We Make a Positive Difference

INTEGRATED ANNUAL REPORT 2022

ARCACONTINENTAL

We Make a **Positive Difference**

Through a sustainable business model, we foster the creation of **shared value** by working within a context that enables profitable growth, operational excellence, environmental protection, and the integral development of the communities – all of the above within a framework of ethics, transparency, and responsibility.

How to read **this report**

This Integrated Report is Arca Continental's primary means to communicate its performance on an annual basis. The information in this report presents concrete actions and verifiable facts with which the company has been able to make a **positive impact** throughout its value chain while it reinforces its commitment to operating a sustainable business model.

This document integrates information regarding the company's financial performance, as well as its efforts to minimize operational impacts on the environment. It also includes Arca Continental's contributions to the well-being of the communities it serves, and the implementation of international corporate governance best practices within a framework built on ethics and compliance.

To ease the reading of this document, the report has been drawn up as the following diagram:

WE OPERATE A SUSTAINABLE BUSINESS MODEL

TO SERVE THOSE WHO CHOOSE US
Consumers who enjoy the products

STRENGTHEN OUR SUPPLY CHAIN
Commercial partners who produce consumables needed for us to operate

ENHANCE OUR PERFORMANCE
Associates that transform raw materials into our products while working with excellence to provide them to our customers

AND TO GROW WITH OUR CUSTOMERS
Commercial partners who allows Arca Continental to be present with the final consumer

Each chapter presents the results obtained from the performance indicators that are recommended by international sustainability rating agencies.

Through this document, Arca Continental reaffirms its commitment to the United Nation's Global Compact principles, and discloses information aligned with international standards and frameworks like the ones defined by the Value Reporting Foundation which consolidates the International Integrated Reporting Framework's (IR) principles and those of the Sustainability Accounting Standards Board (SASB), as well as the methodology standards defined by the Global Reporting Initiative (GRI) in its most recent version, and the impact that climate change has – or could have – on Arca Continental's operations - the latter is done in adherence to the recommendations made by the Task Force of Climate-related Financial Disclosures (TCFD).

The verification of key indicators is currently under review by a third party. The detailed disclosure of all ESG indicators will be available at the end of June 2023 and can be consulted through the ESG Resource Center on the website at the following link: **https://www.arcacontal.com/sustainability/esg-resource-center.aspx**

Arca Continental in 2022

5 countries
Mexico, Argentina, Ecuador, Peru, and the United States

+66 thousand
associates

390
production and distribution centers

+128 million
consumers

+1.1 million
customers

+2,372 million
unit cases (MUC)[1]

$207,785 million
mexican pesos in Net Sales

$39,622 million
mexican pesos in EBITDA

$15,503 million
mexican pesos in Net Income

$30,587 million
mexican pesos in Operating Profit

+120
shared-value initiatives deployed

1.52 L
of water / L of beverage produced

+2,000 million
liters of water donated to communities

6 out of 10
PET bottles collected

60%
of AC's portfolio is low or non-caloric

[1] Information of the beverages business.
*Out of the total generated economic value, 96.9% of it is distributed value, which consists of Cost of Sales, Operating Expenses (including Salaries and Social Benefits), Taxes, Dividends, Interests and Community Investments. For additional information, please visit ESG Resource Center

Acknowledgements and memberships

Member of Dow Jones Sustainability Indices
Powered by the S&P Global CSA

Arca Continental, S.A.B. de C.V.
Beverages
Sustainability Yearbook Member
S&P Global ESG Score 2022

FTSE4Good

EMPRESA SUSTENTABLE

CDP DISCLOSER 2022

MSCI ESG RATINGS
CCC B BB BBB A AA AAA

ESR EMPRESA SOCIALMENTE RESPONSABLE

WOMEN'S EMPOWERMENT PRINCIPLES
Established by UN Women and the UN Global Compact Office

UN GLOBAL COMPACT

NEW PLASTICS ECONOMY Global Commitment

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MESSAGE FROM THE CHAIRMAN OF THE BOARD AND THE CHIEF EXECUTIVE OFFICER

To our shareholders

After the challenges brought on by the COVID-19 pandemic, and the opportunities that emerged from the economic reactivation after it, in 2022 we were able to advance several execution strategies that allowed us to further our sustainable growth and make a positive impact in the communities and the industry that we belong to.

Thanks to the teamwork of over 66 thousand associates, we delivered results that exceeded the expectations by strengthening our supply chain, growing with our customers, and serving those who choose us, laying the foundations for our business to grow through a new, long-term agreement with the Coca-Cola Company.

In 2022, we also enhanced our performance, our digitalization initiatives, and our portfolio innovation. We carried out the promotion of a sustainable business model that strengthen our company in a context of accelerated re-opening of businesses, the rebound of consumer mobility, the disruption of global supply chains, high inflation in raw materials, and the strong political and economic volatility worldwide.

Arturo Gutiérrez Hernández
Chief Executive Officer

Jorge Humberto Santos Reyna
Chairman of the Board of Directors

Net sales of $207 billion Mexican pesos

+13.3% vs 2021

AC Digital

+600 thousand

customers using digital platforms

The excellent service we provide to customers by deploying our different commercial capacities and the expansion of our digital platforms, in addition to the continuous optimization of operating processes that favored both value creation and return on investment maximization, allowed us to reach a consolidated annual volume of 2,372.1 Millions of Unit Cases (MUCs), including jug water, which represents a 4.0% increase compared to 2021.

Thanks to the use of advanced analytics technologies, we were able to optimize our promotions and expand the reach of AC Digital and Yomp! throughout Latin America, as well as MyCoke.com in the United States, positively impacting the recovery of important segments within both the traditional and modern channels, and allowing us to launch new packaging and presentations that enriched our offer of products for all consumption occasions.

The aforementioned growth was also boosted by initiatives like the returnable Universal Bottle which favored the presence of affordable options in the market while supporting the company's sustainable packaging indicators.

Additionally, we continued to promote products throughout new segments and explore the ready-to-drink alcoholic beverages niche through Topo Chico Hard Seltzer, Jack and Coke, Lemon Dou, among others.

All of this, combined with a pricing strategy that aims to present a variety of affordable options to consumers while protecting business profitability, led us to exceed –for the first time in our history– the goal of $200 billion mexican pesos in annual sales and recorded $207.785 billion mexican pesos in Consolidated Sales, 13.3% more than in 2021.

These strategies, altogether with an adequate administrative expense, boosted EBITDA by 11.9%, reaching $39.622 billion mexican pesos with a 19.1% margin.

Operating Income for the year reached $30.587 billion mexican pesos and represents an Operational Margin of 14.7%, while the Consolidated Net Profit reached $15.503 billion mexican pesos, 26.2% more than in 2021.

Administrative and Selling Expenses reached $63.858 billion mexican pesos in 2022, an 11.0% increase and a 30.7% increase regarding sales –this is the lowest expense/sales ratio registered in the last five years.

23%

average PET recycled resin in our packaging, avoiding the use of 43,520 ton of virgin resin

The new long-term agreement with The Coca-Cola Company strengthens the commercial relationship and opens new opportunities for sustainable growth in Mexico, Argentina, Ecuador and Peru

We collaborate on the FIFA World Cup Trophy tour in Argentina, Ecuador, Mexico and the United States

Within this evolving and transformational context, we reached a new long-term agreement with the Coca-Cola Company for the Mexican, Ecuadorian, Peruvian, and Argentinean markets that will strengthen economic aspects of the commercial alliance, align commercial strategies, opens up new creation paths that will foster shared value and new business opportunities, and create a digital alliance to integrate customer and consumer support platforms.

This agreement reaffirms more than 97-year partnership, with commitment and joint effort with our strategic ally, to further deepen the historic relationship that has allowed us to have a sustainable business model that creates shared value.

We also joined The Coca-Cola Company and our consumers by taking part in the FIFA World Cup Trophy Tour which, for the first time in our history, traveled to cities in four of the five countries where we operate, allowing us to bring the magic of soccer to our consumers.

Consistent with our trajectory of continuous improving throughout all our operations, in 2022 we achieved excellent results in environmental, social, and corporate governance indicators (ESG), reinforcing our commitment to the highest standards and best practices.

The determination to strengthen our sustainable business model stood out when we became signatories of the Women's Empowerment Principles and the Science Based Targets Initiative to fight climate change, which add to the compliance of the United Nations' Sustainable Development Goals.

In 2022 we reinforced the commitment of awareness to our environment, reaching a global average of 23% of recycled resin use in our PET packaging, and avoiding the use of 43,520 tons of packaging materials due to innovation and lighter packaging initiatives. Moreover, in water consumption efficiency, we used an average of 1.52 liters of water per produced beverage liter at the end of 2022.

The consolidation of the vision of sustainability boosted the positioning of Arca Continental in international indices that evaluate environmental, social and corporate governance performance

In terms of energy efficiency, we went from 0.257 Mega Joules per liter of beverage to 0.242, an improvement of 5.8% compared to 2020.

Among the actions taken in favor of our communities, our associates and their families participated in different volunteer programs in all five countries where we operate. We planted over 6,000 trees, we cleaned and rehabilitated 60 public spaces, and collected over 200 tons of waste. We also handed out over 17,000 toys to more than 10 thousand children in need as a part of our Holiday with a Purpose program.

Through these actions and results, we reasserted our position among international indices such as S&P Global's Dow Jones Sustainability MILA Pacific Alliance Index, the S&P/BMV Total Mexico ESG Index, the MSCI ESG Focus Indexes, and the London Stock Exchange's FTSE4Good Index, among others.

The trust that analysts and investors placed upon us was also reflected along the sustained growth of our stock price on the Mexican Stock Exchange, which accumulated a 21.2% increased value at the end of 2022 compared to the previous year.

+6 thousand

trees planted with the volunteering program

+7%

EBITDA IN MX VS. 2021

MEXICO

Our country of origin continued to register outstanding results thanks to its ability to adapt to changing and challenging conditions with resilient supply chains.

Despite having faced different challenges that stemmed from the scarcity of some raw materials, the combination of our excellent commercial execution, the launch of new products, and a flexible price-package architecture, this operation registered sales for $89.334 billion mexican pesos, which represents a 13.6% increase compared to 2021, generating EBITDA of $20.951 billion mexican pesos, 7.0% more than the previous year.

Regarding volume, Arca Continental Mexico reached 1,096 MUC in volume (excluding jugs), which represents a 3.1% increase compared to 2021, highlighting the recovery of the single-serve water category with an increase of 12.5% this year, combined with 1.8% in sparkling beverages and 2.8% in still beverages.

85%

coverage of Coca-Cola sugar free in traditional channel in Mexico

In the sparkling drinks category, the cola segment had a 2.3% volume increase, mainly because of Coca-Cola Zero Sugar's performance which continues to show a double-digit growth trend boosted by its coverage throughout the traditional channel, reaching 85%.

We also continued to expand the AC Digital platform, supporting the modernization of 214 thousand customers, which represents 68% growth compared to the previous year. AC Digital's total customer base represents 73% of customers in the traditional channel, and 38% of this channel's volume was captured through this platform.

On the other hand, the Returnable Universal Bottle cemented itself as a growth engine in new territories, incorporating family packaging and advancing our efforts to develop a circular economy.

Being aware of our environment, we reinforced actions to achieve our 2030 World Without Waste goal of retrieving and recycling 100% of the packages that we put out in the market by taking part in a joint investment of $175 million mexican pesos to duplicate the collecting capacity of PetStar – the world's largest food-grade plastic recycling plant that is led by Arca Continental and Coca-Cola de Mexico, among other bottling companies.

This initiative includes new collection centers in Jalisco and Baja California Sur, Mexico, among others.

57

Rain harvesting systems in schools

We worked closely with authorities and civil organizations and led initiatives in favor of the community with the clear focus of bringing clean water to our neighbors through the 57 rain harvesting systems in schools in Mexico that were able to obtain over 12 million liters of water for around 15 thousand beneficiaries.

UNITED STATES

2022 marked five years since the integration of Arca Continental Coca-Cola Southwest Beverages, reaching a compound annual growth in EBITDA of 12.9% and a historic margin of 15.1% this year, which bolsters the company's ability to foster synergies that create shared value.

This operation's net income reached $77.902 billion mexican pesos, a 12.4% increase, as well as a 20.3% improvement in EBITDA to $1.124 billion mexican pesos.

The operations in Texas, Oklahoma, Arkansas, and New Mexico registered volume of 447.9 MUC, 0.7% higher than 2021, as a result of the colas segment performance that was boosted by Coke Zero and other innovative releases such as Coke Marshmello and Coke Dreamworld, among other initiatives carried out to increase consumption throughout the different channels.

We maintained the excellent service that distinguishes us with the expansion of the use of advanced analytics technologies, seeking to improve customer service and optimizing the application of promotions, reaching six regional accounts with over 400 stores. The Mycoke.com platform recorded a sales increase of 34% this year, having been used by 84% of customers.

5 years after the integration of the United States, we achieved historic margin in this territory

When it comes to sustainable packaging, the U.S. operation affirmed its leadership in that country's Coca-Cola system by introducing a series of technological innovations that allowed them to produce some of the continent's lightest PET bottles made with recycled materials and being 100% recyclable.

They also stood out for establishing solid shared value alliances with the community through donations, endorsements, and joint programs with several social organizations that aim to empower vulnerable groups.

In the United States, we launched one of the **lightest PET bottles**, contributing to the "World Without Waste" goals

SOUTH AMERICA

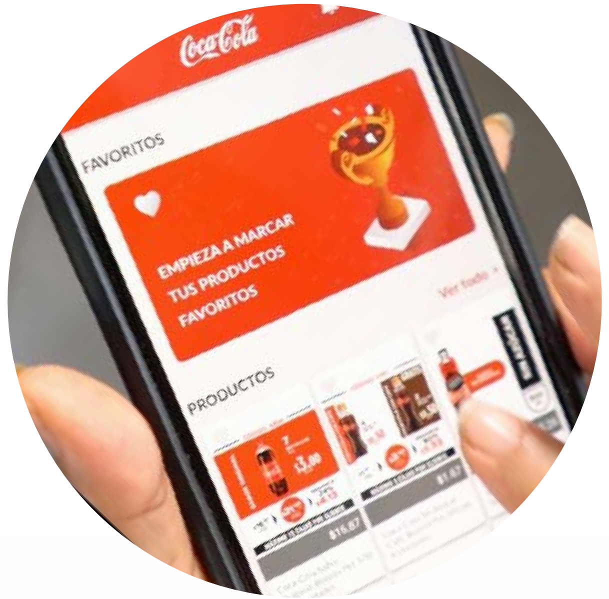
After two years of severe mobility and transit restrictions, in which we carried out different activities to be able to keep our commercial offering competitiveness afloat, the South American operation recorded an important volume recovery and reached 8.9% growth compared to 2021 with 602 MUCs and 40.550 billion mexican pesos in sales, a 14.5% increase from last year.

This volume increases throughout all categories, along with an appropriate handling of pricing, boosted the EBITDA by 14.6% compared to the same period last year, reaching $7,908 billion mexican pesos.

In relation to digital initiatives, the AC Digital platform is already being used by 360 thousand customers, 66% of the customers of the Traditional Channel.

In Peru, volume increased 7.9% this year, exceeding 300 MUCs for the first time in our history thanks to the performance of the single-serve water packages and soft drinks categories with brands such as Coca-Cola and Inca Kola.

66% of the Traditional Channel customers are on AC



Furthermore, we acknowledge our Peruvian team's efforts in integrating clean energy into their processes –this operation received the first I-REC Standard certification ever issued in Peru for using 100% renewable energy in the plants in Arequipa, Trujillo, Zárate, and Pucusana. The certification was issued by the world-renowned firm The Green Certificate Company.

In Ecuador, the Go-To-Market model expansion generated positive results throughout all channels, achieving a 6.6% volume increase and a 10% sales increase compared to 2021.

Sales volume in South America

+8.9%

Arca Continental's operations in Peru, Ecuador and Argentina were **recognized in terms of sustainability**

Meanwhile, Tonicorp, the dairy company which we operate alongside The Coca-Cola Company, increased sales by double digits, capitalizing on the recovery of this country's value-added dairy industry by offering products for all occasions and new Greek yogurt flavors.

As a result of our operation's commitment to creating shared value, Bebidas Ecuador and Tonicorp were acknowledged for the first time as Socially Responsible Company, an award given to organizations who are socially responsible and who are focused on advancing sustainable development.

In Argentina, sales volume reached 152.3 MUCs, a 13.5% increase and a 21.7% in net sales, while the main categories that showed growth were colas and flavors, particularly Coca-Cola, Coca-Cola Zero Sugar, and Fanta.

The operation in this country was also acknowledged, alongside Coca-Cola Argentina, with the Corporate Responsibility Award given by Foro Ecuménico Social that awards companies that carry out actions that harbor social responsibility and environmental care.

FOOD AND SNACKS

In the food and snacks businesses, operations recorded growth in both Sales and EBITDA thanks to different strategies that were mainly aimed at increasing our customer base and coverage in different distribution channels.

In Mexico, Bokados carried out pricing strategies that improved its profitability in both the traditional and modern channels, as well as other strategies in promotions and discounts that encouraged consumption. In addition, it strengthened it offering in the tostadas segment by acquiring Charras.

In the United States, Wise Snacks improved its profitability by boosting different productivity initiatives and saving on operational costs. This, alongside pricing adjustments and promotion optimization, drove their sales up significantly.

In the snacks business in Ecuador, comprised by Inalecsa and Carli Snacks, the strategies put in place to grow its customer base and to launch high value-added products that might serve different occasions, both led to significant sales and EBITDA increases.

MAKING A DIFFERENCE

Working on a sustainable business model while making a positive change among associates, communities, and other stakeholders in our value chain, has helped us consolidate Arca Continental as a platform to create shared value within an ethical and transparent framework.

We acknowledge and thank our Board Directors for their leadership of firm convictions in favor of our associates, investors' and communities' integral well-being, and for their respect towards the natural environment.

We thank The Coca-Cola Company for reassuring their trust in our company, as well as our team for achieving a collaboration that transcends in favor of our customers and consumers.

2022 demanded decision-making swiftness and an important ability to adapt. This strengthened our leadership in the industry thanks to a continuous search for more and better opportunities.

This year will bring its own challenges, which is why we would like to reiterate our determination in keeping the investments that create bigger capacities and competitiveness in favor of all members of our value chain, in our associates' growth and development, and in joint actions that may benefit society at large while we continue to foster the business' and the industry's digital transformation, as well as the integration of a sustainable business model as our way of working.

Jorge Humberto Santos Reyna
Chairman of the Board of Directors

Arturo Gutiérrez Hernández
Chief Executive Officer

We are Arca Continental

Arca Continental is a company dedicated to producing, distributing, and selling beverage brands of The Coca-Cola Company, as well as sweet and salty snacks under the Bokados brand in Mexico, Inalecsa and Carli Snacks in Ecuador, as well as Wise and Deep River in the United States.

With an outstanding track record of more than 97 years, Arca Continental is one of the Coca-Cola's largest bottlers in the Americas and one of the most important in the world. With the Coca-Cola franchise, the company serves a population of over 128 million people in the northern and western regions of Mexico, as well as in Ecuador, Peru, the northern region of Argentina, and the southwestern region of the United States.

Arca Continental is listed on the Mexican Stock Exchange under the symbol "AC".

Company's net sales*

$207,785
million mexican pesos

BEVERAGES

$195,659
million mexican pesos

$84,041 Beverages Mexico

$16,270 Beverages Peru

$12,287 Beverages Ecuador

$72,931 Beverages United States

$10,130 Beverages Argentina

+

OTHER BUSINESSES

$14,117
million mexican pesos

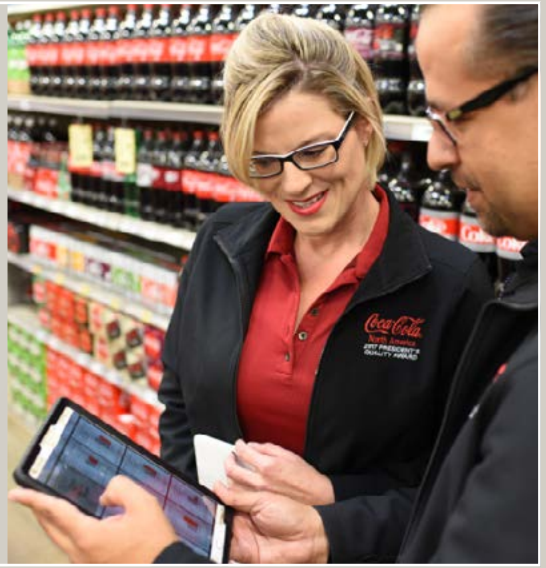
The company serves
+128 million
consumers in the countries it operates in

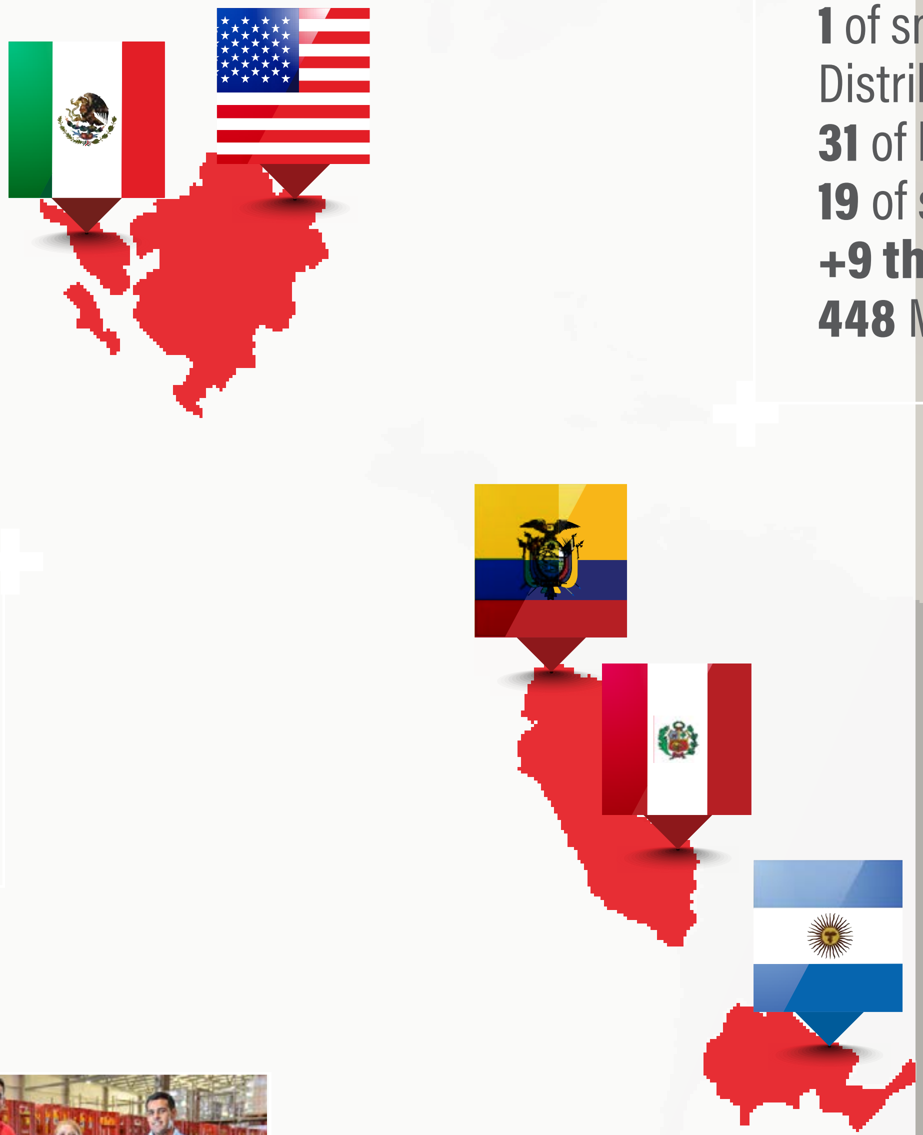
MEXICO

Production centers:
19 of beverages
2 of snacks
Distribution centers:
117 of beverages
38 of snacks
+40 thousand associates
1,322 MUC in beverages

UNITED STATES

Production centers:
7 of beverages
1 of snacks
Distribution centers:
31 of beverages
19 of snacks
+9 thousand associates
448 MUC in beverages





PERU

6 production centers
63 distribution centers
+5 thousand associates
303 MUC

ECUADOR

Centros de producción:
4 of beverages
3 of snacks
Distribution Centers:
52 of beverages
3 of snacks
+9 thousand associates
147 MUC in beverages

ARGENTINA

3 production centers
22 distribution centers
+2 thousand associates
152 MUC

We have a **sustainable business model**

Sustainability is part of Arca Continental's day to day as it is deeply embedded into the organization's way of thinking and acting. It is also bolstered by the company's suppliers and customers and it is a key part in the company's integral strategy because it derives from its corporate culture and governance.

Our way **of working**

CULTURE

The company's mission, vision and values, together with its cultural and ethical principles, constitute the way of working of each one of Arca Continental's associates, organization leaders and board members.

MISSION

To generate maximum value for their customers, associates, communities and stockholders, satisfying consumers' expectations at all times with the highest quality products and services.

VISION

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

VALUES

Customer-oriented and call to service
Committment to meeting the needs of their customers and consumers, driven by their constant desire to satisfy and surpass their expectations with world-class service.

Integrity based on respect and justice
To maintain a commitment to integrity is unwavering. As a result, what the company do is consistent with what we think and say. They take care of the assets and resources of the company, its associates and the community. They value and endorse diversity in all working relationships to better serve customers and consumers.

Comprehensive Associate Development
To foster an atmosphere of motivation, productivity and recognition, which drives them towards success. They support associates professional aspirations and personal goals, and encourage them to actively participate in their own growth and development plans. At the company, opportunities for growth and development are a direct outcome of the strong business performance.

Sustainability
Arca Continental is convinced that they play a role in changing the environment. Consequently, they assume the commitment of meeting the needs of the present without compromising the ability of future generations to meet their own needs, guided by a form of Corporate Governance that leads them on a permanent quest to achieve a better quality of life for everyone.

CULTURAL PRINCIPLES

Ethical Principles

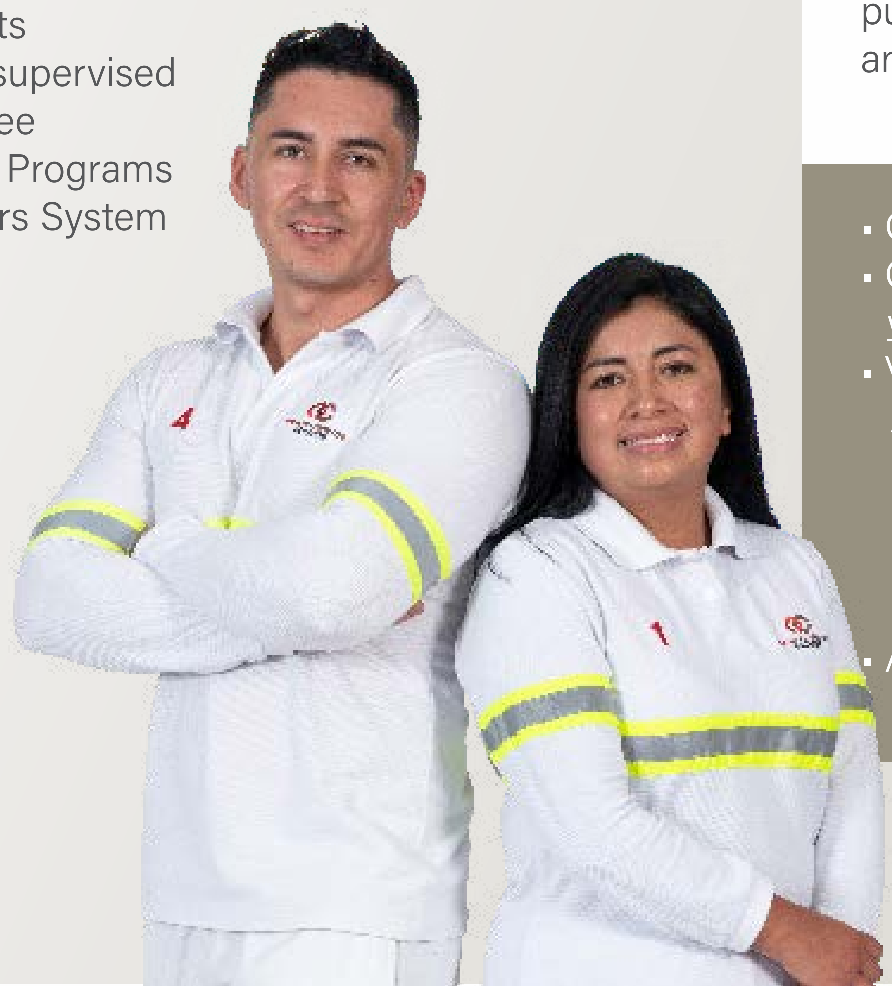
Consistent with the company's philosophy to lead by example, the Board of Directors and the executive team promote and endorse an Ethics and Compliance system that integrates Arca Continental's values and standards.

Through this system, people that interact with the company may guide their actions and interactions with customers, associates, competitors, commercial partners, authorities, and communities.

The system is comprised of the following elements:

- Code of Ethics and Code of Conduct
- Ethics and Compliance Office reporting to the Board's Corporate Practices and Audit Committee
- Global Ethics Committee, and Business Unit Committees that manage complaints
- Management Manual supervised by the Ethics Committee
- Outreach and Training Programs
- Measurement Indicators System
- General Policies
- Transparency Mailbox

Code of Ethics and Code of Conduct



Transparency Mailbox

Arca Continental has a Transparency Mailbox in place – it is available 24 hours a day year-round. The Transparency Mailbox allows people to make formal complaints anonymously. It is run by a specialized and independent company that guarantees complaints are handled impartially while protecting the denouncer's identity. Thanks to this platform, complainants reach a governing body that gives certainty that cases are permanently monitored to deliver resolutions, creating trust in users throughout timely and transparent communications.

Arca Continental's Transparency Mailbox is open to the public, including associates, suppliers and other internal and external stakeholders.

- On the company's intranet
- On the company's website: www.arcacontal.com
- Via the following phone numbers:
  Argentina: **0800-345-5478**
  Ecuador: **1-800-001-135**
  Estados Unidos: **1-888-303-8442**
  Mexico: **800 8228966**
  Peru: **1-705-2233**
- And through the following e-mail: informa@buzondetransparenciaac.com

TRANSPARENCY MAILBOX

Leadership with strong convictions

Board of Directors

Arca Continental's Board of Directors is comprised by 20 professionals[1] that contribute with their expertise and knowledge to, among other things, ensure that the company's sustainable business strategy is properly executed.

Name	Position	Condition	Participation in committees			
			E	C	P	A
Jorge Humberto Santos Reyna	Chairman	Patrimonial	X	X	X	
Manuel L. Barragán Morales	Honorary Life Chairman	-				
Luis Arizpe Jiménez	Member	Patrimonial	X		X	
Alfonso J. Barragán Rodríguez	Member	Patrimonial		X		
Juan Carlos Correa Ballesteros	Member	Independent		X		
Felipe Cortés Font	Member	Independent				X
Alejandro M. Elizondo Barragán	Member	Patrimonial			X	
Roberto Garza Velázquez	Member	Patrimonial	X		X	
Bernardo González Barragán	Member	Patrimonial				
Rodrigo Alberto González Barragán	Member	Patrimonial			X	
Cynthia H. Grossman	Member	Patrimonial				
Manuel G. Gutiérrez Espinoza	Alternate [2]	Patrimonial			X	
Johnny Robinson Lindley Suárez	Member	Patrimonial				
Ernesto López de Nigris	Member	Independent		X		X
Adrián Jorge Lozano Lozano	Member	Independent			X	
Miguel Ángel Rábago Vite	Member	Patrimonial	X	X	X	
José Antonio Rodríguez Fuentes	Member	Patrimonial			X	
Alberto Sánchez Palazuelos	Member	Patrimonial				
Armando Solbes Simón	Member	Independent				X
Jesús Viejo González	Member	Patrimonial			X	
Marcela Villareal Fernández	Member	Patrimonial		X		
Jaime Sánchez Fernández	Secretary[2]	-				

*List in alphabetical order by directors' last names.

C Human Capital and Sustainability Committee
E Executive Committee:
P Planning and Finance Committee
A Audit and Corporate Practices Committee

To learn more about our Directors click here

Average tenure of the Board members is 11 years

+21.2%

growth in stock value from january to december 31st, 2022, being placed above the Mexican IPC Index (Índice de Precios y Cotizaciones) during the same period

[1] There is a representation of 25% of independent directors and 10% of women.
[2] As of the date of this report, Mr. Manuel G. Gutiérrez Espinoza, performs his duties as substitute director, since Mr. Francisco Rogelio Garza Egloff, proprietary director of the Company, unfortunately passed away.
[3] Jaime Sánchez Fernández is not member of the Board.
[4] For more information on the Committees, you can review Arca Continental's Bylaws on the company website.

Committees

Arca Continental's Board of Directors is supported by four committees[4]:

Executive Committee: enables decision making for strategic projects belonging to the Planning and Finance Committee. It analyzes and gives authorization to advance some decisions that the Board might have delegated to this body to speed up managerial processes.

Audit and Corporate Practices Committee: verifies that operations are carried out in accordance with applicable laws and regulations, supervises and ensures truthfulness in the reported financial information and ensures the company's compliance with principles that surround it in accordance with legislation.

Planning and Finance Committee: evaluates and suggests investment policies and guidelines, financing, dividends and strategic planning; it offers advice and follows up on annual budget application and the completion of the strategic plan; identifies and proposes policies to handle risk factors among other duties and responsibilities.

Human Capital and Sustainability Committee: evaluates, reviews, and ensures the compliance of the company's compensation and Human Resources guidelines, suggests criteria to select and evaluate the CEO as well as other main executives in the company. It ensures that the company's sustainability strategy is carried out, evaluates the effectiveness of communication efforts, and monitors the advancement of the company's main programs and other related indicators, among other activities.

Senior Management

Arca Continental's Executive Leadership Team is comprised by a group of professionals with broad experience in the industry, some of them with decade-long careers within the organization. Aside from their specific duties, some of them take part as guests in different committees that report directly to the Board of Directors, such as the Sustainability or the Ethics Committees, and others take part in some industry's national and international councils.

Arturo Gutiérrez Hernández
Chief Executive Officer

José Borda Noriega
Chief Commercial and Digital Officer

Guillermo Garza Martínez
Chief Public Affairs, Communications, and Sustainability Officer

Alejandro González Quiroga
Executive Director of Latin America Beverages

Emilio Marcos Charur
Chief Financial Officer

Denise Martínez Aldana
Chief Human Resources Officer

Milton Mattus
President of Wise Foods

Alejandro Molina Sánchez
Chief Technical and Supply Chain Officer

Alejandro Rodríguez Sáenz
Chief Strategic Planning Officer [1]

Jaime Sánchez Fernández
General Counsel

Jean Claude Tissot
President of Arca Continental Coca-Cola Southwest Beverages

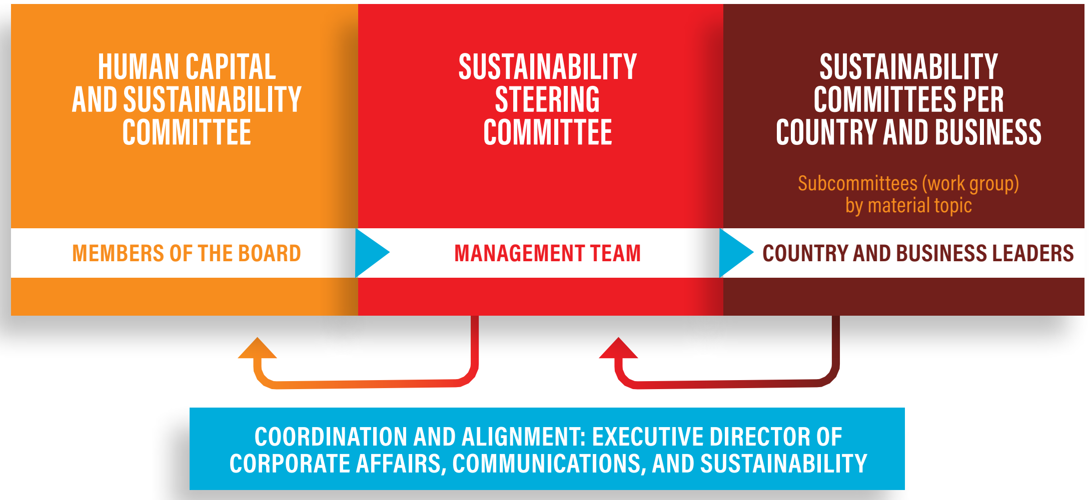
To learn more about our Executive Leaders click here

*List in alphabetical order by last names.

Sustainability management

Sustainability is fully embedded in the company, from the highest executive position to every business units in the countries where the company operates. The former is achieved through a structure led by the Human Capital and Sustainability Committee, which is comprised by members of the Board of Directors – this Committee guides the Executive Sustainability Committee which is, in turn, led by the CEO and other company executives.

In order to carry out operational strategies, in 2022 local Sustainability Committees were established in each country that are led by each General Manager of the business and those reporting directly to him. This strengthens the management of the sustainability at all levels of the organization, aligning them with the company's general objectives while still adapting them to local realities.



Arca Continental was acknowledged for the **20th year in a row** as a Socially Responsible Company in Mexico, for the ninth year in Peru, and for the first time in Ecuador

[1] Alejandro Rodríguez was part of the Senior Management team until December 31st, 2022 when he opted for the company's retirement plan.

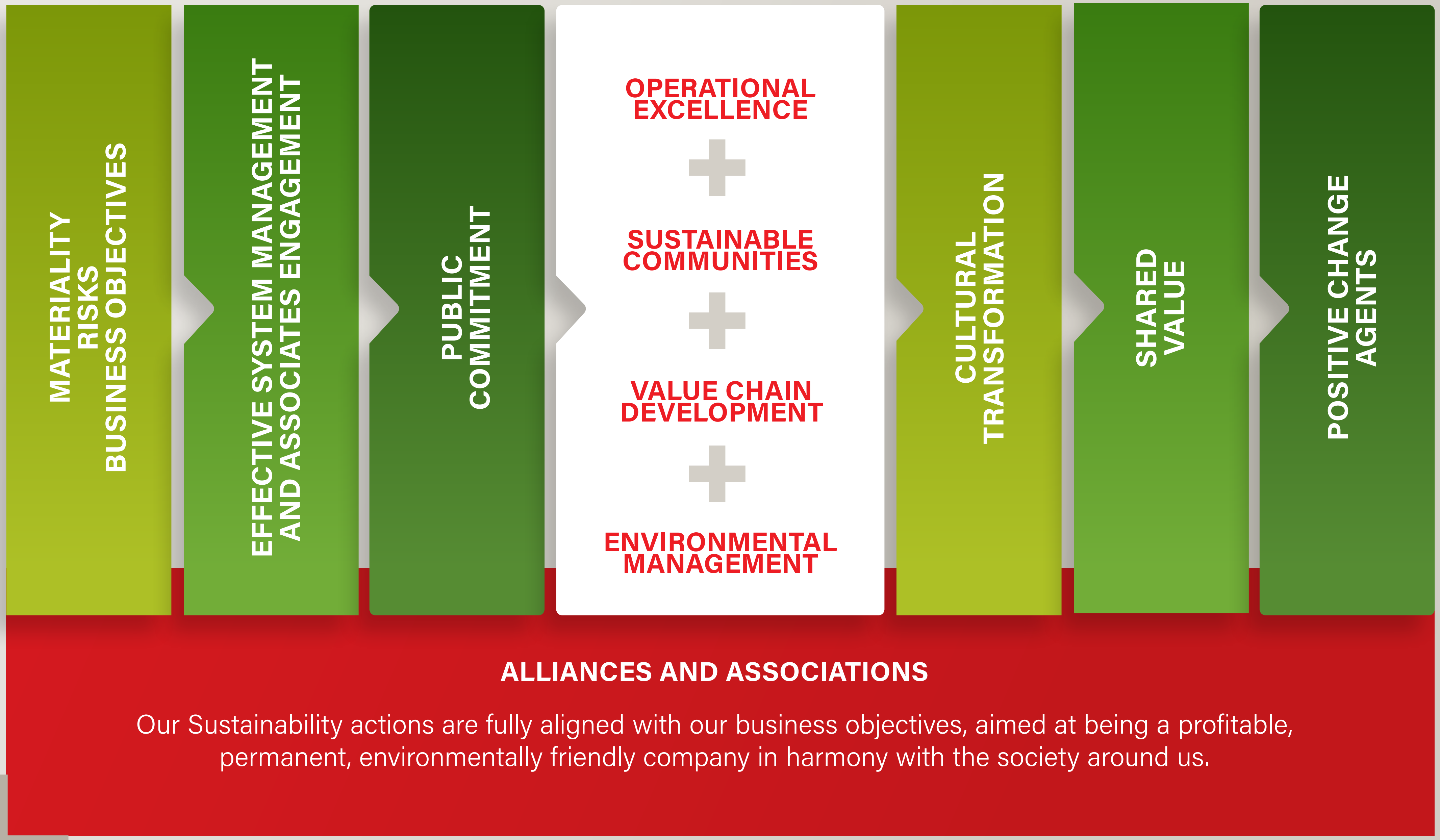
Strategic Focus

The company's vision for sustainability, which is understood as the organization's capability to endure over time, allows Arca Continental to gear its efforts towards maximizing value creation, boosting profitable growth and sustainable development, and ensuring a conducive environment for operations while taking care of social and environmental well-being. With this in mind, the company works upon lines of action that allow every member of the organization to look after AC's overarching goals.

Lines of action:

1. **Adapting** a product portfolio that addresses consumption trends with new categories and excellent commercial execution.
2. **Advancing** digitalization efforts throughout operations, customer relations, and processes. Using analytic tools for decision-making with a focus on the traditional channel.
3. **Strengthening** the supply chain.
4. **Optimizing** operational expenses.
5. **Prioritizing** the safety of the company's associates, suppliers, customers, and communities neighboring work centers.
6. **Broadening** businesses directly to the consumer.
7. **Recruiting, developing, and retaining** high-performance talent with a corporate environment based on total respect.

Ethical Behavior, Transparency and Solid Corporate Governance



Materiality Definition

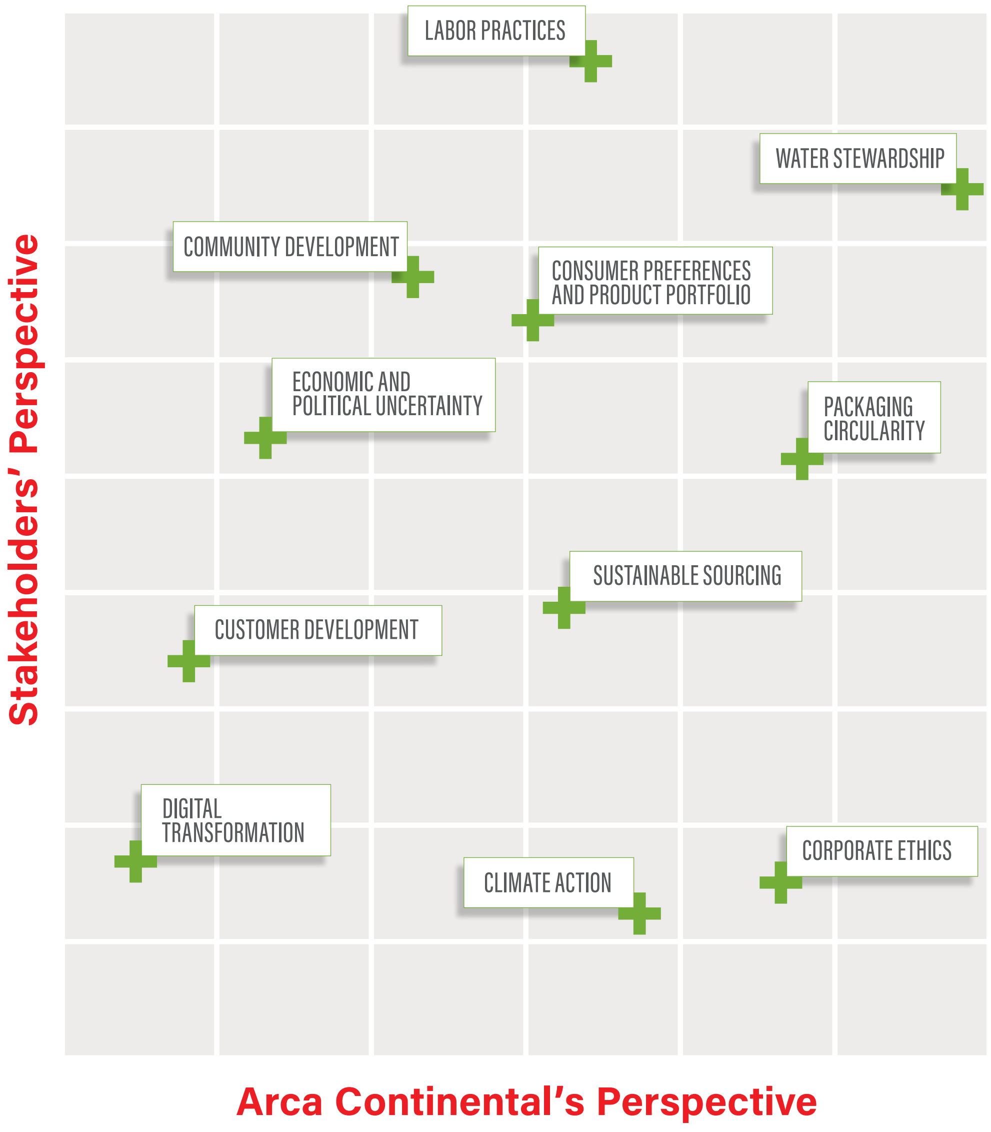
As part of Arca Continental's processes for continuous improvement, the company conducts periodic exercises to hear what its main stakeholders have to say.

The most recent update on these exercises was made in 2022, carrying out the largest materiality analysis to date. It took into consideration the opinion of more than 900 individuals, groups, and organizations that comprise the main stakeholders in the countries where Arca Continental operates.

As a result of this exercise, the company:

- **Redefined** the focus of its sustainability efforts,
- **Set** precise goals in the matter,
- **Enhanced** its indicators, and
- **Confirmed** primary actions, programs, and initiatives.

Taking into consideration each territory's particular characteristics, the company identified 11 material topics that emerge from the intersection of the company's stakeholders' expectations, its objectives, primary risks, and the social and political agenda.



COMMITMENT TO THE PLANET AND ITS PEOPLE

During a corporate gathering for sustainability that was held by the United Nation's Global Compact in Monterrey in 2022, the company reaffirmed its commitment to the Women's Empowerment Principles and the Science Based Targets Initiative to face climate change (WEP + SBTI).

The WEPS were launched by UN Women and the UN's Global Compact in 2010 and establish seven principles to empower women at the workplace, at the marketplace, and in the communities.

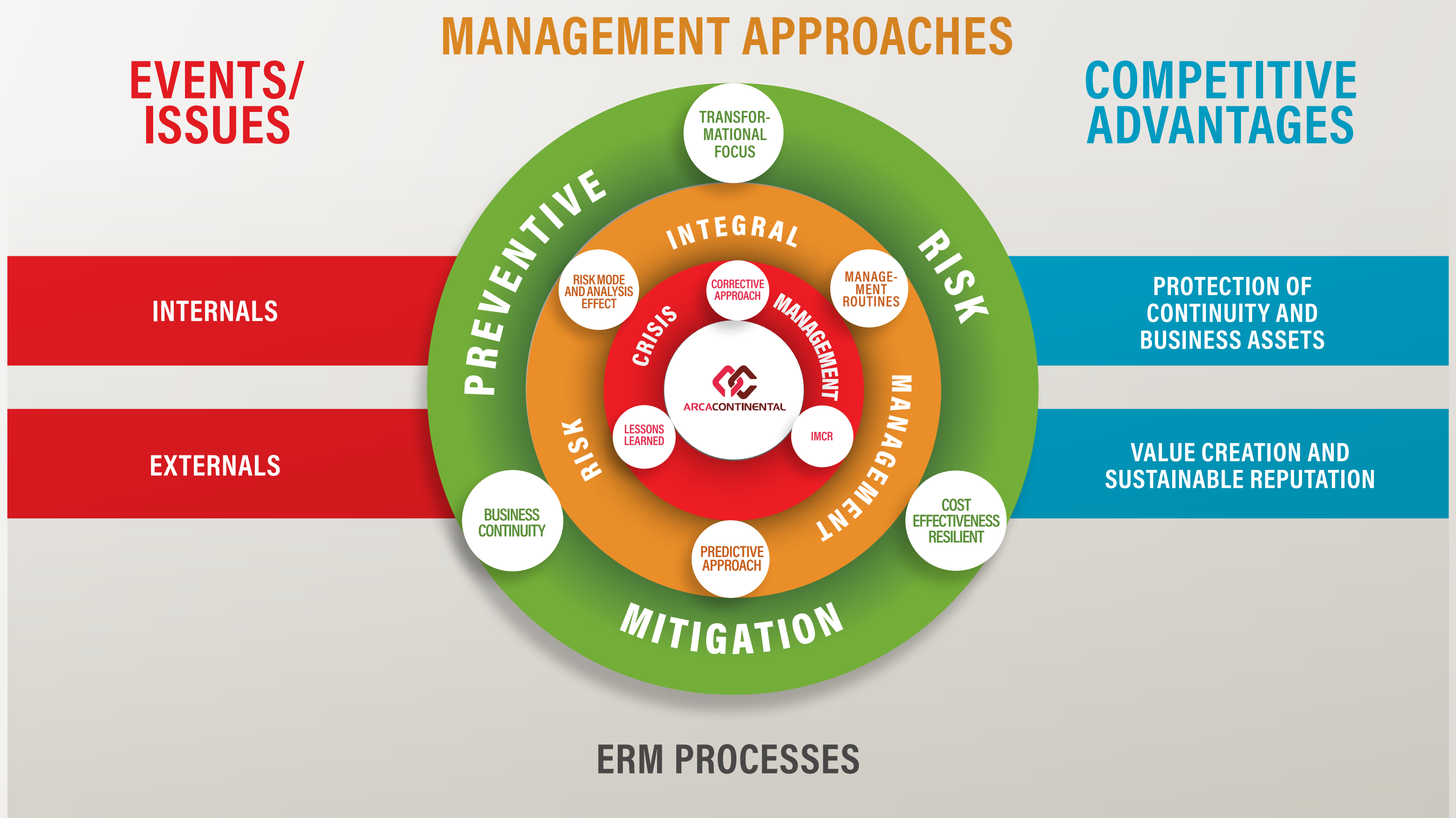
On the other hand, the SBTI was developed by the World Business Council for Sustainable Development (WBCSD), the UN's Global Compact, the World Resources Institute (WRI), and the World Wildlife Fund (WWF). These objectives aim to decrease greenhouse gas emissions (GHG) and limit global warming to 1.5ºC.

In line with the above, Arca Continental continues to carry out projects like the optimization of cooling systems and the installation of energy-efficient equipment that helps small businesses to lower their electricity bills while reducing their emissions. With these actions, the company shows its commitment to sustainable development and continues to make a positive impact on the environment, while aiming for integral community development and fostering inclusive workspaces.

Risk Management

Looking to proactively handle the potential risks the operation may face, the company uses a methodology focused on turning threats into competitive advantages. This is pursued by using an identification, mitigation, and crisis-attention system that aims to protect business continuity, to enable value creation and to strengthen the company's reputation.

TRANSFORM BUSINESS THREATS AND RISKS IN COMPETITIVE ADVANTAGES



Risk management was strengthened with training programs on topics such as IMCR, 3AC and Operative AMEF, addressed to **+1,700 Sr. managers and managers**

THE STRATEGIC ALLIANCE WITH THE COCA-COLA COMPANY

Arca Continental and The Coca-Cola Company signed a new long-term collaboration agreement with the goals of strengthening joint efforts between the two companies and aligning the main aspects of the commercial relationship into the future.

This new collaboration agreement will favor customer service as well as promote new profitable pathways and boost digitalization throughout Latin America.

The reach of this agreement includes the Mexican, Ecuadorian, Peruvian, and Argentinean markets, and establishes the following pathways to create joint value:

- ***Economic relationship***
- ***Growth mechanisms***
- ***New business opportunities, and***
- ***Digital alliance***

The strength of the Coca-Cola System will help build an ecosystem of integrated digital and physical platforms to create value along every business area.

To serve **those who choose us**

Actively listening to consumers is key to Arca Continental as it allows it to evolve its portfolio and keep up with consumer preference. In line with the above, Arca Continental follows a strict practice on consumer safety and transparency which, in most cases, exceeds regulatory requirements. Moreover, the company adopts Responsible Marketing best practices alongside The Coca-Cola Company. And it will continue to expand the use of technological tools that support the creation of shared value that may draw the company closer to its consumers.

Transparency for consumers

Arca Continental holds a firm commitment with offering products that are safe to use and that present the consumer with the widest information possible so that they can make better purchasing decisions.

With this in mind, the company seeks to go beyond regulatory compliance in key operational aspects, such as using the best ingredients and adhering to international standards and processes that ensure high-quality products and services.

Arca Continental also adopted The Coca-Cola Company's Responsible Marketing Policy, as well as the Global School Beverage Guidelines that are used at 100% of its beverage facilities. This policy seeks to comply with advertising and communications regulations at all countries where the company operates.

With the intention of offering experiences that consolidate consumer preference, the company listens to consumers' concerns and tries to solve their problems via direct phone lines available in every country where it operates.

91%

of Production Centers hold ISO 22000 or FSSC Food Safety Certifications valid through 2022

87%

of Production Centers hold ISO 9001 Quality Certifications valid through 2022

Innovation that draws us closer together

Arca Continental has strengthened its digital tools to ease access and follow-ups during direct-to-consumer sales. This has allowed it to create a straight and personalized relation focused on paying attention to consumption dynamics while fostering loyalty towards brands in the company's portfolio.

Among the efforts to serve consumers directly, are the following:

Direct-to-Home Channel: operates through a direct distribution model and the use of Coca-Cola's digital platform which is present in Mexico, Peru, and Ecuador.

Self-served Retail: this is a retail service delivered through vending machines which are present in the United States and Mexico through BBOX Vending, and in Peru through Vendomática. As well as the B-Market, with self-payment service.

.

+$1,900 million

mexican pesos in income. +7% compared to the previous year in Direct-to Home Channel

DIRECT-TO HOME CHANNEL

+374 thousand

consumers with transactions, +9% compared to the previous year

+22 thousand

consumers purchased through digital platform, +50% compared to the previous year

Through the **Direct-to Home** digital platform, Arca Continental offers wider product portfolio visibility and creates bespoke purchase recommendations based on patterns of each consumer's purchase history through data analysis. By obtaining this information the company can better understand consumer demands so it can adapt product offerings.

+$88 million

mexican pesos in income through the digital platform, **+123%** compared to the previous year

THE DIRECT-TO-HOME DIGITAL PLATFORM ALLOWS

PLANNING CONSUMPTION NEEDS
Chatbot launch, offering users to make anticipated purchases to ensure product availability on the route.

MAKING THE PRODUCT PORTFOLIO VISIBLE
The platform which makes the portfolio more visible in real time.

CHOOSING THE MOST CONVENIENT PAYMENT METHOD
Optimizing payment processes using technological tools for the salesforce. Platform users can make early payments through different methods.

Products for every occasion

Arca Continental offers a broad product portfolio, including a wide range of low and non-caloric products that seeks to satisfy consumers' taste. Its offering is constantly adapted to each country's preference, allowing for differentiated products in some regions.

+27.4%

growth in the snack business

Arca Continental's three snack businesses: Bokados in Mexico, Wise in the United States, and Inalecsa and Carli Snacks in Ecuador, achieved double digit growth

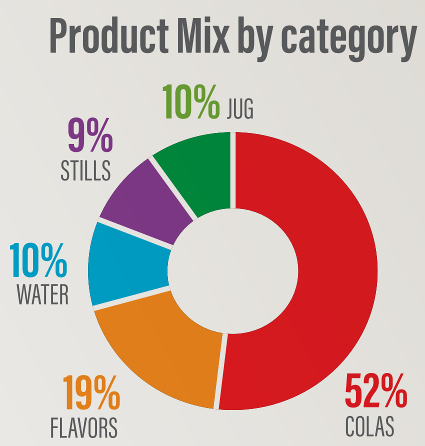
Alongside The Coca-Cola Company, four special editions were released in collaboration with several celebrities. All of the Coca-Cola Creations offered zero sugar versions

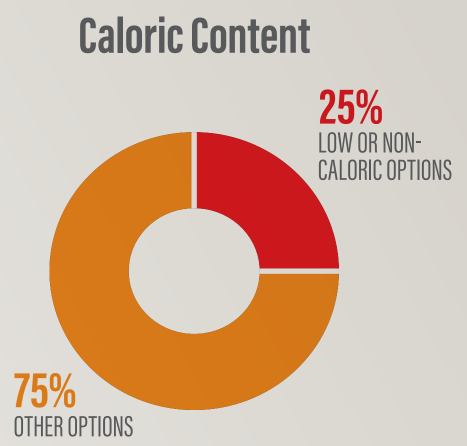
A commemorative Coca-Cola Zero Sugar packaging was released after Argentina's victory at the Qatar World Cup in 2022

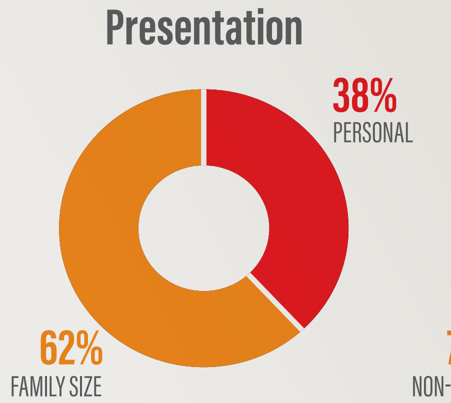
Arca Continental explored new flavors and presentations in the alcoholic beverages category such as Topo Chico Tequila Seltzer, Topo Chico Margarita, and Lemon-Dou

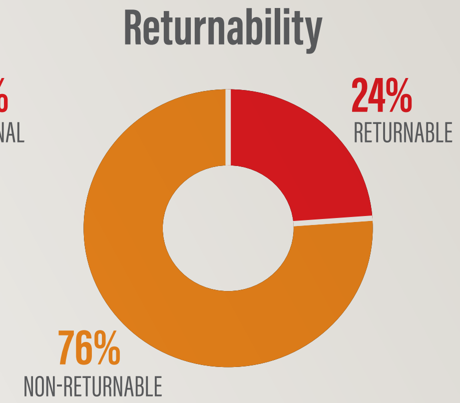
+5%

in consolidated sales through the stills category









This adaptation also holds up throughout different presentations, seeking to meet the demands of different consumption occasions through packaging designs that follow the principles of a circular economy.

As part of its commitment to circularity, Arca Continental designs recyclable packages and carries out activities where the consumer can learn adequate disposal options available to them so that packages can be retrieved and recycled to make new bottles.

This way, consumers –along with people who collect, revalue, recycle, and reuse these packaging materials, especially those made with PET– become key actors within the recycling process through actions that foster the construction of a circular economy.

The Universal Bottle represents **20%** of the total mix of returnable materials at Arca Continental

By preventing these containers from exiting the recycling process to end up in a landfill, an efficient package management is promoted. This reduces its environmental impact since it does not become waste but rather it becomes a consumable that is reintegrated into the value chain.

24%

of the company's total sales were made in returnable packaging, providing affordability to the consumer and reducing environmental impact

SAME FLAVOR, LESS CALORIES, INCREASING GROWTH

As part of the continuous search for reducing the company's products' caloric footprint without them losing the characteristic flavor that consumers seek, Arca Continental has broadened and diversified its portfolio over time.

Down this path, Coca-Cola Sin Azúcar has managed to become one of the fastest-growing beverages in the portfolio, offering a non-caloric option that has been well-received by consumers.

However, both Arca Continental and The Coca-Cola Company believe that everything is perfectible, which is why they created a new formula in an effort to remain the top preference in these non-caloric products. As a result, Coca-Cola Sin Azúcar grew by 17.6% during 2022.

Because of Arca Continental's constant effort to keep up with new consumer trends, Coca-Cola Sin Azúcar is here to stay and is already a success within calorie-reduction initiatives and throughout the company's portfolio.

Strengthen **our supply chain**

In spite of being in a volatile landscape characterized by raw material pricing pressures, Arca Continental was able to manage –alongside its suppliers– the availability of ingredients and raw materials with competitive prices. All this while maintaining the quality that sets the company apart, and while firmly adhering to sustainable practices throughout the entire supply chain.

Supply chain **resilience**

On a global scale, 2022 was a challenging year within the beverage industry in terms of the supply of ingredients and raw materials. But thanks to the solid relationship with its suppliers and to its inventory which is built up on innovative management solutions, the company was able to continue its production and achieve its commercial goals. All in all, the the changing costs of aluminum and PET represented the biggest challenge in raw materials supply.

Arca Continental knows that its suppliers are strategic business partners and that the relationship between the two is key to the company's endurance over time.

For this reason, it builds agreements under the assumption that each supplier will be able to keep their long-term commitments with the company and therefore work towards building solid commercial relationships based on ethics and transparency principles for every party involved.

Thanks to its financial stability, solid strategic vision, experience in logistics and inventory control -as well as prudent operation of expenditures- Arca Continental finished the year with the lowest expense/sales ratio in the **last 5 years, with 30.7%.**

+$65 billion

mexican pesos spent on 345 critical suppliers [1]

[1] Suppliers are defined critical based on the company's purchasing volumes with them. If suppliers represent 80% of the company's supplier expense negotiation by the supply team, then they are deemed critical.

In 2022, three key initiatives were implemented throughout the supply chain to optimize operational expenses and capture efficiencies:

1. **Improvement of the strategic supply** - to save costs from raw materials and define optimal commercial conditions to favor synergies among business units, countries, and regions to mitigate risks and reduce total costs.
2. **Design of optimized distribution networks** - based on the changing projections in supply and demand, products were distributed to the different Production and Distribution Centers based both on sites' own capacities and optimized distribution scenarios. This exercise allowed the company to determine the most efficient way to satisfy customers' needs while reducing operational costs.
3. **Verifying contractual assumptions** – assumptions were built on a case-by-case basis to determine what comes with investment projects from their initial evaluations until their implementation. This included the verification of supplier compliance.

Thanks to the timely contracting of financial hedges for the acquisition of key raw materials, the costs of economic volatility were protected

Moreover, there have been several actions carried out to simplify, equate, and consolidate the information required to conduct the purchasing process. With the integration of SAP Ariba, the company has achieved the digitalization of registration processes and supply-risk management so that it can obtain more control, transparency, and efficiency throughout its supply processes.

Responsible **sourcing**

Arca Continental works closely with all its suppliers, promoting that they comply with the highest quality standards and raw material availability while carrying out efforts to keep them aligned with the organization's sustainable vision.

Suppliers' development and growth is key to Arca Continental's operations' success, which is why the company provides support and counseling in matters of sustainability so that they can reach the highest standards of quality and efficiency all together. This way, the company promotes the supply chain's integral development with its suppliers in an organized way through the Sustainable Supply Program (PAS in Spanish).

As evidence of the company's commitment to shared economic value throughout the communities where it operates, in 2022, **93%[1] of Arca Continental's suppliers** were locally sourced

SUSTAINABLE SUPPLY PROGRAM

PURPOSE	Having purchase transactions that are responsible and efficient	Having standardized practices	Boosting a sustainable vision to mitigate risks
FOUNDATIONS	Continuous improvement principles	Elements of sustainability during supplier selection	
RESULTS	Contribution to the company's goals in matters of sustainability[2]		

[1] Lower percentage than the 97% of the previous year due to the purification of inactive suppliers with the implementation of SAP Ariba.
[2] Through this program, the company manages to generate impacts in the supply chain such as the reduction of CO_2 emissions, efficient use of water, recyclability of waste, use of sustainable materials, respect for human rights and promotion of diversity and inclusion in the supply chain.
[3] The investment was done alongside other bottlers belonging to the system and with Coca-Cola Mexico.

PACKAGING CIRCULARITY

Arca Continental, alongside Coca-Cola Mexico and other bottlers, leads the strategic PetStar initiative –a Mexican company that aside from being one of Arca Continental's suppliers – is a key player with whom the company shares the commitment to increase PET plastic collection and therefore avoid its way out of the recycling chain.

Once the consumers dispose their PET containers, PetStar collects them through a network of collecting associates who take part in an inclusive collection scheme that ensures the preservation of their Human Rights while fostering responsible commercial practices.

Moreover, with the intention of improving the life conditions of waste pickers and other urban collectors and their families, Arca Continental works closely with Integral Development Community Centers (CEDIC in Spanish) where the company can care for them and ensure they continue their education.

PetStar and Arca Continental share the commitment of duplicating the retrieval of PET packages to avoid them leaving the recycling chain and promote sustainable development towards a World Without Waste. For this reason, the company[3] announced in 2022 a joint investment with the Mexican Industry of Coca-Cola of 175 million mexican pesos to increase the average of the PET containers to be collected and recycled.

Click here to find out more

The company has the goal of **evaluating 100% of its critical suppliers** by 2025, which represents **82% of global expenses** in materials and services

As part of the Sustainable Supply Program, Arca Continental evaluates its suppliers' performance in matters of sustainability through EcoVadis platform that rates their performance in:

1. Corporate ethics
2. Environmental practices
3. Labor rights
4. Sustainability

On a 100 scale, suppliers who reach a general rating of 45 points or less in the EcoVadis test are classified as "critical in sustainable risk". When this happens, suppliers are asked to present an Action Plan to correct their practices – upon a commitment to be reevaluated in a period less than a year.

Evaluating suppliers' sustainability promotes the identification and adoption of best practices along the supply chain

Some elements of the Action Plan may include the following priorities:

- Reducing CO_2 emissions by using renewable energies
- Improving water use and conservation of water sources
- Reducing waste and increasing recycling
- Using sustainable materials and reducing single-use materials
- Respecting Human Rights
- Promoting diversity and inclusion along the supply chain

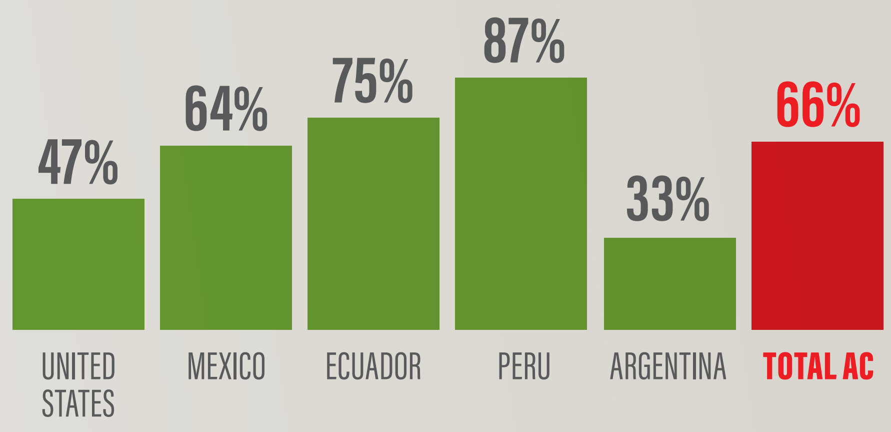
Through the Sustainable Supply Program, the company has evaluated the sustainable performance of over **61% of its critical suppliers** in the last 3 years

In case of consecutive violations of the Sustainability Action Plans that were agreed upon with suppliers, the company carries out remedial actions that may result in the interruption of the business relationship.

Suppliers must be reevaluated a year after their initial exercise so that the company may monitor their performance and the impact of the actions that were entrusted upon them.

This process serves as an incentive for suppliers to comply with the highest standards and to stay aligned with the company's goals and values throughout its supply chain.

Percentage of suppliers with whom Action Plans were agreed



Human Rights along the supply chain

Arca Continental has an unrestricted commitment with the respect of Human Rights. Therefore, the company only establish relationships with suppliers with the same approach.

To ensure compliance, all organizations that aspire to become a part of the Coca-Cola System supply chain are evaluated and audited using the **Suppliers Guiding Principles** of The Coca-Cola Company, where the protection of Human Rights in the supply chain is also evaluated.

Arca Continental audits new suppliers to both validate their compliance with local laws and to analyze possible controversies that might be related to violations of fundamental rights, through the Nexis Dilligence platform. In addition to this, the company presents all members of its supply chain with the Code of Ethics and Code of Conduct for them to sign, and therefore promote full alignment to its behavioral rules.

The company does everything in its hands to ensure that suppliers act honestly in their investments and business relations

100% of sugar used to produce beverages is certified with social, environmental and food safety standards such as ISO9001, ISO14001 y FSSC 22000[1]

Sustainable Agriculture

Sustainable Agriculture Principles

Arca Continental's focus on agriculture is based on sustainability principles that protect the environment, defend human rights in the workplace and help build integrated communities.

The company adopts the **Sustainable Agriculture Principles** developed by The Coca-Cola Company which set expectations for their suppliers of agricultural ingredients to tackle sustainability challenges that are specific to this field.

With this in mind, the company expects to fulfill the expectations of its consumers, customers, and other stakeholders, and allow the company's continuous growth while making a positive change within the communities it serves.

100% of palm oil, cornstarch, and peanuts used to produce snacks have at least one international certification related to sustainability

[1] This is applicable to all 6 sugar suppliers in Latin America.

Enhance **our performance**

Efficiency in Arca Continental's production processes was once again reflected in the quality and availability of its products, and in the firm conviction to remain an environmental steward. In pursuit of the latter, the company invested in affordable product presentations and in new lines of production that can enable it to maintain growth. This was accomplished with the hard work of a diverse, professional workforce capable of facing business challenges without losing sight of communities' well-being and the company's commitment to remain a good neighbor that allows for and delivers positive change.

Optimization of **Operational Processes**

The company fosters a work environment where associates question current ideas and processes to present innovative pursuits that enables them to anticipate changes and satisfy the market's needs. With this, short, medium, and long-term results may be achieved with the support of Arca Continental's Continuous Improvement Model.

Through this Model, teams are able to analyze and present ideas that may enhance strategic projects presented by leadership teams to improve operations through activities that aim to boost key performance indicators.

There is also a benchmark of operational and financial indicators that allows AC to identify savings opportunities.

+$1.4 billion

mexican pesos saved with the continuous improvement projects in 2022

The company sends out an annual invitation for associates to enter a competition and present a project that is aligned with the company's cultural principles. This global competition is called *Copa Generación de Valor* (Value Creation Cup). In 2022, this competition identified, evaluated, and rewarded innovative, high-impact practices such as the carbon optimization project.

From the wide array of initiatives presented in 2022 to optimize operating expenses and achieve efficiency, the company implemented the following actions which gave way to savings and improved profitability:

1. **Evaluation of the Cost Center:** designed and digitalized a method to evaluate and compare expenses by process to then analyze productivity levels and operational standardization. This allowed to identify improvement and saving opportunities.

2. **Standardization and optimization of administrative processes:** focused on identifying administrative processes throughout operations and the corporate headquarters to evaluate the possibility of standardizing, optimizing and migrating them to the Shared Services Center.

CONTINUOUS IMPROVEMENT: OPTIMIZED CARBONATION PROCESS

One of the most important innovations in production processes in 2022 was the Optimized Carbonation Process which was developed in Mexico.

It consists of using technology to introduce carbonic gas when liquids are at higher temperatures than usual. This results in lower energy consumption and lower refrigerating gas use throughout production lines, saving significant amounts of money and lowering the environmental impact of this process.

By putting this improvement into effect throughout all lines of production, it is estimated that not only will the demand of industrial refrigeration decrease by 50%, but significant savings in electricity, water, and gas consumption may also result.

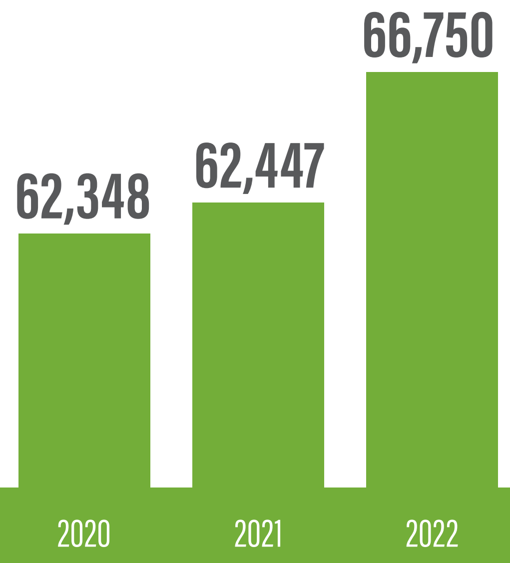
This improvement resulted from a team of associates that took part in the Value Creation Cup – a project derived from the Continuous Improvement Model that motivates teams to challenge ideas and processes, to look out for new perspectives, to learn from mistakes and to continuously anticipate changes.

The aforementioned model is led by the leadership team and reaches the entire organization. It is carried out by teams that analyze and present specific improvements in at least one of the following aspects: productivity, cost and expense control, quality, safety, environmental indicators, and personal development indicators.

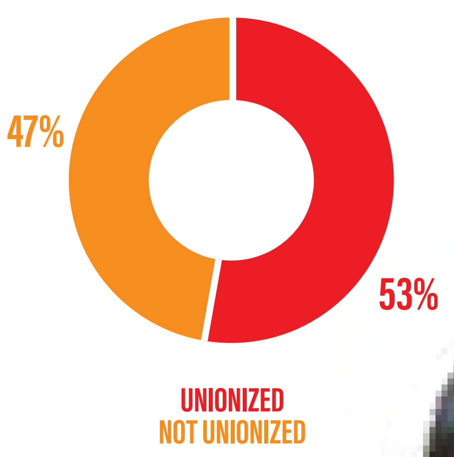
Trascending **collaboration**

People are essential to building a better future. Hence, they are the ones who give life to Arca Continental's sustainability vision and ensure that this vision is embedded in the company's global strategy and therefore translated into actions that get every area of the organization involved. This is why the company invests in attracting, retaining, and developing top talent that has turned it into a benchmark in the matter.

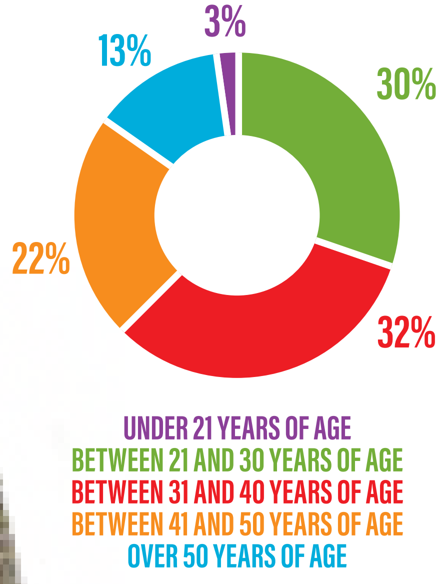
Total Associates



Associates by type of contract



Associates by age range



+66 thousand associates*

Associates by country*

	2020	2021	2022
Mexico	36,758	36,956	40,090
United States	9,061	8,792	9,150
Ecuador	9,553	9,530	9,770
Peru	4,858	4,777	5,090
Argentina	2,118	2,392	2,470
Total	**62,348**	**62,447**	**66,750**

*Total associates at the end of 2022.

Talent attraction and retention

With the objective of attracting and retaining top talent, Arca Continental welcomes people who are conscious and committed as individuals and who share the global vision of making a positive difference in the world through daily actions.

Retaining associates who have high potential and show excellent performance levels allows the company to have more stability and productivity within its different business units, and it drives the company towards goal-completion and sustained growth scenarios.

The company operates with diverse teams that differ widely on many levels, including skills, backgrounds, and perspectives. This is why Arca Continental promotes a work environment in which all associates may find platforms to reach their fullest potential regardless of their origin, cultural identity, gender, sexual identity and orientation in a framework of total respect for the person.

AC has an **Política de Inclusión y Diversidad** in place that highlights gender equality, the right to a safe and decent job, and inequality reduction.

96% of associates participated in the organizational climate survey

87% of commitment level from associates

New hirings

Country	Total open positions	Positions covered with internal talent	Positions covered with external talent
Mexico	21,098	7,626	13,472
United States	5,284	1,081	4,203
Peru	1,502	98	1,404
Ecuador	2,150	605	1,545
Argentina	54	10	44
Other businesses	1,654	362	1,292
TOTAL	**31,742**	**9,782**	**21,960**

Associates Development

Arca Continental acknowledges the importance of strengthening its associates' skills and knowledge and highlights, above all, the importance of providing constant feedback so that they can meet their own goals and reach their full potential.

The company invests in being prepared to face market challenges and remain as industry leader by having associates up to date regarding learning new skills and technologies.

Courses were given to develop **+51k** associates with **+1 million** training hours

+200 management and leadership

positions took Harvard leadership courses, covering 70%

During 2022, Arca Continental delivered training programs that benefitted thousands of associates, amongst them:

- **+7,600** associates were trained in information safety
- **+21,600** associates were trained in fraud and corruption prevention
- **+3,000** assigned licenses and +49,100 training hours on LinkedIn Learning

Aside from helping its associates grow professionally, Arca Continental motivates them to perform with excellence through different evaluations and feedback spaces that allow them to identify strengths and areas of opportunities, fostering a high-performance culture that is aligned with the business' strategic priorities.

+11,100 associates

from all levels of the organization took part in some type of performance evaluation process[1]

[1] The breakdown of training hours for 2022, as well as the average employee training hours, can be found in the annexes to this report.

TALENT DEVELOPMENT: TRAINING WITHIN INDUSTRY

At Academia AC, Arca Continental has three schools that aim to strengthen associates' skills. These schools are the Commercial, Technical, and Leadership Schools.

Training Within Industry (TWI) is a program that derives from the three aforementioned Schools with the objective of helping Supervisors grow into Coach Leaders – capable of strengthening the commercial area and improve operational indicators belonging to their line of work. The TWI program is designed to standardize processes and routines by using the following types of approaches:

- ***a) Job Instructions:*** *to offer training at the workplace and replicate best practices.*
- ***b) Job Relations:*** *to improve supervisors' soft skills and to be able to build work environments based on respect and well-being through one-on-one conversations.*
- ***c) Job Methods:*** *to foster critical thinking skills that question whether or not the company's processes could improve under a methodology of deconstructing how things are already done and how they can be done differently.*

In 2022, more than 400 operators were trained as Coach Leaders, and over 1,300 processes were standardized. Some benefits of the program that stand out are: reduction of stoppage time by 30%, reduction of shortages by 10%, and reduction of loading errors by 10%. There was also an improvement in commercial execution quality that translates into better customer service.

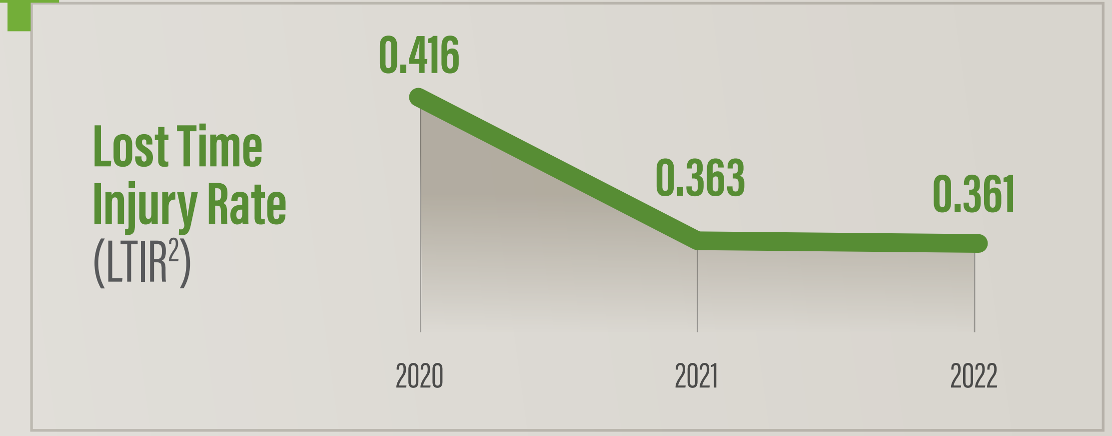
Training Within Industry was carried out at 36 plants and 22 distribution centers, covering 100% of plants in Argentina, Peru, and Ecuador, 25% of distribution centers in the United States and 68% of facilities in Mexico.

Safety for All

Arca Continental has a Safety and Workplace Health Strategy in place that is complemented with a Safety and Well-being Policy. Both seek to protect life and promote the company's associates' well-being by fostering a work environment that is safe and healthy for everyone.

100% of the Workplace Health and Safety Management System is audited internally

85% of production centers[1] have ISO 45001 health and safety certifications



With the goal of promoting a culture of prevention, a global plan was designed, communicated, and carried out by each country's management and by a global corporate office that serves local Workplace Health and Safety management offices. The global plan is called **Present Prevention: think, analyze, take action.**

The program seeks to develop a culture of safety prevention and a philosophy that is focused more on problem-solving than on who is at fault, improving the environment for associates, contractors, and visitors. The program is based on three pillars:

- **Anticipating** scenarios through the SIF Potential Indicator.
- **Knowing** and following the 14 life-saving rules designed with The Coca-Cola Company.
- **Promoting** a culture of analysis, empowerment, and problem-solving through the HOP (Human and Organizational Performance) Philosophy.

Associates at **12 of Arca Continental's operation sites** were trained in knowing how to apply the HOP Philosophy, promoting the safety and well-being of people at the workplace

[1] This includes the beverage and snack businesses. 100% of the beverage businesses had current certification in 2022.
[2] The number of lost time injuries occurring per 200,000 hours worked.

Communities

Arca Continental seeks to boost the integral development of the communities it serves through its sustainable business model. In 2022, AC implemented over 120 shared value initiatives in areas where people can make a positive difference, boosting:

- **Positive agents of change**
- **Inclusive collection**
- **Water access**

The Volunteering Program that seeks to drive associates into becoming positive agents of change and developing their leadership skills saw over 30 thousand man-hours dedicated to several activities. These included planting 6,500 trees, collecting more than 200 tons of waste, and rehabilitating 60 public spaces.

With the double goal of strengthening the recycling cycle and highlighting the importance of the company's goal to make a positive social impact, AC pushed forward several collective initiatives that aim to have a positive effect in the lives of waste pickers and their families. Proof of it is the expansion of the DAR program in Ecuador that extended into 3 new cities: Cuenca, Portoviejo, and Guayaquil, reaching 32 generating points. This program impacted the lives of more than 600 waste pickers, saw more than 60 tons of recyclable materials collected and trained 4,600 people in inclusive recycling.

One of Arca Continental's priorities is sustainable water management, the company's main ingredient. Aside from the efficiency and replenish efforts carried out by internal operations, giving water access to communities is one of the conditions to reach a sustainable environment for all.

More than **$118 million** mexican pesos were donated to social organizations

This year, and mainly through infrastructure projects, Arca Continental managed to serve up more than 2 billion liters of water to communities within the five countries where it operates. This equals enough water to fill 85 thousand Olympic swimming pools.

Under the firm conviction that corporate success cannot be achieved without the success of the communities it serves, Arca Continental continues to strengthen its efforts to create shared value where it is possible to make a difference by promoting the involvement of associates, and sharing knowledge, skills, and infrastructure from its value chain to serve communities.

An installed capacity of **10 million** liters of water was reached through water harvesting systems, benefiting **+16 thousand** students in Mexico

+2 billion
liters of water to communities

+700
institutions benefited from community programs

+2.3 million
people benefited by community programs and social initiatives

Environmental **awareness**

The company has an Environmental Management System (EMS) that focuses on the rational and efficient use of natural resources. This EMS aims to reduce the organization's impact while improving its profitability. The achievement of this dual goal is reached with the support of three important environmental priorities: **water footprint, carbon footprint, and packaging and waste.**

All operations follow an EMS based on ISO 14001, the established specifications in operational requisites and the mandatory standards that every Coca-Cola System bottler must abide by. These go beyond what is already established in international standards and certifications.

In addition to that, organizational goals were established to guarantee the efficient management of resources and environmental impacts.

			PROGRESS		
Priority	Indicator	2026 goal	2020	2021	2022
Water footprint	Efficient water consumption per liter of beverage produced (LW/LB)	1.45	1.548	1.515	1.52
Carbon footprint	Efficient use of energy per liter of beverage produced (MJ/LB)	0.23	0.257	0.247	0.242
	Percentage of energy use from renewable sources (%)	65	34	39.3	44*
Packaging and waste	Percentage of recycled waste from Beverages Production Centers (%)	98	90	96	95.98
	Percentage of recycled food-grade PET and BioPet containers (%)	50**	26.9	26.46	23.6

* Consider only renewable energy that comes from Mexico, Peru and the United States.
**CLARIFICATION NOTE: The target year for the percentage of Food-Grade Recycled PET and BioPET in packaging is 2030. Previously, this table did not differentiate this aspect from the rest of the indicators.

100%
of beverage production centers have ISO 14001 Environmental Management System certifications

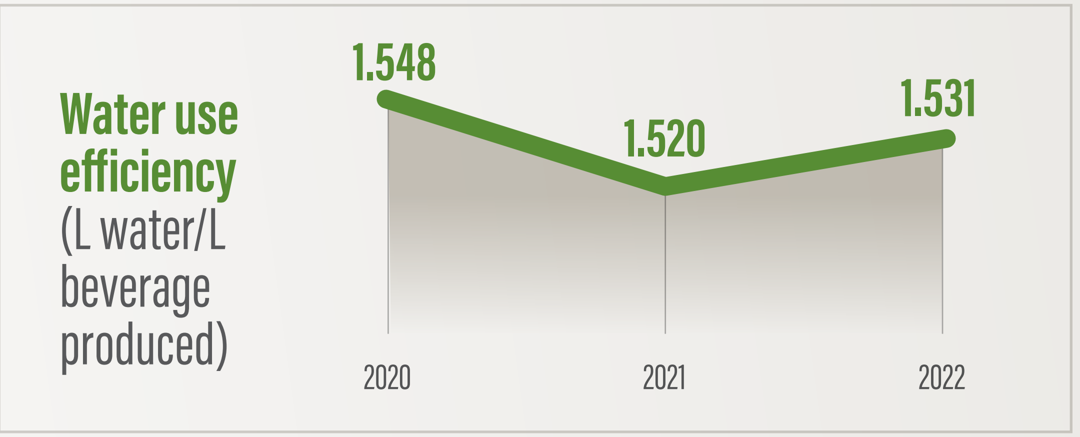
WATER FOOTPRINT

Water is an essential resource for life on the planet and it is also the main component in Arca Continental's products. For this reason, the company pushes strategic actions and invests in technologies that may enhance the appropriate use of water resources while protecting extraction sources and bringing water to vulnerable communities.

Arca Continental carries out a Source Vulnerability Analysis (SVA) every five years throughout all its operations and is backed by a third party with the goal of identifying environmental and social risks, monitoring resource availability, and analyzing the interaction between production centers and other important actors in the micro basins that neighbor its operations. In addition to this analysis, a Sourced Water Protection Plan (SWPP) is carried out to manage identified risks in the SVA.

The Facility Water Vulnerability Assessment (FAWVA)[1] is used to analyze the local context and vulnerabilities of the basin from which water is extracted, this way the company can estimate internal and external costs of water use to define risk levels regarding drought, stress, and other water-related problems.

This assessment allows the company to identify the operation centers with greater water-related risks and therefore tag them as "leadership locations". This name signals their potential as centers that may integrate actions to mitigate risks alongside other stakeholders.



100%

of the industrial wastewater is treated

22

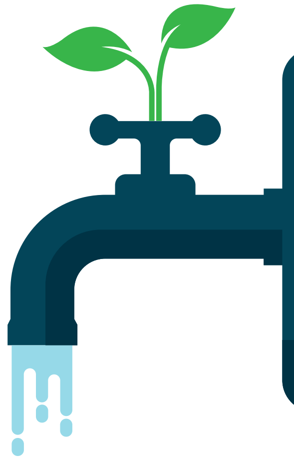
of Arca Continental's operation centers[2] are catalogued as leadership locations

Efficiency

Responsible water use is key in Arca Continental's operating continuity, which is why the company is at the forefront when it comes to technology and processes that capture, treat, reuse, and optimize water use in its value chain aside from monitoring and pushing best practices to reach water sustainability.

In 2022, the company reached an efficiency index of **1.52 liters of water** per liter of beverage produced

Arca Continental abides by strict international standards of water quality, as well as by those established in its Environmental Management System which is based on ISO 14001 and on Coca-Cola's Operational Requisites (KORE), because it knows that in order to improve water efficiency the company must carry out different interventions alongside its operation centers – some of them include: the implementation of new technologies, associate's training, water recovery from industrial processes, leak prevention, detection, and elimination, the creation of committees to save water, and the promotion of a culture that fosters continuous improvement.



Water withdrawal and water discharge[3]

Business	Withdrawal (m^3)	Discharge (m^3)
Beverages	18,788,233	4,592,393
Snacks	105,870	102,628
Other businesses	7,551,331	6,047,909
Distribution centers	424,468	409,554
TOTAL	**26,869,902**	**11,152,484**

[1] This study is based on the World Resources Institute's Water Risk Atlas tool, the results from the Source Vulnerability Assessment, the Source Water Protection Plan, and other reference documents used to determine the level of hydric stress along its production centers.
[2] Out of the 22 Operation Centers, 14 are located in Mexico, 3 in Peru, 1 in Ecuador and 4 in the United States.
[3] The breakdown of withdrawal, discharges, and water consumption can be found in the Integrated Annual Report's appendices.

Arca Continental upholds its commitment to give **100% of the water used for production back to nature**

Water source conservation

With the intention of building a sustainable future and promoting water stewardship among communities, Arca Continental has helped protect water sources by working and collaborating with different institutions to solve specific challenges that each country faces.

The entirety of Arca Continental beverage plants comply with wastewater treatment regulations, and also work closely with allies who can distribute and take advantage of it.

During the last decade, Arca Continental has really consolidated its leadership position in promoting water safety, and has reinforced the importance of understanding the risks, vulnerabilities, and opportunities related to water management at a local level to prioritize actions and assign resources effectively.

Water access

The company moves forward with the vision of becoming a water enabler – in other words, that the communities where it operates may have access to clean water, creating shared value for the company, the community, and the environment.

CARBON FOOTPRINT

Arca Continental has moved forward with a Carbon Footprint Reduction Plan made up of three pillars to fight climate change and protect the environment.

Carbon Footprint Reduction Plan

PROMOTING EFFICIENCY IN 100% OF ALL PROCESSES

- System and Process Optimization
- Implementation of sustainable practices throughout the company's daily operations

SUPPORTING INNOVATION TO INCORPORATE NEW TECHNOLOGIES

- New technologies must contribute to reduce AC's carbon footprint.
- Its success depends on promoting research and developing innovative solutions that will bring energy efficiency and emission reductions

INVOLVING DIFFERENT ACTORS THROUGHOUT THE SUPPLY CHAIN

- AC wants these actors to embrace sustainable goals.
- Through this pillar, AC has been able to identify suppliers, distributors, and other allies

With this plan, the company seeks to create significant positive changes in fighting climate change, and to promote a more sustainable environment for all.

GHG Emissions (tCO_2e)[1]

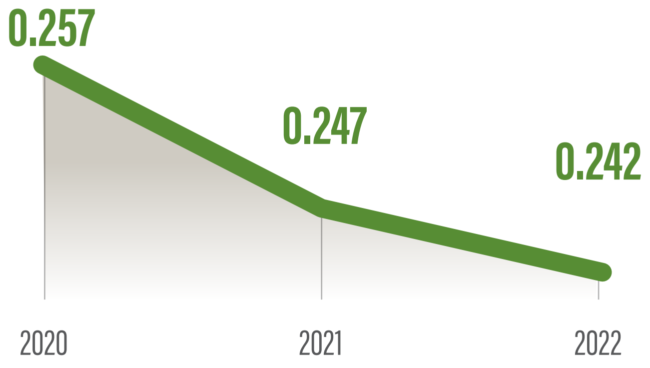
Business	Scope 1	Scope 2
Beverages	178,299.36	130,171.62
Snacks	58,241.52	2,299.58
Other business units	54,148.78	16,239.49
TOTAL	**290,689.66**	**148,710.69**

[1] The breakdown of GHG emissions can be found within the 2022 Integrated Annual Report's appendices. For its calculation, the company is based on the methodology established by the GHG Protocol. This information only includes Production Centers. Scope 2 emissions are the sum of electrical energy emissions that come from the national grid (location based) and those that come from renewable sources (market based).

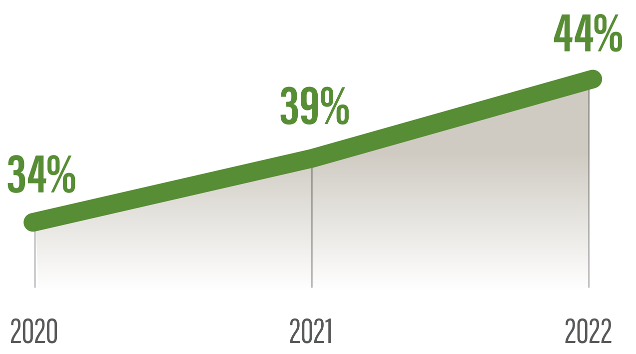
Energy

Arca Continental has shown its commitment to energy efficiency by carrying out projects that are focused on renovating, installing, operating, and maintaining energy-efficient equipment and infrastructure.

Energy use efficiency (MJ/L beverage produced)



Renewable energy consumption (% of the total electric consumption)



The NorthPoint Production Center in the United States operates **100%** on renewable energy

Electric Energy Consumption (MWh)[1]

Business	Renewable electric energy	Non-renewable electric energy	TOTAL
Beverages	179,302.51	226,820.01	407,461.33
Snacks	0	22,082.49	18,957.02
Other business units	0	45,957.73	44,942.92
TOTAL	179,302.51	294,860.22	474,162.73

Consumo de combustibles (MWh)[2]

Business	Steady sources	Movable sources	TOTAL
Beverages	322,048.14	356,866.96	678,915.09
Snacks	273,721.83	23,683.07	297,404.90
Other business units	495,330.39	17,388.64	512,719.03
TOTAL	1,091,100.35	397,938.67	1,489,039.02

[1] The breakdown of electric power consumption can be found within the Integrated Annual Report's appendices. This information only includes Production Centers.
[2] The breakdown of fuel consumption can be found within the Integrated Annual Report's appendices. This information only includes Production Centers.

100% of Ecuador's electricity comes from a hydroelectric plant

39% of electric power in Mexico comes from renewable sources

5 out of 6 production centers in Peru has an I-REC certification for using renewable energy

PACKAGING AND WASTE

Aside from promoting recycling and designing sustainable packaging, AC internally promotes the efficient use of raw materials to reduce waste. Furthermore, the company has an Integral Waste Management Plan in place that is verified and constantly updated to adapt to the different contexts and needs of each country.

Thanks to the execution of this plan, 90.3% of waste generated by the company in 2022 was recycled. As a result of this, 18 Operation Centers in Mexico and 2 in Peru were certified as “waste-free”, and 18 Operation Centers that belong to Arca Continental Coca-Cola Southwest beverages showed a waste-recycling rate above 99%.

Thanks to constant monitoring and to the execution of programs that aim to reduce food waste and loss, Arca Continental’s Production Centers have achieved an **average efficiency rate of 99%** in the use of ingredients, this has resulted in very low losses

Generated waste (ton)[1]

Business	Recycled or reused waste	Waste sent to final disposal	Total generated waste
Beverages	80,622,396.72	3,933,339.43	83,887,630.58
Snacks	4,361,759.16	1,400,570.64	6,798,537.60
Other business units	244,379,699.10	23,897,222.10	274,291,177.76
TOTAL	**329,363,854.99**	**29,231,132.17**	**364,977,345.94**

Arca Continental has lowered the quantity of the raw materials it traditionally used to package its products and it is collecting waste from the packaging that it puts out in the market through sustainable operating methods. The company reaffirmed their commitment in 2018 by signing the Ellen McArthur Foundation’s New Plastic Economy Global Commitment that aims to change the way in which companies produce, use, and reuse plastics.

NEW PLASTICS ECONOMY Global Commitment

[1] The breakdown of generated waste can be found within the Integrated Annual Report’s appendices. This information only includes Production Centers.

Almost **100%** of primary and secondary packaging was recyclable

In 2022, the company took part in a pilot program carried out by Sprite and its 600ml presentation. The pilot consisted in removing the green pigment from its bottle so it could become 100% recyclable and produced with 100% recycled PET plastic

World Without Waste Goals

Together with the Coca-Cola Company, Arca Continental maintains the path of significant progress to meet its 2030 World Without Waste goals.

1. Make 100% of our packaging recyclable by 2025.
2. Use 50% recycled material in our packaging by 2030.
3. Have at least 25% of our beverages sold in refillable/returnable packaging by 2030.
4. We aim to collect and recycle a bottle or can — regardless of where it comes from — for every one we sell by 2030.

24%
of sales volume was from returnable products

In an effort to work with consumers towards a World Without Waste, the company launched the Universal Bottle in 2018, this consists of a type of bottle presentation that is returnable and exchangeable. The mix of returnable products responds to the markets' needs and preferences. Aside from the environmental aspects of it, the purchase of returnable products in Latin American markets relates to product affordability.

6 out of 10 bottles
sold in the market were collected

Recycled materials

Material	Total weight (ton)	Recycled material weight (ton)	Recycled material (%)
Cardboard	29,942	25,028	83.6%
Aluminum	3,017	2,292	76%
Glass	100,707	10,319	10.2%

Recycled contents in plastic containers

	New PET (ton)	Recycled PET (ton)	%
Mexico	78,373	15,975	16.9%
Peru	23,810	9,924	29.4%
Argentina	10,303	739	6.7%
Ecuador	14,981	1,347	8.2%
United States	13,723	15,535	53.1%
TOTAL	**141,190**	**43,520**	**23.6%**

+$100 million
pesos were saved through different innovation initiatives in packaging materials such as polyethylene, cardboard and PET

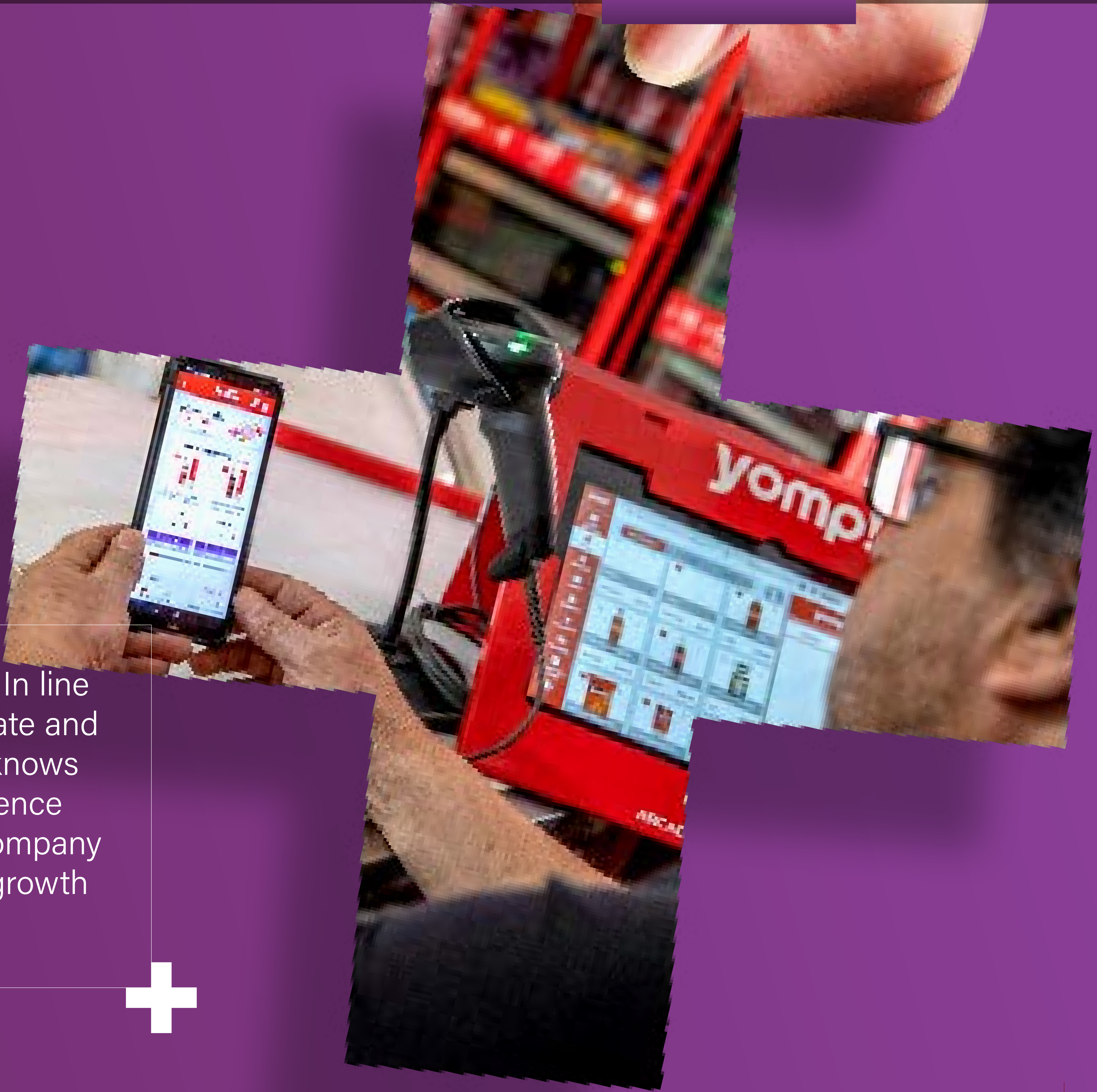
Sustainable packaging design

As one key element to meet Arca Continental's goals in its sustainable packaging strategy, the global packaging technology team oversees the innovation opportunities to reduce the number of materials used in the primary and secondary product packaging.

+3,200 tons of packaging material reduced in 2022

In 2022, Arca Continental became the first bottler in North America to lighten PET packages from 12oz to 14 grams, and to reach 50% of recycled materials in its packaging portfolio

And to grow with **our customers**



Arca Continental's customers are strategic business partners. In line with this, the company is constantly looking for ways to innovate and find tools that allow for shared value creation. The company knows that when business partners grow, the company does too – hence the expansion of digitalization platforms that allow both the company and its customers to maintain efficient dynamics and bolster growth all together.

Being present and with **excellence in our service**

Number of beverage customers

ARGENTINA	UNITED STATES	ECUADOR	PERU	MEXICO
75,520	91,313	199,035	324,130	388,627

The company strives to maintain close relationships with customers to meet their needs in every commercial channel it serves, and in every context and reality possible – adapting delivery and presentation models with promptitude.

With the intention of improving customer service levels throughout operations, the company conducted the Net Promoter Score (NPS) survey which allowed it to identify areas of opportunity in the services that Arca Continental offers whether pertained to product deliveries, stores, or online orders.

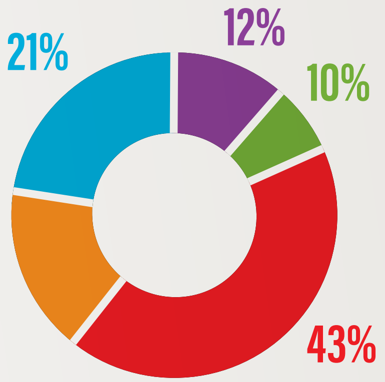
Using the survey results, and with the two-fold intention of carrying out actions focused on improving customers' experiences and elevating Arca Continental's service, the company pursued follow-up talks with those customers that pointed out areas of opportunity. AC successfully meet **71% of the cases** that presented areas of opportunity.

+1.1 million

customers in the beverages and snacks businesses

Sales showed significant recovery because of on-site activities after the COVID-19 pandemic

Sales by channel



Efficient transportation

Arca Continental has a total of **60 distribution centers** in the snack business and **285** in the beverage business, adding up to a total of **345** assets used for product distribution

The commitment to offering excellent service also lies in the support that the company gets from a logistics network that allows it to ensure timely product deliveries at each point of sale.

The carbon footprint of Arca Continental's outsourced transportation represents nearly **5%** of the organization's total[1] GHG emissions

Arca Continental's own distribution system includes 20,455 motorized units which serve 9,373 routes to place products in the company's different channels – each with tailored strategies.

Arca Continental uses 345 distributions centers to transfer products to the referred channels. These centers:

- Are strategically located to allow growth and profitability.
- Increasingly implement actions to save energy and water, reduce CO_2 emissions and protect it against fires.
- Use eco-friendly construction materials which also reduce maintenance costs.

Moreover, the company uses a new technological tool called Distribution Order Management to automate and optimize product distribution plans to every sales channel.

[1] Total GHG emissions are made up of the addition of Scope 1, 2, and 3 emissions.

+146 thousand

cold drink equipments were installed in with the goal of reducing GHG emissions and drawing attention of consumers to new product categories for every occasion of consumption

Product Refrigeration

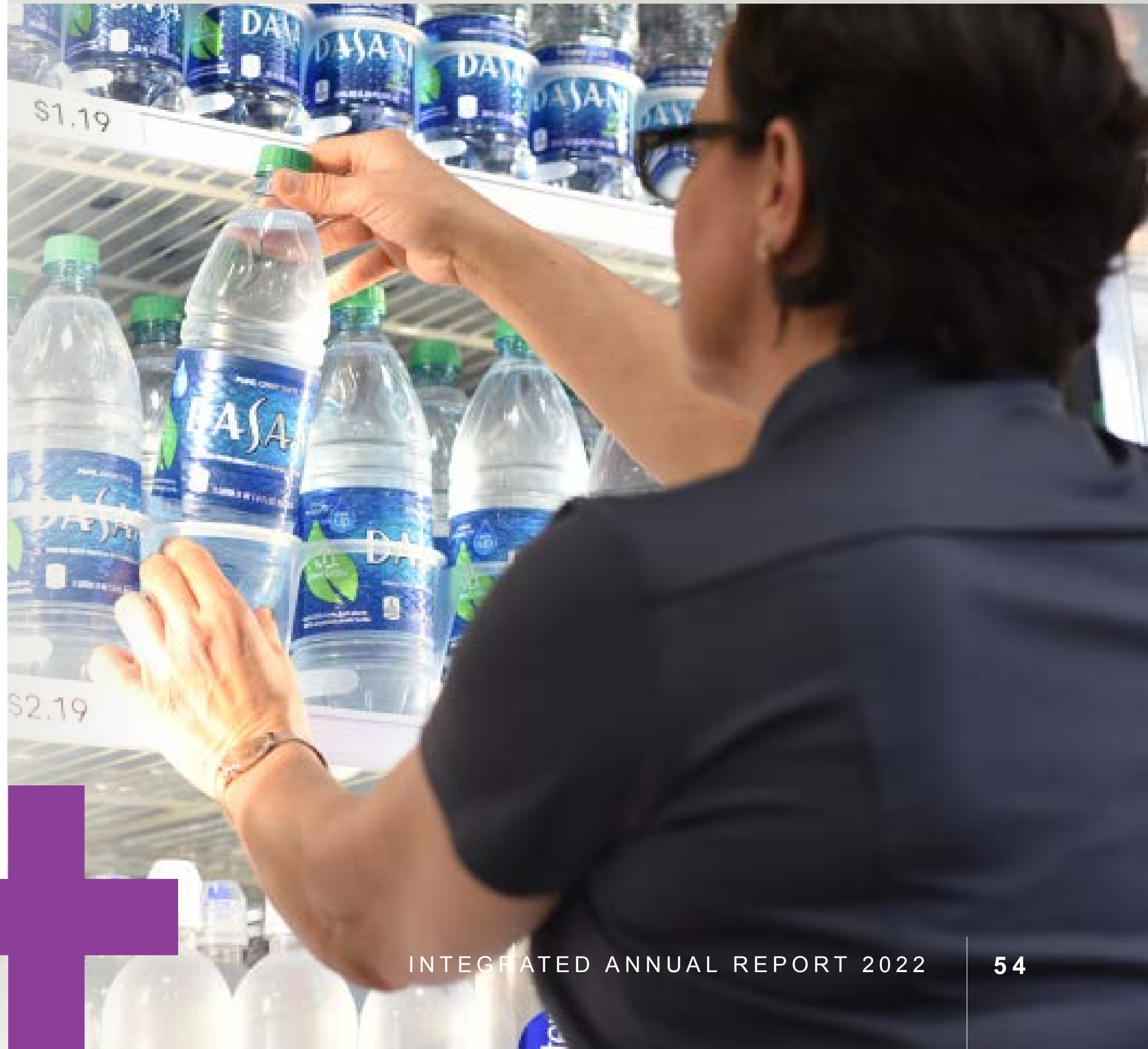
To help consumers enjoy their beverages at ideal temperatures, Arca Continental carries out a program that consists of lending and installing cooling systems at customer locations. Through this, the company strives to have more efficient systems to reduce its environmental impact.

During 2022, more than 146 thousand cooling systems were installed, increasing 230% more than previous year, with the goal of drawing attention to special products by offering them at the right temperatures – these included product categories like fruit beverages, hydrating beverages and alcoholic drinks.

Through this program, the company creates shared value on a social, economic, and environmental level since establishments selling products from our portfolio can save electricity and reduce their own emissions. The most important characteristics of the cooling systems that were installed under this program are:

- **Temperature control for optimal performance**
- **HFC-free cooling systems with low environmental impact**
- **Motors with electric ventilation fans that improve efficiency**
- **Double-panel tempered-glass doors**
- **Front plastic grill that is durable and recyclable**

The carbon footprint of the cooling systems installed represents nearly **15% of the organization's total[1] GHG emissions**



[1] Total greenhouse gas includesf the sum of scope 1, 2 and 3 emissions.

Execution that **sets us apart**

Arca Continental shares value with its customers through the digitalization of commercial transactions, the integration of consumer trend analyses with advanced analytic methods, and through the offering of new platforms that complement and boost AC's customers sales of products.

As a result, aside from showing a consistent increase in its financial indicators, the company can boast a close relationship with its customers, ensure constant communication through digital channels, show precise data on consumer trends, and support them with tools that allow them to better manage their inventories.

$207.785
billion mexican pesos
in sales through digital platforms

With the Trade Promotion Optimization tool, inefficient promotional spending was reduced by 25% compared to 2020

Digitalization

The company has shown significant improvement in using digital platforms to optimize its commercial processes – sales are proof of it.

To exemplify the former, the company also underlines the use of advanced analytics tools which have allowed it to predict and calculate each customer's sales potential, identify market opportunities, and therefore improve commercial decision-making processes for short-, medium-, and long-term production cycles.

The company has pushed digitalization among its customers' base by developing digital B2B[1] platforms such as AC Digital in Mexico, Ecuador, Peru, and Argentina, and myCoke.com in the United States.

By December, **84% of US customers** placed orders through myCoke.com

The year 2022 saw a **4%** increase in sales volume compared to the previous year. This may be in part attributed to the strengthening of the company's digital strategy

[1] Business to Business

+$10 million USD
in savings for the use of digital tools

CUSTOMER DIGITALIZATION: AC DIGITAL

AC Digital is a mobile app that seeks to bring customers into the digital world through a trustworthy and intuitive tool. This app can be used to buy beverages brands of The Coca-Cola Company and snack brands of Arca Continental. Its reach includes Mexico, Ecuador, Peru, and Argentina.

AC Digital offers the possibility to place product orders beforehand, ergo the commercial division may focus its time on activities that allow it to create more added value while the company puts forth a new hybrid model where the customers can:

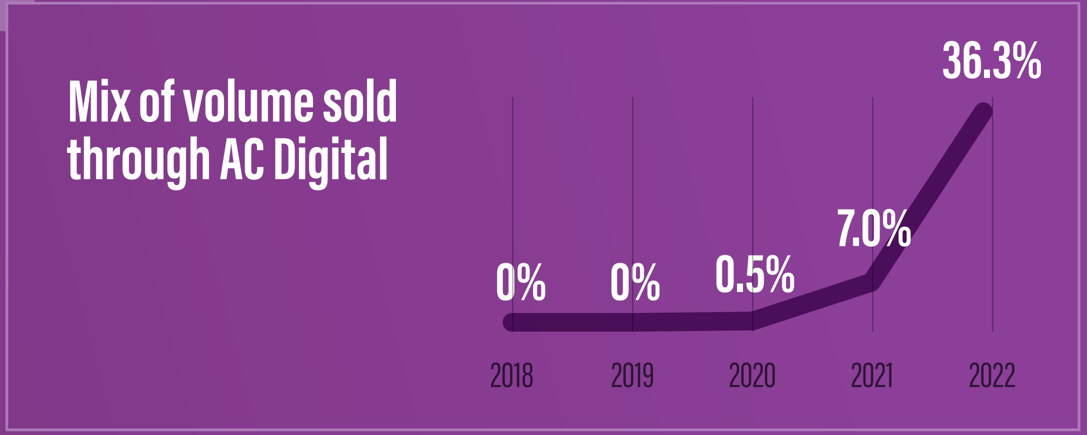
- ***Place orders during the most convenient time for them***
- ***Dedicate more time to explore the portfolio and its promotions***

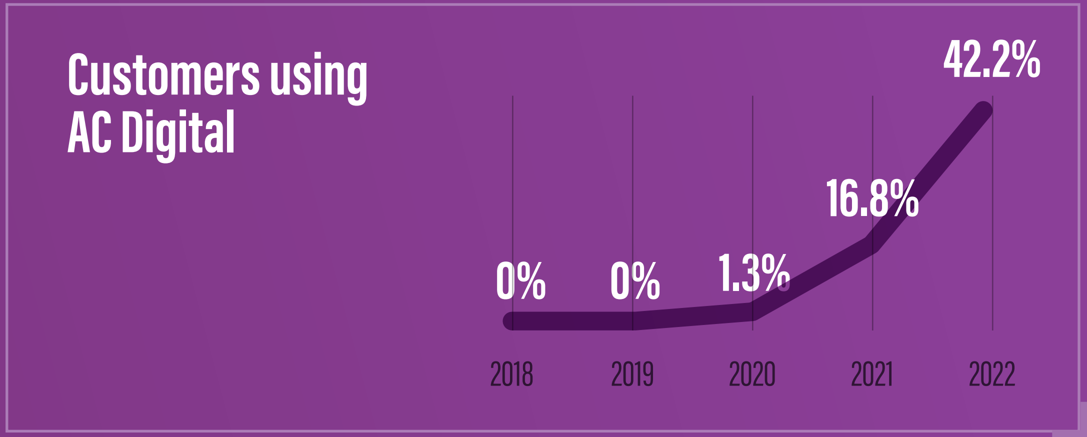
While Digital AC makes it easier for the company to control online inventories, the customer can look up prices, promotions, get suggestions based on their purchase history, do order follow-ups, look for credit options, get information on how to improve their business management, survey their buyers, create spaces for customers to make requests or complaints, get phone support, among other things.

The platform has seen exponential growth in the last years, both in the number of registered customers and in the sales volume channeled through it.

By the end of 2022, the platform registered almost 600 thousand customers and marketed 36% of the volume sold[1] in the countries where it is used.

The company conducted a study which found that customers who have undergone digitalization place orders more often, have broader portfolio visibility, and receive pricing advantages. They also show increased acquired volume in comparison to others who do not use the platform





Increase in customers using AC Digital

+4.3% +11.9% +13.8% +12.7%

[1] Considers all sales volumes in the beverage business throughout Mexico, Peru, Ecuador, and Argentina and their commercial channels except direct consumption and key accounts.

Support of the traditional channel

The traditional channel is comprised of retailers, small business establishments such as grocery stores and bodegas, and even households with retail selling permits.

These small commercial establishments are run by micro entrepreneurs who are mostly women. These women, at the same time, are heads of their own households and largely contribute to their communities' economic activities and social integration.

Arca Continental acknowledges these small commercial establishments' importance to the communities and the important role that they play in Arca Continental's business strategy. For this reason, the company carries out activities that contribute to the continuity and consolidation of their business with a focus on three main pillars: Commercial development, entrepreneurial support and environmental commitment.

COMMERCIAL DEVELOPMENT

Strengthening these establishments' business abilities is an opportunity for the latter to adapt to commercial challenges and therefore increase their chances to grow and consolidate. AC's commercial development initiatives include:

- ***The digitalization of customers' points of sale*** through platforms like Yomp! and AC Digital.
- ***A program to improve*** their business facilities.

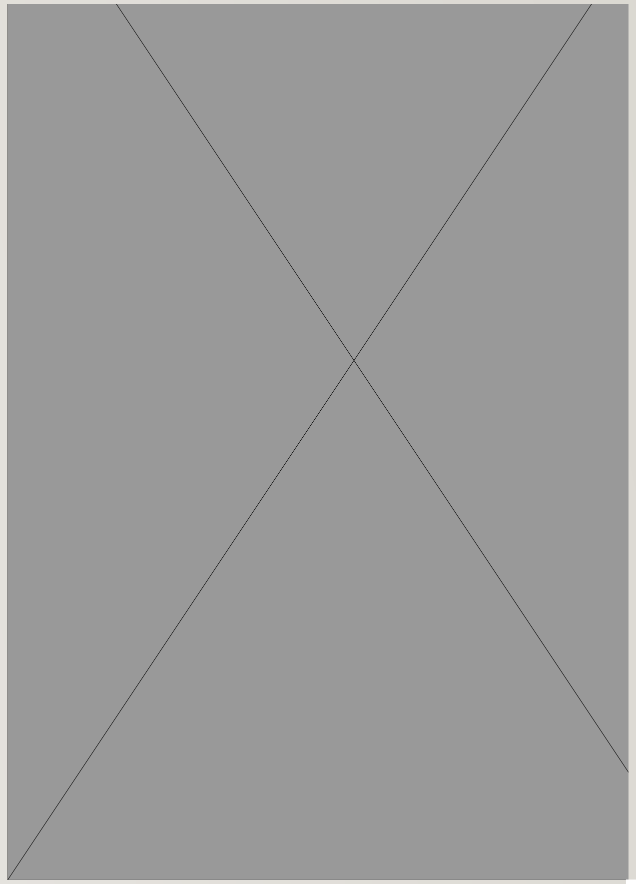
Traditional Channel[1] represents **56.4%** of sales in Mexico, **40.6%** in Argentina, **52.2%** in Ecuador, and **45.4%** in Peru

[1] The percentages consider sales in beverage businesses.

ENVIRONMENTAL COMMITMENT

The value that grocers can offer consumers can increase store influx; this translates into more income while they create a positive effect in the world. This is why Arca Continental encourages them to participate in initiatives such as:

- ***Waste-free stores.*** Promoting a recycling culture with customers by having PET plastic collection containers that contribute to The Coca-Cola Company's objective of creating a World Without Waste.
- ***Energy efficiency program.*** Pushing them to have assets and equipment that are energy-efficient such as smart refrigeration systems and the use of solar panels.



This way, through the different actors and processes that belong to Arca Continental's value chain, the company can make a **positive difference** and promote sustainable development

ENTREPRENEURIAL SUPPORT

Providing customers with financial and educational resources to face their responsibilities as small business owners is key to guaranteeing that they stay afloat, which is why customers in this channel may be candidates to receive the following benefits:

- ***Obtaining micro credits*** to guarantee business continuity.
- ***Participating in programs to develop leadership*** and technical skills to direct their business efficiently.

Board of **Directors**

Jorge Humberto Santos Reyna
Alternate: Samira Barragán Juárez de Santos
Chairman of the Board of Directors of Arca Continental since 2019 as well as its subsidiary AC Bebidas.
Chief Executive Officer of Grupo San Barr and member of the Board of Directors of Regional S.A.B. de C.V. Chairman of the Board of Directors of Regio Engordas, S.A. de C.V., and also Vice Chairman of the Board of Consejo Nacional Agropecuario (CNA, or National Agriculture Board). Previously, he was Vice Chairman of the Board of Directors of Arca Continental from 2007 to 2019. Former Chairman of the Board of Directors of Arca Continental South America. Former Chairman of the Board of the Consejo Estatal Agropecuario de Nuevo León, A.C. (Nuevo Leon State Agricultural Board), former President of the Asociación de Engordadores de Ganado Bovino del Noreste A.C. (Northeastern Mexico Beef Association). Former Treasurer of the Asociación Mexicana de Engordadores de Ganado Bovino (Mexican Beef Association); former President of the Unión Social de Empresarios de México en Monterrey, (USEM or Mexico Entrepreneur Union - Monterrey). Former 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.
He was a Board Member of Arca Continental from 2005 to 2019, and he was member of it from 2001.

Luis Arizpe Jiménez
Alternate: Miguel Arizpe Jiménez
Board Member of AC since 2003 and Vice-Chairman of the Board of Directors since 2008.
Currently, he is a member of the Executive Committee of AC Bebidas, Board Member and Chairman of the Audit Committee of Grupo Industrial Saltillo, S.A.B. de C.V., Chairman of the Board of Directors of Saltillo Kapital, S.A. de C.V., Inversiones del Norte, S.A. de C.V., and Inmobiliaria BIRARMA, S.A. de C.V., member of the Advisory Board of Grupo MERCO, Vice-President of COPARMEX Nacional, 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, as well as a member of the Advisory Board at Grupo Financiero Banorte, Northern Region (none of these entities have any relationship with AC). Former President of the Coahuila Southeastern Chapter of COPARMEX and former Chairman of the Mexican Red Cross, Saltillo Delegation.

Alfonso Javier Barragán Rodríguez
Alternate: Juan Manuel Barragán Treviño
Board Member since 2019 and Alternate Board Member since 2014.
Also an alternate member of the Executive Committee of AC Bebidas since April 2019. 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. He has contributed to various international patents and participated in intellectual property licensing programs for several Fortune 500 companies.

Juan Carlos Correa Ballesteros
Alternate: Javier Ponce de León Martínez
Board Member of AC since 2016.
Former 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 (EBC), the Coca-Cola bottler in Ecuador (subsequently AC Ecuador), holding a number of different positions, including COO and Corporate Vice-President. He is currently Executive Vice-President at CorMa Holding Family Office (however, this entity has no relation to AC). He has an MBA in Finance from the University of Miami.

Felipe Cortés Font
Alternate: Ulrich Guillermo Fiehn Rice
Currently serves as Chairman of the Advisory Board of Grupo Promax, Member of the Board of Directors of Ternium Mexico, and member of the Advisory Board of Arendal and Stiva. Founding partner at Auric. He worked for Grupo Alfa for 28 years where, as the head of the Planning and Controllership divisions, he was part of the team leading the strategic and financial restructuring of the company. He also led the Petrochemical Division at Hylsamex. He was Director of the American Iron and Steel Institute and President of Canacero, Nuevo León Productivity Center, and the Latin American Institute for Steel and Iron. He has a Bachelors in Science from MIT.

Alejandro Miguel Elizondo Barragán
Alternate: Alberto Javier Elizondo Barragán
Board Member since 2004.
Former Director of Development, CEO of Alpek and CEO of Hylsamex during his more than 43-year career at Grupo Alfa. He currently serves on the Boards of Grupo Stiva, Axtel, and The Museum of Steel (however, none of these companies are associated with AC).

Francisco Garza Egloff +
Alternate: Manuel Gutiérrez Espinoza
Former Chief Executive Officer of Arca Continental from 2003 to 2018.
He was member of the Board of Directors of AC Alimentos y Botanas, an AC subsidiary. He was also President of Proval Consultores and member of the Boards of Directors of Grupo Industrial Saltillo, Alpek, Banco Banregio, Ragasa, Proeza and Fundación Coca-Cola de México. 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. Former Chief Executive Officer of Sigma Alimentos, Akra, Petrocel-Temex and Polioles at Grupo Alfa, where he had a 26-year career. He has a Chemical Engineering Degree from the Instituto Tecnológico de Monterrey and completed Senior Management studies at IPADE.

Roberto Garza Velázquez
Alternate: Miguel C. Barragán Villarreal
Vice-Chairman of AC's Board of Directors since 2019.
Member of the Board of Directors of AC since 2001. Shareholder at Industria Carrocera San Roberto, S.A. de C.V., as well as Board Member of Grupo Index, Afirme Grupo Financiero, and AMANEC, A.C. He has been a member of the Grupo Autofin Monterrey Board of Directors since 2017.

Bernardo González Barragán
Alternate: Eduardo Manuel Treviño Barragán
Board Member of Arca Continental since 2020 and Alternate during 2019.
Since 2011, he has been a professor of accounting and finance at the Universidad de Monterrey. He was a corporate finance analyst at Fitch Ratings covering the retail and housing sectors. He has formally covered the NARTD beverage industry for over 25 years.

Rodrigo Alberto González Barragán
Alternate: Guillermo Javier González Barragán
Board Member since 2021.
He holds Bachelors, Masters and Doctoral degrees in Musical Execution from the University of Texas at Austin. He is Vice President of the ESMDM Society since 2001, and Advisor to the Ballet Society of Monterrey A. C. since 1998. Advisor at CONARTE since 2009, and Member of the Committee on Culture of San Pedro Garza García from 2015 to 2019. Founder of the Expresión Musical Artística School (1995-2019).

Cynthia H. Grossman
Alternate: Herman Goettsch Amigot
Board Member of Arca Continental since 2011.
She was Chairman of the Board of Directors of Grupo Continental (which merged with AC) since 2000 and a Board Member since 1983.

Johnny Robinson Lindley Suárez
Alternate: Jose Roberto Gavilano Ramírez
Board Member of Arca Continental since 2018.
He was CEO of Corporación Lindley (currently controlled by AC) 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
Alternate: Juan Carlos López Villarreal
Independent Board Member of Arca Continental since 2001.
Currently serves on the Board of Directors of Grupo Industrial Saltillo, where he also served as Vice-Chairman of the Board of Directors and Operations. Additionally, he is a member of the Advisory Board at Teléfonos de México, as well as a Regional Director for Nafinsa and Grupo Financiero Banorte (however, none of these entities has a relationship with AC).

Adrián Jorge Lozano Lozano
Alternate: Julián Guzmán Luna
Independent Board Member since 2019 and Financial Risk Committee Member since 2010.
Current Board Member, Founding Partner and CEO of Banco Bancrea, S.A. and Arrendadora Bancrea, S.A. E.R. since 2013, Member of the Committee of Associates of the Mexican Banking Association for over 15 years. Holds a Law Degree from ITESM, a Master's Degree in International Law and Finance from Tulane University and an MBA in Finance from ITESM. He was CEO of Afirme Grupo Financiero and all its subsidiaries; Proprietary Board Member and Secretary of the Board of Directors of GE Capital Bank, S.A.

Miguel Ángel Rábago Vite
Alternate: Roberto Martínez Garza
Board Member and Vice-Chairman of the Board of Directors of Arca Continental since 2011.
Current board member of Board of Directors at AC Bebidas and AC Alimentos y Botanas, subsidiaries of Arca Continental. 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.

José Antonio Rodríguez Fuentes
Alternate: Alejandro José Arizpe Narro
Board Member since 2010.
He has a degree in Agricultural Production Engineering from ITESM and earned diplomas at IPADE. He was a Director at Avícola Ganadera La Pasta, SA de CV. He is currently Director of Arrenda Saltillo. He served on the Boards of Agribrands Purina México, Colegio de Ingenieros Agrónomos de Coahuila, Unión de Avicultores de Saltillo, and CANACO Saltillo. Currently Regional Board Member of Banorte, President of the Saltillo Chamber of Real Estate. Founder of Cáritas Diocesana Saltillo, founding member of Casa de los Niños y las Niñas AC, former President of Jóvenes Unidos AC, founding member of Casa del Sacerdote Emérito AC in Saltillo, current Secretary of Casa Hogar de los Pequeños AC and Vice President of the Saltillo Red Cross.

Alberto Sánchez Palazuelos
Alternate: Brett E. Grossman
Board Member of Arca Continental since 2011 and Alternate Member of the Executive Committee of AC Bebidas since April of 2017.
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 Board at Purdue University.

Armando Solbes Simón
Alternate: José Luis Fernández Fernández
Board Member of Arca Continental since 2011.
Former Board Member of Grupo Continental from 2008 to 2011. He was Director of the Tampico Office of Banco Base I.B.M. for 13 years until December 2022. He is currently member of the boards of Promotora Turística Punta Bete, S.A.P.I. de C.V. and Vista Inn, S.A. de C.V., is an associate and member of the 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. He held several positions in the finance division of Grupo Cydsa, S.A.B., and in external auditing services for Gossler, Navarro, Ceniceros y Cia.

Jesús Viejo González
Alternate: Magda Cristina Barragán Garza de Viejo
Board Member of Arca Continental since 2007.
He is Executive President of Trefilia Capital. Currently, he serves as Technical Secretary for the Nuevo León Strategic Planning Board and is a Board Member of the Universidad de Monterrey (UDEM), the John F. Kennedy School of Government, the Center for International Development at Harvard, and Grupo Topaz (none of these entities is related to AC). 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
Alternate: Miguel Antonio Panetta Villareal
Board Member of Arca Continental since 2019.
Former Board Member of Embotelladoras Arca from 2001 to 2010 (now AC). 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)
Alternate: Daniel Martinez Gonzalez
Non-member Secretary of the Board of Directors since 2009.
Executive Legal Director of the company since 2011 and Executive Legal Director of Embotelladoras Arca from 2008 to 2011.

Senior **Management**

Arturo Gutiérrez Hernández
Chief Executive Officer
Chief Executive Officer since 2019. Formerly served as Deputy Chief Executive Officer. His career at Arca Continental spans more than 22 years, holding several positions including Chief Operating Officer, Director for the Mexico Beverages Division, Director of Human Resources, Head of Planning, and General Counsel. He serves on the Board of Directors of KKR & Co. He holds a Law Degree from the Escuela Libre de Derecho and a Master's Degree in Law from Harvard University.

José Borda Noriega
Chief Commercial and Digital Officer
Former Chief Executive Officer of Corporación Lindley, Chief Executive Officer of 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 Peru and an MBA from J.L. Kellogg School of Management.

Guillermo Garza Martínez
Chief Public Affairs, Communications and Sustainability Officer
He formerly held the position of Communications and Social Responsibility Director. He serves on several boards of industry-related national and international institutions, such as the Council of the Americas, International Council of Beverages Associations LATAM, and UN Global Compact Mexico, among others. He has over 30 years' experience in communications, sustainability, social responsibility, and public affairs. He holds a BA and MSc degrees in Communications, and post-graduate executive education certificates at Harvard, Stanford, Boston College, and IPADE.

Alejandro González Quiroga
Executive Director of Latin America Beverages
Has held several positions at the company for more than 35 years. He was Director of AC Mexico Beverages, Arca Continental South America and Arca Continental Argentina. Former President of the Asociación de Embotelladores de Coca-Cola in Mexico. He holds a degree in Business Administration from the Universidad Regiomontana and post-graduate certificates in top management from ITESM and IPADE.

Emilio Marcos Charur
Chief Financial Officer
He was formerly Director for Beverage Operations Mexico and for the Complementary Businesses Division, in addition to leading the Treasury and Procurement divisions. He holds a Degree in Industrial Engineering and Computer Systems from ITESM and an MBA from the University of Illinois.

Denise Martínez Aldana
Chief Human Resources Officer
Chief Human Resources Officer since December 2021, prior to which she was Talent and Culture Director for Arca Continental and Human Resources Director for Arca Continental Coca-Cola Southwest Beverages. She has collaborated for more than 20 years in leadership positions in human resources area within the Coca-Cola System, including Human Resources Director in The Coca-Cola Company corporate offices in Atlanta. She holds an MBA from the University of Texas.

Milton Mattus
President of Wise Foods
Previously, he served as Executive Vice President / General Manager for Barcel in the US and collaborated in several leadership positions with Bimbo in Mexico and the US. He has an MBA with a major in finance from Tecnologico de Monterrey, graduated from the Advanced Management Program in the Wharton School of Business and alumni of Harvard Business School.

Alejandro Molina Sánchez
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).

Jaime Sánchez Fernández
General Counsel
Secretary of the Board of Directors. Formerly held the positions of Legal Director, Secretary of the Board of Directors and Legal Corporate Manager at Embotelladoras Arca, prior to the merger with Grupo Continental. He worked for Alfa, S.A.B. de C.V. as corporate lawyer and also 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.

Jean Claude Tissot Ruiz
President of Arca Continental Coca-Cola Southwest Beverages
He formerly held the position of Chief Operating Officer at Coca-Cola Southwest Beverages and Chief Marketing Officer of Arca Continental. Previously, Mr. Tissot worked as an executive at The Coca-Cola Company for more than 15 years in various geographies, including CEO of Mexico and Central America, as well as various executive roles in Colombia, and at Warner Lambert in the commercial area for five years. He completed the Advanced Management Program as an Alumnus of the Harvard Business School, has a Bachelor's Degree in Business Administration from Universidad ICESI in Colombia, and Master's degrees in Marketing and Finance from Colegio de Estudios Superiores de Administración, also in Colombia.

Consolidated financial statements

Arca Continental, S. A. B. de C. V. and Subsidiaries
As of and for the years ended December 31, 2022 and 2021
with independent auditor's report

Contents

Independent Auditor's Report

To the Stockholders of
Arca Continental, S.A.B. de C.V.

Opinion

We have audited the consolidated financial statements of Arca Continental, S.A.B. de C.V. and its subsidiaries (the Company), which comprise the consolidated statement of financial position as of December 31, 2022 and 2021, and the consolidated statements of income, comprehensive income, changes in stockholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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 this report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Mexico according with the "Código de Ética Profesional del Instituto Mexicano de Contadores Públicos" ("IMCP Code"), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Construyendo un mejor mundo de negocios

The recovery value estimation of intangible assets with indefinite useful lives

Description and why it was considered a key audit matter

We have determined the recovery value estimation of intangible assets with indefinite useful lives to be a key audit matter. Given the significant judgments and estimations involved in determining the approaches, assumptions and premises used by management to calculate the recovery value of those indefinite life intangible assets, we also focused in this area because of the significance of the balances of those assets as of December 31, 2022, which are mainly comprised of goodwill, bottler's agreements and brands of $56,335,566, $48,577,600 and $3,443,960, respectively.

In Note 5 "Accounting estimations and judgments" and Note 12 "Goodwill and intangible assets, net" to the consolidated financial statements describes with more detail the impairment testing analysis of indefinite life intangible assets performed by the Company. This analysis includes an annual recovery value estimation of the cash-generating units (CGU) which those assets are assigned to identify and record any potential impairment. The impairment testing valuation involves the application of significant judgments due to the analysis of assumptions and premises such as future profitability and economic conditions, discount rates, operation margin, weighted average cost of capital, and others. Those assumptions are sensitive and are affected by economic and technology changes, market conditions and other factors.

How our audit addressed the key audit matter

We evaluated management assumptions and premises used to identify and assign a group of long-lived assets to each CGU. Regarding the recovery value of indefinite life intangible assets, we evaluated the future cash flow projections prepared by management, and reviewed the information used to prepare them, verifying that future cash flow projections are in line with historical trends and long-term business plans approved by the Board of Directors for 2023 to 2027.

For each CGU, we compared the actual results for the past four years with the figures budgeted for each of those years, to consider the adequacy of the assumptions included in the projections.

With respect to the assumptions and premises used by the Company's management, we involved our internal valuation specialists to support us in evaluating the reasonableness of the approach used by the Company to determine the recoverable value of all CGUs (revenue approach, using discounted future cash flows to determine the value in use).

We compared the results of the calculation of the recovery values against the book values of the CGUs; we discussed with management the differences between the methodologies used for calculation of the recovery value and we verified that they were applied consistently with prior years.

We analyzed the impairment testing calculation of the long-lived assets prepared by management, and we evaluated the competences, technical capabilities, and objectivity of the Company internal valuation specialists.

Furthermore, we assessed the adequacy of related disclosures with respect to the identification and determination of the recoverable value of long-lived assets made in the consolidated financial statements as of December 31, 2022.

Other information contained in the Company's 2022 Annual Report

Management is responsible for the other information. The other information comprises the information included in the Annual Report corresponding to the year ended December 31, 2022, that will be presented to the Comisión Nacional Bancaria y de Valores and the Annual Information presented to the Bolsa Mexicana de Valores, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after to the date of this auditor's report.

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

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

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

Responsibilities of management and those charged with Governance for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

Obtain an understanding of internal control relevant to the audit 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 audit. We remain solely responsible for our audit opinion.

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

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

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

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

Mancera, S.C.
A Member Practice of
Ernst & Young Global Limited

Aldo A. Villarreal Robledo

Monterrey, N. L.
February 20, 2023

Consolidated statements of financial position

(Thousands of Mexican pesos)

	December 31,	
	2022	2021
Assets		
Current assets:		
Cash and cash equivalents (Note 7)	$ **27,761,308**	$ 32,116,974
Account receivables from clients and others, net (Note 8a)	**15,547,284**	12,806,423
Related parties (Note 27)	**2,230,711**	1,965,316
Inventories (Note 9)	**11,642,834**	9,639,708
Derivative financial instruments (Note 20)	**205,395**	317,594
Prepayments	**950,469**	585,636
Total current assets	**58,338,001**	57,431,651
Non-current assets:		
Investment in shares of associates (Note 10)	**9,188,259**	8,613,862
Property, plant and equipment, net (Note 11)	**68,316,661**	68,789,909
Goodwill and intangible assets, net (Note 12)	**114,249,477**	117,342,882
Right-of-use assets, net (Note 13)	**1,201,586**	1,083,036
Deferred income taxes (Note 17)	**4,015,086**	3,632,245
Derivative financial instruments (Note 20)	**48,045**	175,092
Other assets	**943,051**	958,243
Total non-current assets	**197,962,165**	200,595,269
Total assets	**$ 256,300,166**	**$ 258,026,920**
Liabilities and stockholders' equity		
Current liabilities:		
Current debt (Note 14)	$ **6,195,397**	$ 7,546,533
Suppliers	**14,077,951**	12,329,853
Related parties (Note 27)	**3,828,299**	4,119,234
Derivative financial instruments (Note 20)	**364,843**	17,198
Income tax payable	**2,518,475**	2,195,877
Lease liabilities (Note 13)	**546,187**	406,675
Other liabilities (Note 15)	**15,071,248**	12,260,549
Total current liabilities	**42,602,400**	38,875,919

	December 31,	
	2022	2021
Non-current liabilities:		
Non-current debt (Note 14)	**40,721,809**	43,526,998
Lease liabilities (Note 13)	**715,420**	745,338
Employee benefits (Note 16)	**6,692,683**	5,797,979
Derivative financial instruments (Note 20)	**-**	21,894
Deferred income taxes (Note 17)	**16,376,384**	17,378,337
Other liabilities (Note 15)	**1,337,631**	1,543,357
Total non-current liabilities	**65,843,927**	69,013,903
Total liabilities	**108,446,327**	**107,889,822**
Stockholders' equity (Note 18):		
Controlling interest:		
Capital stock	**970,841**	981,959
Share premium	**39,964,289**	43,051,569
Retained earnings	**77,959,326**	73,120,289
Other comprehensive income (Note 19)	**(1,269,897)**	3,222,970
Total controlling interest	**117,624,559**	120,376,787
Non – controlling interest	**30,229,280**	29,760,311
Total stockholders' equity	**147,853,839**	150,137,098
Total liabilities and stockholders' equity	**$ 256,300,166**	**$ 258,026,920**

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

Arturo Gutiérrez Hernández
Chief Executive Officer

Emilio Marcos Charur
Chief Financial Officer

Consolidated statements of income

(Thousands of Mexican pesos)

	For the years ended December 31, 2022	2021
Net sales (Note 6)	$ **207,785,239**	$ 183,366,377
Income related NPSG (Notes 6 and 27)	**2,176,007**	2,379,992
Cost of sales (Note 21)	**(116,702,678)**	(102,413,689)
Gross profit	**93,258,568**	83,332,680
Operating expenses:		
Selling expenses (Note 21)	**(54,566,996)**	(48,504,225)
Administrative expenses (Note 21)	**(9,290,946)**	(9,031,993)
Equity in the results of strategic associates (Note 10)	**99,062**	105,701
Other income (expenses), net (Note 22)	**1,087,562**	(541,231)
Operating profit	**30,587,250**	25,360,932
Financial income (Note 24)	**3,615,371**	4,548,808
Financial expenses (Note 24)	**(7,121,832)**	(7,841,799)
Financial costs, net	**(3,506,461)**	(3,292,991)
Equity in the results of associates (Note 10)	**412,884**	4,456
Profit before income tax	**27,493,673**	22,072,397
Income tax (Note 25)	**(8,703,346)**	(6,983,093)
Net consolidated profit	**18,790,327**	15,089,304
Net consolidated profit attributable to:		
Equity holders of the parent	**15,502,991**	12,282,048
Non-controlling interest	**3,287,336**	2,807,256
	$ **18,790,327**	$ 15,089,304
Basic earnings per share, in pesos	$ **8.92**	$ 6.99
Diluted earnings per share, in pesos	$ **8.90**	$ 6.99
Weighted average of outstanding shares (thousands)	**1,749,301**	**1,757,187**

The above consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.

Arturo Gutiérrez Hernández
Chief Executive Officer

Emilio Marcos Charur
Chief Financial Officer

Consolidated statements of comprehensive income

(Thousands of Mexican pesos)

	For the years ended December 31,			
		2022		2021
Net consolidated profit	**$**	**18,790,327**	$	15,089,304
Other consolidated comprehensive income items,net of income tax:				
Items that will not be reclassified to profit or loss:				
Remeasurement loss of defined benefit plans, net (Note 19)	**(**	**700,096)**	(	156,145)
Equity in other comprehensive income of associated companies accounted for using equity method, net (Note 19)	**(**	**217,920)**	(	56,335)
	(	**918,016)**	(	212,480)
Items that may be reclassified to profit or loss:				
Effect of derivative financial instruments contracted as cash flow hedges, net (Note 19)	**(**	**222,096)**		544,054
Exchange differences on translation of foreign operations (Note 19)	**(**	**4,209,768)**		2,348,598
	(	**4,431,864)**		2,892,652
Total other comprehensive income (loss) for the year	**(**	**5,349,880)**		2,680,172
Total consolidated comprehensive income	**$**	**13,440,447**	**$**	**17,769,476**
Attributable to:				
Equity holders of the parent	**$**	**11,010,124**	$	14,602,164
Non-controlling interest		**2,430,323**		3,167,312
Total consolidated comprehensive income	**$**	**13,440,447**	**$**	**17,769,476**

The above consolidated statements of income should be read in conjunction with the accompanying notes.

Arturo Gutiérrez Hernández
Chief Executive Officer

Emilio Marcos Charur
Chief Financial Officer

Consolidated statements of changes in stockholders' equity

For the years ended December 31, 2022 and 2021 (Thousands of Mexican pesos)

	Controlling interest						
	Capital stock	Share premium	Retained earnings	Other comprehensive income	Total controlling interest	Non-controlling interest	Total stockholders' equity
Balances at January 1, 2021	$ 981,959	$ 45,086,473	$ 69,882,571	$ 902,854	$ 116,853,857	$ 30,566,332	$ 147,420,189
Transactions with stockholders:							
Dividends declared in cash (Note 18)	-	-	(9,734,073)	-	(9,734,073)	(2,446,810)	(12,180,883)
Repurchase of own shares (Note 3s)	-	(2,034,904)	723,210	-	(1,311,694)	-	(1,311,694)
Acquisition of non-controlling subsidiaries (Note 2)	-	-	(33,467)	-	(33,467)	(1,526,523)	(1,559,990)
	-	(2,034,904)	(9,044,330)	-	(11,079,234)	(3,973,333)	(15,052,567)
Net consolidated profit	-	-	12,282,048	-	12,282,048	2,807,256	15,089,304
Total other comprehensive income for the year (Note 19)	-	-	-	2,320,116	2,320,116	360,056	2,680,172
Comprehensive income	-	-	12,282,048	2,320,116	14,602,164	3,167,312	17,769,476
Balances at December 31, 2021	981,959	43,051,569	73,120,289	3,222,970	120,376,787	29,760,311	150,137,098
Balances at January 1, 2022	**981,959**	**43,051,569**	**73,120,289**	**3,222,970**	**120,376,787**	**29,760,311**	**150,137,098**
Transactions with stockholders:							
Capital reduction (Note 18)	**(11,118)**	**11,118**	**-**	**-**	**-**	**-**	**-**
Dividends declared in cash, net (Note 18)	**-**	**-**	**(10,663,954)**	**-**	**(10,663,954)**	**(1,961,354)**	**(12,625,308)**
Repurchase of own shares (Note 3s)	**-**	**(3,098,398)**	**-**	**-**	**(3,098,398)**	**-**	**(3,098,398)**
	(11,118)	**(3,087,280)**	**(10,663,954)**	**-**	**(13,762,352)**	**(1,961,354)**	**(15,723,706)**
Net consolidated profit	**-**	**-**	**15,502,991**	**-**	**15,502,991**	**3,287,336**	**18,790,327**
Total other comprehensive (loss) for the year (Note 19)	**-**	**-**	**-**	**(4,492,867)**	**(4,492,867)**	**(857,013)**	**(5,349,880)**
Comprehensive income (loss)	**-**	**-**	**15,502,991**	**(4,492,867)**	**11,010,124**	**2,430,323**	**13,440,447**
Balances at December 31, 2022	**$ 970,841**	**$ 39,964,289**	**$ 77,959,326**	**$ (1,269,897)**	**$ 117,624,559**	**$ 30,229,280**	**$ 147,853,839**

The above consolidated statement of changes in stockholders' equity should be read in conjunction with the accompanying notes.

Arturo Gutiérrez Hernández
Chief Executive Officer

Emilio Marcos Charur
Chief Financial Officer

Consolidated statements of cash flows

(Thousands of Mexican pesos)

	For the year ended December 31,	
	2022	2021
Profit before income tax	$ **27,493,673**	$ 22,072,397
Adjustments arising from:		
Depreciation and amortization (Note 21)	**8,942,533**	9,500,414
Disposals of property, plant and equipment	**745,700**	969,880
Allowance for impairment of accounts receivables from clients (Notes 8 and 21)	**25,013**	36,016
Gain on disposal on property, plant and equipment (Note 22)	**(174,438)**	(99,743)
Costs related to employee benefits (Note 16)	**887,134**	658,592
Share in the results of associate companies (Note 10)	**(511,946)**	(110,157)
Financial result, net (Note 24)	**2,982,682**	2,945,741
	40,390,351	35,973,140
Changes in working capital:		
Clients and other accounts receivable, net	**(4,183,316)**	(4,865,884)
Inventories	**(2,672,666)**	(1,466,190)
Suppliers and related parties	**2,390,983**	4,285,887
Derivative financial instruments	**564,997**	(274,392)
Employee benefits	**662,761**	(613,868)
Other liabilities	**1,498,325**	4,320,785
	(1,738,916)	1,386,338
Income taxes paid	**(8,807,438)**	(6,639,488)
Net cash flows provided by operating activities	**29,843,997**	30,719,990

	For the year ended December 31,	
	2022	2021
Investing activities		
Acquisition of property, plant and equipment (Note 11)	**(9,755,265)**	(7,175,639)
Disposal of property, plant and equipment	**175,376**	322,147
Purchase of intangible assets (Note 12)	**(338,875)**	(232,824)
Investment of shares of associates (Note 10)	**(184,253)**	(243,838)
Dividends received from associates (Note 10)	**37,793**	35,436
Interest received and other financial income (Note 24)	**1,738,073**	765,161
Business acquisition, net of cash received (Note 2)	**(1,505,319)**	(617,093)
Net cash flows used in investing activities	**(9,832,470)**	(7,146,650)
Financing activities		
Current and non-current debt obtained (Note 14)	**8,791,113**	18,689,737
Payment of current and non-current debt (Note 14)	**(11,442,688)**	(19,053,034)
Interest paid and other financial expense (Note 24)	**(3,378,114)**	(3,249,992)
Repurchase of own shares (Note 3s)	**(3,098,398)**	(1,311,694)
Payment of principal portion of lease liabilities (Note 13)	**(640,628)**	(591,433)
Dividends paid to non-controlling interest	**(1,961,354)**	(2,446,810)
Acquisition of non-controlling interest	**-**	(1,559,990)
Dividends paid to equity holders (Note 18)	**(10,717,478)**	(9,734,073)
Net cash flows used in financing activities	**(22,447,547)**	(19,257,289)
Net (decrease) increase in cash and cash equivalents	**(2,436,020)**	4,316,051
Effects of exchange rate changes on cash and cash equivalents	**(1,919,646)**	465,221
Cash and cash equivalents at beginning of year	**32,116,974**	27,335,702
Cash and cash equivalents at end of year	$ **27,761,308**	$ 32,116,974
Investing activities not requiring use of cash flows:		
Additions of right-of-use assets (Note 13)	**$ 935,544**	**$ 660,229**

Arturo Gutiérrez Hernández
Chief Executive Officer

Emilio Marcos Charur
Chief Financial Officer

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

At December 31, 2022 and 2021
(Figures expressed in thousands of Mexican pesos, unless otherwise specified)

1. The entity and its operations

Arca Continental, S.A.B. de C.V. and subsidiaries (AC or the Company) is mainly engaged in the production, distribution and sale of soft drinks pertaining to the brands owned by or licensed from The Coca-Cola Company (TCCC). AC shares are registered at the National Securities Registry of the National Banking and Securities Commission (NBSC) and are quoted on the Mexican Stock Exchange.

According to the bottler's agreement signed between AC and the bottler, authorization is granted by TCCC to the latter, AC holds the exclusive right to conduct this type of activity with Coca-Cola products in different territories in Mexico, Argentina, Ecuador, Peru and the United States (U.S.) (see note 26). The Company's portfolio of beverages includes cola and flavored soft drinks, purified and flavored water, dairy products and other carbonated and non-carbonated beverages in sundry presentations. Additionally, the Company produces, distributes and sells food and snacks through its own brands; as well as dairy products with high added value.

AC conducts its activities through subsidiary companies of which it is the owner or of which it controls, either directly or indirectly, most of the common shares representing their capital stock (see Note 28).

Arca Continental, S.A.B. de C.V. is a variable capital publicly traded stock company incorporated in Mexico, domiciled at Ave. San Jerónimo 813 Poniente, in Monterrey, Nuevo León, Mexico.

The symbol "$" in the following notes to the consolidated financial statements refers to thousands of Mexican pesos. The acronym "U.S." refers to thousands of US dollars, unless otherwise indicated.

2. Relevant events

2022

New Agreement with TCCC

On September 19, 2022, the Company announced a new long-term agreement with TCCC, with the aim of strengthening the collaboration and strong relationship between both companies (see Note 26).

Acquisition of Grupo Fiesta Charra, S.A. de C.V. and Palacios & Sons, L.L.C.

On May 10, 2022, the Company entered into a contract for the acquisition of 100% of the shares representing the capital stock of Grupo Fiesta Charra, S.A. de C.V. and Palacios & Sons, L.L.C., Mexican and U.S. companies, respectively, engaged in the processing and marketing of food products ("the acquisition").

As of December 31, 2022, the Company is in the process of determining and distributing the final purchase price considering the fair values of the assets acquired and the assumed liabilities of Grupo Fiesta Charra, S.A. de C.V. and Palacios & Sons, L.L.C., mainly due to the fact that as of the date of these financial statements, the necessary valuations of independent experts are not finalized. Therefore, the valuation and accounting recognition will be concluded within the maximum period of 12 months after the date of acquisition in accordance with IFRS 3 Business combinations and furthermore, it is estimated that such values will not have a significant variation from the preliminary values already determined.

2021

Acquisition of Carlita Snacks Carlisnacks CIA, LTDA (Carli Snacks).

On June 3, 2021, A.C. Alimentos y Botanas S.A. de C.V., a subsidiary of AC, entered into an agreement for the acquisition of 100% of the capital stock of Carli Snacks, an Ecuadorian company dedicated to the production and marketing of potato chips, extruded snacks, tortillas, protein snacks and banana-based chips ("the acquisition").

This acquisition was completed at a final price of $663,389. The study carried out with the support of independent experts was concluded in 2022, within the period allowed by IFRS. This allowed the definitive recording of the distribution of the purchase price at the fair values of the assets and liabilities acquired from Carli Snacks, which as of December 31, 2021 was under analysis and had a preliminary character (preliminary price $664,630, generating an adjustment of $1,241 in favor of the Company).

The following table summarizes the consideration paid by AC and the determination of the fair value of the assets and liabilities acquired at the acquisition date:

Current assets and liabilities	$	14,743
Property, plant and equipment		218,281
Intangible assets		226,840
Deferred taxes	(	102,152)
Net assets acquired		357,712
Goodwill		305,677
Total consideration paid		663,389
Cash assumed in the transaction	(	47,537)
Total net consideration paid	**$**	**615,852**

The Company expects to recover the goodwill generated through a synergy with one of its subsidiaries within the snack food segment by relying on the existing distribution channels and sales force.

Acquisition of non-controlling interest of Arca Continental Lindley, S.A. (formerly Corporación Lindley, S.A. (CL))

During the months of March to May 2021, AC Bebidas entered into agreements with several stockholders in Peru, through which it acquired an investment of 51,737,189 non-voting shares of CL, representing 71.89% of the investment shares. As a result, AC Bebidas has as of December 31, 2022, a 93.85% of the non-voting investment shares of CL.

3. Summary of significant accounting policies

The consolidated financial statements and notes thereto were authorized for issuance on February 20, 2023 by the undersigned officers. The consolidated financial statements and their notes will be presented to the Board of Directors for approval of issuance and will then be submitted to the consideration of the General Assembly of Shareholders which will be held within the period established by law. The Company considers that the consolidated financial statements for the year ended December 31, 2022, will be approved by the stockholders without modifications.

Following is a summary of the most significant accounting policies followed by the Company, which have been applied consistently in preparing its financial information in the years presented, unless otherwise specified.

A) BASIS FOR PREPARATION

The consolidated financial statements of Arca Continental, S.A.B. de C.V. and subsidiaries have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). IFRS include all International Accounting Standards ("IAS") in effect, as well as all the related interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), including those issued previously by the Standing Interpretations Committee ("SIC").

The consolidated financial statements have been prepared on the basis of historical cost, except for:

(i) Derivative financial instruments designated as hedges which are measured at fair value,
(ii) net assets and the results of the operations conducted by the Company in Argentina, a hyperinflationary economy, which are stated in the terms of the current unit of measure at the closing date of the period reported on (see Note 3d).

Preparation of the consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimations. It also requires Management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a greater degree of judgment or complexity and those involving assumptions and estimations that are significant for the consolidated financial statements are described in Note 5.

B) CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

i. New standards and changes adopted by the Company

The Company has applied the following standards and modifications for the first time for the annual reporting period beginning on January 1, 2022:

- Modifications to IAS 37: Onerous Contracts – Costs of fulfilling an onerous contract.
- Modifications to IFRS 3: Conceptual Framework references.
- Modifications to IAS 16: Property, Plant and Equipment - Economic benefits before the intended use of property, plant and equipment.
- IFRS 9 Financial Instruments – Assessment of derecognition of financial liabilities on refinancing.

The aforementioned amendments did not have a significant impact in the Company's consolidated financial statements.

ii. New standards and interpretations issued but not yet effective

The Company has identified the following standards and interpretations that are not yet effective and adopted, however, the Company does not expect a significant impact in current and future reporting periods and in foreseeable future transactions.

- Amendments to IAS 1: Classification of liabilities as current or non-current, effective in 2024.
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies, effective in 2023.
- Amendments to IAS 8: Definition of accounting estimates, effective in 2023.
- Amendment to IAS 12: Deferred tax related to assets and liabilities arising from a single transaction, effective in 2023.
- IFRS 17: Insurance contracts, effective in 2023.
- Amendment to IFRS 16: Lease liabilities in sale and leaseback transactions, effective in 2024.

C) CONSOLIDATION

i. Subsidiaries

Subsidiaries are entities over which the Company exercises control in accordance with IFRS 10. 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 Note 28).

The Company uses the purchase method of accounting to record business combinations. The consideration transferred in the acquisition of an independent entity is the fair value of the assets transferred, the liabilities incurred, and the equity issued by the Company. The consideration transferred includes the fair value of all assets and liabilities resulting from a contingent consideration agreement.

When payment of any portion of the consideration in cash is deferred, amounts to be paid in the future are discounted at present value on the date of the transaction. The discount rate used is the incremental rate of the Company's debt, as this rate is similar to that which would be obtained in a debt from independent sources of financing under comparable terms and conditions, depending on their characteristics. The contingent consideration is classified as capital or as a financial liability. The amounts classified as financial liabilities are subsequently disclosed at fair value with the changes recognized in the consolidated results.

Acquisition-related costs related to the acquisition are recorded as expenses as they are incurred. The identifiable assets acquired, and contingent liabilities assumed in a business combination are initially valued at their fair value at the acquisition date. The Company recognizes any non-controlling interest in the acquired entity based on fair values or in proportion to the non-controlling interest in the net assets of the acquired entity, as opted for in each particular case. The surplus of the transferred consideration, the amount of any non-controlling interest in the acquired entity and the fair value at the acquisition date of any previous interest held in the equity of the acquired entity over the fair value of the identifiable net assets acquired is recognized as goodwill. If the total amount of the transferred consideration, the minority interest recognized and the previous interest held in the acquired entity are lower than the fair value of the net assets of the acquired subsidiary, in the event of a purchase at below market price, the difference is directly recognized in the consolidated statements of income.

Unrealized balances and profits on transactions between entities belonging to the Company are eliminated in consolidation. Unrealized losses are also eliminated. The subsidiaries' accounting policies have been amended.

ii. Changes in the interest in subsidiaries without loss of control

The transactions with the non-controlling interest not conducive to a loss of control are recorded as transactions in stockholders' equity, that is, as transactions with stockholders in their capacity as such. The difference between the fair value of the consideration paid and the interest acquired in the book value of the subsidiary's net assets is recorded in stockholders' equity. Gains or losses on the sale of non-controlling interest are also recorded in stockholders' equity.

iii. Sale or disposal of subsidiaries

When the Company no longer controls an entity, 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. Associate companies

Associate companies are all entities over which the Company exercises significant influence, although not control or joint control, which generally occurs when the Company holds from 20% to 50% of the voting rights in the associate. The Company's investment in associates includes the goodwill related to the acquisition, net of accumulated impairment losses. The existence and effects of the potential voting rights currently exercisable or convertible are considered in evaluating whether or not the Company controls another entity. Furthermore, the Company evaluates the existence of control in cases where it holds no more than 50% of voting rights but is in a position to control financial and operating policy. Acquisition-related costs are charge to income when incurred.

The investment in shares of associated companies is valued using the equity method. That method is used to initially recorded investments at acquisition cost. Said investments are subsequently valued by the equity method, which consists of adjusting the value of the investment by the proportionate part of profits or losses and the distribution of profits by capital reimbursements subject to the acquisition date.

If investment in shares of associated companies is reduced but the significant influence is retained, only a portion of the amounts previously applied to comprehensive income will be reclassified to income for the year, when appropriate.

Equity in the results of associated companies is recognized in the consolidated statements of income, and equity in movements in other comprehensive income, subsequent to acquisition, is recognized in other consolidated comprehensive income. The Company presents the equity in the results of associated companies considered integral vehicles through which the Company conducts operations and strategies as part of operating income. Post-acquisition accrued movements are adjusted against the book value of the investment. When the Company's interest in the losses of an associate equals or exceeds its investment therein, including any other accounts receivable, the Company recognizes no additional losses, unless it has incurred in obligations or has made payments on behalf of the associated company.

On each reporting date, the Company determines whether there is any objective evidence of impairment of the investment in the associate. If so, the Company calculates impairment as the difference between the recoverable value of the associate and its book value and records that figure in "Equity in the results of associates" by the equity method in the consolidated statements 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 agreements qualify as a joint operation. In joint operations, each joint operator records its assets, liabilities, income and expenses in the percentages specified in the contractual agreement. A contractual agreement can be a joint agreement even if not all its parts have joint control over of agreement.

Sales arising from the joint operation regarding goods or services acquired by the Company as joint operator, as well as any unrealized profit with third parties are eliminated as part under consolidation and reflected in the consolidated financial statements until they are realized with third parties.

D) FOREIGN CURRENCY CONVERSION

i. Functional and reporting currency

The amounts included in each of the financial statements of the Company's entities must be measured in the currency of the primary economic environment in which the entity operates (functional currency). AC, as ultimate holding entity, defined the Mexican peso as its functional currency, which represents the primary economic environment where it operates as an independent legal entity. Therefore, its management determined that the consolidated financial statements are to be presented in Mexican pesos. Note 28 provides descriptions of the functional currency of the Company and its main subsidiaries.

ii. Transactions and balances

Foreign currency transactions are converted to the functional currency using the exchange rate in effect on the transaction or valuation dates when items are re-measured. Exchange gains and losses from settlement of those transactions and from conversion of monetary assets and liabilities denominated in foreign currency at the closing exchange rates are recognized as gain or loss on exchange fluctuations in the consolidated statements of income, except when deferred to other comprehensive income because they qualify as cash flow hedges.

iii. Conversion of foreign subsidiaries

Results of operations and the financial position of all Company entities whose functional currency differs from the Company's reporting currency are translated to the reporting currency as follows, depending on whether the subsidiary's functional currency is in a hyperinflationary economy:

Non-hyperinflationary economy

- Assets and liabilities on each statement of financial position presented are converted at the closing exchange rate in effect at the date of the statement of financial position.

- The stockholders' equity of each statement of financial position presented is converted using the historical exchange rate.

- Sales, costs and expenses shown in each statement of income are converted at the average exchange rate (unless this average is not a reasonable approximation of the accumulated effect of transaction rates, in which case, the exchange rate in effect on the transaction date is used).

- All resulting exchange differences are recorded under comprehensive income as exchange differences on translation of foreign entities.

Goodwill and adjustments to fair value arising at acquisition date of a foreign transaction that are to be measured at fair value are recognized as assets or liabilities of the foreign entity and converted at the closing exchange rate. Exchange differences are recorded in comprehensive income.

Hyperinflationary economy

- Assets, liabilities (including goodwill and fair value adjustments arising at the acquisition date) and stockholders' equity of the financial position, as well as the income and expenses shown in the statement of income, are translated to the exchange rate prevailing at the close of the statement of financial position, after being restated to their functional currency; and

- assets, liabilities, capital, income and expenses for the comparative period are maintained according to the amounts obtained from the translation of the year in question, which are, the financial statements of the preceding period. Such amounts are not adjusted to subsequent exchange rates, as the Company presents its financial information in Mexican pesos, which correspond to a currency of a non-hyperinflationary economy.

When a foreign operation is disposed of, any exchange difference pertaining to net worth is reclassified to the consolidated statements of income as part of the gain or loss on disposal.

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

		2022		2021
Pesos to the US dollar	**$**	**19.36**	$	20.52
Pesos to the Peruvian sol		**5.08**		5.15
Pesos to the Argentine peso		**0.11**		0.20

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

		2022		2021
Pesos to the US dollar	**$**	**20.04**	$	20.39
Pesos to the Peruvian sol		**5.22**		5.23
Pesos to the Argentine peso		**0.15**		0.21

Translation of consolidated financial statements

Prior to its translation to pesos, the reporting currency of the consolidated financial statements, the financial statements of foreign subsidiaries whose functional currency is that of a hyperinflationary economy are adjusted for inflation to reflect changes in the purchasing power of the functional currency. In order to determine whether an economy is hyperinflationary, the Company evaluates the qualitative features of the economic environment, as well as the quantitative features established by IFRS, when an inflation rate accumulated over the most recent three-year period is equal to or greater than 100%.

Inflation in Argentina

As from July 1, 2018, cumulative inflation over the past three years in Argentina exceeded 100%; therefore, the Argentine peso qualified as the currency of a hyperinflationary economy. As of December 31, 2022, cumulative inflation for the last 3 years was 300%. As a result of this situation, the financial statements of the subsidiaries located in said country, whose functional currency is the Argentine peso, has been restated as per the requirements of IAS 29 Financial Reporting in Hyperinflationary

Economies ("IAS 29") and have been consolidated as per the requirements of IAS 21 "The effects of changes in foreign exchange rates". The purpose of meeting said requirements is to consider the changes in the general purchasing power of the Argentine peso and thus present the financial statements in the current unit of measure at the reporting date. The financial statements of said operations prior to restatement were prepared using the historical cost method.

The inflationary adjustment was calculated considering the indexes established by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE by its Spanish Acronym) based on the price indexes published by the National Institute of Statistics and Censuses (INDEC by its Spanish Acronym).

The price indexes used for restatement are:

Year	Index
2022	**1,134.5875**
2021	582.4575
2020	385.8619

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 the elements of capital are restated, applying a general price index, from the start of the period, or from the date of the contribution, if subsequent.

d. Sales and expenses are restated applying the change in the general price index, from the date on which the expenses and revenue were recognized, to the date of the report.

e. Gains and losses in purchasing power arising from the net monetary position are recognized in the statements of income as part of the financial costs (see Note 24).

Initial recognition of hyperinflation in the consolidated financial statements where the reporting currency does not pertain to a hyperinflationary economy does not require changing the comparative balances; therefore, the hyperinflation and foreign currency conversion effects for the Company's subsidiaries in Argentina for the years ended December 31, 2022 and 2021 of $677,259 and $1,223,544, respectively. This effect is presented in the Effect of translation of foreign entities within other comprehensive income.

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) FINANCIAL INSTRUMENTS

Financial assets

The Company's financial assets include cash and cash equivalents, accounts receivable from clients, loans, derivative financial instruments and other 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 on which the Company classifies its 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 is included in the financial income, using the effective interest rate method. Any gain or loss, arising on derecognition is recognized directly in profit or loss and presented in other gains (losses) together with for age exchange gain and losses. Impairment losses are presented as a separate line in the consolidated statements of income.

- Fair value through Other Comprehensive Income (FV-OCI): Assets held for collection of contractual cash flows and for the sale of financial assets, when the cash flows of assets represent solely payments of principal and interest, are measured at FV-OCI. Movements in book value are recognized through other comprehensive income (OCI), except as concerns recognition of impairment gains or losses, interest income and exchange rate gains and losses applied to income. When financial assets are disposed of, the accumulated gain or loss previously recognized in the OCI is reclassified from capital to income and recognized in other income (expenses). Interest income from said financial assets are included in the financial income, using the effective interest rate method. Exchange gains and losses are shown in financial income and expenses, and impairment expenses are shown as a separate item in the consolidated statements of income.

- FVPL: Assets failing to meet the amortized cost or FV-OCI criteria are measured at FVPL. A gain or loss in a debt instruments subsequently measured at FVPL is applied to income and shown in net terms in other (expenses, net in the period in which it arises.

The Company reclassifies debt instruments when, and only when, it changes its business model for managing those assets.

Equity instruments
The Company subsequently measures all equity investments at fair value.

Changes in the fair value of financial assets are recognizes in financial income in the consolidated statements 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.

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 and uses judgment in making these assumptions and in selecting data for further details and impairment calculation, based on the Company's historical information, existing market conditions, as well as future estimates at the end of each year.

v. Offsetting of financial instruments
Financial assets and liabilities are offset, and the net amount is shown in the consolidated statements of financial position when the right to offset amounts recognized is legally binding and there is the intention to settle them on a net basis 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.

Financial liabilities
i. Recognition and withdrawal
Financial liabilities that are not derivatives are initially recognized at fair value and subsequently valued at amortized cost using the effective interest rate method. Liabilities in this category are classified as current liabilities if they are expected to be settled within the following 12 months; otherwise, they are classified as non-current liabilities.

Trade payables are obligations to pay for goods or services that have been purchased or received from suppliers in the ordinary course of business. The debt is initially recognized at fair value, net of transaction costs incurred. The debt is subsequently recognized at amortized cost; any difference between the resources received (net of transaction costs) and the settlement value is recognized in the consolidated statement of income during the loan's term using the effective interest method.

The Company derecognizes financial liabilities if the obligations of the Company are fulfilled, cancelled or have expired. The difference between the carrying amount of the derecognized financial liability and the consideration paid and payable is recognized in profit or loss.

ii. Measurement

After initial recognition, interest-bearing loans and financings are measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the consolidated statement of income when liabilities are no longer recognized, as well as through the amortization process of the effective interest rate method.

Amortized cost is calculated by considering any acquisition discounts or premiums and commissions or costs that are integral to the effective interest rate method. The amortization of the effective interest rate method is included in the financial expense in the consolidated statement of income.

G) DERIVATIVES AND HEDGING ACTIVITIES

Derivatives are initially recognized at fair value on the date on which the contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Recognition of changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, on the nature of the item hedged. The Company designates certain derivatives as:

- Fair value coverage of recognized assets and liabilities or of a firm commitment (fair value hedges).
- Hedging of a particular risk related to the cash flows of assets and liabilities recognized.

At the inception of the hedge relationship, the Company documents the economic relationship between hedge instruments and the items hedged, the risk-management objective and the strategy for conducting hedging transactions.

The fair values of derivative financial instruments designated in hedge relationships are described in Note 20. Movements in the hedge reserve in the OCI is shown in Note 19. The complete fair value of derivative hedging instruments is classified as a non-current asset or liability, when maturity of the remaining hedge item exceeds 12 months, and as a current asset or liability when maturity of the remaining hedge amount is under 12 months.

i. Cash flow hedging qualifying for hedge accounting

The effective portion of changes in the fair value of derivatives designated and qualified as cash flow hedging is recognized in the cash flow hedge reserve in other comprehensive income (OCI). The gain or loss related to the non-effective portion is immediately applied to income under financial income and expense.

When forward contracts are used to hedge forecasted transactions, the Company generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses related to the effective portion of the change in the spot component of forward contracts are recognized in the cash flow hedge reserve under OCI. The change in the forward element of the contract that refers to the hedged item (“aligned forward element”) is recognized in other comprehensive income in the costs of the hedge reserve in capital stock. In some cases, the Company can designate the total change in the fair value of the forward contract (including forward points) as a hedging instrument. In those cases, gains or losses related to the effective portion of the change in the fair value of the overall forward contract are recognized in the cash flow hedge reserve under OCI.

The amounts accumulated in capital stock are reclassified in the periods in which the hedged item is applied to income, as follows:

- When, subsequently, the hedged item gives rise to recognition of a non-financial asset, both deferred hedging gains and losses, and the value of the time deferral of options contracts or forwards (if any) are included in the initial cost of the asset. Deferred amounts are ultimately applied to income for the period, as the hedged item affects the gain or loss.

- The gain or loss related to the effective portion of interest rate swaps that cover variable interest rates of loans is applied to income under “financial expenses”, at the same time as the interest expense of the hedged loans.

When a hedge instrument matures, it is sold or terminated, or when a hedge no longer meets hedge accounting criteria, any deferred accumulated gain or loss and hedging costs deferred in OCI remain at that time in capital until the forecasted transaction occurs, giving rise to recognition of a non-financial asset. When the forecasted transaction is no longer expected to occur, the accumulated gain or loss and the deferred hedging costs reported in OCI are immediately reclassified to income.

ii. Derivatives no qualifying for hedge accounting

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).

H) INVENTORIES

Inventory is shown at the lesser of cost and net realizable value. Cost is determined using the average cost method. The cost of finished products and of products in progress includes design, raw materials and direct labor costs and other direct costs and general manufacturing expenses (based on regular operating capacity). Borrowing costs are excluded. Net realizable value is the sales price estimated in the normal course of Company operations less the respective variable selling expense.

I) PREPAYMENTS

Prepayments represent disbursements made by the Company for insurance or advertising 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.

J) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost, except for the assets in Argentina, which is 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 attributable from the same and the cost of the property, plant and equipment can be reliably determined. The carrying amount of replaced parts is capitalized. Repair and maintenance expenses are recognized in the consolidated statements of income in the year in which they are incurred. Significant improvements are depreciated over the remaining useful life of the asset in question.

Depreciation is calculated by the straight-line method, considering each component separately. Following are the estimated 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
Returnable bottles and delivery containers	2 – 7 years
Refrigerators and sales equipment	10 years
Computer equipment	4 years

Land and investments in process are valued at cost and are not depreciated.

Spares and parts for use over more than a year attributable to specific machinery are classified as property, plant and equipment under furniture and other equipment.

The borrowing costs of general and specific loans directly related to the acquisition, construction or production of qualifying assets, which require a substantial period (12 months or more), are capitalized to form part of the acquisition cost of said qualifying assets until the moment they are ready to be used for their intended purpose. At December 31, 2022 and 2021, the determination of said costs is based on specific and general financing.

The residual value and useful lives of assets are reviewed at least at the end of each reporting period and if expectations differ from prior estimates, the changes are recorded as a change in accounting estimate.

Assets classified as property, plant and equipment are subject to impairment testing when there are events or circumstances that indicate that the carrying value of the assets may not be recovered. An impairment loss corresponds to the amount at which the carrying value of the asset exceeds its recovery value. Recovery value is the greater of fair value net of selling costs and the asset's value in use.

If the carrying value exceeds the estimated recovery value, impairment of an asset's carrying value is recognized and the asset is immediately recognized at its recovery value.

Gains or losses on asset disposals are determined by comparing the sales value and the carrying value and are recognized in "Other income (expenses), net" in the consolidated statements of income.

Returnable and non-returnable containers (bottles)

Company operations involve both returnable and non-returnable containers. Returnable containers are recorded as property, plant and equipment and are depreciated by the straight-line method, based on their estimated useful lives.

Under certain historic operating practices in certain territories, returnable containers provided to customers are subject to agreements whereby the Company retains ownership of the containers and requires the customer to pay a deposit. The containers are controlled by the Company via its commercial distribution network and the Company is entitled to charge customers for identifiable breakage.

Non-returnable containers are expensed, as part of cost of sales, at the time of sale.

K) LEASES

The Company leases various offices, warehouses, machinery, equipment and vehicles. Rental contracts are typically made for fixed periods but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as guarantee for borrowing purposes.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate and transportation equipment for which the Company is a lessee, the Company has chosen, as allowed by the practical expedient of IFRS 16, to not separate lease and non-lease components and instead accounts for these as a single lease component.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis.

Right-of-use assets are measured at cost comprising the following:
- The amount of the initial measurement of lease liability, and
- any lease payments made at or before the commencement date.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

IFRS 16 offers practical expedients, therefore, payments associated with short-term leases and leases of insignificant value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise computer and telecommunication equipment and small items of office furniture.

Lease liabilities include the net present value of the following lease payments:
- Fixed payments and
- variable lease payments that are based on an index or a rate

Lease payments to be made under reasonably certain extension options to be exercised are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease, if readily determined, or the incremental interest rate of the Company, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, guarantee and conditions.

To determine the incremental borrowing rate, the Company:
- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by those subsidiaries, which does not have recent third-party financing, and
- Adjusts specific to the lease, i.e., term, country, currency and security.

The Company is exposed to possible future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and is adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

In determining the lease term, Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease terms if there is a reasonable certainty that the leases will be extended (or not terminated).

L) INTANGIBLE ASSETS

Intangible assets are identifiable non-monetary assets without physical substance and represent expenditures whose benefits will be received in the future. Intangible assets acquired independently are initially measured at cost. The cost of intangible assets acquired in a business combination is measured at fair value at the date of acquisition.

Intangible assets are recognized when they meet the following characteristics: they are identifiable, provide future economic benefits and you have control over those benefits.

Goodwill represents the acquisition cost of a business in excess of the Company's interest in the fair value of the identifiable net assets acquired, determined at the acquisition date. Goodwill is shown separately in the consolidated statements of financial position under "Goodwill and intangible assets, net" and is recorded at cost, except for those assets in Argentina considered an hyperinflationary economy that are expressed in terms of the current unit of measure at the closing date of the period reported, less accumulated impairment losses, which are not reversed. Gains or losses on the disposal of an entity include the book value of goodwill related to the entity sold.

For impairment testing purposes, goodwill is assigned to the cash-generating units (CGU). The assignment is made to CGUs or groups of CGUs expected to benefit from the business combination from which the goodwill arises, identified in accordance with the respective operating segment.

Intangible assets are classified as follows:

i. Indefinite life intangible assets are not amortized and are subject to annual impairment testing. To date, no factors have been determined that might limit the useful life of these intangible assets.

   Indefinite life intangible assets consist mainly of: a) bottler agreements entered into by the Company with TCCC, which grant rights to product, bottle and distribute TCCC brands products in the territories in which the Company operates, b) entity's trademarks of food, which are considered of high positioning in the market with which their products are traded and c) distribution rights of dairy products and other beverage. The aforementioned bottler agreements have specific expiration dates and do not guarantee they are perpetual; however, based on Company experience and market evidence, the Company considers it will continue to renew these agreements and has thus assigned them as indefinite life intangible assets (see Notes 5, 12, and 26). Brands and distribution rights have no expiration and are those used by the Company to operate its snack and dairy product segments. Those indefinite life intangible assets are assigned to the CGU for impairment-testing purposes.

ii. Defined useful life assets are recognized at cost, less accumulated amortization and impairment losses recognized. They are amortized by the straight-line method, according to their useful life, determined based on expected future economic benefits, and are subject to testing when there is evidence of impairment. These intangible assets correspond to the non-compete agreements of some business combinations and to certain distribution rights, certain brands and software, which are amortized over 5-30 years periods according to each asset's features (see Note 12).

The estimated useful lives of definite-life and indefinite life intangible assets are reviewed annually.

M) IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets with an undefined useful life, such as goodwill, are not depreciated or amortized and are subject to impairment testing once a year or before that when there are indicators of impairment. Assets subject to amortization are tested for impairment when events or changes in circumstances indicate that the book value might not be recoverable. An impairment loss is recognized by the amount by which the carrying value of the asset exceeds its recovery value. The recovery value of an asset is defined as the higher between the value in use and the fair value of an asset less the related sales costs. In order to evaluate impairment, assets are grouped based on the minimum levels of cash flows that can be identified separately (CGU). Impaired non-financial assets other than goodwill are reviewed in search of possible impairment reversal on each reporting date.

N) INCOME TAXES

Income taxes reflected in the consolidated statements of income represents tax incurred in the year, as well as the effects of deferred taxes on income determined by the method of assets and liabilities, applying the rate established in current legislation or substantially enacted and in effect on the statement of financial position date in the location in which the Company operates, and generate taxable income from all temporary differences determined by comparing the book and tax values of assets and liabilities expected to apply when the deferred tax asset is realized or the deferred tax liability is settled, considering any unamortized tax losses prior to analysis of recovery. Tax is applied to income, except to the extent it relates to other comprehensive income, in which case, tax is recorded in other comprehensive income, based on the considerations taken by Management for the accumulation or deductibility of the corresponding items. The effect of changes in tax rates is recognized in income for the period in which the rate change is determined. During the year ended December 31, 2021, based on the periodic reviews of the deferred income tax calculation, the Company chose to fully recognize the value of the employee-benefit obligations in Mexico, which had an effect on the deferred tax of $707,654.

Management periodically evaluates positions declared in tax returns with respect to situations in which applicable legislation is subject to interpretation at the end of each reporting period. To this effect, Management applies its professional judgement to determine the probability that the positions it has adopted are subject to payment, considering the documentation of each position and the expectations of the authorities in their review faculties. Therefore, 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.

O) EMPLOYEE BENEFITS

The Company has the following employee plans:

i. Pension plans

Defined contribution plans:

A defined contribution plan is a pension plan under which the Company pays fixed contributions to a separate entity. The Company has no legal or assumed obligations to pay additional contributions if the fund fails to maintain sufficient assets with which to pay all employees the benefits related to service in the current and past periods. Contributions are recorded as employee benefit expenses on the date on which the contribution is due.

Defined benefit plans:

A defined benefit plan is defined as the pension benefit to be received by an employee upon retirement, which usually depends on one or more factors, such as age, years of service and compensation.

The liability recognized in the consolidated statements of financial position with respect to defined benefit plans is the present value of the defined benefit obligation at the end of the accounting period, less the fair value of plan assets. Obligations for defined benefits are calculated annually by independent actuaries via the projected unit credit method. The present value of defined benefit obligations is determined by discounting estimated future cash flows using discount rates (per IAS 19) denominated in the currency in which the benefits are to be paid and with maturity dates similar to those of the pension liability. In countries with no in-depth market for said instruments, market rates for government bonds are used.

Remeasurements of the liability caused by gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to stockholders' equity in other comprehensive income in the period in which they occur.

The cost of past services is recognized immediately in income.

ii. Termination benefits

Termination benefits are paid when the Company terminates employment prior to the regular retirement date or when an employee accepts termination of employment in exchange for those benefits. The Company recognizes termination benefits when there is a verifiable commitment to conclude the work relationship of certain employees and a formal detailed plan providing so and that cannot be surrendered. In the event there is an offer that encourages employee resignation, the related termination benefits are valued based on the number of employees expected to accept the offer. The benefits payable over the long-term are discounted at present value.

iii. Short-term benefits

The Company provides short-term employee benefits, which can include wages, salaries, annual bonuses, employee profit sharing, gratifications and bonuses payable over the following 12 months. The Company recognizes a provision when it is contractually obligated or when the former practice has created an obligation.

P) PROVISIONS

Liability provisions represent a present legal obligation, or an obligation assumed as a result of past events where resources are likely to be required to comply with the obligation, when the amount in question has been reliably estimated. No provisions are recorded for future operating losses.

Provisions are measured at the present value of the amount necessary to cover the obligation at the date of the consolidated financial statements and are recorded based on Management's best estimation.

Q) CAPITAL STOCK

The Company's capital stock is classified as capital. Incremental costs attributable directly to the issuance of new shares are included in equity as a deduction of the consideration received, net of taxes, although the Company has not yet incurred such costs.

R) COMPREHENSIVE INCOME (LOSS)

Comprehensive income (loss) consists of net consolidated profit or loss, plus remeasurement of the defined benefit plans and other capital reserves, net of taxes, which are composed of the effects of conversion of foreign entities, the effects of derivative financial instruments for cash flow hedging and interest in other items of the comprehensive income of associates, as well as other items required by a specific provision to be reflected in stockholders' equity, which do not constitute capital contributions, reductions or distributions.

S) FUND FOR REPURCHASE OF OWN SHARES

The stockholders periodically authorize disbursement of a maximum amount for the acquisition of Company shares. When Company shares are acquired, they are classified as treasury shares and the amount is charged to equity at the purchase price. These amounts are stated at their historical cost.

The repurchase of the Company's own equity instruments is recognized directly in equity.

T) 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.

U) REVENUE RECOGNITION

The Company produces and sells carbonated and non-carbonated beverages under TCCC's trademarks, dairy products, foodstuff and snacks wholesale, in the markets in which it operates, based on formal and informal agreements entered into with different customers in the Modern and Traditional Channel (supermarkets, convenience stores and others), in which prices are negotiated continually, given the turnover of products and the competitiveness it must maintain in the market. Revenue from these sales is recognized at the fair value of the consideration collected or to be collected and represents the amounts receivable on the sale of products, net of discounts, returns and taxes. The Company recognizes sales when control of the products is transferred, which is when the products are delivered to the customer, and there is unsatisfied obligation that could affect acceptance of the products by the customer. Delivery is effective when the products are delivered to the specific location, the risk of loss has been transferred to the customer and the customer has accepted the products. Further to the above, it is concluded that the Company's sales are generated at a specific point in time.

In the Modern Channel, retail products are sold at a discount for volume, based in the total sales during the period, which is usually under 12 months, given the dynamics of displacement of the products in the market. Revenue on these sales is recognized based in the price established in the agreements, net of discounts for estimated volume. Accumulated experience is used to estimate and foresee discounts, using the expected value method. No element of financing is considered present, due to the fact that sales are, for the most part, made in cash for the Traditional Channel, or with a credit term for the Modern Channel.

An accounts receivable is recognized when the products are delivered and the payment is not in cash, and only the passage of time is required before the payment is made.

Sales discounts are considered variable consideration and are reflected in the client's invoices; therefore, discounts are recorded at the time of sale, that is, sales are recorded net of discounts. In the list price is already discounted and therefore, making a discount estimate is not needed.

V) EARNINGS PER SHARE

The basic earnings per share is calculated dividing the net consolidated profit attributable to the controlling interest by the weighted average of common shares outstanding during the year.

The amounts used in the determination of the basic earnings per share are adjusted on the basis of the diluted profits from taking into account the weighted average of the number of additional shares that would have been outstanding, assuming the conversion of all potentially dilutive ordinary shares.

W) BOTTLER INCENTIVE AGREEMENT

At its discretion, and as per the bottler's incentive agreement, TCCC provides the Company several incentives, including contributions for the maintenance of equipment of cold drinks, advertising and marketing expenses, and others. The terms and conditions of those agreements require reimbursement when certain stipulated conditions are not met, including minimum volume performance requirements. Incentives provided by TCCC for maintenance of beverage refrigeration equipment and/or advertising and marketing expenses are deducted from the respective expense.

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 financial 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 hedge and are documented in simple instruments such as swaps and forwards. The Company's operations with swaps allow only the conversion of different currencies or interest rates (variable or fixed or vice versa).

All the Company's derivative financial instrument operations are previously analyzed, approved and periodically monitored by the Financial Risk Committee. That committee submits proposals to the Chief Executive Officer, who in turn periodically informs the Board of Directors. Both the Financial Risk Committee and the Chief Executive Officer review the performance of those instruments on a quarterly basis, and make any required advance cancellations, changes in term, etc.

The Company operates that type of agreement with recognized banking and financial entities with a robust operating and financial structure.

Market risk

a. Foreign currency risk (exchange rate)

The foreign currency risk is related to the risk of the fair value of future cash flows from a financial instrument fluctuating due to changes in the exchange rate. The Company is exposed to exchange rate risks stemming from: a) its net exposure of foreign currency assets and liabilities, b) income from export sales; c) purchases of raw materials, production materials and capital investments made in foreign currencies, and d) the net investment in subsidiaries and joint operations held abroad. The Company's greatest exchange risk exposure is the exchange rate of the Mexican peso to the US dollar, the Peruvian sol and the Argentine peso for conversion of investments to the reporting currency.

It is Company policy to operate mainly in the markets in which its subsidiaries reside. Accordingly, debt is contracted in said markets' local currency, except Peru (see Note 14).

Net sales are expressed in Mexican pesos, US dollars, Peruvian soles and Argentinian pesos. During 2022 and 2021, 42.54% and 42.66% of sales were generated in Mexican pesos, 44.42% and 44.33% in US dollars, 8.13% and 8.49% in Peruvian soles, and 4.90% and 4.52% in Argentinian pesos. Those are the functional currencies of each of the consolidating entities (see Note 28).

Following is the Company's exposure to exchange risk at December 31, 2022 and 2021, respectively. The following tables show the book value of the Company's monetary assets and liabilities denominated in foreign currency.

	(Figures in thousands of Mexican pesos) **At December 31,**					
	2022			2021		
	US dollar	**Argentine peso**	**Peruvian sol**	US dollar	Argentine peso	Peruvian sol
Monetary assets	**$ 36,515,138**	**$ 3,965,991**	**$ 4,594,281**	$ 36,101,637	$ 3,012,734	$ 4,097,891
Monetary liabilities	**(16,667,450)**	**(1,510,234)**	**(4,921,918)**	(15,313,985)	(1,304,630)	(4,780,575)
Non-current monetary liabilities	**(17,962,934)**	**(27,393)**	**(2,257,227)**	(19,185,813)	(38,166)	(3,549,220)
Net position	**$ 1,884,754**	**$ 2,428,364**	**$ (**	**$ 1,601,839**	**$ 1,669,938**	**$ (4,231,904)**

The following is a sensitivity analysis related to the positive (negative) impact on the comprehensive income the Company would have due to its exposure to the net foreign currency position at December 31, 2022 and 2021, respectively:

	Hypothetical variation (maintaining all other variables constant)	
	2022	2021
One Mexican peso increase/(decrease) to the US dollar	**$ 97,345**	$ 78,079
A 50-cent of Mexican peso decrease with respect to the Argentine peso	**(11,200,941)**	(4,195,824)
A 50-cent of Mexican peso increase with respect to the Peruvian sol	**254,381**	411,240

This exposure corresponds to the movements in exchange rates related to conversion from US dollars, Argentine pesos and Peruvian soles to Mexican pesos of the results, assets and liabilities of subsidiaries in the US, Argentina, Ecuador and Peru. As detailed later in this note, the Company also contracts 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.

See Note 20 for further information on foreign currency risk hedging instruments.

b. Interest rate risk

The interest rate risk arises mainly from the Company's sources of financing. The main exposure comes from variable interest rate obligations based on the TIIE (Interbank interest rate). 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 bank loans subject to variable interest rates. At December 31, 2022 and 2021 the Company maintained two interest rate swaps to hedge $1,450,000 from variable rate to a fixed rate at 7.225% (see Note 14).

At December 31, 2022 and 2021, a large part of the debt, considering its value in pesos, was referred to a fixed interest rate. At December 31, 2022 and 2021, $27,742,518 and $34,254,659 representing 59% and 67% of the overall debt, respectively.

In order to manage interest rate risks, Company policy is designed to reduce volatility of its financial expenses and keep an ideal percentage of debt in fixed rate instruments. The financial position is mainly fixed as a result of the use of short and long-term debt and the occasional use of derivative instruments such as interest rate swaps

The terms and conditions of the Company's obligations at December 31, 2022 and 2021, including exchange rates, interest rates, maturities and effective interest rates, are described in detail in Note 14.

At December 31, 2022 and 2021, if the TIIE, LIBOR and/or SOFRS rates have risen by more than 100 base points (1.00%), all other risk factors remaining constant, the detrimental impact on comprehensive income would have been $122,793, $8,793 and $272 ($128,184, $10,532 and $0 in 2021), respectively.

c. Risk of price of raw materials

The main exposure to variations in the prices of raw materials and other production materials has to do with the supply of sweeteners, diesel, aluminum for cans and plastic containers used in the production of soft drinks. Additionally, the Company is exposed to the risk of exchange fluctuations related to the prices of sweeteners, diesel, aluminum for cans and plastic containers, in US dollars mainly, which, in the aggregate, represent approximately 18% of the cost of sales at December 31, 2022 (19% in 2021). The Company contracts hedges for the purchase of these raw materials and other production materials with a view to offset the effect of variations in exchange rates (see Note 20).

At December 31, 2022 and 2021, the appreciation of 1 Mexican peso and 1 Peruvian sol value compared to the US dollar, with all other variables remaining constant, would have had a positive (negative) impact on valuation of derivative financial instruments in stockholders' equity of $11,760 and $1,492 (($4,631) and ($1,639) in 2021), respectively. The impact on net income for the period is not material because the instruments exposing the Company to those risks are accounted for in accordance with highly effective cash flow hedging.

See Note 20 for further information on instruments for hedging against the risk of raw and other production materials.

Credit risk

Regular operations expose the Company to potential default when its customers and counterparties are unable to comply with their financial or other commitments. The Company mitigates this risk by entering transactions with a wide range of counterparties and considers that third parties that could affect its operations are unlikely to give rise to unexpected financial difficulties.

The Company has established conservative policies for the cash management and temporary investments which make it possible to minimize the risk arising from that type of financial asset, aside from which, operations are conducted only with highly accredited financial entities.

The risk exposure related to accounts receivable is limited, given the large number of customers located in different parts of Mexico, Peru, Argentina, Ecuador and the US; however, the Company maintains certain reserves for impairment losses of accounts receivable from customers. Risk control includes determining the credit standing of the customer, considering its financial situation, past experience and other factors.

Given the fact that a significant portion of the Company's customers have no independent rating of their credit standing, Management determines the maximum rated risk for each, considering their financial position and past experiences, among other factors. Credit limits are set in accordance with policies established by Management, which applies controls to ensure compliance.

For the year ended December 31, 2022 and 2021, 41.67% and 40.76%, respectively, of the Company's sales corresponded to cash transactions and 31.27% and 37.40% of net sales in 2022 and 2021, respectively, were made to institutional customers.

See Note 8 for further information on credit risk.

Liquidity risk

The Company finances its liquidity requirements and capital resources mainly through the cash generated from its own operations and from the debt and private bonds issued at short, medium and long term. The Company has access to local and international bank credit to cover its treasury requirements, aside from which, it has been assigned the highest rating for Mexican issuers (AAA) and a rating of A and A2, both issued by independent rating agencies, which makes it possible to evaluate local and international capital markets in the event that resources are needed.

The Company cash surpluses are invested according to the guidelines established by the Board of Directors, based on the recommendation of the Planning and Finance Committee. The Financial Risk Committee, comprising basically executives from the Financial and Planning Management areas, decides on a series of custodian entities of proven prestige and liquidity. Foreign-currency investments in specific projects are authorized only in US dollars or euros.

The Company does not invest in capital markets or investment companies and repurchase operations are entered into only with federal Mexican and US government paper. Those operations are conducted with the largest and most prestigious banks in Mexico. The foreign banks in which investments can be made are those with the greatest international coverage. Investments are made in federal government and bank debt securities. AC does not invest in private and/or corporate paper.

The factors that could reduce the sources of liquidity include a significant reduction in demand or the price of its products, which could limit the amount of cash generated from its operations, and a reduction in the corporate credit rating, which could impair the Company's liquidity and increase its new debt costs. The Company's liquidity may also be affected by factors such as depreciation or appreciation of the Mexican peso and changes in interest rates. Company settles obligations with cash flows arising from operations.

The Company's remaining contractual maturities of financial liabilities, which include basically principal and interest payable in the future up to the date of maturity at December 31, 2022 and 2021, are:

At December 31, 2022	Under 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Current non-current debt	$ 7,529,090	$ 18,571,720	$ 13,127,950	$ 21,806,826	$ 61,035,586
Suppliers, related parties, derivative financial instruments and sundry creditors	20,136,998	-	-	-	20,136,998
Lease liabilities current and non-current	621,003	612,986	274,725	141,682	1,650,396
	$ 28,287,091	$ 19,184,706	$ 13,402,675	$ 21,948,508	$ 82,822,980

At December 31, 2021	Under 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Current non-current debt	$ 11,143,754	$ 20,400,081	$ 12,333,853	$ 22,443,938	**$ 66,321,626**
Suppliers, related parties, derivative financial instruments and sundry creditors	17,892,306	-	21,894	-	**17,914,200**
Lease liabilities current and non-current	409,004	505,246	334,413	360,650	**1,609,313**
	$ 29,445,064	**$ 20,905,327**	**$ 12,690,160**	**$ 22,804,588**	**$ 85,845,139**

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 statements of financial position).

The net debt to EBITDA ratio at December 31, 2022 and 2021 was as follows:

	2022	2021
Total debt (Note 14)	**$ 46,917,206**	$ 51,073,531
Less: Cash and cash equivalents (Note 7)	**(27,761,308)**	(32,116,974)
Net debt	**19,155,898**	18,956,557
EBITDA (Note 6)	**39,621,949**	35,405,533
Net debt ratio	**0.48**	0.54

The index resulting from the calculation of these financial ratios is within the compliance parameters of the Company which has a maximum of 3.

5. Accounting estimations and judgments

The Company has identified certain key accounting estimations on which its financial condition and results of operations depend. Those accounting estimations normally involve an analysis or are based on subjective judgments or decisions that require Management to make estimations and assumptions affecting the figures reported in these consolidated financial statements. The Company's estimates are based on historical information when applicable, and other assumptions considered reasonable in the circumstances.

Current results can differ from those estimated under different assumptions or conditions. Furthermore, estimations normally require adjustments based on changing circumstances and on securing more recent or more accurate information.

When preparing these consolidated financial statements, the most critical accounting estimations under IFRS are those requiring Management to prepare estimations and assumptions affecting the reported figures involved in determining the value in use for identification of impairment of indefinite life intangible assets, fair value accounting for financial instruments, goodwill and other indefinite life intangible assets such as the result of business acquisitions and pension benefits.

a) Estimations and assumptions involving the risk of significant adjustments to the figures in the consolidated financial statements are as follows:

i. Estimated impairment of indefinite life intangible assets

The identification and measurement of impairment in indefinite life intangible assets, including goodwill, involves the estimation of fair value (value in use or fair value). Those estimations and assumptions could have a significant impact on the decision as to whether to recognize a charge for impairment and on the magnitude of that charge. The Company analyzes valuation considering relevant internal information as well as public market information. Fair value estimations are mainly determined based on discounted cash flows and market comparisons. Those approaches use significant estimations and assumptions, including projected future cash flows (including terms), discount rates reflecting the risk inherent in future cash flows, multiples of exit cash flows, perpetual growth rates, determination of appropriate market comparable and determination of whether a premium or discount should be applied to comparable.

Certain level of risk inherent in these estimates and assumptions that the Company considers has been made in its valuations is possible, since in case the actual results were lower than the estimates an impairment charge would have to be recorded.

ii. Pension benefits
The present value of pension-related obligations depends on the number of factors determined on an actuarial basis, using several different assumptions. The assumptions used in determining the net cost for pensions include the discount rate. Any changes in these assumptions impact the carrying amount of pension obligations.

The Company determines the proper discount rate at each year end. That rate is the interest rate used to determine the present value of estimated future cash outflows expected to be required to settle pension plan obligations. To determine the proper discount rate, the Company considers the discount interest rate as per IAS 19 "Employee benefits", expressed in the currency in which the benefits are to be paid, at maturity dates approximating the dates pertaining to the pension obligation (see Note 16).

b) Critical accounting judgments in applying the Company's accounting policies are as follows:

i. Investments in associates
Management has evaluated the level of influence exercised by the Company on its investment in Jugos del Valle, S.A.P.I. de C.V. and has determined that it exercises significant influence, although its shareholding is below 20%, given its representation on the Board of Directors and certain contractual terms. Consequently, that investment has been classified as an associate.

ii. Interest in joint operation
Management has evaluated the terms and conditions contained in the stockholders' agreement for joint agreement of JV Toni, S.L. in Holding Tonicorp, S.A. (Tonicorp) and has concluded that it should be classified as a joint operation because it considers that the design and purpose require AC's beverage business in Ecuador to acquire, distribute and market the Tonicorp production, thus transferring to the two stockholders jointly controlling the agreement substantially the rights to the benefits and liability obligations of Tonicorp and its subsidiaries, which according to IFRS 11, "Joint Agreements", requires the agreement to be classified as such (see Note 28).

iii. Useful lives of intangible assets
The Company's indefinite life intangible assets include the aforementioned bottler agreements entered into between AC and TCCC, which have specific expiration dates and do not guarantee they are perpetual; however, based on Company experience, during the business relationship of over 90 years with TCCC, and to the market evidence, the Company considers it will continue to renew these agreements and has thus assigned them as indefinite life intangible assets (see Note 26).

6. Segment reporting

Segment reporting is presented consistently with the internal reports provided to the Chief Executive Officer, who is the highest authority for making operating decisions, allocation the resources and evaluating the operating segments' yield. An operating segment is defined as a component of an entity on which there is separate financial information which is evaluated on a regular basis.

The Company controls and evaluates its continuous operations from both a geographic and product perspective. Management considers performance in Mexico, the US, Ecuador, Argentina and Peru. From the perspective of the product, Management considers beverages and other products in those geographic areas separately.

Segments, by product to be reported by the Company, are:

- Beverages (including carbonated, non-carbonated, dairy beverages and carboy and individual format purified water): This segment produces, distributes and sells TCCC brand beverages in different territories in Mexico, US, Argentina, Ecuador and Peru as well as Santa Clara dairy beverages in Mexico and Toni in Ecuador. The Company's portfolio of beverages and dairy products includes cola and flavored soft drinks, individual purified and flavored water, dairy beverages and other carbonated and non-carbonated beverages in sundry presentations.

- Other segments - complementary businesses: This section represents operating segments that are not considered reportable segments on an individual basis, as they do not meet the quantitative limits, as established by the IFRS 8 to any of the years reported on. In accordance with this standard, the operating segments whose total net sales is equal to or less than 10% of the Company's total net sales need not be reported individually and can be grouped with other operating segments that do not meet the 10% limit, provided the sum of these grouped operating segments does not exceed 25% of total net sales. These segments comprise the following complementary businesses:

  a. Beverages in the individual format that are marketed in vending machines (Mexico and Peru).
  b. Snack food (Mexico, Ecuador, Peru and US).

The Company evaluates the performance of each of the operating segments based on profits before the net financial results, taxes, depreciation and amortization (operating cash flow or EBITDA), considering that said indicator represents a good measure for evaluating the operating performance and the capability to satisfy capital and interest obligations with respect to the Company's debt, as well as the capability to fund capital investments and working capital requirements. However, the EBITDA is not a financial performance measure under IFRS and should not be considered an alternative to net profit when measuring operating performance, or to cash flows when measuring liquidity.

The Company has defined the EBITDA or operating cash flow as a consolidated operating profit (loss) after adding or subtracting the following, as the case may be: (1) depreciation, amortization, and (2) non-recurring expenses incurred (such as severance, business combination expenses among others, classified in the other expenses, net in the consolidated statements 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, 2022							
	Beverages					Others		
	Mexico	Argentina	Ecuador	Peru	US	Mexico and others	Eliminations	Total
Statement of income:								
Sales per segment	$ 84,040,781	$ 10,130,264	$ 12,286,912	$ 16,270,489	$ 75,107,034	$ 14,116,923	$ (1,991,157)	$ 209,961,246
Inter-segment sales	$ (1,105,214)	$ -	$ (11,969)	$ (121,437)	$ -	$ (752,537)	$ 1,991,157	$ -
Sales to external customers	$ 82,935,567	$ 10,130,264	$ 12,274,943	$ 16,149,052	$ 75,107,034	$ 13,364,386	$ -	$ 209,961,246
Operating profit	$ 16,838,632	$ 1,142,199	$ 1,026,940	$ 2,551,634	$ 8,731,206	$ 296,639	$ -	$ 30,587,250
Operating cash flow (1)	$ 19,896,094	$ 1,814,941	$ 2,051,172	$ 3,693,227	$ 11,025,058	$ 1,141,457	$ -	$ 39,621,949
Non-recurring (income) expenses	$ 33,824	$ 14,888	$ 5,560	$ 27,881	$ (30,169)	$ 40,182	$ -	$ 92,166
Depreciation and amortization	$ 3,023,638	$ 657,854	$ 1,018,672	$ 1,113,712	$ 2,324,021	$ 804,636	$ -	$ 8,942,533
Financial income (loss)	$ 2,290,829	$ (166,901)	$ 32,088	$ 1,011,665	$ 289,967	$ 157,723	$ -	$ 3,615,371
Financial expenses	$ 4,706,819	$ 222,007	$ 166,525	$ 1,150,362	$ 694,379	$ 181,740	$ -	$ 7,121,832
Equity in the results of associates	$ 405,518	$ -	$ -	$ -	$ 7,366	$ -	$ -	$ 412,884
Profit before taxes	$ 14,828,161	$ 753,291	$ 892,502	$ 2,412,938	$ 8,334,159	$ 272,622	$ -	$ 27,493,673
Statement of financial position:								
Total assets	$ 82,115,137	$ 12,132,062	$ 21,637,330	$ 37,918,919	$ 101,756,567	$ 13,062,772	$ (12,322,621)	$ 256,300,166
Investment in shares of associates (2)	$ 8,068,303	$ 461,297	$ -	$ -	$ 658,659	$ -	$ -	$ 9,188,259
Total liabilities	$ 56,387,769	$ 2,220,420	$ 5,837,293	$ 11,477,644	$ 35,480,129	$ 4,885,931	$ (7,842,859)	$ 108,446,327
Investment in fixed assets (Capex) (3)	$ 5,141,545	$ 569,308	$ 1,028,904	$ 886,364	$ 1,693,464	$ 435,680	$ -	$ 9,755,265

(1) Corresponds to how AC measures its operating cash flow.
(2) In addition to the Mexico segment, there are investments in associates in other geographic segments (see Note 10).
(3) Indicates the additions for the year presented in the consolidated statements of cash flows.

Following is condensed financial information on the operating segments to be reported on:

	Year ended December 31, 2022							
	Beverages					Other		
	Mexico	Argentina	Ecuador	Peru	US	Mexico and others	Eliminations	Total
Statement of income:								
Sales per segment	$ 74,846,427	$ 8,323,732	$ 11,331,833	$ 14,311,271	$ 67,209,152	$ 11,310,222	$ (1,586,268)	**$ 185,746,369**
Inter-segment sales	$ (1,030,659)	$ -	$ (6,893)	$ (82,113)	$ -	$ (466,603)	$ 1,586,268	**$ -**
Sales to external customers	$ 73,815,768	$ 8,323,732	$ 11,324,940	$ 14,229,158	$ 67,209,152	$ 10,843,619	$ -	**$ 185,746,369**
Operating (loss) profit	$ 15,965,865	$ 625,257	$ 927,339	$ 2,062,317	$ 6,790,287	$ (1,010,133)	$ -	**$ 25,360,932**
Operating cash flow [1]	$ 18,854,780	$ 1,390,522	$ 2,051,999	$ 3,233,829	$ 9,475,950	$ 398,453	$ -	**$ 35,405,533**
Non-recurring (income) expenses	$ (95,125)	$ 134,600	$ 110,040	$ 26,519	$ 292,505	$ 75,648	$ -	**$ 544,187**
Depreciation and amortization	$ 2,984,040	$ 630,665	$ 1,014,620	$ 1,144,993	$ 2,393,158	$ 1,332,938	$ -	**$ 9,500,414**
Financial income	$ 2,244,919	$ 12,461	$ 80,596	$ 2,106,012	$ 25,863	$ 78,957	$ -	**$ 4,548,808**
Financial expenses	$ 4,084,522	$ 142,652	$ 190,952	$ 2,610,376	$ 712,643	$ 100,654	$ -	**$ 7,841,799**
Equity in the results of associates	$ (10,763)	$ -	$ -	$ -	$ 15,219	$ -	$ -	**$ 4,456**
Profit (loss) before taxes	$ 14,115,499	$ 495,065	$ 816,983	$ 1,557,952	$ 6,118,725	$ (1,031,827)	$ -	**$ 22,072,397**
Statement of financial position:								
Total assets	$ 83,689,099	$ 10,628,873	$ 23,182,030	$ 38,528,155	$ 103,380,078	$ 12,956,885	$ (14,338,200)	**$ 258,026,920**
Investment in shares of associates [2]	$ 7,535,197	$ 428,515	$ -	$ -	$ 650,150	$ -	$ -	**$ 8,613,862**
Total liabilities	$ 53,039,939	$ 1,824,399	$ 5,645,617	$ 12,665,972	$ 36,592,436	$ 3,779,169	$ (5,657,710)	**$ 107,889,822**
Investment in fixed assets (Capex) [3]	$ 3,331,856	$ 440,578	$ 618,697	$ 571,915	$ 1,859,815	$ 352,778	$ -	**$ 7,175,639**

[1] *Corresponds to how AC measures its operating cash flow.*
[2] *In addition to the Mexico segment, there are investments in associates in other geographic segments (see Note 10).*
[3] *Indicates the additions for the year presented in the consolidated statements of cash flows.*

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

	Year ended December 31, 2022			
	Sales to external customers	Property plant and equipment	Goodwill	Intangible assets
Mexico	$ 89,333,789	$ 25,321,736	$ 9,322,538	$ 11,593,977
US	80,077,901	19,695,350	22,852,603	30,033,997
Perú	16,797,867	13,099,430	9,559,016	11,290,477
Ecuador	13,621,425	6,748,323	11,509,509	4,213,846
Argentina	10,130,264	3,451,822	3,091,900	781,614
Total	**$ 209,961,246**	**$ 68,316,661**	**$ 56,335,566**	**$ 57,913,911**

	Year ended December 31, 2021			
	Sales to external customers	Property plant and equipment	Goodwill	Intangible assets
Mexico	$ 78,642,018	$ 23,372,684	$ 8,237,790	$ 11,579,914
US	71,702,767	21,525,034	23,998,581	31,837,433
Perú	14,693,659	13,663,041	9,680,557	11,504,749
Ecuador	12,384,193	6,917,133	12,196,897	4,474,710
Argentina	8,323,732	3,312,017	3,105,524	726,727
Total	**$ 185,746,369**	**$ 68,789,909**	**$ 57,219,349**	**$ 60,123,533**

For the years ended December 31, 2022 and 2021, none of AC's customers contributed individually or in the aggregate more than 10% of Company's net sales.

Company customers are commercial establishments classified as institutional customers and general customers, including supermarkets, convenience stores, institutions, businesses and particularly small to large grocery stores.

7. Cash and cash equivalents

Cash and cash equivalents are composed as follows:

	2022	2021
Cash on hand	$ 103,511	$ 206,667
Short-term bank deposits	6,274,095	8,411,655
Short-term investments (under three months)	21,383,702	23,498,652
Total cash and cash equivalents	**$ 27,761,308**	**$ 32,116,974**

8. Account receivables from clients and others, net

a) Clients and other accounts receivable are comprised as follows:

	2022	2021
Clients	$ 11,231,566	$ 9,609,272
Allowance for impairment of accounts receivables form clients	(312,263)	(338,895)
Clients, net	10,919,303	9,270,377
Income tax and other taxes recoverable	2,773,595	1,684,210
Notes and other accounts receivable [(1)]	771,414	943,871
Sundry debtors	1,082,972	907,965
	$ 15,547,284	$ 12,806,423

[(1)] *Notes and other accounts receivable net of expected losses.*

Accounts receivable are denominated in the following currencies:

	2022	2021
US dollars	$ 7,206,209	$ 6,351,180
Mexican pesos	6,986,814	5,343,206
Peruvian soles	680,402	485,790
Argentinian pesos	673,859	626,247
	$ 15,547,284	$ 12,806,423

Impairment of clients
Clients, notes and other accounts receivable are subject to the expected credit losses model.

The Company applies the simplified approach contained in IFRS 9 for measuring expected credit losses, using an expected loss provision over the lifetime of the instrument for all accounts receivable from customers.

In order to measure expected credit losses, accounts receivable from customers have been grouped based on their shared credit risk features and days past due.

The expected loss rates are based on the profiles for payment of sales in a 24-month period prior to December 31, 2022 or December 31, 2021, 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 allowance for impairment of clients at December 31, 2022 and 2021 was determined as follows for accounts receivable from customers:

	Other current	Current	1 to 30 days past due	31 to 60 days past due	61 to 90 days past due	91 t0 180 days past due	More than 180 days past due	Total
As of December 31, 2022								
Average rate of expected loss		0.94%	13.44%	13.44%	13.39%	1.00%	78.63%	-
Gross book amount of accounts receivable	$ 119,700	$ 9,675,934	$ 909,070	$ 119,389	$ 91,533	$ 82,705	$ 233,235	$ 11,231,566
Allowance for impairment of accounts receivables from clients	**$ -**	**$ (94,301)**	**$ (16,142)**	**$ (2,474)**	**$ (989)**	**$ (4,553)**	**$ (193,804)**	**$ (312,263)**

	Other current	Current	1 to 30 days past due	31 to 60 days past due	61 to 90 days past due	91 t0 180 days past due	More than 180 days past due	Total
As of December 31, 2021								
Average rate of expected loss	-	1.27%	13.88%	13.73%	13.73%	1.00%	77.80%	-
Gross book amount of accounts receivable	$ 145,258	$ 8,274,870	$ 771,155	$ 58,338	$ 41,707	$ 74,846	$ 243,098	$ 9,609,272
Allowance for impairment of accounts receivables from clients	**$ -**	**$ (96,880)**	**$ (21,017)**	**$ (2,874)**	**$ (1,218)**	**$ (21,955)**	**$ (194,951)**	**$ (338,895)**

The final balances of the allowance for impairment of accounts receivables from clients at December 31, 2022 and 2021 are adjusted to the allowance for initial losses as follows:

		2022		2021
Loss allowance at January 1	$	338,895	$	352,798
Increase in the allowance for impairment of clients applied to income for the year		25,013		36,016
Accounts receivable canceled during the year as uncollectible		(45,426)		(48,896)
Unused reversed amount		(6,219)		(1,023)
Loss allowance at December 31	$	312,263	$	338,895

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 of accounts receivables from clients is shown as provision for impairment of clients under operating profit. Subsequent recovery of amounts previously canceled are credited to the same line.

b) Financial assets at amortized cost
Other assets at amortized cost, which includes accounts receivable from related parties, are also subject to impairment requirements under IFRS 9. As of December 31, 2022 and 2021, no impairment loss has been identified.

9. Inventories

Inventories are analyzed as follows:

		2022		2021
Raw materials	$	4,598,470	$	3,732,823
Finished products		4,852,908		3,898,076
Materials and spare parts		2,114,059		1,929,687
Products in process		77,397		79,122
	$	11,642,834	$	9,639,708

For the years ended December 31, 2022 and 2021, $103,178,562 and $89,579,809 was applied to income, respectively, corresponding to inventories consumed (including $16,314 and ($24,691), respectively, corresponding to damaged, slow-moving and obsolete inventories).

10. Investment in shares of associates

Investments in the shares of associates are comprised as follows:

		2022		2021
Opening balance	$	8,613,862	$	8,308,209
Additions		90,446		143,838
IAS 29 (hyperinflationary economies) effect		227,874		143,428
Disposals		(156)		-
Dividends received		(37,793)		(35,436)
Share in the results of associate companies		511,946		110,157
Share in other comprehensive income of associated companies		(217,920)		(56,334)
Ending balance	$	9,188,259	$	8,613,862

Following are the Company's associated companies at December 31, 2022 and 2021, which, in Management's opinion, are material and strategic for the Company, mostly because they relate to the Group's main activity. The capital stock of the following entities consists exclusively of ordinary voting shares held directly by the Company, and in the case of Jugos del Valle, S.A.P.I. de C.V., also includes non-voting shares. The country in which an associate is incorporated and registered is also its main place of business and the percentage of shareholding is the same as the percentage of votes held.

Participation movements per share for the years ended December 31, 2022 and 2021, are analyzed as follows:

	Country of incorpora-tion	Nature	Valuation method	Balance	Gain (loss)	Share-holding interest
December 31, 2022						
Promotora Industrial Azucarera, S.A. de C.V. (PIASA) (1)	Mexico	Associated	Equity method	**$ 3,934,943**	**$ 456,629**	**49.1849%**
Jugos del Valle, S.A.P.I. de C.V. (JDV) (2)	Mexico	Associated	Equity method	**1,134,944**	**48,635**	**14.4600%**
PetStar, S.A.P.I. de C.V. (PETSTAR) (3)	Mexico	Associated	Equity method	**575,878**	**14,564**	**49.9000%**

	Country of incorpora-tion	Nature	Valuation method	Balance	Gain (loss)	Sharehold-ing interest
December 31, 2021						
Promotora Industrial Azucarera, S.A. de C.V. (PIASA) (1)	México	Asociada	Equity method	$ 3,476,627	$ 135,822	49.1849%
Jugos del Valle, S.A.P.I. de C.V. (JDV) (2)	México	Asociada	Equity method	1,094,115	56,450	14.4600%
PetStar, S.A.P.I. de C.V. (PETSTAR) (3)	México	Asociada	Equity method	473,603	(77,493)	49.9000%

(1) *PIASA is a company mainly engaged in marketing the sugar it produces or acquires, among its stockholders and to third parties, and the electric power it generates, as a byproduct. That investment allows the Company to supply itself with sugar for production while at the same time reducing its exposure to the risk of sugar prices.*

(2) *JDV is a strategic investment mainly engaged in the production, bottling, purchase, sale, distribution and marketing of juices, nectars, fruit drinks, other drinks and dairy products sold under the Santa Clara brand name. JDV also markets products of third parties.*

(3) *PETSTAR is engaged in collecting and recycling PET (Polyethylene Terephthalate) waste and its conversion to food grade resin and sale, mainly but not exclusively to its stockholders.*

There are no contingent liabilities relating to the Company's interest in its associates.

The summarized financial information for the associates considered material for the Company is presented below:

	PIASA		JDV		PETSTAR	
	2022	2021	**2022**	2021	**2022**	2021
Summary statement of financial position						
Current assets	**$ 2,421,014**	$ 2,391,530	**$ 8,461,265**	$ 7,009,308	**$ 689,425**	$ 573,396
Non-current assets	**8,481,214**	8,209,345	**8,558,654**	7,483,157	**1,407,231**	1,146,315
Current liabilities	**2,047,140**	2,380,228	**6,485,779**	4,896,707	**854,342**	695,890
Non-current liabilities	**854,780**	1,152,162	**2,685,290**	2,029,263	**88,249**	74,717
Stockholders' equity	**$ 8,000,308**	**$ 7,068,485**	**$ 7,848,850**	**$ 7,566,495**	**$ 1,154,065**	**$ 949,104**

	PIASA		JDV		PETSTAR	
	2022	2021	**2022**	2021	**2022**	2021
Reconciliation of book balances						
Beginning balance	**$ 7,068,485**	$ 6,731,643	**$ 7,566,495**	$ 6,787,807	**$ 949,104**	$ 1,003,814
Capital increase	**-**	-	**7,012**	185,715	**179,223**	102,010
Income for the year	**928,393**	276,146	**336,341**	390,390	**29,187**	(155,297)
Other comprehensive income	**3,430**	60,696	**(60,998)**	202,583	**(3,449)**	(1,423)
Ending balance	**8,000,308**	7,068,485	**7,848,850**	7,566,495	**1,154,065**	949,104
Shareholding %	**49.1849%**	49.1849%	**14.4600%**	14.4600%	**49.9000%**	49.9000%
Book balance	**$ 3,934,943**	**$ 3,476,627**	**$ 1,134,944**	**$ 1,094,115**	**$ 575,878**	**$ 473,603**
Summary statement of comprehensive income						
Revenues	**$ 11,222,126**	$ 8,997,253	**$ 24,951,288**	$ 23,590,244	**$ 2,711,934**	$ 2,004,810
Income for the year	**$ 928,393**	$ 276,146	**$ 336,341**	$ 390,390	**$ 29,187**	$ (155,297)
Other comprehensive income	**3,430**	60,696	**(60,998)**	202,583	**(3,449)**	(1,423)
Total comprehensive income	**$ 931,823**	**$ 336,842**	**$ 275,343**	**$ 592,973**	**$ 25,738**	**$ (156,720)**

During the years ended December 31, 2022 and 2021, the Company has not received material and strategic dividends from its associates.

The Company exercises significant influence over its associates since it is empowered to participate in the making of financial and operating policies without exercising control over them (see Note 5b. point i.).

In addition to the aforementioned interest in associated companies, AC also has interests in some other associated companies that are not considered material, and which are recognized by the equity method; the value, recognized in AC, of its investments in said associated companies is as follows:

	2022	2021
Aggregate balance of individual immaterial entities	**$ 3,542,494**	$ 3,569,517
Decreased amounts of AC's share by:		
Loss of the year and total comprehensive losses from associates	**$ (7,882)**	$ (4,622)

None of the associated companies' shares is publicly traded, therefore, there are no published market prices. There are no contingent liabilities related to the Company's interest in its associates.

11. Property, plant and equipment

Movements of property, plant and equipment for the years ended December 31, 2022 and 2021 are analyzed as follows:

	Assets subject to depreciation								Assets not subject to depreciation		
	Buildings	Machinery and equipment	Transportation equipment	Refrigerators and sales equipment	Returnable bottles and distribution crates	Computer equipment	Furniture and other	Subtotal	Land	Investments in process	**Total**
For the year ended December 31, 2022											
Reclassified balances as of January 1, 2021	**$ 15,809,886**	**$ 16,343,660**	**$ 4,702,725**	**$ 8,160,796**	**$ 2,880,485**	**$ 680,187**	**$ 698,221**	**$ 49,275,960**	**$ 16,609,105**	**$ 2,904,844**	**$ 68,789,909**
Effect of IAS 29 (hyperinflationary economy)	**349,881**	**655,997**	**1,776**	**74,607**	**169,712**	**2,580**	**9,626**	**1,264,179**	**143,828**	**9**	**1,408,016**
Effects of conversion	**(740,627)**	**(938,743)**	**(135,555)**	**(236,771)**	**(169,154)**	**(14,053)**	**(62,289)**	**(2,297,192)**	**(548,752)**	**(118,171)**	**(2,964,115)**
Additions for Business acquisition	**37,739**	**31,388**	**22,813**	**-**	**-**	**5,009**	**10,837**	**107,786**	**14,592**	**-**	**122,378**
Additions	**163,665**	**474,095**	**1,133,181**	**1,806,792**	**2,404,717**	**335,105**	**110,435**	**6,427,990**	**169,529**	**3,157,746**	**9,755,265**
Transfers	**256,895**	**758,190**	**753,628**	**65,693**	**-**	**319,370**	**15,090**	**2,168,866**	**24,279**	**(2,193,145)**	**-**
Disposals	**(20,539)**	**(55,212)**	**(64,696)**	**(219,334)**	**(393,904)**	**(6,085)**	**(6,104)**	**(765,874)**	**(18,738)**	**(200,811)**	**(985,423)**
Depreciation charges recognized in the year	**(731,082)**	**(1,995,868)**	**(1,072,638)**	**(1,986,879)**	**(1,463,907)**	**(426,263)**	**(132,732)**	**(7,809,369)**	**-**	**-**	**(7,809,369)**
Ending balance	**$ 15,125,818**	**$ 15,273,507**	**$ 5,341,234**	**$ 7,664,904**	**$ 3,427,949**	**$ 895,850**	**$ 643,084**	**$ 48,372,346**	**$ 16,393,843**	**$ 3,550,472**	**$ 68,316,661**
December 31, 2022											
Cost	**$ 23,439,563**	**$ 35,557,083**	**$ 13,745,346**	**$ 21,441,413**	**$ 7,798,889**	**$ 3,437,220**	**$ 2,102,724**	**$ 107,522,238**	**$ 16,393,843**	**$ 3,550,472**	**$ 127,466,553**
Accumulated depreciation	**(8,313,745)**	**(20,283,576)**	**(8,404,112)**	**(13,776,509)**	**(4,370,940)**	**(2,541,370)**	**(1,459,640)**	**(59,149,892)**	**-**	**-**	**(59,149,892)**
Ending balance	**$ 15,125,818**	**$ 15,273,507**	**$ 5,341,234**	**$ 7,664,904**	**$ 3,427,949**	**$ 895,850**	**$ 643,084**	**$ 48,372,346**	**$ 16,393,843**	**$ 3,550,472**	**$ 68,316,661**
For the year ended December 31, 2021											
Beginning balance as of January 1, 2020	$ 15,783,456	$ 16,770,799	$ 4,686,577	$ 9,660,777	$ 2,651,127	$ 712,506	$ 624,494	$ 50,889,736	$ 16,822,122	$ 1,946,938	**$ 69,658,796**
Reclassifications	40,321	601,773	-	(536,511)	-	-	-	105,583	(105,583)	-	**-**
Reclassified balances as of January 1, 2021	$ 15,823,777	$ 17,372,572	$ 4,686,577	$ 9,124,266	$ 2,651,127	$ 712,506	$ 624,494	$ 50,995,319	$ 16,716,539	$ 1,946,938	**$ 69,658,796**
Effect of IAS 29 (hyperinflationary economy)	223,979	374,972	67	36,729	54,353	2,483	4,105	696,688	90,528	6	**787,222**
Effects of conversion	(162,114)	(60,434)	54,833	150,219	32,247	7,981	19,164	41,896	(240,632)	28,997	**(169,739)**
Additions for Business acquisition	94,015	39,959	3,740	-	-	-	944	138,658	77,851	1,772	**218,281**
Additions	245,589	371,340	802,108	1,312,032	1,911,135	260,291	96,490	4,998,985	60,948	2,115,706	**7,175,639**
Transfers	292,270	352,144	249,027	67,746	-	95,154	90,208	1,146,549	3,473	(1,150,022)	**-**
Disposals	(28,985)	(70,506)	(106,982)	(387,936)	(360,627)	(4,338)	(5,631)	(965,005)	(99,602)	(38,553)	**(1,103,160)**
Depreciation charges recognized in the year	(678,645)	(2,036,387)	(986,645)	(2,142,260)	(1,407,750)	(393,890)	(131,553)	(7,777,130)	-	-	**(7,777,130)**
Ending balance	**$ 15,809,886**	**$ 16,343,660**	**$ 4,702,725**	**$ 8,160,796**	**$ 2,880,485**	**$ 680,187**	**$ 698,221**	**$ 49,275,960**	**$ 16,609,105**	**$ 2,904,844**	**$ 68,789,909**
December 31, 2021											
Cost	$ 23,411,543	$ 35,047,852	$ 12,616,853	$ 21,310,576	$ 7,003,515	$ 2,944,934	$ 2,023,339	$ 104,358,612	$ 16,609,105	$ 2,904,844	**$ 123,872,561**
Accumulated depreciation	(7,601,657)	(18,704,192)	(7,914,128)	(13,149,780)	(4,123,030)	(2,264,747)	(1,325,118)	(55,082,652)	-	-	**(55,082,652)**
Ending balance	**$ 15,809,886**	**$ 16,343,660**	**$ 4,702,725**	**$ 8,160,796**	**$ 2,880,485**	**$ 680,187**	**$ 698,221**	**$ 49,275,960**	**$ 16,609,105**	**$ 2,904,844**	**$ 68,789,909**

Of the depreciation expense for 2022 of $7,809,369 ($7,777,130 in 2021), $2,579,378 ($2,601,079 in 2021) was recorded in cost of sales, $4,555,488 ($4,532,139 in 2021) in selling expenses and $674,503 ($643,912 in 2021) in administration expenses, respectively.

Investments in process at December 31, 2022 and 2021 correspond mainly to investments in production equipment, distribution and building improvements.

12. Goodwill and intangible assets, net

Movements in intangible assets for the years ended December 31, 2022 and 2021, are as follows:

	Goodwill	Intangible assets acquired: Bottling contracts	Trademarks	Software licenses	Other	Total
December 31, 2022						
Beginning balances as of January 1, 2022	$ 57,219,349	$ 50,290,811	$ 3,629,669	$ 532,392	$ 5,670,661	$ 117,342,882
Effect of translation	(3,828,419)	(2,098,470)	(182,701)	(22,039)	(57,305)	(6,188,934)
Acquisition of Business Combinations	1,293,190	-	-	-	-	1,293,190
Additions	-	-	-	2,452	336,423	338,875
IAS 29 (hyperinflationary economy) effect	1,651,446	385,259	-	-	(455)	2,036,250
Disposals	-	-	-	(1,191)	(50,795)	(51,986)
Amortization charges	-	-	(3,008)	(97,464)	(420,328)	(520,800)
Final balances	**$ 56,335,566**	**$ 48,577,600**	**$ 3,443,960**	**$ 414,150**	**$ 5,478,201**	**$ 114,249,477**
December 31, 2022						
Attributed cost	$ 56,335,566	$ 48,577,600	$ 3,463,616	$ 939,947	$ 9,442,254	$ 118,758,983
Accumulated amortization	-	-	(19,656)	(525,797)	(3,964,053)	(4,509,506)
Net book value	**$ 56,335,566**	**$ 48,577,600**	**$ 3,443,960**	**$ 414,150**	**$ 5,478,201**	**$ 114,249,477**
December 31, 2021						
Beginning balances as of January 1, 2021	$ 55,929,169	$ 50,109,908	$ 3,442,448	$ 603,136	$ 6,339,665	$ 116,424,326
Effect of translation	(56,185)	(61,585)	90,584	44,008	25,367	42,189
Acquisition of Business Combinations	306,918	-	99,694	-	127,146	533,758
Additions	-	-	-	12,991	219,833	232,824
IAS 29 (hyperinflationary economy) effect	1,039,447	242,488	-	-	-	1,281,935
Disposals	-	-	-	-	(23,379)	(23,379)
Amortization charges	-	-	(3,057)	(127,743)	(1,017,971)	(1,148,771)
Final balances	**$ 57,219,349**	**$ 50,290,811**	**$ 3,629,669**	**$ 532,392**	**$ 5,670,661**	**$ 117,342,882**
December 31, 2021						
Attributed cost	$ 57,219,349	$ 50,290,811	$ 3,646,870	$ 989,118	$ 9,533,206	$ 121,679,354
Accumulated amortization	-	-	(17,201)	(456,726)	(3,862,545)	(4,336,472)
Net book value	**$ 57,219,349**	**$ 50,290,811**	**$ 3,629,669**	**$ 532,392**	**$ 5,670,661**	**$ 117,342,882**

Of the amortization expense for 2022 of $520,800 ($1,148,771 in 2021), $12,189 ($15,320 in 2021) was recorded in cost of sales, $70,860 ($61,594 in 2021) in selling expenses and $437,751 ($1,071,857 in 2021) in administration expenses, respectively.

Goodwill acquired from business combinations is assigned at the acquisition date to CGUs expected to benefit from the synergies arising from said combinations.

The book value of goodwill assigned to the different CGUs or groups of CGUs are as follows:

	2022	2021
Cash generating unit:		
Beverages US	**$ 20,063,336**	$ 21,259,375
Beverages Peru	**9,242,438**	9,359,953
Beverages Ecuador	**8,953,449**	9,487,193
Beverages Mexico	**7,835,007**	7,835,007
Beverages Argentina	**3,091,900**	3,105,524
Wise Foods	**2,585,100**	2,739,206
Toni	**1,626,758**	1,723,734
Grupo Fiesta Charras	**1,293,190**	-
Inalecsa	**635,450**	673,331
Vend	**316,578**	320,604
Carli Snacks	**293,852**	312,639
Nayhsa	**256,773**	256,773
Others	**141,735**	146,010
	$ 56,335,566	**$ 57,219,349**

At December 31, 2022 and 2021, 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			
	2022		2021	
Rate of growth in volume	**0.3%**	**7.3%**	0.2%	7.0%
Rate of growth in sales [(1)]	**3.4%**	**38.0%**	3.4%	29.1%
Operating margin (as a % of sales)	**0.3%**	**20.0%**	2.4%	19.2%
Other operating costs	**0.3%**	**20.4%**	2.4%	19.6%
Annual CAPEX (as a % of sales)	**1.8%**	**10.8%**	0.9%	7.1%
Discount rate	**6.4%**	**15.3%**	5.3%	18.9%

[(1)] *Including the hyperinflation effects.*

At December 31, 2022 and 2021:

- The determination of cash flows is based on the financial projections approved by Management for a five-year period and considering a multiple of operating cash flow to perpetuity and are dependent on the expected growth rates of the volume, which are based in historical performances and the expectation of growth of the industry in which AC operates.
- The discount rate was calculated based on the weighted average of the capital (at market value) of the cost of all sources of financing that form part of the capital structure of CGUs (liabilities with cost and shareholding capital) and reflect the specific risks related to AC's relevant operating segments.
- The volume of sales is the average growth rate over the five-year projection period. It is based on past performance and Management expectations for market development.
- The sales price is the average growth rate over the five years projection period. It is based on actual industry trends and includes long-term inflation forecasts for each territory.
- The operating margin corresponds to the average margin as a percentage of sales over the five-year projection period. It is based on actual sales margin levels and product mixture. Given the nature of the operation, no increases are expected in the cost of raw materials that cannot be passed on to customers, which may have required an adjustment in the determination of future margins.

- Other operating costs are fixed costs of CGUs, as a percentage of sales, which do not differ significantly from sales volumes and prices. Management projected those costs based on the current business structure, and adjusted increases for inflation. They do not reflect any future restructuring or cost reduction measures. The percentages disclosed above are the average of other operating costs for the five-year projected period with respect to sales.

- Annual CAPEX represents the percentage of sales for investing in machinery and equipment in order to maintain operations at current levels. It is based on historical Management experience and on plans for machinery and equipment replacement as required in accordance with the Coca-Cola system. No incremental sales or cost reductions are assumed in the value in use model as a result of these investments.

Values in use resulting from impairment calculations for all Company CGUs, prepared on the aforementioned basis, exceed the book value of each of the CGUs, as shown below:

	% of value in use over book value	
	2022	2021
Cash generating unit:		
Beverages Mexico	**621%**	633%
Beverages US	**100%**	92%
Beverages Peru	**77%**	44%
Beverages Ecuador	**29%**	41%
Beverages Argentina (1)	**870%**	580%
Toni	**10%**	9%
Wise Foods	**10%**	10%
Inalecsa	**85%**	27%
Nayhsa	**353%**	231%

(1) *Including the hyperinflation effects.*

Management considers that a possible change in the key assumptions used, within a reasonable range, would not cause the book value of the CGUs to materially exceed their value in use.

As a result of annual testing for impairment, the Company recognized no impairment losses in the years ended December 31, 2022 and 2021.

13. Leases

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

a) Amounts recognized in the consolidated statements of financial position

The consolidated statements of financial position present the following amounts relating to leases:

	2022	2021
Right-of-use assets:		
Buildings	$ **1,511,775**	$ 1,375,556
Transportation equipment	**394,411**	335,990
Machinery and equipment	**305,734**	322,990
Land	**18,327**	18,658
	2,230,247	2,053,194
Accumulated depreciation of right-of-use assets	**(1,028,661)**	(970,158)
Right-of-use assets	**$ 1,201,586**	**$ 1,083,036**

Additions to the right-of-use assets during the 2022 and 2021 financial years were $935,544 and $660,229, respectively.

	2022	2021
Lease liabilities:		
Current	$ **546,187**	$ 406,675
Non-current	**715,420**	745,338
	$ 1,261,607	**$ 1,152,013**

b) Amounts recognized in the consolidated statements of income

The consolidated statements of income shows the following amounts relating to leases:

		2022		2021
Depreciation expense of right-of-use assets:				
Buildings	$	**261,650**	$	253,904
Transportation equipment		**215,824**		199,309
Machinery and equipment		**109,069**		116,358
Land		**25,821**		4,942
	$	**612,364**	**$**	**574,513**
Interest expense (included in financial expenses) (Note 24)	**$**	**73,699**	**$**	**76,880**
Expense relating to short-term leases, low value assets and variable lease payments (included in cost of goods sold, sale and administrative expenses) (Note 21)	**$**	**259,336**	**$**	**195,004**

The total cash outflow for leases in 2022 and 2021 was $640,628 and $591,433, respectively.

14. Debt

a) As of December 31, 2022 and 2021, the debt is analyzed as follows:

		2022		2021
Debt instruments and bonds	**$**	**33,220,952**	$	32,499,268
Scotiabank		**6,086,928**		6,199,601
Bancomext		**-**		4,144,022
HSBC México		**-**		2,000,000
Banamex		**3,573,495**		1,599,234
Santander		**869,908**		1,449,302
Bank of America, N.A.		**1,203,641**		1,209,117
Banco de Crédito del Perú		**1,168,912**		874,701
International Finance Corp.		**153,466**		327,253
Banco Interamericano de Finanzas		**305,247**		360,171
Banco Rabobank		**57,775**		61,536
Banco Internacional		**241,456**		304,868
Banco Bolivariano		**35,426**		44,458
Total debt		**46,917,206**		51,073,531
Current portion of debt		**(6,195,397)**		(7,546,533)
Non-current debt	**$**	**40,721,809**	**$**	**43,526,998**

b) The terms, conditions and book value of non-current debt are as follows:

	Country	Currency	Contractual	Effective	Maturity date	Frequency interest payment	2022	2021
CEB UR ARCA 13-2 (1)	Mexico	MXN	5.88%	5.99%	10/03/2023	Biannual	$ -	$ 1,700,000
CEB UR ACBE 17	Mexico	MXN	7.84%	7.95%	03/09/2027	Biannual	**5,994,489**	6,000,000
144 A Corporate bond (1)	Peru	USD	4.63%	4.68%	12/04/2023	Biannual	**-**	668,430
Private bond	Peru	PEN	7.50%	7.64%	09/12/2026	Biannual	**457,263**	771,795
Private bond at 12 years	USA	USD	3.49%	3.52%	28/12/2029	Biannual	**7,725,162**	8,183,593
Private bond at 15 years	USA	USD	3.64%	3.66%	28/12/2032	Biannual	**7,725,162**	8,183,593
CEB UR ACBE 21 2V	Mexico	MXN	6.75%	7.32%	02/05/2028	Biannual	**2,994,170**	3,000,000
CEB UR ACBE 21V	Mexico	MXN	TIIE 28 + 0.070%	6.87%	06/05/2025	Monthly	**1,649,501**	1,650,000
CEB UR AC 22	Mexico	MXN	9.32%	9.47%	05/06/2029	Biannual	**1,147,311**	-
CEB UR AC 22-2	Mexico	MXN	TIIE 29 + .04%	10.10%	09/06/2026	Monthly	**3,198,126**	-
Debt instruments and bonds							**$ 30,891,184**	**$ 30,157,411**
Bancomext (1)	Mexico	MXN	TIIE 91 + 0.80%	11.63%	22/06/2027	Quarterly	$ -	$ 3,928,281
Banamex	Mexico	MXN	TIIE 91 + 0.20%	11.29%	15/06/2024	Quarterly	**1,599,690**	1,599,234
Santander (2)	Mexico	MXN	TIIE 91 + 0.60%	6.58%	20/06/2024	Quarterly	**289,950**	869,737
Scotiabank (2)	Mexico	MXN	TIIE 91 + 0.50%	6.46%	20/06/2024	Quarterly	**199,982**	599,875
Scotiabank	Mexico	MXN	TIIE 91 + 0.50%	11.57%	15/06/2024	Quarterly	**199,970**	599,814
Bank of America	Ecuador	USD	0.91%	0.66%	16/07/2024	Monthly	**685,010**	725,950
International Finance Corp. (1)	Ecuador	USD	3.55%	8.46%	15/12/2023	Biannual	**-**	161,336
Bank of America	Ecuador	USD	2.75%	2.63%	16/07/2024	Monthly	**456,673**	483,167
Banco Internacional	Ecuador	USD	8.75%	9.11%	07/04/2025	Monthly	**192,680**	256,446
Banco Bolivariano	Peru	PEN	1.94%	1.94%	30/12/2023	Quarterly	**28,994**	37,625
Banco Interamericano de Finanzas (1)	Mexico	MXN	TIIE 28 + 0.24 %	6.37%	08/09/2023	Monthly	**-**	308,718
Scotiabank Inverlat (1)	Mexico	MXN	TIIE 91 + 0.20 %	9.76%	21/06/2024	Quarterly	**-**	1,350,000
Scotiabank Inverlat	Peru	PEN	3.57%	3.57%	19/03/2026	Quarterly	**699,576**	700,000
Banco de Crédito del Perú	Peru	PEN	3.57%	3.57%	19/03/2026	Quarterly	**431,860**	437,351
Banco de Crédito del Perú	Peru	PEN	3.57%	3.57%	19/03/2026	Quarterly	**431,860**	437,351
Scotiabank	Peru	PEN	3.57%	3.57%	19/03/2026	Quarterly	**431,860**	437,351
Scotiabank	Mexico	MXN	TIIE 91 + 0.45	11.63%	22/06/2027	Quarterly	**431,860**	437,351
Scotiabank Inverlat, S.A.	Mexico	MXN	TIIE 91 + 0.45	11.63%	22/06/2027	Quarterly	**1,824,290**	-
Banco Nacional de México, S.A.	Ecuador	USD	2.15%	3.17%	26/01/2024	Biannual	**1,824,290**	-
Rabobank	USA	USD	5.17%	5.17%	27/07/2025	Monthly	**40,122**	-
Bank of America, N.A.	E.U.	USD	5.17%	5.17%	27/07/2025	Monthly	**61,958**	-
Total bank loans							**$ 9,830,625**	$ 13,369,587
Total							**$ 40,721,809**	**$ 43,526,998**

(1) Short-term stock certificate and or bank loan classified as short-term due to its expiration date.

(2) The Company has contracted swaps for these loans in order to fix the interest rate at 7.225% (section 2). Considering for the payment the agreed spreads.

c) At December 31, 2022, annual maturities of the non-current debt are comprised as follows:

	2024	2025	2026	2027 onward	Total
Debt instruments and bonds	$ -	$ 1,649,501	$ 3,655,390	$ 25,586,293	$ 30,891,184
Bank loans	5,214,971	2,568,814	1,717,040	329,800	9,830,625
	$ 5,214,971	$ 4,218,315	$ 5,372,430	$ 25,916,093	$ 40,721,809

At December 31, 2021, annual maturities of the non-current debt are comprised as follows:

	2023	2024	2025	2026 onward	Total
Debt instruments and bonds	$ 2,368,430	$ -	$ 1,650,000	$ 26,138,981	$ 30,157,411
Bank loans	2,575,116	6,234,615	2,521,960	2,037,896	13,369,587
	$ 4,943,546	$ 6,234,615	$ 4,171,960	$ 28,176,877	$ 43,526,998

d) Following is an analysis and movements of net debt during the years ended December 31, 2022 and 2021:

	2022	2021
Cash and cash equivalents	$ 27,761,308	$ 32,116,974
Current debt	(6,195,397)	(7,546,533)
Non-current debt	(40,721,809)	(43,526,998)
Net debt	$ (19,155,898)	$ (18,956,557)
Cash and cash equivalents	$ 27,761,308	$ 32,116,974
Debt at fixed rate	(27,742,518)	(34,254,659)
Debt at variable rate	(19,174,688)	(16,818,872)
Net debt	$ (19,155,898)	$ (18,956,557)

		Financial liabilities			
		Short term		Long term	
	Cash and cash equivalents	Bonds	Financial debt	Bonds	Financial debt
Net debt at January 1, 2022	$ 32,116,974	$ (2,359,202)	$ (5,187,331)	$ (30,157,411)	$ (13,369,587)
Cash inflow	3,917,486	-	(4,300,000)	(4,429,156)	(61,957)
Cash outflow	(8,273,152)	1,000,000	3,344,446	1,683,197	5,415,045
Exchange rate effects	-	-	39,323	920,807	73,005
Other movements not requiring cash flows	-	2,348,803	(1,081,436)	1,091,379	(1,887,131)
Net debt at December 31, 2022	$ 27,761,308	$ 989,601	$ (7,184,998)	$ (30,891,184)	$ (9,830,625)

		Financial liabilities			
		Short term		Long term	
	Cash and cash equivalents	Bonds	Financial debt	Bonds	Financial debt
Net debt at January 1, 2021	$ 27,335,702	$ (5,187,260)	$ (1,944,876)	$ (27,432,750)	$ (16,012,223)
Cash inflow	90,909,201	-	(6,872,694)	(4,638,432)	(7,178,611)
Cash outflow	(86,562,906)	5,546,501	13,237,335	-	269,198
Exchange rate effects	159,513	182,799	(10,368)	(296,671)	2,306
Other movements not requiring cash flows	275,464	(2,901,242)	(9,596,728)	2,210,442	9,549,743
Net debt at December 31, 2021	$ 32,116,974	$ (2,359,202)	$ (5,187,331)	$ (30,157,411)	$ (13,369,587)

e) Main features of the debt:

Significant debt issuances in 2022

Arca Continental, S.A.B. de C.V. in Mexico issued Stock Certificates on June 14, 2022 for $4,350,000. The placement consisted of two tranches, the first for $1,150,000 with a 7-year term at a fixed rate of 9.32%, and the second $3,200,000 at 4 years at a variable rate equal to TIIE plus 4 basis points.

Distribuidora Arca Continental, S.A. de C.V., subsidiary in Mexico of AC Bebidas, S. de R.L C.V. signed two loan agreements on March 22, 2022 one of these was signed with Scotiabank Inverlat, S.A. and the other with Banco Nacional de México, S.A. for $2,050 million each, with a maturity of 63 months at a nominal rate of TIIE 91 days + 0.45 percentage points.

Industrias Alimentarias Ecuatorianas, S.A. subsidiary in Ecuador of AC Bebidas, S. de R.L. de C.V signed a loan agreement with Rabobank on January 27, 2022 for $58,085 (USD $3,000) with a term of 24 months at a nominal rate of 2.15% per annum.

Wise Food Inc, a U.S. subsidiary of AC Bebidas, S de R.L. de C.V. in Mexico, signed a loan agreement with Bank of America on July 27, 2022 for $61,957 (USD $3,200) with a 3-year term at a nominal rate of SOFR + 26 bps + 85 bps. percentage points.

Significant debt issuances in 2021

Distribuidora Arca Continental, S.A. de C.V., subsidiary in Mexico of AC Bebidas, S. de R.L. C.V. in Mexico, signed a new loan agreement on December 21, 2021 with Scotiabank Inverlat, S.A. for $700,000, with a term of 30 months at an annual nominal rate of 6.05%.

Arca Continental, S.A.B. de C.V. (Holding) in Mexico, signed a loan agreement on October 1, 2021 with HSBC Mexico, S.A. for $2,000,000, with a term of 1 year at a nominal rate of TIIE 28 days + 0.089 basis points.

Arca Continental Lindley, S.A. (formerly Corporación Lindley, S.A.), subsidiary in Peru of AC Bebidas, S. de R.L. C.V. in Mexico, signed two loan agreements on September 27, 2021 with Banco de Crédito del Perú for $437,354 (PEN $85,000) each, with a term of 54 months at an annual nominal rate of 3.57%.

Arca Continental, S.A.B. de C.V. (Holding) in Mexico, signed a loan agreement on September 8, 2021 with Scotiabank Inverlat, S.A. of $1,000,000, with a term of 2 years at a nominal rate of TIIE 28 days + 0.24 basis points.

Arca Continental Lindley, S.A. (formerly Corporación Lindley, S.A.), subsidiary in Peru of AC Bebidas, S. de R.L. C.V. in Mexico, signed two loan agreements on May 27, 2021 with Scotiabank Perú for $437,354 (PEN $85,000) each, with a term of 58 months at an annual nominal rate of 3.57%.

AC Bebidas, S. de R.L. (Holding) in Mexico issued Stock Certificates on May 11, 2021 for $3,000,000 with a term of 7 years at an annual fixed rate of 6.75%.

AC Bebidas, S. de R.L. (Holding) in Mexico issued Stock Certificates on May 11, 2021 for $1,650,000 with a term of 4 years at a nominal rate of TIIE 28 days + 0.07 basis points.

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, 2022, in the percentage corresponding to AC is $1,018,841 ($1,079,577 in 2021). 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, Distribuidora Arca Continental, S.A. de C.V. and Bebidas Mundiales, S.A. de C.V. act as guarantors of the debt in Mexico, and AC Bebidas is guarantor of the private bonds by its subsidiary CCSWB in the US.

Debt restrictions:

Most long-term debt agreements specify normal conditions, mainly as concerns the delivery of internal and audited financial information. Failure to provide that information within the specified term to the satisfaction of the creditors could be considered a default.

Furthermore, long-term debt certificates are subject to certain restrictive obligations, which, among other things, unless authorized in writing by the holders of the debt certificates, limit the capacity to:

- Change or modify the main line of business or operations of the Company and of its subsidiaries.
- Incur or assume any guaranteed debt on a lien, including the subsidiaries, unless: i) simultaneously at the time of creating any lien, the issuer (the Company in this case) guarantees in the same manner its obligations pertaining to the debt certificates, or ii) the liens are permitted as described in dual revolving debt certificate programs.
- In the case of mergers in which the Company is merged, the surviving company must expressly assume the Company obligations as issuer of the debt.

Furthermore, certain bank loan agreements and the private bonds of CCSWB contain obligations similar to the foregoing and require compliance with of financial ratios, interest coverage and maximum debt over cash flow ratios, noncompliance with which requires dispensation by the respective bank.

The fair value of the non-current debt is disclosed in Note 20. The fair value of current debt is equivalent to book value, as the discount impact is not significant. Fair values at December 31, 2022 and 2021 are based on several different discount rates, which fall within level 2 of the fair value hierarchy (see Note 20).

At December 31, 2022 and 2021, and at the date of these consolidated financial statements, the Company and its subsidiaries had duly complied with the obligations set down in the loan agreements.

15. Other liabilities

Other liabilities are comprised as follows:

		2022		2021
Current:				
Sundry creditors	$	1,865,905	$	1,426,025
Federal and state taxes payables [(1)]		2,875,902		2,596,456
Accrued expenses payable [(2)]		7,061,097		6,753,900
Employees' statutory profit sharing payable		1,501,897		1,038,514
Bonuses		49,401		49,399
Contingent liabilities		1,663,756		299,981
Dividends payable [(3)]		46,533		88,564
Other		6,757		7,710
Total current liabilities	$	15,071,248	$	12,260,549
Non-current:				
Guarantee deposits per bottle	$	322,675	$	289,357
Contingent liabilities		53,218		71,889
Other		961,738		1,182,111
Total other non-current liabilities	$	1,337,631	$	1,543,357

[(1)] Sales in Mexico, Peru and Ecuador of beverages containing added sugar, as well as snack food with a certain caloric density defined by law are subject to special taxes. These are indirect taxes where the Company acts as a collection agent by charging the amount in question to the end consumer. That tax is paid to the authorities on a monthly basis.

[(2)] In Mexico, on December 27, 2022, the reform to articles 76 and 78 of the Federal Labor Law ("LFT") was published in the Official Gazette, which increased the vacation period for employees. Derived from the analysis carried out, the vacations liability (payments for compensated absences and the corresponding vacation bonus premium) in relation to such change, did not have significant effects since the current policy of the Company is similar to the new approach of the law.

[(3)] During 2022, a dividend cancellation for $53,524 corresponding to previous fiscal years was made, which was added to retained earnings.

Movements in the contingent liabilities are as follows.

		2022		2021
Beginning balance	$	371,870	$	319,653
Debit (credit) to income:				
Additional provisions		1,407,734		117,682
Provisions used		(34,535)		(105,207)
Exchange rate differences		(28,095)		39,742
Ending balance	$	1,716,974	$	371,870

16. Employee benefits

The Company has several labor liabilities for employee benefits related to pensions, seniority premiums, major medical expenses and severance indemnities.

The Company operates defined benefit pension plans based on compensation at retirement and length of service. Most plans have been funded by the Company. Plan assets are held in trust and governed by local regulations and practices, such as the nature of the relationship between the Company and the trust beneficiaries (or equivalents) and the composition thereof. The recording method, assumptions and frequency of valuation are similar to those used for pension benefit plans. The major medical expense plan for a group of employees complying with certain requirements, mainly related to previous defined obligation plans; The recording method, assumptions and frequency of valuation are similar to those used in long-term employee benefit plans. Certain Company subsidiaries have defined contribution plans.

The following table shows the payments or contributions of the plans expect to make in the next few years:

		Pension benefits		Seniority premium		Major medical expenses		Termination benefits		Total
2023	$	1,232,191	$	138,284	$	53,021	$	30,887	$	1,454,383
2024		1,299,579		160,265		62,187		31,232		1,553,263
2025		1,334,244		165,305		67,573		31,628		1,598,750
2026		1,368,003		168,506		73,524		32,022		1,642,055
2027		1,391,356		171,838		80,225		32,435		1,675,854
2028-2032		7,303,383		905,930		522,160		169,150		8,900,623

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 2022 and 2021, no contributions were made.

In United States, Argentina and Peru, there is no obligation to provide long-term employee benefits, which are covered by the government of each country. In Ecuador, there are pension plans in place for retirement and dismissal (benefits upon termination of employment). In a termination of employment, whether voluntary or involuntary, the employer pays the employee 25% of the equivalent of the most recent monthly remuneration for each year worked.

a) Balances of employee benefit plan liabilities:

	2022	2021
Pension benefits:		
Present value of defined benefit obligations	$ (6,141,815)	$ (5,072,895)
Fair value of plan assets	1,635,439	1,278,887
Liabilities in the consolidated statements of financial position	(4,506,376)	(3,794,008)
Seniority premium:		
Present value of defined benefit obligations	(1,193,323)	(1,011,409)
Fair value of plan assets	7,028	6,730
Liabilities in the consolidated statements of financial position	(1,186,295)	(1,004,679)
Major medical expenses:		
Present value of defined benefit obligations	(1,195,316)	(1,160,498)
Fair value of plan assets	262,924	251,834
Liabilities in the consolidated statements of financial position	(932,392)	(908,664)
Termination benefits:		
Present value of defined benefit obligations	(67,620)	(90,628)
Liabilities in the consolidated statements of financial position	(67,620)	(90,628)
Employee benefits	$ (6,692,683)	$ (5,797,979)

b) Movement in the employee benefit obligation:

	2022	2021
Pension benefits:		
As of January 1	$ (5,072,895)	$ (5,295,329)
Labor cost	(268,768)	(248,910)
Interest cost	(361,533)	106,272
Remeasurement – actuarial (losses) gains	(816,103)	67,671
Benefits paid	330,520	290,587
Labor cost for past services	29,375	-
Personnel transfers	17,589	6,814
As of December 31	$ (6,141,815)	$ (5,072,895)
Seniority premium:		
As of January 1	$ (1,011,409)	$ (882,857)
Labor cost	(74,754)	(59,313)
Interest cost	(77,135)	(63,676)
Remeasurement - for changes in assumptions	(103,405)	(82,034)
Benefits paid	73,380	73,830
Personnel transfers	-	2,641
As of December 31	$ (1,193,323)	$ (1,011,409)
Major medical expenses:		
As of January 1	$ (1,160,498)	$ (1,105,824)
Current service cost	(8,327)	(6,577)
Interest cost, net	(91,111)	(90,748)
Benefits paid	64,620	42,651
As of December 31	$ (1,195,316)	$ (1,160,498)

	2022	2021
Termination benefits:		
As of January 1	$ (90,628)	$ (219,972)
Current service cost	(6,437)	(6,524)
Interest cost, net	(1,896)	(2,201)
Remeasurement - gains from changes in assumptions	11,550	133,164
Benefits paid	4,041	4,723
Reductions	15,750	182
As of December 31	**$ (67,620)**	**$ (90,628)**

c) Changes in the fair value of plan assets:

	2022	2021
As of January 1	$ 1,537,451	$ 2,254,803
Return on plan assets	623,934	88,477
Loss from changes in assumptions	(47,321)	-
Benefits paid	(203,838)	(805,829)
Reductions	(4,835)	-
As of December 31	**$ 1,905,391**	**$ 1,537,451**

Plan assets include the following:

	2022		2021	
Equity instruments	$ 293,897	15%	$ 119,701	8%
Debt instruments	1,317,415	69%	1,417,750	92%
Real estate	50,515	3%	-	-
Others	243,564	13%	-	-
Total	**$ 1,905,391**		**$ 1,537,451**	

d) Amounts recognized in the consolidated statements of income and comprehensive income:

	2022	2021
Pension benefits:		
Labor cost	$ 268,768	$ 248,910
Interest cost, net	350,607	220,591
Personnel transfers	-	17,761
Reductions and other	8,099	-
Total included in personnel costs	627,474	487,262
Seniority premium:		
Labor cost	74,754	59,313
Interest cost, net	77,135	59,407
Total included in personnel costs	151,889	118,720
Major medical expenses:		
Current cost of service	8,327	6,577
Interest cost, net	91,111	37,308
Total included in personnel costs	99,438	43,885
Termination benefits:		
Current cost of service	6,437	6,524
Interest cost, net	1,896	2,201
Total included in personnel costs	8,333	8,725
	$ 887,134	**$ 658,592**

Total expenses recognized for the years ended December 31 were prorated as follows:

		2022		2021
Cost of sales	$	**66,108**	$	34,865
Sales expenses		**221,169**		178,048
Administrative expenses		**76,078**		98,429
Financial result (Note 24)		**523,779**		347,250
Total	**$**	**887,134**	**$**	**658,592**

		2022		2021
Actuarial losses - Financial assumptions	$	**(257,692)**	$	(274,239)
Actuarial losses - Adjustments to the minimum wage		**100,945**		151,547
Actuarial losses - Experience adjustments		**370,862**		119,234
Actuarial losses - Demographic assumptions and past services		**675,451**		231,114
Remeasurements recognized in other comprehensive income for the period	**$**	**889,566**	**$**	**227,656**

e) Actuarial assumptions and associated risks:

The main actuarial assumptions were as follows:

	2022	2021
Discount rate Mexican pesos	**9.50%**	8.00%
Discount rate U.S. dollars	**4.03%**	5.99%
Inflation rate	**3.50%**	3.50%
Wage growth rate	**5.00%**	4.50%
Future pension increase	**5.00%**	4.50%
Expected return on plan assets	**8.00%**	8.00%
Life expectancy	**28.12 Years**	25.24 Years

The sensitivity of the pension benefit plans to change in key assumptions at December 31, 2022 is as follows:

		Percentage impact on the plan	
	Change in the assumption	**Increase in the assumption**	**Decrease in the assumption**
Discount rate	1.00%	(6.60)%	7.68%
Wage growth rate	1.00%	3.15%	(2.99)%
Future pension increase	1.00%	1.68%	(1.69)%

The above sensitivity analyses are based on a change in one assumption with all other assumptions remaining constant. In practice, these are very unlikely to occur, and there could be changes in other related assumptions. When calculating the sensitivity of pension benefit plans based on the main actuarial assumptions, the same method has been used as for calculating pension benefit plan liabilities recorded in the consolidated statements of financial position. The methods and type of assumptions used in preparing the sensitivity analysis was consistent with respect to the prior period.

As concerns the defined benefit pension plan and major medical expense plans, the Company is exposed to a number of risks, the most significant of which are listed below:

Asset volatility - Labor liability obligations are calculated at a discount rate determined as per IAS 19. If plan assets show returns below that rate, the difference is recorded as a deficit. The Company intends to reduce the risk level to a minimum, through investment in assets with a profile similar to the liabilities in question and considers that due to the long-term nature of the labor obligations and to AC strength, the level of investment in capital instruments is a relevant element that forms part of the Company's long-term strategy, with a view to managing the plans efficiently.

Changes in the discount rate - A decrease in the discount rate would result in an increase in plan obligations. However, that would be partially offset by the increase in value of bonds held by those plans.

Inflation risk - Certain labor obligations are linked to inflation and higher inflation would result in an increase in plan obligations.

Life expectancy - Most plan obligations give rise to benefits for their members, which means that an increase in life expectancy would lead to an increase in plan obligations.

The Company has not modified the processes and activities involved in managing the aforementioned risks in relation to prior years. Investments are diversified, and therefore, circumstances relating to any investment would have no significant impact on the value of plan assets.

17. Deferred income taxes

Following is an analysis of the deferred tax asset and the deferred tax liability:

	2022	2021
Deferred tax asset	$ 4,015,086	$ 3,632,245
Deferred tax liability	(16,376,384)	(17,378,337)
Deferred tax liability, net	**$ (12,361,298)**	**$ (13,746,092)**

The net movement in the deferred taxes, without this representing that the balances of deferred tax assets and liabilities meet the compensation criteria, is as follows:

	2022	2021
As of January 1	$ (13,746,092)	$ (14,449,157)
Credit to the consolidated statements of income	1,048,782	1,003,904
Favorable tax pertaining to components on other comprehensive income items	194,353	(53,712)
Increase for Business Combination	(9,444)	(102,152)
Effect of translation	151,103	(144,975)
At December 31	**$ (12,361,298)**	**$ (13,746,092)**

Deferred tax liability details are explained below:

	Asset (liability) At December 31, 2022	2021
Employee benefits	$ 1,992,514	$ 1,646,563
Unamortized tax losses	248,219	172,296
Provisions and employees' statutory profit sharing (ESPS)	2,109,286	1,717,397
Deferred tax asset	4,350,019	3,536,256
Property, plant and equipment – net	(5,254,299)	(4,835,189)
Intangible assets	(11,365,999)	(12,334,214)
Prepayments	(91,019)	(112,945)
Deferred tax liability	(16,711,317)	(17,282,348)
Deferred tax liability - net	**$ (12,361,298)**	**$ (13,746,092)**

The following are the movements in temporary differences over the years without this representing that the balances of deferred tax assets and liabilities meet the compensation criteria:

	Balance at December 31, 2021	Applied to income	Increase by business acquisition	Applied to other comprehensive income	Translation effect	Balance at December 31, 2022
Employee benefits	$ 1,646,563	$ 156,481	$ -	$ 189,470	$ -	$ 1,992,514
Unamortized tax losses	172,296	75,923	-	-	-	248,219
Provisions and (ESPS)	1,717,397	387,006	-	4,883	-	2,109,286
	3,536,256	619,410	-	194,353	-	4,350,019
Property, plant and equipment, net	(4,835,189)	(454,709)	(9,444)	-	45,043	(5,254,299)
Intangible assets	(12,334,214)	862,155	-	-	106,060	(11,365,999)
Prepaid expenses	(112,945)	21,926	-	-	-	(91,019)
	(17,282,348)	429,372	(9,444)	-	151,103	(16,711,317)
Deferred tax liability	**$ (13,746,092)**	**$ 1,048,782**	**$ (9,444)**	**$ 194,353**	**$ 151,103**	**$ (12,361,298)**

	Balance at December 31, 2020	Applied to income	Increase by business acquisition	Applied to other comprehensive income	Translation effect	Balance at December 31, 2021
Employee benefits	$ 857,773	$ 711,965	$ 5,314	$ 71,511	$ -	$ 1,646,563
Unamortized tax losses	120,877	51,419	-	-	-	172,296
Provisions and (ESPS)	1,883,267	(40,359)	(288)	(125,223)	-	1,717,397
	2,861,917	723,025	5,026	(53,712)	-	3,536,256
Property, plant and equipment, net	(4,783,548)	30,867	(41,893)	-	(40,615)	(4,835,189)
Intangible assets	(12,296,742)	131,886	(64,998)	-	(104,360)	(12,334,214)
Prepaid expenses	(230,784)	118,126	(287)	-	-	(112,945)
	(17,311,074)	280,879	(107,178)	-	(144,975)	(17,282,348)
Deferred tax liability	**$ (14,449,157)**	**$ 1,003,904**	**$ (102,152)**	**$ (53,712)**	**$ (144,975)**	**$ (13,746,092)**

The deferred income tax asset arising from unamortized tax losses is recorded when the respective tax benefit to be realized via future tax profits becomes likely. The Company recorded a deferred tax asset of $248,219 for 2022 and $172,296 for 2021, with respect to remaining tax losses of $1,181,995 for 2022 and $799,603 for 2021, which can be amortized against future tax profits.

At December 31, 2022, accrued unamortized tax losses of the Mexican entities abroad totaling $1,181,995 do not have an expiration date.

At December 31, 2022, the Company has not recorded estimated deferred tax liabilities of approximately $7,375 million ($5,243 million in 2021) 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.

18. Stockholders' equity

In the Ordinary General Shareholders' Meetings, it was agreed to paid cash dividends from CUFIN as shown below:

Assembly date	Dividends per share	Amount
October 18, 2022	$ 3.00	$ 5,172,761
April 1, 2022	3.18	5,544,717
Total 2022		**$ 10,717,478**
November 30, 2021	$ 1.10	$ 1,922,339
August 24, 2021	1.50	2,631,738
April 15, 2021	2.94	5,179,996
Total 2021		**$ 9,734,073**

Such dividends were paid to their holders immediately after their declaration. During 2022, the dividends payable corresponding to 2011 to 2020 for $53,524 were cancelled, corresponding to the repurchased shares, therefore, the net movement for the year amounts to $10,663,954.

As of December 31, 2022 and 2021, the equity is comprised as follows:

		2022		
Shares	**Description**	**Historical**	**Update**	**Total**
902,816,289	Single series shares representing the fixed portion of the capital without the right to withdraw	**$ 61,360**	**$ 441,127**	**$ 502,487**
841,490,425	Single series shares representing the variable portion of the capital entitled to withdrawal	**57,192**	**411,162**	**468,354**
1,744,306,714	Stockholders' equity at December 31, 2022	**$ 118,552**	**$ 852,289**	**$ 970,841**

Shares	Description	2021 Historical		Update		Total	
902,816,289	Single series shares representing the fixed portion of the capital without the right to withdraw	$	61,360	$	441,127	$	502,487
861,466,867	Single series shares representing the variable portion of the capital entitled to withdrawal		58,550		420,922		479,472
1,764,283,156	Stockholders' equity at December 31, 2021	**$**	**119,910**	**$**	**862,049**	**$**	**981,959**

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, 2022 and 2021, the legal reserve amounts to $23,710,471 and is included in retained earnings.

At December 31, 2022 and 2021, 20,918,058 and 17,297,487 Company shares are retained in the repurchasing fund, respectively. At the Annual Ordinary Shareholders' Meeting held on April 1, 2022, the cancellation of 19,976,442 shares (equivalent to $11,118) was approved, which were acquired through the share repurchase fund.

The Mexican Income Tax Law establishes a 10% tax on profits generated as from 2014 paid to parties resident abroad and to Mexican individuals in the form of dividends. That tax must be withheld by the Company and is considered a definitive tax. However, the Company's retained earnings up to December 31, 2013 are supported by the balance of the CUFIN (previously taxed retained earnings account) and will therefore not be subject to said withholding.

Dividends are not subject to income tax if paid from the aforementioned CUFIN. Dividends in excess of that account they will be subject to the payment of corporate income tax at the rate in force at the time of their distribution; will cause a tax equivalent of 42.86% if they are paid in 2021. Tax is payable by the Company and may be credited against income tax for the current period or in the following two periods.

According to the Mexican Income Tax Law, in the event of a capital reduction, any excess of stockholders' equity over capital contributions restated for inflation (CUCA), is accorded the same tax treatment as dividends, provided the Company lacks sufficient CUFIN balances to offset the deemed dividend.

At December 31, 2022, the tax values of CUFIN and CUCA are $31,856,400(*) and $38,069,623, respectively.

(*) Stemming from earnings in 2013 of $53,931 and rest from subsequent years of $31,802,469.

19. Other comprehensive income (OCI)

As of December 31, 2022 and 2021, the OCI is composed as follows

	Effect of conversion of foreign entities	Remeasurement of defined benefit plans	Effect of cash flow hedging	Total
Balance at December 31, 2021	$ 5,582,872	$ (2,826,472)	$ 466,570	$ 3,222,970
Remeasurement loss of defined benefit plans	-	(889,566)	-	(889,566)
Effect of deferred taxes	-	189,470	-	189,470
Equity in other comprehensive income of associated companies accounted for using equity method	(201,529)	(16,391)	-	(217,920)
Effect of derivative financial instruments contracted as cashflow hedges	-	-	(226,979)	(226,979)
Effect of deferred taxes	-	-	4,883	4,883
Exchange differences on translation of foreign operations	(4,209,768)	-	-	(4,209,768)
Effect of conversion of foreign entities of non-controlling interest	857,013	-	-	857,013
Balance at December 31, 2022	**$ 2,028,588**	**$ (3,542,959)**	**$ 244,474**	**$ (1,269,897)**

	Effect of conversion of foreign entities	Remeasurement of defined benefit plans	Effect of cash flow hedging	Total
Balance at December 31, 2020	$ 3,699,242	$ (2,718,904)	$ (77,484)	$ 902,854
Remeasurement loss of defined benefit plans	-	(227,656)	-	(227,656)
Effect of deferred taxes	-	71,511	-	71,511
Equity in other comprehensive income of associated companies accounted for using equity method	(104,912)	48,577	-	(56,335)
Effect of derivative financial instruments contracted as cash flow hedges	-	-	669,277	669,277
Effect of deferred taxes	-	-	(125,223)	(125,223)
Exchange differences on translation of foreign operations	2,348,598	-	-	2,348,598
Effect of conversion of foreign entities of non-controlling interest	(360,056)	-	-	(360,056)
Balance at December 31, 2021	**$ 5,582,872**	**$ (2,826,472)**	**$ 466,570**	**$ 3,222,970**

20. Financial instruments

This note provides information on the Company's financial instruments, including a summary of all financial instruments held, specific information on each type of financial instrument and information on the determination of the fair value of said instruments.

The Company holds the following financial instruments:

	December 31, 2022		
	Current	**Non-current**	**Total**
Financial assets			
Cash and cash equivalents	**$ 27,761,308**	**$ -**	**$ 27,761,308**
Financial assets at amortized cost:			
Clients and other accounts receivable, net	**12,773,689**	**-**	**12,773,689**
Related parties	**2,230,711**	**-**	**2,230,711**
Financial assets at fair value with changes in OCI:			
Derivative hedging instruments (1)	**205,395**	**48,045**	**253,440**
	$ 42,971,103	**$ 48,045**	**$ 43,019,148**
Financial liabilities			
Financial liabilities at amortized cost:			
Debt	**$ 6,195,397**	**$ 40,721,809**	**$ 46,917,206**
Suppliers, related parties, sundry creditors	**19,772,155**	**-**	**19,772,155**
Lease liabilities	**546,187**	**715,420**	**1,261,607**
Financial liabilities at fair value with changes in OCI:			
Derivative hedging instruments (1)	**364,843**	**-**	**364,843**
	$ 26,878,582	**$ 41,437,229**	**$ 68,315,811**

	December 31, 2021		
	Current	Non-current	Total
Financial assets			
Cash and cash equivalents	$ 32,116,974	$ -	**$ 32,116,974**
Financial assets at amortized cost:			
Clients and other accounts receivable, net	11,122,213	-	**11,122,213**
Related parties	1,965,316	-	**1,965,316**
Financial assets at fair value with changes in OCI:			
Derivative hedging instruments [(1)]	317,594	175,092	**492,686**
	$ 45,522,097	**$ 175,092**	**$ 45,697,189**
Financial liabilities			
Financial liabilities at amortized cost:			
Debt	$ 7,546,533	$ 43,526,998	**$ 51,073,531**
Suppliers, related parties, sundry creditors	17,875,112	-	**17,875,112**
Lease liabilities	406,675	745,338	**1,152,013**
Financial liabilities at fair value with changes in OCI:			
Derivative hedging instruments [(1)]	17,198	21,894	**39,092**
	$ 25,845,518	**$ 44,294,230**	**$ 70,139,748**

[(1)] *Classified in level 2 of the fair value hierarchy.*

i. Fair value of financial assets and liabilities

Due to the short-term nature of cash and cash equivalents, clients and other accounts receivable, suppliers, sundry creditors included in other accounts payable, current debt and other current liabilities, their book value is considered equal to their fair value. For most non-current accounts receivable and payable, fair values are also not significantly different from their book values.

The estimated book value and fair value of other financial assets and liabilities are shown below:

	December 31, 2022	
	Book value	Fair value
Assets:		
Derivative financial instruments	**$ 253,440**	**$ 253,440**
Liabilities:		
Derivative financial instruments	**$ 364,843**	**$ 364,843**
Non-current debt	**40,721,809**	**40,858,123**

	December 31, 2021	
	Book value	Fair value
Assets:		
Derivative financial instruments	$ 492,686	$ 492,686
Liabilities:		
Derivative financial instruments	$ 39,092	$ 39,092
Non-current debt	43,526,998	43,666,465

ii. Impairment and exposure to risks

Note 8 contains information on impairment of financial assets on the Company's exposure to the credit risk.

iii. Fair value hierarchy

The Company applies the three-level hierarchy in measuring and disclosing fair value. Classification of an instrument within the fair value hierarchy is based on the lowest value of significant data used in the valuation. Following is a description of the three levels of hierarchy:

- Level 1 - Prices quoted for identical instruments on active markets.

The fair value of financial instruments traded in active markets is based on prices quoted in the markets at the date of the consolidated statements of financial position. A market is considered to be active if quoted prices are clearly and regularly available through a stock exchange, trader, broker, industry group, price setting service or regulating body, and those prices currently and regularly reflect market transactions in conditions of independence.

- Level 2 - Prices quoted for similar instruments on active markets; prices quoted for identical or similar instruments on non-active markets; and valuations through models where all significant data are observable on active markets.

The fair value of financial instruments not traded in an active market is determined via valuation methods. Those valuation techniques maximize the use of observable market information in cases where it is available and depends as little as possible on the entity's specific estimations. If all significant data required to measure an instrument at fair value are observable, the instrument is classified in this Level.

- Level 3 - Valuations performed through techniques whereby one or more of the significant data are not observable.

This hierarchy requires the use of observable market data when available. Company valuations consider relevant and observable market data to the extent possible.

If one or more relevant variables is/are not based on observable market information, the instrument is included in Level 3.

iv. Determination of fair value and measurement

The Company generally uses quotations of market prices (when available) to determine fair value and classifies said data as Level 1. If market quotations are not available, fair value is determined using standard valuation models.

When applicable, those models project future cash flows and discount future figures at observable data set at present value, including interest rates, exchange rates, volatility, etc. Items valued using said data are classified according to the lowest level of data that is significant for the valuation. Therefore, an item can be classified as Level 3, even when some of the significant data are observable. Additionally, the Company considers assumptions for its own credit risk, as well as for the risk of its counterparty.

Assets and liabilities measured at amortized cost and at fair value are summarized at the top of this note.

There were no transfers between levels 1 and 2 nor between levels 2 and 3 in the periods shown.

v. Derivative financial instruments

The Company's derivative financial operations have been privately concentrated at several financial entities whose financial soundness is supported by high ratings assigned by rating securities and credit risks entities. The documentation used to formalize operations is common documentation, as specified in the following contracts: Framework Contract For Derivative Financial Operations or ISDA Master Agreement, drawn up by the "International Swaps & Derivatives Association" (ISDA), accompanied by accessory documents used in this type of operations, generally known as "Schedule", "Credit Support Annex" and "Confirmation".

At December 31, 2022 and 2021, the following derivative financial instruments exist in Mexico: foreign currency forwards and interest rate swaps; and in Peru, currency call spread, sugar hedge futures and coverage cross currency swap and in the US were held, currency forwards, aluminum and diesel hedges.

Classification of derivatives

Derivatives are only used for economic hedging and not as speculative investments. However, when derivatives fail to meet hedge accounting requirements, they are classified as held for trade for accounting purposes and are recognized at fair value with changes in income. They are shown as current assets and liabilities to the extent they are expected to be settled within the 12 months following the end of the reporting period.

The Company holds the following derivative financial instruments:

a) Positions in derivative financial instruments of raw materials and other production materials:

December 31, 2022

Contract	Value of underlying Asset		Fair Value US	Maturities per year (US)			Collateral /guarantee
	Units	Average Price		2023	2024	2025 +	
Swaps of sugar	US Dollar/ Ton.	496-553	$ 91,815	$ 91,815	$ -	$ -	$ -
Swaps of sugar	US Dollar/ Lb.	0.18	51,047	51,047	-	-	-
Swaps of aluminum LME	US Dollar/ Tm.	2,350-2,458	(191,121)	(191,121)	-	-	-
Swaps of aluminum MWP	US Dollar/ Tm.	448-551	(45,219)	(45,219)	-	-	-
Swaps of diesel	US Dollar/ Gal.	2.75-3.20	7,474	7,474	-	-	-
			$ (86,004)	$ (86,004)	$ -	$ -	$ -

December 31, 2021

Contract	Value of underlying Asset		Fair Value US	Maturities per year (US)			Collateral /guarantee
	Units	Average Price		2022	2023	2024 +	
Swaps of sugar	US Dollar/Ton.	478-497	$ 95,521	$ 68,522	$ 26,999	$ -	$ -
Swaps of sugar	US Dollar/Lb.	0.17-0.20	64,830	-	48,745	16,085	-
Swaps of aluminum LME	US Dollar/Tm.	2,667-2,808	47,163	47,163	-	-	-
Swaps of aluminum MWP	US Dollar/Tm.	598-609	34,473	34,473	-	-	-
Swaps of diesel	US Dollar/Gal.	1.85-1.85	13,383	13,383	-	-	-
			$ 255,370	$ 163,541	$ 75,744	$ 16,085	$ -

(1) *Sugar.*
(2) *Aluminum.*
(3) *Diesel.*

b) Positions in derivative financial instruments for hedging purposes of exchange rates:

December 31, 2022

Contract	Value of underlying Asset		Fair Value US	Maturities per year (US)			Collateral /guarantee
	Units	Average Price		2023	2024	2025 +	
Exchange rate forwards	Soles/US Dollar	3.81	$ (14,280)	$ (14,280)	$ -	$ -	$ -
Exchange rate forwards	Pesos/US Dollar	19.36	(99,790)	(99,987)	197	-	-
Cross Currency Swap	Soles/US Dollar	3.81	40,822	40,822	-	-	-
Swaps of interest rate	Interest rate	0.11	47,848	46,406	1,442	-	-
			$ (25,400)	$ (27,039)	$ 1,639	$ -	$ -

December 31, 2021

Contract	Value of underlying Asset		Fair Value US	Maturities per year (US)			Collateral /guarantee
	Units	Average Price		2022	2023	2024 +	
Exchange rate forwards	Pesos/US Dollar	3.98	$ (11,838)	$ 4,472	$ -	$ (16,310)	$ -
Exchange rate forwards	Pesos/US Dollar	20.51	24,188	24,188	-	-	-
Cross Currency Swap	Soles/US Dollar	3.98	196,491	112,725	83,766	-	-
Swaps of interest rate	Intrest rate	0.06	(10,618)	(5,069)	(5,542)	(7)	-
			$ 198,223	$ 136,316	$ 78,224	$ (16,317)	$ -

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, 2022 and 2021, 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 2022 or 2021 regarding the derivative financial instruments contracted by the Company.

vi. Guarantees

At December 31, 2022, the Company and its subsidiaries have provided guarantees through credit letters issued by financial institutions relating to the claims mentioned on note 26 for $2,326,038.

21. Costs and expenses by nature

Cost of sales and selling and administrative expense classified by nature for the years ended December 31, 2022 and 2021 are as follows:

		2022		2021
Raw materials and other production materials [1]	$	**103,178,562**	$	89,579,809
Personnel expenses		**32,851,404**		30,467,730
Employee benefit expenses (Note 16)		**363,355**		311,342
Variable selling expenses		**12,228,089**		11,157,189
Depreciation (Notes 11 and 13)		**8,421,733**		8,351,643
Transportation and freight		**4,320,820**		3,722,956
Advertising, promotion and public relations		**4,574,597**		3,086,850
Maintenance and conservation		**4,725,589**		4,094,743
Professional fees		**3,131,917**		3,104,903
Suppliers (electricity, gas, telephone, etc.)		**573,877**		525,064
Taxes [2]		**701,536**		777,329
Spillage, breakage and shortages		**831,413**		830,694
Leases (Note 13)		**259,336**		195,004
Travel expenses		**518,153**		372,888
Allowance for impairment of clients (Note 8)		**25,013**		36,016
Amortization (Note 12)		**520,800**		1,148,771
Insurance premiums		**884,203**		824,770
Consumption of materials and production materials		**178,527**		157,070
Revaluation of operating expenses		**947,250**		538,564
Other expenses		**1,324,446**		666,572
Total	**$**	**180,560,620**	**$**	**159,949,907**

[1] Includes damaged, slow-moving and obsolete inventory.

[2] Taxes different than income taxes, value added taxes and special tax on production and services.

22. Other income (expenses), net

Other income/expenses for the years ended December 31, 2022 and 2021 are comprised as follows:

	2022	2021
Expenses related to new projects	$ (51,891)	$ (174,529)
Indemnities	(52,682)	(262,403)
Income from secondary taxes, rights and dues	1,393,651	397,511
Write-off of fixed assets and disposals	(325,579)	(458,950)
Gain on disposal of property, plant and equipment	174,438	99,743
Other	(50,375)	(142,603)
Total	**$ 1,087,562**	**$ (541,231)**

23. Employee benefit expenses

Employee benefit expenses incurred in the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Salaries, wages and benefits	$ 29,356,951	$ 27,010,169
Termination benefits	120,309	113,265
Social security costs	3,374,144	3,344,296
Employee benefits (Note 16)	363,355	311,342
Total	**$ 33,214,759**	**$ 30,779,072**

24. Financial income (expenses)

Financial income and expenses for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Financial income:		
Interest income from short-term bank deposits	$ 1,549,777	$ 702,963
Other financial income	188,296	62,198
Financial income, excluding exchange gains	1,738,073	765,161
Gain from exchange fluctuations	2,810,999	4,074,671
Loss on monetary position	(933,701)	(291,024)
Total financial income	3,615,371	4,548,808
Financial expenses:		
Interest on debt instruments	(1,814,179)	(1,910,300)
Interest on bank loans	(1,243,909)	(1,012,952)
Interest on leases due to adoption of IFRS 16	(73,699)	(76,880)
Financial cost (employee benefits) (Note 16)	(523,779)	(347,250)
Taxes pertaining to financial operations	(110,110)	(89,421)
Other financial expenses	(246,327)	(249,860)
Financial expenses, excluding exchange losses	(4,012,003)	(3,686,663)
Losses on exchange fluctuations	(3,109,829)	(4,155,136)
Total financial expenses	(7,121,832)	(7,841,799)
Financial result, net	**$ (3,506,461)**	**$ (3,292,991)**

25. Income taxes

i. Profit before taxes on income

Following are the domestic and foreign components of pretax profits:

	2022	2021
Domestic	$ 15,879,522	$ 14,172,914
Foreign	11,614,151	7,899,483
	$ 27,493,673	$ 22,072,397

ii. Components of income tax expense

Components of income tax expense include:

	2022	2021
Current tax:		
Current tax incurred on taxable profits for the year	$ (9,752,128)	$ (7,986,997)
Deferred tax:		
Origin and reversal of temporary differences	1,048,782	1,003,904
Total income tax	$ (8,703,346)	$ (6,983,093)

Domestic federal income tax and foreign federal income tax expense shown in the consolidated statements of income are comprised as follows:

	2022	2021
Current tax:		
Domestic	$ (6,318,743)	$ (5,628,242)
Foreign	(3,433,385)	(2,358,755)
	(9,752,128)	(7,986,997)
Deferred tax:		
Domestic	632,235	850,657
Foreign	416,547	153,247
	1,048,782	1,003,904
Total	$ (8,703,346)	$ (6,983,093)

iii. Book / tax reconciliation

For the years ending December 31, 2022 and 2021, the reconciliation between the statutory tax rate and the effective income tax rate is as follows:

	2022	2021
Tax at the statutory rate (30%)	$ (8,248,102)	$ (6,621,719)
Tax effects of inflation	(408,797)	(369,911)
Differences due to the tax rate of foreign subsidiaries	721,778	498,904
Non-deductible expenses	(1,083,775)	(460,334)
Other tax deductions	462,590	155,845
Other non-taxable income	137,922	101,365
Other	(284,962)	(287,243)
Total income tax expense	$ (8,703,346)	$ (6,983,093)
Effective rate	31.7%	31.6%

iv. Tax pertaining to the components of other comprehensive income

The debit / (credit) of tax related to other comprehensive income components is as follows:

	2022			2021		
	Before taxes	Tax payable (receivable)	After taxes	Before taxes	Tax payable (receivable)	After taxes
Effect of derivative financial instruments contracted as cash flow hedging	$ (226,979)	$ 4,883	$ (222,096)	$ 669,277	$ (125,223)	$ 544,054
Remeasurement of defined benefit plans	(889,566)	189,470	(700,096)	(227,656)	71,511	(156,145)
Other comprehensive income	$ (1,116,545)	$ 194,353	$ (922,192)	$ 441,621	$ (53,712)	$ 387,909
Effect of translation of initial balances with respect to the ending balances from conversion of foreign subsidiaries		151,103			(144,220)	
Deferred tax		$ 345,456			$ (197,932)	

26. Commitments and contingencies

COMMITMENTS

Bottling agreements

The current bottling contracts and authorizations held by AC for the bottling and distribution of Coca-Cola products in the different regions are as follows:

Region	Date of signing / renewal	Maturity date
Mexico (North)	July 1, 2017	June 30, 2027
Mexico (West) (1)	July 1, 2017	June 30, 2027
Argentina (North) (2)	June 30, 2017	March 31, 2023
Ecuador (3)	January 1, 2023	December 31, 2033
Peru	May 1, 2020	April 30, 2025
Southwest US (4)	April 1, 2017	April 1, 2027
Oklahoma US (4)	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) The contract was extended on December 28, 2022, effective through March 31, 2023, in which the renewal and signing of the new long-term contract is concluded.

(3) Corresponds to the agreement owned by AC Bebidas Branch Ecuador to carry out the sales and the operation performed by the subsidiary Bebidas Arca Continental Ecuador Arcador, S. A. in this country.

(4) In the US there are two agreements for bottling, selling and marketing products in the Southwest US, including Oklahoma City and Tulsa. These contracts are called "Comprehensive Beverage Agreement" and "Regional Manufacturing Agreement" and have a term of 10 years with the possibility of renewing for another 10 years.

During the more than 90 years of business relations with TCCC, the latter has never refused to renew bottling agreements with AC or to enter into new agreements to replace previous ones. As a result, indefinite useful lives were assigned to those intangibles (see Note 5). Management considers that TCCC will continue renewing contracts and extending bottling permits when they expire or will enter into new agreements or issue new permits to replace those currently in effect, although there is not an absolute certainty that this will be the case. If that were not the case, the AC business and operating results would be adversely affected.

Additionally, bottling agreements signed with TCCC establish that AC may bottle no beverages other than those of the Coca-Cola brand, except for those specifically authorized in the aforementioned agreements.

Concentrate supply

TCCC provides the concentrates used in producing the products sold and is unilaterally entitled to set prices on said raw materials. If TCCC significantly increases concentrate prices, AC operating results could be negatively affected.

New Agreement with TCCC

On September 19, 2022, the Company announced a new long-term agreement with TCCC, with the aim of strengthening the collaboration and strong relationship between both companies.

In addition to aligning the main economic aspects of the commercial relationship in the long term, this new comprehensive collaboration framework will favor joint work to continue improving customer and consumer service, to promote new ways of profitable growth, as well as deploy better digital initiatives in Latin America.

The scope of the agreement includes all the markets served by Arca Continental in Mexico, Ecuador, Peru and Argentina, and consolidates the following avenues of joint value creation:

The new agreement confirms the vision of leadership in the beverage industry in Latin America and opens possibilities for the incorporation of commercial innovations, in the portfolio and in the value chain, in favor of the market and the community.

CONTINGENCIES

As of December 31, 2022, a number of claims have been filed for judicial, tax, labor and administrative processes of the Company and its subsidiaries for a total of approximately $3,088,590 (approximately $2,810,282 at December 31, 2021) pending final judicial resolution. Management and the Company's legal advisors consider that those processes could have an unfavorable result for the Company in the amount of $1,716,974, for which the Company registered the corresponding provision (approximately $371,870 at December 31, 2021).

27. Related parties and associates

The Company is controlled by a Fideicomiso de Control (Controlling Trust), which holds 47% at December 31, 2022 and 2021 of the Company's outstanding shares. The remaining 53% of the shares are widely distributed. The parties ultimately controlling the group are integrated by the Barragán, Grossman, Fernández and Arizpe families, who also hold shares outside the Controlling Trust.

Operations with related parties were carried out at market value.

a) Remuneration of key management personnel

Key personnel include key management staff or directors that are relevant to the entity. Compensation paid to key personnel for their services are shown below:

		2022		2021
Salaries and other short-term benefits	**$**	**354,510**	$	390,094
Pension plans	**$**	**410,728**	$	271,398
Seniority premium	**$**	**875**	$	643
Post-retirement medical expenses	**$**	**35,559**	$	24,702

b) Related party balances and transactions

Current related parties accounts receivable:

		2022		2021
Other related parties:				
The Coca Cola Export Corporation	**$**	**692,995**	$	764,016
Servicios Integrados de Aministración y Alta Gerencia, S.A. de C.V.		**619,446**		-
Coca Cola North America (CCNA)		**270,454**		271,117
Coca-Cola Servicios del Perú, S.A.		**135,622**		4,836
Embotelladores NPSG y otros		**105,046**		114,063
Corporación Inca Kola Perú, S.R.L.		**2,756**		3,072
Monster Energy Bebidas Ecuador Cia. L.T.D.A.		**1,226**		-
Criotec, S.A. de C.V.		**814**		-
Coca-Cola Refreshments (CCR)		**93**		32,652
Coca Cola del Ecuador, S.A.		**16**		4
The Coca Cola Company (TCCC)		**-**		248,399
Coca-Cola de Chile, S. A. (CCCH)		**-**		3,905
Monster Energy México, S. de R.L. de C.V.		**-**		2,701
Associates:				
Petstar, S.A.P.I. de C.V. (PETSTAR) (1)		**196,165**		124,717
Promotora Industrial Azucarera, S.A. de C.V. (PIASA)		**114,459**		217,183
JDV Markco, S.A.P.I. de C.V.		**54,323**		24,708
Tiendas Tambo, S.A.C. (TAMBO)		**32,219**		24,492
Santa Clara Mercantil de Pachuca, S.A. de C.V.		**3,245**		10,338
Bebidas Refrescantes de Nogales, S.A.P.I. de C.V.		**1,815**		2,346
Alimentos de Soja, S.A.U.		**17**		14
Kolact, S.A.P.I. de C.V.		**-**		66,137
Jugos del Valle, S.A.P.I. de C.V.		**-**		50,616
Total current accounts receivables from related parties	**$**	**2,230,711**	**$**	**1,965,316**

Current related party liability balances:

	2022	2021
Other related parties:		
Coca-Cola North America (TCCNA)	**$ 1,776,625**	$ 1,496,386
Servicios Integrados de Administración y Alta Gerencia, S.A. de C.V.	**744,617**	14,581
Criotec, S.A. de C.V.	**273,424**	114,842
Corporación Inca Kola Perú, S.R.L.	**97,589**	144,829
Body Armor Sports Nutrition, LLC.	**95,794**	92,851
Plantas Industriales, S.A.	**73,916**	245,011
Coca Cola Industrias, LTDA	**67,996**	228,725
Coca Cola Servicios del Perú, S.A.	**60,837**	82,043
Monster Energy México, S. de R.L. de C.V.	**59,260**	53,169
Monster Beverage Company Perú, S.C. de R.L.	**43,718**	7,419
Agencies (NPSG Companies)	**12,810**	4,506
The Coca-Cola Export Corporation (TCCEC)	**3,445**	680,933
Coca-Cola de Chile, S.A. (CCCH)	**15**	6,125
The Coca-Cola Company (TCCC)	**-**	404,054
Coca-Cola Business Services North América (BSNA)	**-**	60
Associates:		
Western Container, Co.	**198,474**	57,931
Jugos del Valle, S.A.P.I. de C.V. (JDV)	**142,424**	110,727
Industria Envasadora de Querétaro, S.A. de C.V. (IEQSA)	**75,146**	47,337
Fevisa Industrial, S.A. de C.V. (FEVISA)	**53,356**	58,663
CONA Investment	**20,039**	-
Petstar, S.A.P.I. de C.V. (PETSTAR)	**17,858**	131,145
Santa Clara Mercantil de Pachuca, S.A. de C.V.	**7,877**	-
Tiendas Tambo, S.A.C.	**3,037**	4,922
Vendwatch Telematics México, S.A. de C.V.	**42**	-
Promotora Industrial Azucarera, S.A. de C.V. (PIASA)	**-**	132,961
JDV Markco, S.A.P.I. de C.V.	**-**	14
Current accounts payable from related parties	**$ 3,828,299**	**$ 4,119,234**

The main transactions with related parties and associates were the following:

	2022	2021
Sales:		
Other related parties:		
Sale of products and services to CCNA	**$ 2,559,411**	$ 2,608,414
Sales to NPSG [(1)]	**2,176,007**	2,379,992
Sale of products called Nostalgia	**1,293,835**	1,055,548
Associates:		
Sale of products to Tambo	**175,994**	123,292
Other income	**312,399**	258,836
	$ 6,517,646	**$ 6,426,082**
Expenses:		
Other related parties:		
Purchase of concentrate (CCNA, TCCC, TCCEC, CCCH and CCI)	**$ 39,404,288**	$ 35,485,827
Purchase of product (Body Armor)	**1,766,731**	-
Royalties (TCCC y TCCEC)	**886,086**	808,145
Purchase of Monster products	**876,775**	575,627
Purchase of containers (FEVISA)	**467,402**	525,138
Management services and others	**391,725**	523,967
Purchase of refrigerators (CRIOTEC)	**493,535**	351,619
NPSG purchases	**215,162**	150,527
Air taxi	**60,625**	74,465
Associates:		
Purchase of juice and nectar (JDV)	**3,809,079**	3,011,117
Purchase of sugar (PIASA)	**2,334,652**	2,400,445
Purchase of containers (Western Container)	**1,527,172**	1,270,097
Purchase of canned goods (IEQSA)	**1,643,110**	1,103,951
Purchase of Kolact and Santa Clara products	**918,897**	669,276
Purchase of resin (PETSTAR)	**751,016**	616,032
Management services and others	**435,231**	337,249
Others	**183,089**	277,089
	$ 56,164,575	**$ 48,180,571**

[(1)] *National Product Supply Group (NPSG) in the US -*

As part of the Framework Agreement and other agreements signed for the acquisition and operation of the Territory, as described in Note 2, on April 1, 2017, CCSWB signed the NPSG Governance Agreement, which was also signed by eight other Coca-Cola bottlers in the US, including Coca-Cola North America, which are considered to be Regional Producing Bottlers (RPBs) in the TCCC national supply system in the US. According to the NPSG Governance Agreement, TCCC and the RPBs have formed a national product supply group (the NPSG Board) composed of a CCSWB representative, a TCCC representative and one representative each of the remaining RPBs. That NPSG Board now has the maximum number of members (nine).

The NPSG Agreements require the Company to comply with a product supply schedule to other RPBs, based on the needs of the US system, where the Company does not unilaterally decide on respective volumes. This can give rise to sales volatility in NPSG income.

28. Subsidiaries, joint operations and transactions with non-controlling parties

i. Interest in subsidiaries

The Company's main subsidiaries at December 31, 2022 and 2021 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 [1]		Shareholding non-controlling interest		
Company	**Country**	**Activities**	**2022**	2021	**2022**	2021	Functional currency
Arca Continental, S.A. B. de C.V. (Tenedora)	Mexico	B / E					Mexican peso
AC Bebidas, S. de R.L. de C.V. (AC Bebidas)	Mexico	B	**80.00**	80.00	**20.00**	20.00	Mexican peso
Bebidas Mundiales, S. de R.L. de C.V.	Mexico	A	**80.00**	80.00	**20.00**	20.00	Mexican peso
Distribuidora Arca Continental, S. de R.L. de C.V.	Mexico	A	**80.00**	80.00	**20.00**	20.00	Mexican peso
Compañía Topo Chico, S. de R.L. de C.V.	Mexico	A	**80.00**	80.00	**20.00**	20.00	Mexican peso
Coca Cola Southwest Beverages, L.L.C. y subsidiarias	US	A	**80.00**	80.00	**20.00**	20.00	US Dollar
Salta Refrescos, S.A.	Argentina	A	**80.00**	80.00	**20.00**	20.00	Argentine peso
Arca Continental Lindley S.A. (antes Corporación Lindley, S.A.) y subsidiarias	Peru	A / B	**79.83**	79.83	**20.17**	20.17	Peruvian sol
Bebidas Arca Continental Ecuador ARCADOR, S.A.	Ecuador	A	**80.00**	80.00	**20.00**	20.00	US Dollar

[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.

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 mainly of materials for the AC group.
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 Bebidas and subsidiaries	
	2022	2021
Consolidated statements of financial position -Summary:		
Current asset	**$ 60,003,343**	$ 54,943,883
Non-current assets	**170,370,102**	173,703,827
Current liabilities	**(37,431,771)**	(33,362,903)
Non-current liabilities	**(59,244,394)**	(63,558,213)
Net assets	**$ 133,697,280**	**$ 131,726,594**
Consolidated statements of income -Summary:		
Net sales	**$ 195,726,450**	$ 173,708,779
Net profit	**16,559,944**	14,102,105
Total comprehensive income	**11,760,063**	16,604,017
Consolidated statements of cash flows – Summary:		
Operating activities	**26,962,693**	27,027,192
Investment activities	**(7,373,551)**	(5,930,933)
Financing activities	**(21,428,716)**	(18,265,177)

iii. Transactions with non-controlling interests

During the years ended December 31, 2022 and 2021, there were no transactions with non-controlling interests and no conflicts of interest to be disclosed.

iv. Interest in joint operation

At December 31, 2022 and 2021, 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, which operate in Ecuador:

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.

29. Subsequent events

When preparing these consolidated financial statements, the Company has evaluated events and transactions for subsequent recognition or disclosure at December 31, 2022 and up to February 20, 2023 (date of issuance of these consolidated financial statements) and has identified no significant subsequent events affecting them.

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AC

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