrink Wrap	22,589	0.000%	0.000%	0.670%
Stretch Film	6,736	0.000%	0.000%	0.917%
Cardboard	88,637	22.649%	4.188%	83.915%
BOPP Transparent	1,738	0.000%	0.000%	29.004%
BOPP Metalic	1,627	0.000%	0.000%	0.000%
PP cap	5,721	0.000%	0.000%	0.000%
Large container PET	318	0.000%	0.000%	0.000%
Large container PC	2,628	0.000%	0.000%	0.000%
Pallet (PP & HDPE)	20	0.000%	0.000%	0.000%
Wood	20,846.88	0.000%	0.000%	0.000%
LDPE	900	0.000%	0.000%	0.000%
PP cap	189.42	0.000%	0.000%	0.000%

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Arca Continental Social Responsibility

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MEMBER OF
Dow Jones Sustainability Indices
In collaboration with RobecoSAM

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.

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ARCA CONTINENTAL