ARCA CONTINENTAL

DRIVING **TRANSFORMATION** IMPACTFUL **COMMITMENT**

2023 INTEGRATED ANNUAL REPORT

CONTENT

HOW TO READ THIS REPORT

GRI 2-2, 2-3, 2-4

This Integrated Report is Arca Continental's primary means to communicate its performance on an annual basis, and it is **where the company outlines the actions that have allowed it to continue a path of profitable growth through the transformation of its sustainable business model.**

This document contains verified[1] information regarding the company's financial performance, a key component of Arca Continental's commitment to creating shared value by promoting customer development, offering high-quality products for every occasion, strengthening the supply chain, and operating with excellence through a vision of environmental leadership and positive social impact.

To facilitate its reading, **the Report is organized according to the following diagram:**

Promotes customers growth

Customers: commercial partners that allow Arca Continental to reach its ultimate consumers

Attracts and retains consumers

Consumers: people that enjoy the company's products

Strengthens the Supply Chain

Suppliers: commercial partners that produce the inputs AC needs to operate

Optimizes Operations

Production: associates that transform raw materials and operate with excellence

Each chapter discusses key indicators that are required by international sustainability rating agencies and reaffirm Arca Continental's commitment to the United Nation's Global Compact.

The report aligns with international reporting frameworks and standards, such as 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 most recent Global Reporting Initiative (GRI). This report also discusses the impact that climate change has or could have on Arca Continental's operations according to the Task Force on Climate-related Financial Disclosures (TCFD).

Finally, it allows Arca Continental to reaffirm its leadership by disclosing information in alignment with the new International Financial Reporting Standards on Sustainability and Climate Change (IFRS S-1 and IFRS S-2).

[1] *Key performance indicator verification is currently under review by a third party. Detailed disclosure of all ESG indicators will be made available by the end of June 2024 and can be accessed through the ESG Resource Center on the website at the following link: https://arcacontal.com/sustainability/esg-resource-center.aspx*

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

GRI 2-22

To our shareholders:

Driven by a solid transformation route that has strengthened Arca Continental's profitable growth throughout the years, we are pleased to share that in 2023 we delivered outstanding results across every market that we serve, reaching our history's highest sales volume while strengthening the business' digital and operational capabilities and reinforcing the company's leadership to continue to positively impact our value chain and the communities we serve.

Net sales of 213,632 billion pesos

+2.8% vs 2022

Thanks to the talent and commitment of the more than 70 thousand associates, we reached a record high in consolidated annual volume, surpassing 2,473.5 Million Unit Cases (MUCs) and annual net sales of 213,632 billion pesos, which represents a 2.8% increase compared to 2022.

These important achievements stemmed from the continuous improvement of commercial capabilities, the company's efficient execution at the point of sale, the accelerated growth of our digital transformation, the capture of new value opportunities, and the constant development of our team of associates.

In terms of commercial execution, during 2023 we evolved our service models by leveraging on technology, which allowed us to strengthen our relationship with over a million customers in Latin America's traditional channel and to be acknowledged as global leaders in digitalization within the Coca-Cola System, with over 90% of customers registered on AC Digital and 60% of our volume in this channel captured through this platform.

We also strengthened our connection with consumers, through the modernization of the self-serve retail channel and the launch of products across several categories with which we adapted to the preferences of new generations to multiply the number of transactions in these sales formats.

As part of the recently signed, long-term agreement with The Coca-Cola Company, which strengthened our partnership and trusted relationship that spans 98 years, in 2023 we explored new opportunities for growth and value creation, notably product distribution pilots for new categories across Mexico, Peru, and Ecuador, leveraging our infrastructure and market leadership.

Similarly, we grew our low and non-caloric product portfolio, reinforcing our commitment to offer a balanced array of products that aim to meet our consumers' ever-changing demands.

Today at Arca Continental, not only do we stand out as leaders in the markets where we operate, but we also have the swiftness to adapt to the opportunities that may arise, with the firm conviction of making a positive difference in the communities and businesses we serve.

For the second year in a row, we were recognized for our leadership in sustainability, being one of the best-positioned Mexican companies in the S&P Global Sustainability Yearbook. This recognition is now a part of our recurring inclusion in the indices of Stock Exchanges at New York, London, and Mexico: the Dow Jones Sustainability MILA Pacific Alliance Index, the MSCI ESG Focus Indexes, the FTSE4Good Index, and the S&P/BMV Total Mexico ESG Index.

These, alongside other initiatives, strengthened the company's outstanding results that ended 2023 with a 7% increase in consolidated EBITDA, reaching 42,382 million pesos with a 19.8% margin.

As for the year's Consolidated Net Profit, it reached 17,504 million pesos, which represents a 12.9% increase compared to 2022, with a net margin of 8.2%.

+60%

of volume in traditional channel captured through AC Digital

For the second year in a row, **we were recognized as a leading company in corporate sustainability** in the S&P Global Sustainability Yearbook.

Net profit
+12.9%
vs 2022 reaching
17,504 million pesos

AC's stock to reach a record-high of 189.67 pesos
+17.17%
vs 2022

The consistent results achieved, leveraged by our sustainable business model and strengthed by our ability to transform ourselves, have allowed us to reaffirm the trust of the investment community through the Mexican Stock Exchange, which has enabled Arca Continental's stock to reach a record-high of 189.67 Mexican pesos in 2023, representing an annual increase of 17.17% in market price.

In 2023, our share repurchase program acquired 28,291,595 shares for 4,879,100,928.54 Mexican pesos. No stock was sold in this period.

Mexico

At our beverage business in Mexico, talent, and excellent execution at the point of sale, alongside an efficient transformation into new service models that favored customer relationships and high-quality interactions, resulted in net sales of 100,448 million pesos, 12.4% more than in 2022.

In 2023, EBITDA increased 14.1% to 23,503 million pesos, resulting in a 23.4% margin.

In terms of volume, the Mexico operation set a record, registering 1,149 MUCs (excluding jugs), with 4.7% growth.

In the sparkling drinks category, the cola segment had a 4.6% volume increase, mainly due to Coca-Cola Zero Sugar's performance.

+12.4%

Net Sales vs 2022,
reaching 100,448 million pesos

Our focus on product innovation has been fundamental in attracting new generations of consumers, as was the case with the Coca-Cola Creations platform and products such as Fresca Fusión, Del Valle Fizz, and Flashlyte.

To capitalize on the market's growth, we expanded our capabilities by adding 211 new distribution routes and two multi-packaging production lines in the Guadalupe and Las Fuentes plants in Nuevo Leon and Jalisco, respectively. In addition, we expanded Topo Chico's line 6 and installed a new production line in Durango.

Keeping in line with our commitment to sustainability and community in 2023, with regards to water-saving efforts, we added 95 rain harvesting systems in schools that now benefit 36 thousand students with clean and safe water. Furthermore, among the many community services provided, we donated a rain harvesting system that can hold 1.5 million liters of water to the Parque Clouthier renovation in San Pedro Garza Garcia in the state of Nuevo Leon.

Furthermore, as part of our efforts in Circular Economy, we launched the lightest Coca-Cola System bottles globally in the 400 ml format in Durango and the 1.25 L format in Jalisco.

95
rain harvesting systems in schools that now benefit

+36
thousand students

United States

After 7 years of having entered the U.S. market by integrating Coca-Cola Southwest Beverages (CCSWB), in 2023 we registered double the EBITDA achieved in 2018, reaching 11,462 million pesos with a record margin of 15.9%.

In terms of volume, we reached a total of 450.8 million unit cases, which is 0.6% higher than the previous period, while net sales decreased by 1.3% to 76,347 million pesos, mainly impacted by the strengthening of the mexican peso in the exchange rate parity.

Part of that volume growth was reflected in our performance with the Monster brand, where we were named “Bottler of the Year” for achieving the highest growth in the system in the country.

In 2023, the operating cash flow from these operations recorded 11,827 million pesos, a growth of 6.3%, with a margin of 15.5%.

We also consolidated the “World Without Waste” strategy in collaboration with The Coca-Cola Company by incorporating more than 50% recycled PET resin into our packaging and promoting a culture of recycling through alliances and programs designed to engage with the community.

The excellent service that sets us apart was strengthened by the growth of MyCoke.com, which recorded an 11.5% sales increase this year by registering over 93% of customers that belong to both the Food and Drink and the Independent Convenience Store channels, proving our ability to meet their needs efficiently.

These goals were met thanks to the talent of all our associates, as well as to the consolidation of Arca Continental’s sustainable business model within this territory, which strengthened the profitable growth and value that we share with our entire chain.

Operation cash flow of 11,462 million pesos with a **record margin of 15.9%**

South America

The region, composed of Peru, Ecuador, and Argentina, reported a solid volume performance with 637 million unit cases (MUCs), excluding jugs, for 7.1% growth compared to 2022, despite the challenging conditions marked by fluctuations and pressures on the supply chain.

The positive results were impacted by the appreciation of the Mexican peso against the rest of the currencies in this region, with sales reaching 36,837 million pesos, 9.2% lower than the previous year, and a decrease in operating cash flow of 10.8%, totaling 7,051 million pesos.

This result was affected mainly by the devaluation of all the region's currencies against the Mexican peso.

In Peru, we achieved record volumes, reaching 324 MUCs, excluding jugs, and exceeding last year's results by 9.8%.

We reinforced our capabilities in this market by purchasing 253 trucks and 63 forklifts, among other vehicles, and were listed as one of the Companies Transforming Peru thanks to our production centers' sustainable design, building and operations.

Also, in partnership with institutions such as the Food Bank, Hombro a Hombro, and Cáritas, among others, we benefited over 400 thousand people in Peru that had been affected by natural disasters.

In Ecuador, positive results were seen across every channel, where there was a volume increase of 8.1%. We highlight the growth of our non-caloric category through Coca-Cola Zero-Sugar which recorded a 76% volume increase when compared to the previous year, making it a benchmark in the region.

Tonicorp, the high-added value dairy company that we operate in Ecuador along with with The Coca-Cola Company also showed an increase in volume and sales through prioritizing affordable products, expanding premium packaging and our multi-category portfolio, as well as by installing cold drink equipment for new customers.

637 million unit cases

+7.1% vs 2022

This business has also become a benchmark in sustainable livestock farming by earning Carbon Negative certifications at three livestock farms, offsetting more than 100% of greenhouse gases emitted.

In Argentina, we recorded the highest sales volume in ten years with 153.5 MUCs, a 0.8% increase after a strong 13.5% growth in 2022.

Additionally, we reaffirm our contribution to community development by benefiting around 35 thousand people through various institutional and shared value programs. Furthermore, we reinforce the connection with the younger generations by providing training for over 6 thousand youths across the country.

Through One Tree Planted, Wise Snacks joins the goal of **planting over 100 thousand trees annually**

Food and Snacks

In line with our strategy of boosting the snack business, we increased this business's profitability with initiatives that improved customer coverage, point of sale execution and operational efficiency focus.

In Mexico, Bokados recorded a sales increase of 7.4% compared to the previous year, mainly through effective pricing initiatives and improved discount management. Plus, we leveraged growth by integrating both production and distribution centers for Tostadas Charras and Bokados, as well as by fostering a better synergy amongst their teams.

In the United States, Wise Snacks improved its profitability as a result of transformational initiatives such as the redesign of the logistics network, the reformulation of larger volume products, as well as the optimization of packaging and operational expenditure – all of which significantly improved sales and margins. Furthermore, with the One Tree Planted initiative, Wise added value to its community by aiming to plant more than 100 thousand trees every year.

In Ecuador, the snacks business comprised of Inalecsa and Carli Snacks implemented a strategy focused on strengthening our leading brands and providing vibrancy with new flavors and presentations, thus expanding the consumer base, and serving different consumption opportunities which in turn resulted in a solid increase in sales, EBITDA, and profitability.

Sustainability

We continue to make strides in consolidating a sustainable business model across the company, generating positive social impact, maintaining our environmental leadership, and strengthening transformative partnerships that allow us to consolidate the company's profitable growth path.

As a part of this effort, in 2023 we announced alongside The Coca-Cola Company and seven other leading bottlers, the creation of a sustainable fund with renowned venture capital firm Greycroft for $137.7 million dollars with the goal of supporting business ventures that contribute to the construction of a low-carbon economy.

In the same vein, in 2023, the Science Based Targets Initiative (SBTi) validated the goals we established for reducing emissions from our operations and throughout the value chain by 2030.

With a focus on ensuring the supply of recycled resin and continuing to contribute to the goals of achieving "A World Without Waste," together with Coca-Cola de México and other bottlers in the country, we announced a joint investment of three billion pesos to double the capacity for collection and recycling at PetStar. This will ensure the achievement of the goal to recover the equivalent of all bottles we put on the market by 2030.

During the 2023 United Nations Water Conference, we signed the Business Leaders' Open Call to Accelerate Action on Water, aiming to collectively lead in the efficient use and conservation of water, furthering our ongoing collaboration with The Coca-Cola System on this matter.

All these initiatives are strengthened by the commitment of over eight thousand volunteer associates and their families, who have solidified their role as agents of positive change. They participated in the Annual Volunteer Day, making various contributions to their communities, including the cleaning of nearly 100 parks, rivers, and beaches in the territories we serve.

We announced an investment to double the capacity for collection and recycling at PetStar by 2027

We reaffirm the shared vision with The Coca-Cola Company of boosting initiatives with high social and environmental value that promote a more sustainable world and society

Driving transformation, impactful commitment

Our ongoing ability to drive transformation and advance towards a dynamic, ever-changing environment, has allowed us to seize opportunities and obtain better results while positively impacting a greater number of our organization's stakeholders.

Backed by the guidance and trust of our Board of Directors, we continue to strengthen the relationship with consumers and communities, consolidating our roles as agents of positive change that benefit the entire value chain, day in and day out.

We also acknowledge the support of The Coca-Cola Company and reaffirm our shared vision of boosting initiatives with high social and environmental value that promote a more sustainable world and society.

Equally important is the talent, professionalism and conviction of our associates which has enabled us to transcend and give meaning to the profitable growth path that we have embarked on to exceed goals and expectations set across the company's different areas, always within the framework of continuous improvement, ethics and respect for everything we do to constantly growth as a team.

We reaffirm our impactful commitment to consolidating the sustainable business model that allows us to capitalize on the opportunities ahead.

With your trust, we continue progressing with determination, innovation and with an unbreakable responsibility and commitment to excellence in all we do.

C.P. Jorge Humberto Santos Reyna
Chairman of the Board of Directors

Lic. Arturo Gutiérrez Hernández
Chief Executive Officer

THIS IS ARCA CONTINENTAL

GRI 2-1, 2-6, 201-1

Headquartered in Monterrey, Mexico, Arca Continental S.A.B de C.V. produces, distributes, and sells 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, and Wise and Deep River snacks in the United States.

With an outstanding history of more than 97 years, Arca Continental is Coca-Cola's second-largest bottler in Latin America and one of the largest Coca-Cola bottlers in the world. The company serves a population of over 128 million people in northern and western Mexico, Ecuador, Peru, northern Argentina, and the Southwestern United States. Arca Continental is listed on the Mexican Stock Exchange under the symbol "AC."

MISSION

To generate maximum value for customers, associates, communities, and stockholders, satisfying our 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 we participate, focusing on profitability and sustainability.

Values

Focus on Customer Service
To meet the needs of customers and consumers. To be driven by a constant desire to satisfy and surpass their expectations with world-class service.

Integrity Based on Respect and Justice
To maintain an unwavering commitment to integrity. To be coherent in what we do, think, and say to respect the legacy of the company, our associates and the communities we serve. To prioritize diversity in all working relationships to better serve customers and consumers.

Comprehensive Associate Development
To foster an atmosphere of motivation, productivity, and recognition that drives success. To support associates' personal and professional goals, and to encourage them to actively participate in their own growth and development plans. The company believes that growth and development opportunities are a direct contributor to strong business performance.

Sustainability
To play a role in changing the environment. Consequently, 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 the company on a permanent quest to achieve a better quality of life for everyone.

Cultural Principles:

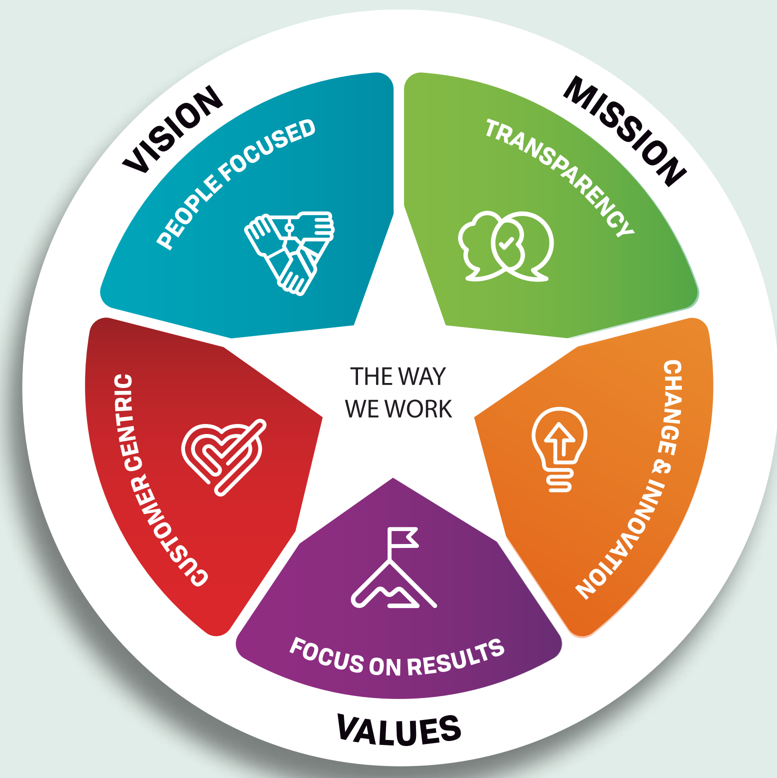
People-Focused
Associates matter to the company as people, as professionals, and as members of its teams.

Transparency
For the company to be successful, every associate should be transparent in the workplace. AC expects all associates to be open and honest about key information, even when it might be difficult to face.

Change and Innovation
The company strives to foster an environment where change and innovation is encouraged and actively pursued by associates at all levels.

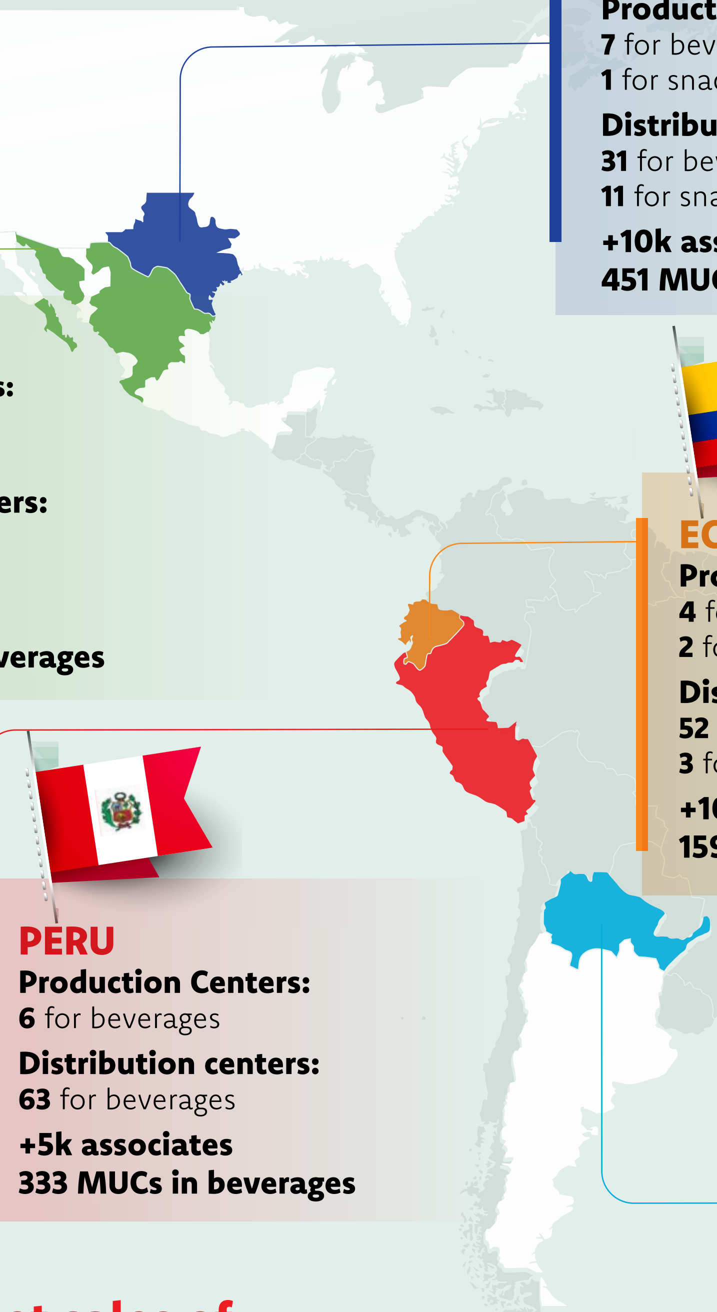
Focus on Results
The company believes that abiding by business commitments is key to its profitable growth and the success of the company, its associates, and other stakeholders.

Customer-Centric
Both internal and external customers are at the center of everything AC does.



PRESENCE

SASB FB-NB-000.A, FB-NB-000.B, FB-PF-000.A, FB-PF-000.B



UNITED STATES

Production Centers:
7 for beverages
1 for snacks

Distribution centers:
31 for beverages
11 for snacks

+10k associates
451 MUCs in beverages

MEXICO

Production Centers:
19 for beverages
3 for snacks

Distribution centers:
117 for beverages
56 for snacks

+42k associates
1,377 MUCs in beverages

ECUADOR

Production Centers:
4 for beverages [1]
2 for snacks [2]

Distribution centers:
52 for beverages
3 for snacks

+10k associates
159 MUCs in beverages

PERU

Production Centers:
6 for beverages

Distribution centers:
63 for beverages

+5k associates
333 MUCs in beverages

ARGENTINA

Production Centers:
3 for beverages

Distribution centers:
20 for beverages

+2k associates
154 MUCs in beverages

Company's net sales of
213.63 billion pesos

1) Includes one Tonicorp production center and three beverage production centers that belong to The Coca-Cola Company.
2) Includes 20 Tonicorp distribution centers and 32 beverage production centers that belong to The Coca-Cola Company.

ARCA CONTINENTAL 2023: HIGHLIGHTS

- **5 countries** Mexico, Argentina, Ecuador, Peru, and the United States
- **+70k** associates
- **398** production and distribution centers
- **+128 million** consumers
- **+1.5 million** customers

- **2,474 million** unit cases (MUC)[1]
- **213.63 billion pesos** Net Sales
- **42.38 billion pesos** EBITDA
- **17.50 billion pesos** Net Income
- **8.69 billion pesos** Operating Profit

- **1.52 L** of water / L of produced beverage
- **0.239 MJ / L** of produced beverage
- **6 out of 10** PET bottles collected
- **60%** of AC's portfolio is low or non-caloric
- **+90%** of customers from the traditional channel in LATAM registered on AC Digital

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 Corporate Sustainability Assessment (CSA) Score 2023

FTSE4Good

EMPRESA SUSTENTABLE

CDP DISCLOSER 2023

SCIENCE BASED TARGETS

ESR EMPRESA SOCIALMENTE RESPONSABLE

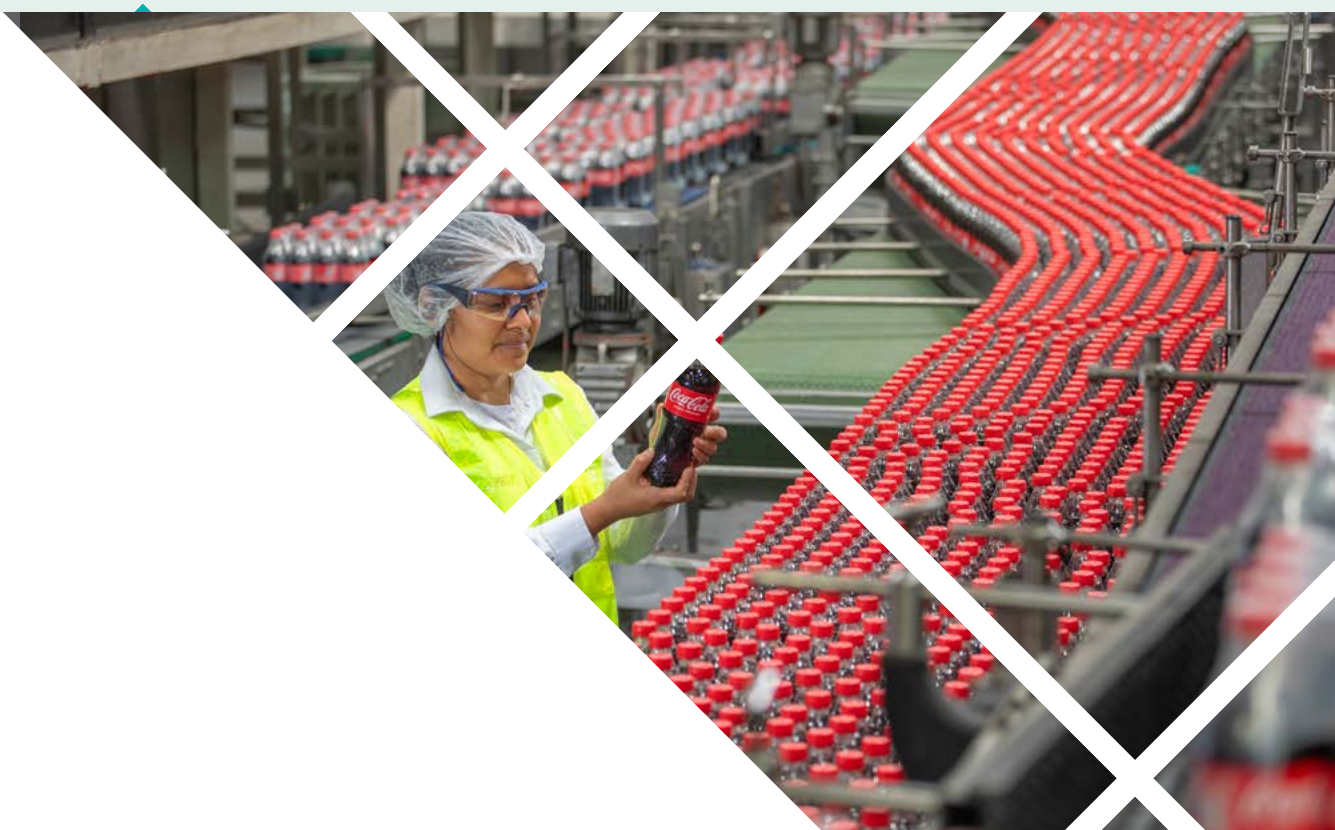
Certificación PRIME

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

WE SUPPORT UN GLOBAL COMPACT

NEW PLASTICS ECONOMY Global Commitment

[1] 2,474 million unit cases (MCU) in the beverage business.
* All financial data is expressed in Mexican pesos.



THE SUSTAINABLE BUSINESS MODEL

PROMOTES CUSTOMER GROWTH, ATTRACTS AND RETAINS CONSUMERS, STRENGTHENS THE SUPPLY CHAIN AND OPTIMIZES OPERATION.

On their path to transformation, Arca Continental drives sustainability integration along its entire value chain...

With impactful commitment

- **Create positive business results** while yielding positive social impact and reinforcing the company's environmental leadership
- **Keep a long-term focus** to improve performance and ensure business endurance over time
- **Promote shared value creation** to strengthen the value chain and the communities where the company operates

By making part of its essence

- Underline sustainability's leading role in the company's **mission, vision, and values.**
- Make sustainability a **key aspect of the global business strategy** and the company's processes, procedures, and practices to reach the highest standards across all operations.
- **Operate under a compliance framework** that allows Arca Continental to exceed legislative demands and adapt to regulatory changes and emerging risks through key partnerships and collaborations.

Under institutional leadership

- **The Sustainable Business Model** is driven by the Board of Directors and is implemented with the institutional participation of each of the operations.
- **Grow knowledge and experience** within each associate, department, and business unit.
- **Define business goals** that foster a sustainable vision to ensure clear progress and measurement.

Sustainable business model

The value creation journey of Arca Continental, reflected in years of profitable growth, is made possible by the vision of the Sustainable Business Model. With this, it ensures its durability over time, by linking every actor and action in its value chain.

To Arca Continental, sustainability is not just a department. It is a way of doing business and a guide to the company's global strategy.

The company continuously invests in evolving its service models and broadening its product portfolio while ensuring their quality and safety, with options for every occasion made in accordance with responsible supply principles, while considering innovations that promote shared value creation.

Arca Continental's transformation is driven by a people-focused vision that seeks to impact stakeholder well-being through shared value creation.

Every process, from production to maintaining a positive work environment, from the efficiency of its logistics and distribution system to proactive customer development, and leadership in understanding and anticipating consumer preferences, is part of a sustainable ecosystem.

This Report offers insight into Arca Continental's key actions and operations across its value chain.

Service Model Evolution

Due to technology, customer relationships have significantly strengthened. The AC Digital platform has become the primary tool for placing orders in Latin America's Traditional Channel, with 90% of customers registered and 60% of sales volume generated through the app.

Click here to learn more

PetStar Expansion

To strengthen the recycling chain, Arca Continental invested 50 million pesos in PetStar to triple its PET collection capacity in Nuevo Leon. As a result, the company expanded its annual collection from 6 thousand tons to more than 18 thousand tons of recycled resin.

Click here to learn more

Commited to reducing the carbon footprint

Arca Continental along with The Coca-Cola Company and eight bottlers created a $137.7 million dollar fund to focus on investing in solutions that promote decarbonization.

Click here to learn more

Hiperproximity and Multi-category

The company offers a wide variety of products for every occasion. To maintain a strong presence in the market, the company has expanded into categories such as advanced hydration, alcoholic beverages, and low and non-caloric options that suit consumer preferences.

Click here to learn more

Water collection in communities

Arca Continental provides access to safe water in the communities where it operates. With rainwater harvesting systems and storage in all territories where the company operates, AC seeks to ensure the availability of water resources for communities.

Click here to learn more

STRATEGIC FOCUS

The operation of this model allows Arca Continental to maintain sustainable growth, under contexts that foster operational excellence with the best management of talent to achieve positive social impact and reinforce its environmental leadership.

With this in mind, the company prioritizes ten strategic themes that allow it to meet long-term business goals:

1. ***Ensuring*** *profitable growth with a multi-category portfolio*
2. ***Accelerating*** *digital transformation and analytics*
3. ***Evolving*** *customer service models through a digital ecosystem*
4. ***Creating*** *value along the supply chain to support growth*
5. ***Continuing*** *to optimize expenditures by standardizing processes and platforms*
6. ***Guaranteeing*** *the safety and well-being of the company's associates, contractors, customers, and communities*
7. ***Growing*** *the food and snacks business*
8. ***Broadening*** *the direct-to-consumer, direct-to-home, and self-serve retail businesses*
9. ***Attracting, developing, and retaining*** *high-performing talent through a culture of respect*
10. ***Boosting*** *sustainable development through risk, reputation, and public policy management*

Risk Management

GRI 3-1, 3-2, 3-3

To proactively handle potential risks, Arca Continental uses a methodology focused on turning challenges into competitive advantages. This is done through a system that can identify and mitigate each challenge. With this approach, Arca Continental can protect business continuity and maintain value creation while strengthening its reputation.

Not only does the company routinely evaluate risks and opportunities, but it also pays close attention to industry trends, such as new regulations, market performance, and evolving technology.

Click here** to learn more about **Arca Continental's Integral Risk Management System

In addition to traditional risk identification and mitigation methods, the company conducts regular analyses to identify priority topics that guarantee business continuity. These analyses consider the company's industry impact and the influence that its surroundings might have on operations.

From this exercise, the company adjusts the focus of its sustainability actions, evaluates specific objectives, strengthens its indicators, and confirms priority programs and initiatives with the identification of pillars that encompass the priorities aimed at promoting the organization's sustainable growth, as shown in the following graph:

ETHICS AND CORPORATE GOVERNANCE

Ethical principles

GRI 2-15, 2-23, 2-24, 2-25, 2-26, 2-27, 205-3, 406-1

Driven by the conviction of the importance of acting correctly, the Board of Directors and the Executive Team lead the Ethics and Compliance system that integrates Arca Continental's values and principles.

This system guides the actions of people associated with the company, as well as their interactions with customers, associates, commercial partners, authorities, and communities.

The system includes:

- Audit and Corporate Practices Committee
- Ethics and Compliance Officer
- Executive Ethics Committee
- Operational Ethics Committees
- Local Ethics Committees
- Code of Ethics
- General Policies
- Complaint Management Manual
- Transparency Mailbox
- Measurement Indicators System
- Dissemination and Training Program

***Click here** to learn more about Arca Continental's Code of Ethics*

In 2023, **"With Respect, We All Win"** was launched to highlight the importance of associates' as a cornerstone for diversity and inclusion

+650 Directors and Managers were trained on the principles of the "With Respect, We All Win" program

Transparency Mailbox
Arca Continental has implemented a 24/7 Transparency Mailbox for year-round, anonymous communication. To build trust and ensure timely, transparent communication, the Mailbox is run by an independent company that guarantees submissions are handled impartially, while protecting complainants' identities and monitoring case resolutions.

Arca Continental's Transparency Mailbox is open to the public, including associates, suppliers, and any other internal or external stakeholder. It can be accessed through:

- **The company's intranet**
- **The company's website:**
  https://www.buzondetransparenciaac.com
- **The following phone numbers:**
  Argentina: 0800-345-5478
  Ecuador: 1-800-001-135
  United States: 1-888-303-8442
  Mexico: 800 8228966
  Peru: 1-705-2233
- **The following e-mail:**
  informa@buzondetransparenciaac.com

Click here *for more information on the* ***Transparency Mailbox***

The Code of Ethics serves as a guideline that outlines the principles for interactions among associates, business partners, and community members

Decisions that transcend

GRI 2-9, 2-10, 2-11, 2-12, 2-13, 2-15, 2-16, 202-2, 405-1

The main task of the Board of Directors is to approve Arca Continental's business strategy to drive its sustainable and forward-looking growth.

Board of Directors

Arca Continental's Board of Directors[1] is a diverse group of 20 members with a wide range of profiles, skills and educational backgrounds who use their knowledge and expertise to support the company's goals. Members have an average 9.4 year tenure.

Name	Position	Category[2]	Tenure	Gender	Committee Participation[3]			
					E	C	P	A
Jorge Humberto Santos Reyna	Chairman	Patrimonial	16	Male	X	X	X	
Manuel L. Barragán Morales	Honorary Life Chairman	-		Male				
Luis Arizpe Jiménez	Member	Patrimonial	20	Male			X	
Alejandro José Arizpe Narro	Member	Patrimonial	1	Male			X	
Alfonso Javier Barragán Rodríguez	Member	Patrimonial	4	Male		X		
Juan Carlos Correa Ballesteros	Member	Independent	7	Male		X		
Alejandro M. Elizondo Barragán	Member	Patrimonial	19	Male			X	
Roberto Garza Velázquez	Member	Patrimonial	4	Male	X		X	
Bernardo González Barragán	Member	Patrimonial	3	Male				
Sergio Eugenio González Barragán[4]	Member	Patrimonial	1	Male				
Cynthia H. Grossman	Member	Patrimonial	12	Female				
Sanjuana Herrera Galván	Member	Independent	1	Female				X
Johnny Robinson Lindley Suárez	Member	Patrimonial	5	Male				
Ernesto López De Nigris	Member	Independent	22	Male		X		X
Adrián Jorge Lozano Lozano	Member	Independent	4	Male			X	
Miguel Ángel Rábago Vite	Member	Patrimonial	12	Male	X	X	X	
Alberto Sánchez Palazuelos	Member	Patrimonial	12	Male				
Brian Smith	Member	Independent	12	Male				
Armando Solbes Simón	Member	Independent	12	Male				X
Jesús Viejo González	Member	Patrimonial	16	Male			X	
Marcela Villareal Fernández	Member	Patrimonial	4	Female		X		
Jaime Sánchez Fernández[5]	Secretary	-		Male				

1) Members of the Board of Directors are named during the annual shareholders assembly and keep their positions for a year. They can be reelected annually during said assembly.
2) A member is considered independent if they meet the criteria established in the Mexican Stock Exchange Law. http://www.diputados.gob.mx/LeyesBiblio/pdf/LMV_090119.pdf#page=16
3) E= Executive Committee, C=Human Capital and Sustainability Committee, P= Planning and Finance Committee, A= Audit and Corporate Practices Committee
4) At the end of 2023, Mr. Sergio Eugenio González assumed the role of alternate director, following the unfortunate passing of Mr. Guillermo Javier González Barragán, who served as the Company's board member until his death in August 2023.
5) Jaime Sánchez Fernández does not serve the Board as an advisor, but rather as a secretary.

Arca Continental's directors are known for their critical business acumen and teamwork. Both qualities allow Arca Continental to make swift decisions when supporting the company's management, especially during key growth periods such as 2023

Board Committees

The Board of Directors is supported by four committees[1]:

- **Executive Committee:** Enables decision making for strategic projects from the Planning and Finance Committee. The Executive Committee also analyzes and authorizes decisions that the Board delegates to speed up managerial processes.
- **Human Capital and Sustainability Committee:** Evaluates, reviews, and ensures compliance with compensation and Human Resources guidelines. This includes recommending criteria for selecting and evaluating the CEO and key executives. Additionally, the committee champions the company's sustainable vision by evaluating communication effectiveness and monitoring progress on key programs.
- **Planning and Finance Committee:** Evaluates and recommends policies and guidelines for investment, financing, dividends, and strategic planning. This committee also provides guidance on the annual budget application and strategic plan, in addition to identifying and proposing policies to manage risk factors.
- **Audit and Corporate Practices Committee:** Ensures operational compliance with applicable laws and regulations and supervises the accuracy and transparency of financial reports. The committee also ensures compliance with principles outlined by relevant legislation.

Executive Leadership Team

Arca Continental's Executive Leadership Team is comprised of professionals with broad experience in both the industry and in their own specialized fields, including several members with decades-long careers within the organization.

Aside from their specific duties, some team members participate in Committees that report to the Board of Directors, such as the Human Capital and Sustainability Committee, Ethics, and other national and international industry councils.

- **Arturo Gutiérrez Hernández:** *Chief Executive Officer*
- **José Borda Noriega**: *Executive Director of Arca Continental Mexico*
- **Jesús García Chapa:** *Chief Strategic Planning Officer*
- **Guillermo Garza Martínez:** *Chief Public Affairs, Communications, and Sustainability Officer*
- **Santiago Herrera Varon:** *Chief Commercial and Digital Officer*
- **Emilio Marcos Charur:** *Chief Financial Officer*
- **Denise Martínez Aldana:** *Chief Human Resources Officer*
- **Alejandro Molina Sánchez:** *Chief Technical and Supply Chain Officer*
- **Enrique Pérez Barba:** *Executive Director of South America Beverages*
- **Jaime Sánchez Fernández:** *General Counsel*
- **Jean Claude Tissot:** *President of Arca Continental Coca-Cola*

[1] For more information about the Committees, please review Arca Continental's Bylaws on the company's website.

Sustainable Management

GRI 2-14

Sustainability is adopted at all levels, from the Board of Directors and the Executive Leadership Team, to all business units across the territory. Strategy is managed through Board-level, corporate-level, and country-level committees. This way, strategies, projects, and actions can be scaled to local communities, while remaining aligned with Arca Continental's global objectives.

Chief Public Affairs, Communications, and Sustainability Officer
Responsible for strategies and corresponding tactics that are aligned with the Sustainability Committee structure.

Human Capital and Sustainability Committee

Comprised of members of the Board of Directors that validate and drive the overall sustainability vision

Sustainability Steering Committee

Led by the Chief Executive Officer, as well as other Executive Directors who oversee and promote the adoption of sustainability in each area of the organization.

Sustainability Committees Per Country

Composed of country Business Unit's leadership and members of their team to ensure the deployment of actions aligned with the corporate global vision.

GENERATED AND DISTRIBUTED ECONOMIC VALUE

GRI 201-1

In today's context marked by local and global challenges that grow more complex each day, the company recognizes the growing need to capitalize on opportunities that foster a sustainable development. Arca Continental's Sustainable Business Model strategy has positioned the company as a benchmark within its industry.

Through proactive and efficient resource management, Arca Continental has tackled emerging challenges by maintaining a strong balance of innovation and operational excellence. Driven by a commitment to make a positive difference, Arca Continental's business model prioritizes transformation for long-term success.

To ensure success well into the future, Arca Continental established key financial indicators that detail the company's economic value generation (income), distribution (costs and expenses), and retention. This latter will allow the company to continue creating opportunities in the short and medium terms, while still creating long-term value to its stakeholders.

	2023		2022		2021	
	Millions of pesos	Millions of dollars	Millions of pesos	Millions of dollars	Millions of pesos	Millions of dollars
Economic Value: Generation						
Total income	$ 213,632	$ 12,131	$ 209,961	$ 10,477	$ 185,746	$ 9,110
Financial products	5,354	304	3,615	180	4,549	223
Sale of assets	90	5	175	9	322	16
Total	**$ 219,076**	**$ 12,440**	**$ 213,752**	**$ 10,666**	**$ 190,617**	**$ 9,349**
Economic Value: Distribution						
Sales cost	$ 114,621	$ 6,509	$ 116,703	$ 5,824	$ 102,414	$ 5,023
Operational expenses, includes salaries and benefits	65,954	3,745	63,858	3,187	57,536	2,822
Taxes	9,849	559	8,703	434	6,983	342
Dividends	9,780	555	10,717	535	9,734	477
Interests	9,138	519	7,122	355	7,842	385
Community investment	139	8	157	8	151	7
Total	**$ 209,481**	**$ 11,895**	**$ 207,260**	**$ 10,343**	**$ 184,660**	**$ 9,056**
Economic Value: Retention						
Total	**$ 9,595**	**$ 545**	**$ 6,492**	**$ 323**	**$ 5,957**	**$ 293**

THE SUSTAINABLE BUSINESS MODEL

PROMOTES CUSTOMER GROWTH,

ATTRACTS AND RETAINS CONSUMERS, STRENGTHENS THE SUPPLY CHAIN AND OPTIMIZES OPERATION.

Arca Continental considers its customers to be strategic business partners. Therefore, the company strives to develop long-term relationships that seek profitable and sustainable growth that can benefit both parties

Customers include establishments that offer the company's brands, thereby connecting Arca Continental to the final consumer. They are Arca Continental's main allies in adopting new innovations, as well as gathering and sharing feedback, thus becoming ambassadors for the success of the company and its sustainability efforts.

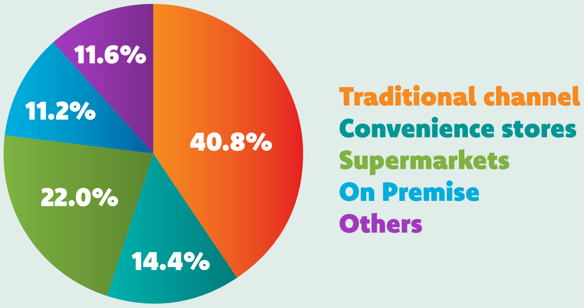
In 2023, the company continued to transform its service models, capitalizing on new digital skills that strengthened performance

CUSTOMER PROXIMITY

The company is continuously looking for ways to innovate and provide tools that foster stronger customer relationships, knowing that when they grow, Arca Continental does too. Therefore, digitalization serves as a bridge that allows for greater proximity, enabling uninterrupted communication 24 hours a day and establishing more efficient dynamics to develop the traditional channel.

The use of this technology allows frontline associates to focus their efforts on initiatives that add value to customers, thereby empowering them to facilitate growth.

Sales by channel



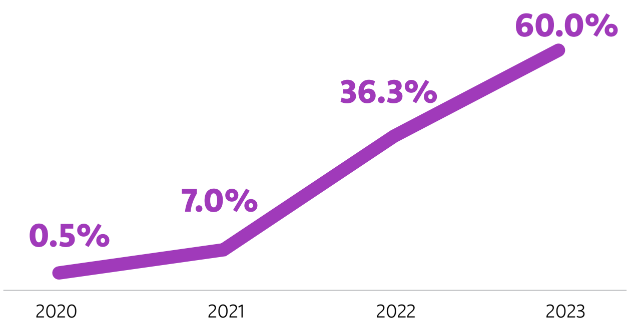
AC-CCSWB was recognized as one of the **top 3 bottlers with best commercial execution in the United States**

In the U.S. Market, **MyCoke.com reached 93% of registered customers** in its On Premise and Convenience Stores channels

Customers registered on digital platforms have also been proven to make orders more frequently due to increased portfolio visibility and real-time access to promotions and rewards.

Arca Continental was **recognized in 2023 as the leading bottler of digitalization** efforts within the Coca-Cola System

Generated income through digital platforms in the Traditional Channel



AC Digital, Arca Continental's B2B digital platform in Mexico, Ecuador, Peru, and Argentina, **registered more than 90% of its customers and generated 60% annual volume** in the traditional channel

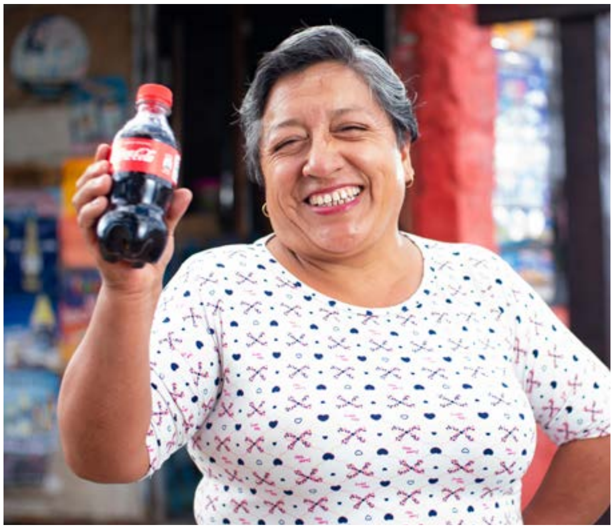
Digital ecosystem

Arca Continental's new digital platforms and advanced analytics applications have allowed the company to predict and calculate sales potential by customer and identify market opportunities. Additionally, the platforms improve commercial and production decision-making in the short-, medium-, and long-term. Through artificial intelligence and machine learning, the company has been able to:

- **Offer** customized suggestions for each customer based on their purchase history, navigating behavior, and individual preferences
- **Conduct** automated inventory management
- **Analyze historic data** regarding sales, promotional events, and environmental factors that determine consumer trends
- **Optimize** prices
- **Improve** customer service

100%

of Arca Continental's operations have the suggested order tool



Tools used in all channels

"Ruta en Acción"

This real-time delivery route optimization tool is used in all of Arca Continental's territories in Mexico and 85% of its territory in South America (Peru, Ecuador, and Argentina).

Suggested order

With 100% of Arca Continental's operations utilizing the tool, more than one million customers are empowered to make strategic decisions

Monitoring

The company's Image Recognition Software is used in Mexico, Peru, Ecuador, and Argentina. It enables teams to track participation and execution indicators at the point of sale for over 110,000 customers.

Pricing

Artificial Intelligence and Machine Learning help analyze strategic internal and external information, as well as strengthen pricing structures.

Trade Promotion Optimization (TPO)

This tool is available in every country where Arca Continental operates. It optimizes promotional spending while boosting ROI.

+1M customers in the Traditional Channel use the suggested order tool

With **"Ruta en Acción"** in South America, Arca Continental optimized its fleets and reduced refueling costs, **generating 17 million pesos in savings**

Service Model Evolution

Arca Continental strengthens its customer relationships by offering better service through technology.

Through tools like AC Digital, customers can now place orders with ease and increased frequency, allowing the company's sales force to focus on more valuable activities inside customers' stores and provide a better experience at the point of sale.

To capitalize on this evolution, Peru, Ecuador, and Mexico deployed **a new service model with 5 strategic points:**

1. **Developing a multi-category portfolio,** delivering integrated value to customers and strengthening the beverage business.
2. **Boosting channel specialization** to meet various customer preferences.
3. **Consolidating order placement on AC Digital,** enriching the platform to deliver a more valuable and complete customer experience.
4. **Identifying opportunities and customized assessments** to capitalize on potential customer growth.
5. **Reinforcing our sales force's skills and capabilities.**

Arca Continental's multi-category portfolio aims to boost sales opportunities. It includes alcoholic beverages, dairy products, snacks, groceries, personal hygiene products, and more.

Click here *to return to sustainable business model*

TRANSFORMING THE TRADITIONAL CHANNEL

The traditional channel is one of the largest channels in the company's Latin American territories, representing 40% of Arca Continental's total customers. It includes small commercial establishments such as grocery stores.

These small commercial establishments are managed by micro-entrepreneurs and, in many cases, women. All contribute to their community's economy and social activities at a deep level.

For this reason, the company is constantly investing in and supporting small businesses through initiatives such as growth-oriented training programs.

Recognizing its importance to the community and alignment with the company's overall strategy, Arca Continental also implements initiatives focused on commercial development, entrepreneurship, and environmental responsibility.

Through **"Destapando mi Emprendimiento"** in Peru, Arca Continental provided training to 250 women. This fostered personal and entrepreneurial development for attendees, helping support and grow their businesses.

In Argentina, Arca Continental **trained 616 customers in the Traditional Channel,** developing their business skills and offering tools to streamline processes within their businesses.

In 2023, the company piloted **"Transforma tu Tienda"** in Mexico, a next-level development program for high-volume customers.

- New storefront designs
- AC's full digital services offer
- Solar panel installation to reduce energy costs in customers' stores.
- Training and consulting programs
- Medical attention
- Support for digital advertisements

The "Transforma tu Tienda" program in Mexico represents one of the company's many ongoing efforts to develop the Traditional Channel. Up to date, 28 stores out of the goal of 100 have participated.

With this program:

- Customers have **saved up to 88% on their electric bills.**
- Customer **incomes[1] have grown 15.8%.**
- The number of **cooling systems installed has increased.**

[1] *Which is partly due to the devices that offer consumers different payment methods.*

THE PATH TO THE POINT OF SALE

In 2023, Arca Continental installed **more than 89 thousand cooling systems** across all channels.

These efforts strengthen the company's ability to adapt and cater to new special occasions. Installing cooling systems boosted visibility for both leading categories and new products, with specialized cooling systems for fruit beverages, advanced hydration beverages, and alcoholic beverages.

Arca Continental has 353 distribution centers, and across its territory, 21,748 mobile units deliver products across various sales channels.

In 2023, the company added 390 new routes to serve customers, reaching a total of 10,311.

New routes

THE SUSTAINABLE BUSINESS MODEL PROMOTES CUSTOMER GROWTH,

ATTRACTS AND RETAINS CONSUMERS,

STRENGTHENS THE SUPPLY CHAIN AND OPTIMIZES OPERATION.

Active listening to consumers, prioritization of the quality of each product, and a firm commitment to safety and transparency allow Arca Continental to continue expanding its portfolio into new categories. Meanwhile, it presents innovations in its current portfolio to adapt to consumer preferences and reach new generations.

PORTFOLIO FOR EVERY OCCASION

SASB FB-NB-260a.1, FB-NB-270a.2

To remain present in various consumption occasions and meet consumer preferences, Arca Continental continued to strengthen its low and non-caloric options. Additionally, the company has delved into new categories as part of its collaboration with The Coca-Cola Company.

Arca Continental's portfolio is adapted to each country's preferences, allowing the company to provide a variety of products across the different regions where it operates.

In the colas category, volume grew 3.1% compared to the previous year. In the low and non-caloric categories, Coca-Cola Zero Sugar volume grew 17.1%.

In 2023, the company boosted collaborations with artists that have a notable Gen-Z following. It also launched two Coca-Cola Creations zero-sugar products that offered unique experiences to connect with new generations.

Coca-Cola Y3000 utilized an artificial intelligence-based launch

Wise, Sí Señor, and Carolina Country Snacks implemented packaging renovations to attract new generations of consumers with modern and stylish designs

Coca-Cola Ultimate, from the Creations line, launched in collaboration with League of Legends

To boost the alcoholic beverage portfolio in Mexico, the company introduced a new variation of Topo Chico Hard Seltzer and Topo Chico Margarita: Topo Chico Tequila. Arca Continental in Mexico became a benchmark for this area, with a 23.9% increase in sales.

Volume of alcoholic beverages across the company **grew 32%** compared to the previous year

Arca Continental continues to expand its snack portfolio in all territories where it operates

The still beverages portfolio expanded into new consumption occasions, including advanced hydration through four new flavors of Flashlyte, reaching a sales volume in this category of **9.1%.**

Flashlyte launched 4 flavors

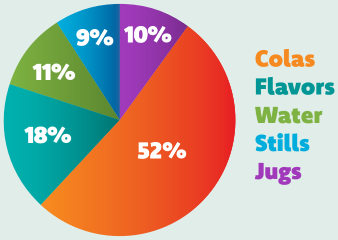
At AC-CCSWB, BodyArmor launched five new flavors and 16 packaging designs

Wise and Deep River launched a collaboration with One Tree Planted, planting more than 100,000 trees annually, so consumers have a positive impact when buying their products

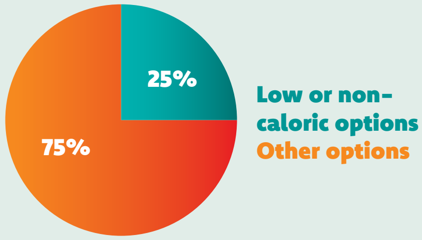
The company strengthened its commercial capabilities by investing in cooling systems and **promoting returnable packaging**, delivering an affordable option to consumers. At the end of 2023, Arca Continental reported 22.7% out of total beverages sales in this type of packaging.

Sales volume

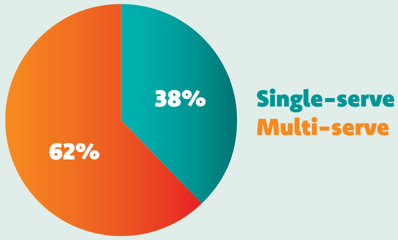
Segment



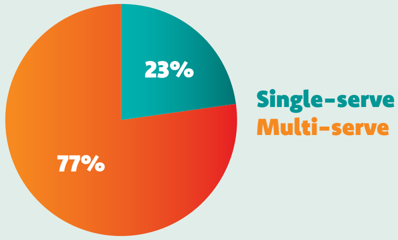
Caloric content



Presentation



Returnability



TECHNOLOGY TO BE CLOSER

Arca Continental has improved its digital resources to simplify direct-to-consumer sale occasions. This fosters a direct, customized consumer connection centered on continuous listening. Not only does this approach expand consumption occasions, but it also fosters loyalty to the company's brand portfolio.

Efforts to meet consumer expectations include:

- **Direct-to-Home –** The company offers a home delivery model, Coca-Cola en tu Hogar, in Mexico, Peru, and Ecuador. This platform gives greater visibility to the company's products, offers customized recommendations based on data-driven analyses and purchasing history, and offers consumers multiple methods of payments.
- **Self-Service Retail –** Through vending machines and self-checkout B-Market throughout the United States, Mexico, and Peru, the company provides a variety of products according to consumer demand.

The self-service retail business in Peru, Mexico, and Ecuador is growing, with sales **increasing by 15.6%** vs 2022. This resulted in an increase of new platforms to 300 Micromarkets.

+50%

of income growth through **digital media in the Direct-to-Consumer** channel in Mexico

+22%

of growth in the number of customers through **the Coca-Cola en tu Hogar platform in Mexico**

Hyperproximity and Multi-Category

Presents in every occasion

Arca Continental's strategic path in partnership with The Coca-Cola Company has been clear for the past several years: broaden its portfolio to be closer to the final consumer.

Broadening the Product Portfolio

Arca Continental remains committed to maintaining a strong presence in consumers' lives.

At the end of 2023, the company had more than 300 brands to meet the needs of a variety of buyers. This included products for everyone, from those who start their day with an energizing coffee or fresh juice, to those who work out with an advanced hydration beverage, to those relaxing with soda or ready-to-drink alcoholic beverages.

This has resulted in: capturing diverse market segments; creating and distributing products through existing infrastructures; optimizing resources to reduce costs; broadening the brand's reach to increase awareness; and innovating and developing new formulas that might pique consumers' interest.

Building Closer Relationships

Arca Continental recognizes that consumers prefer immediate product availability -especially in small, local establishments that are close to their homes. Arca Continental also understands that consumers value shorter buying processes. Based on this knowledge, the company has increased its presence along key points of sale, including boosting its digital platform.

Additionally, it has sparked commercial opportunities that may create a direct, personalized, relationship with the customer to better meet their expectations. This approach allows the company to keep growing its portfolio and explore new market opportunities.

Overall, Arca Continental continues to be present in consumers' day-to-day lives.

Click here *to return to sustainable business model*

QUALITY AND LABELING

SASB FB-NB-260a.2, FB-NB-270a.1, FB-NB-270a.3, FB-NB-270a.4, FB-PF-250a.1, FB-PF-250a.3, FB-PF-260a.2, FB-PF-270a.1, FB-PF-270a.3, FB-PF-270a.4

In today's market, consumers are more informed about product quality. Therefore, Arca Continental maintains a firm commitment to safety by offering the most information possible, so consumers can make the best purchasing decision.

When it comes to Arca Continental's operations, the company seeks to go beyond regulatory compliance. Its practices include using the best ingredients and adhering to international processes and standards to ensure the highest product and service quality.

This approach:

- **Strengthens** the consumer's trust in the product and its ingredients
- **Solidifies** the commitment to transparency that fosters well-informed purchases
- **Pursues continuous** improvement to comply with existing legislation
- **Consolidates the company's commitment** to sustainability

*The company also has quality **certifications throughout its distribution centers and in 100% of its production centers**. These certifications are internationally renowned and include: ISO 9001, ISO45001, ISO 140001, and FSSC22K.*

Key policies

Alongside The Coca-Cola Company, Arca Continental sets policies to ensure that its operations remain aligned with international best practices in all the countries it serves.

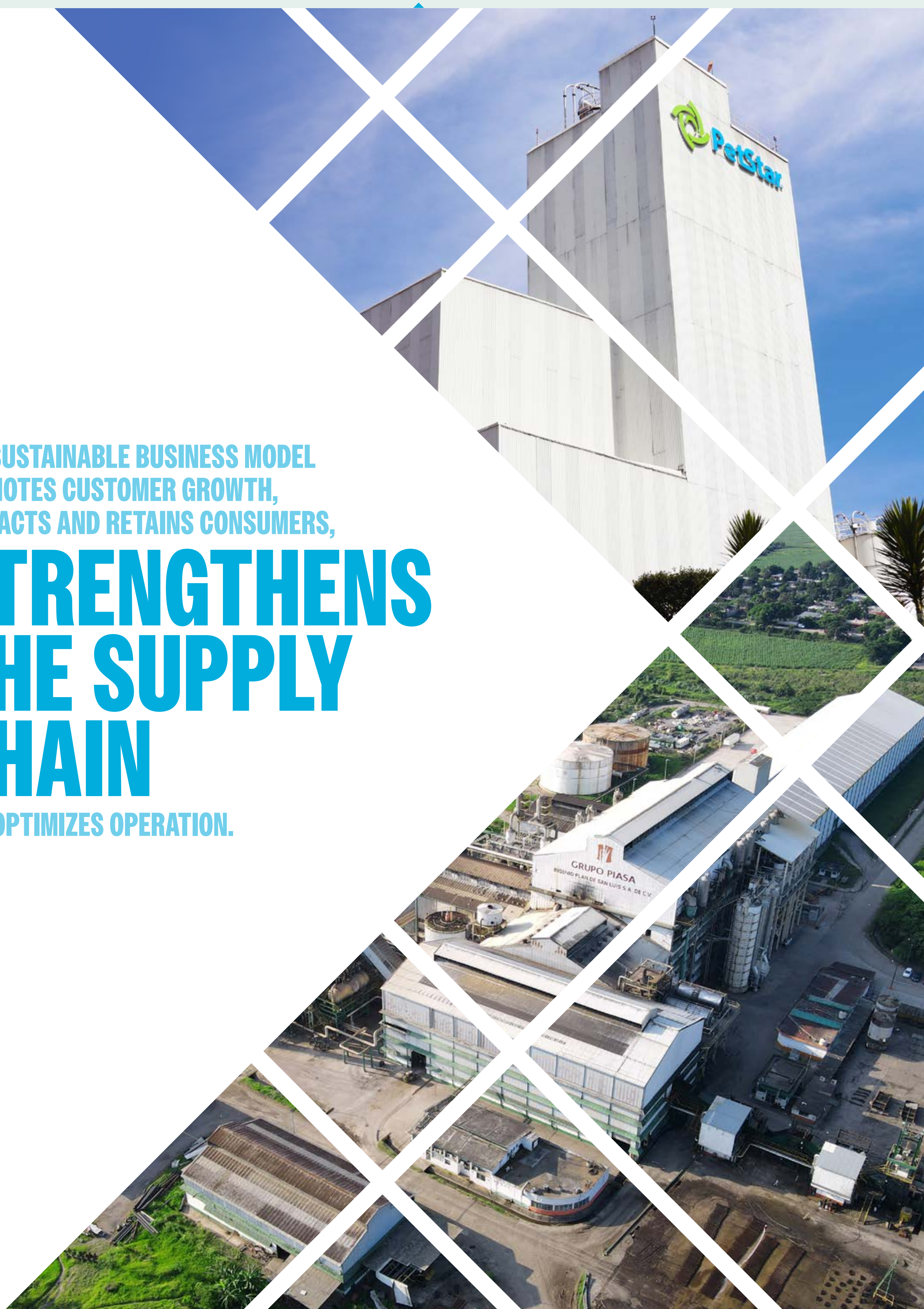
- **Responsible Marketing Policy** - This policy prohibits targeting advertisements to minors and leveraging celebrities, influencers, or characters whose main target audience is children under the age of 13.
- **Global Policy for Beverage Sales at Schools** - This policy outlines restrictions on products that can be sold at educational establishments.
- **Global Policy for Alcohol Sales** - This policy ensures all commercial and marketing practices promote responsible consumption of these products.

After product consumption

Arca Continental promotes a strong collaboration with its consumers and individuals involved in collecting, revaluing, recycling, and reusing packaging materials (especially PET) to achieve a transformation towards sustainable practices.

The company promotes circularity by emphasizing the consumer's role in disposing packaging correctly and highlighting the crucial role collection associates play in completing the cycle. This collaborative effort empowers both parties to actively contribute to the preservation of the planet.

In 2023, two locations in AC-CCSWB's territories offered refillable glass bottles. **El Paso, Texas retrieved 75% of the bottles that were distributed in the market.**



THE SUSTAINABLE BUSINESS MODEL PROMOTES CUSTOMER GROWTH, ATTRACTS AND RETAINS CONSUMERS,

STRENGTHENS THE SUPPLY CHAIN

AND OPTIMIZES OPERATION.

SUPPLY CHAIN TRANSFORMATION

The internal dynamic and increasing demand from the multi-category portfolio expansion redefined expectations in the supply chain. The growing volume required significant transformation, such as implementing greater storage capacity and adapting the company's platforms.

Arca Continental's supply chain transformation strategy has been marked by **swift adaptation and strategic collaborations**. This approach has helped the company focus on maintaining its industry leadership through an efficient and sustainable supply chain.

The company's commitment to its suppliers extends beyond a commercial partnership. Arca Continental has built long-term strategic relationships based on trust and mutual development that support supplier growth.

Constant monitoring of trends in prices and availability of key inputs such as aluminum, sugar, fructose, corn, and cotton has provided Arca Continental with the platforms to anticipate market fluctuations and ensure sustainable and responsible sourcing.

Readiness and adaptation

In 2023, Arca Continental approached the global supply landscape with a proactive and resilient strategy, maintaining continuity across its production centers. Through **careful supply chain management and deep collaboration with suppliers**, the company overcame cost fluctuations for aluminum and PET, two of the year's biggest challenges.

The successful implementation of financial coverage for commodities such as refined sugar also brought significant benefits. This strategy not only fulfilled the company's commercial goals, but it also reinforced product competitiveness in the market.

The efficient management and strategic planning anticipated key raw material trends, minimizing complications in securing ingredients and other resources. This allowed the company to meet growing demand and tackle unexpected challenges. For example, in response to limited CO2 supply in Mexico, the Supply Chain team compensated with strategic imports from the United States, Colombia, and Peru, ensuring operational continuity.

Securing virgin PET resin from new suppliers also played a key role in maintaining competitive costs, demonstrating Arca Continental's ability to adapt to market dynamics. The company achieved a significant milestone this year by forging strategic alliances that fueled the expansion of its distribution centers.

Arca Continental received the BASC Certification through a comprehensive program that outlines best practices for security and international commercial activities.

SUSTAINABLE SOURCING

GRI 308-1, 308-2, 408-1, 409-1, 414-1, 414-2
SASB FB-NB-430a.1, FB-PF-250a.2, FB-PF-430a.1, FB-PF-430a.2

Beyond ensuring quality raw material at competitive prices, Arca Continental also remains committed to sustainable sourcing. This practice comes from the company's belief that responsible and efficient sourcing not only positively impacts our society and the environment, but also boosts long-term profitability.

Because of this belief, the company has established a comprehensive strategy that extends from supplier selection and development to evaluating their sustainability practices. This includes:

Strengthening suppliers is key to Arca Continental's operational success. The company offers strategic support and guidance in all areas, including sustainability, in a program called the Sustainable Supply Program (or PAS, as in *Programa de Abastecimiento Sostenible*). With this program, the company can coordinate the integral development of its supply chain.

Sustainable Supply Program (PAS for its initials in spanish)

Purpose

- Establishing an efficient and responsible supply operation
- Standardizing practices
- Fostering a sustainable focus to mitigate risks

Foundations

- Principles to promote continuous improvement
- Sustainability criteria in supplier selection

Results

- Contributes to the company's sustainability goals such as reducing CO2 emissions, maintaining efficient water consumption, promoting a circular economy, respecting human rights, and promoting diversity and inclusion along the supply chain.

The Sustainable Supply Program showcases Arca Continental's longstanding commitment to sustainability. Its efforts are working towards two key goals: evaluating 100% of the company's critical suppliers by 2025 and promoting practices that create a more sustainable future.

To meet these goals, the PAS leverages the EcoVadis platform to evaluate critical suppliers on corporate ethics, the environment, labor rights, and sustainability.

In 2023, the total investment in the 367 suppliers identified as criticals was more than **$89 billion pesos**

On a scale from 0 to 100, suppliers with an overall score of 45 or less are classified as “critical sustainable risk suppliers” and are required to implement Sustainability Action Plans.

61% of the critical suppliers improved their EcoVadis score

29% of critical suppliers were required to conduct corrective action plans that align with Arca Continental’s sustainability priorities in 2023

If the supplier continues to remain non-compliant, Arca Continental requires corrective actions that, depending on the severity of the noncompliance, may result in termination of the commercial relationship.

Suppliers must be reevaluated a year after their initial evaluation to monitor their advancements and measure the impacts of their new strategy.

This strategy not only helps suppliers align themselves with Arca Continental’s goals and values, but it also contributes to the business’ sustainability model.

93% of suppliers were local in 2023

Suppliers Guiding Principles

By promoting the Suppliers Guiding Principles, Arca Continental and The Coca-Cola Company solidify their commitment to sustainability, respect towards human rights, and long-term business continuity.

Click here** to learn more about **The Coca-Cola Company's Suppliers Guiding Principles

Sustainable Agriculture Principles

These principles are carried out alongside The Coca-Cola Company, establishing clear expectations for agricultural ingredient suppliers. They also establish requirements for suppliers to tackle sustainability challenges in this field.

Click here** to learn more about **The Coca-Cola Company's Sustainable Agriculture Principles

100% of the palm oil supplied for snack production is sourced from suppliers with at least one international certification related to sustainability issues

PetStar facility in Nuevo Leon, Mexico, **tripled its collection capacity**: from 6,300 to 18,400 tons a year

PetStar Expansion

As part of its sustainable sourcing efforts, Arca Continental's expansion of the PetStar plant in Nuevo Leon, Mexico highlights the company's continued commitment to driving sustainable practices in the industry.

The 50 million pesos investment in the PetStar plant has tripled its annual PET collection capacity from 6,300 to 18,400 tons. This expansion plays a key role in a wider national strategy to improve PET recollection and recycling infrastructure in Mexico. The strategy includes **a total investment of approximately 3 billion pesos** on behalf of Arca Continental, Coca-Cola Mexico, and other bottlers.

By 2027, the company plans to increase the number of PET collection centers and plants to more than 40 facilities across the country. This effort supports The Coca-Cola Company's **"World Without Waste"** goal to collect 100% of commercialized bottles by 2030.

The PetStar plant expansion highlights Arca Continental's leadership in PET recycling, fostering a circular economy that benefits micro-businesses and promotes social mobility for thousands of waste collectors.

The PetStar project is an example of how, though Arca Continental and its business partners may face challenges, transformation and innovation allow them to find innovative solutions that include strategic imports and efficient supply chain management. This type of teamwork highlights a business model that considers suppliers to be strategic partners and fosters long-term relationships based on trust, ethics, and transparency.

PetStar's success inspires other industries and communities by showcasing the positive impact of investments in sustainability and collaboration among enterprises, governments, and society. Arca Continental maintains a firm commitment to responsible practices that favor sustainable growth while benefitting the environment and the communities where it operates.

***Click here** to return to sustainable business model*

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OPTIMIZES OPERATION

INNOVATION AND CONTINUOUS IMPROVEMENT

Innovation plays a key role at Arca Continental as it allows the company to adopt technologies that are vital for its operations and enables its associates to undertake tasks with higher added value while keeping a focus on environmental conservation. At the company, transformation is key in the quest for efficiency and significant savings by implementing cutting-edge technology and process optimization.

The processes for adopting new technologies are strengthened by fostering a work environment where associates are free to come up with innovative ways to improve operations. This way, changes are not only backed by the workforce but also, in many cases, promoted by them.

Through this Continuous Improvement Model, teams can develop strategic projects, adopt effective operational practices, and carry out activities to improve key performance indicators related to savings opportunities while minimizing environmental impact.

Value Generation Cup

Since 2021, the company celebrates an annual event called Copa Generación de Valor where it invites its associates to submit up with projects to foster improvement and innovation.

This Cup is awarded to those projects that integrate the following elements:

Proposal – something new that improves an existing process

Indicators – consisting of clear indicators to calculate the benefits

Sustainability – having the potential to consolidate and stand the test of time

Replicability – the project may be replicated in other areas or locations

Innovations born at the Value Generation Cup are a reflection of the company's transformative spirit – constantly seeking to better its practices so as to elevate the operational and sustainability standards that contribute to the business's continuity. Some award-winning initiatives in 2023 are:

1. **Pallet redesign to accelerate product unloading** and increasing productivity in box-per-hour delivery by 17%, which translated into USD $4.5 million in savings.
2. **Real-time monitoring of the main operational indicators** for decision-making through the 4.0 industry, which increased production from 126.29 to 131.74 MUCs.
3. **Jug-washing lines were modified to increase productivity,** which brought about more than 6 million in savings in 2023.

In addition, 2023 witnessed the unfolding of the Optimized Carbonation Project, which won the Value Generation Cup in 2022, and consists of introducing carbon gas when liquids are in higher temperatures than usual. This results in lower energy consumption and lower refrigerating gas use in production lines, saving significant amounts of money, and lowering emissions.

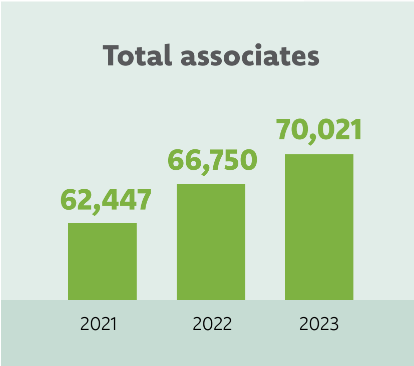
52 million pesos savings

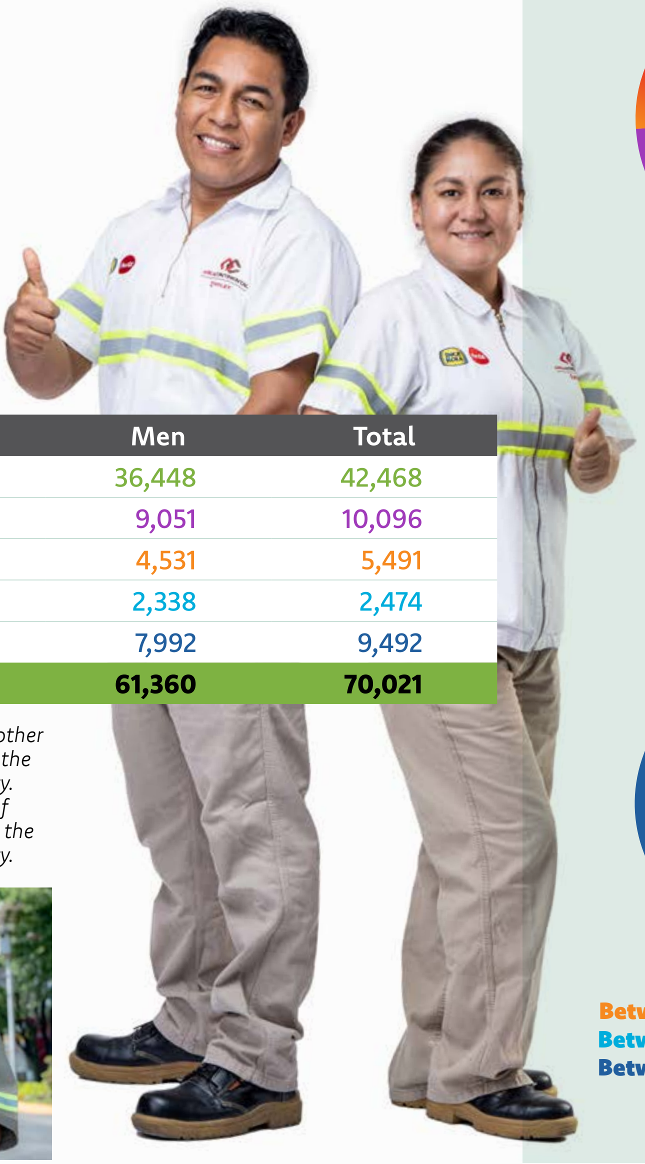
in Mexico through the Optimized Carbonation Project. In Mexico 16 out of 17 production centers implemented the project

ASSOCIATES ARE THE KEY

GRI 2-7, 2-8, 401-1, 405-2, 407-1

People are at the center of Arca Continental's strategy. The company is constantly investing in attracting, retaining, and developing its associates by managing talent in a productive and inclusive environment.



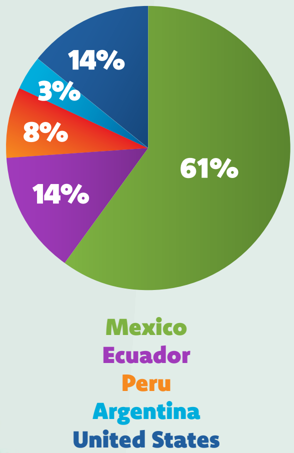


	Women	Men	Total
Mexico[1]	5,018	36,448	42,468
Ecuador	1,045	9,051	10,096
Peru	960	4,531	5,491
Argentina	136	2,338	2,474
United States[2]	1,335	7,992	9,492
Total	**8,494**	**61,360**	**70,021**

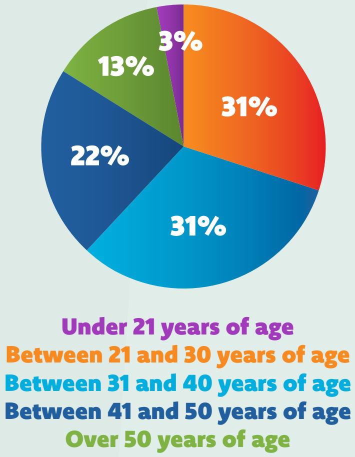
1) In Mexico, 2 people identify with a gender other than Female or Male, so they are added to the total sum of men and women in the country.

2) 165 people in the United States opted out of stating their gender thus they are added to the total sum of men and women in the country.

Associates by country



Associates by age group



TALENT MANGEMENT IN TIMES OF DIGITAL TRANSFORMATION

GRI 2-7, 2-8, 401-1, 405-2, 407-1>
<GRI 203-2, 413-1, 413-2, 404-1, 404-2, 404-3 > <GRI 403-1, 403-5, 403-6, 403-8, 403-9, 403-10 >

Arca Continental's associates, who are characterized by the diversity of their talents and their commitment to the business, allow the company to face market challenges with resilience and innovation. This has allowed Arca Continental to foresee the digital transformation and use it as an ally in talent management.

Attracting the best talent

Arca Continental's recruitment process has been enhanced with machine learning and data science techniques. This has transformed the process of identifying new talent and has become a key element to understanding associates and aligning them with the company's long-term vision.

Adopting digital tools has improved candidate selection processes by allowing faster detection of those who have high a potential to contribute to Arca Continental's objectives.

Thanks to the integral development of AC's associates, **29% of job openings** in 2023 **were filled with internal candidates.**

Training and development

<GRI 203-2, 413-1, 413-2, 404-1, 404-2, 404-3 > <GRI 403-1, 403-5, 403-6, 403-8, 403-9, 403-10 >

The company promotes its associates' integral development by setting up tailored training programs that tend to the needs of each group and their respective contexts.

By doing so, Arca Continental is not only responding to individual needs but is also boosting its team members' personal and professional growth.

These measures reinforce the commitment to associate empowerment and highlight Arca Continental's vision to foster an environment where the keys to success are flexibility and adaptability. The implementation of these educational initiatives is key in building a high-performance corporate culture that supports innovation and organizational goals.

18.9
hours of training
per associate

13k licenses allocated and **+64k hours of training** with LinkedIn Learning.

785 associates
trained on the principles of the Leadership Code in AC CCSWB

23,939 associates
trained in information security

862 associates
trained on the proper management of fierce conversations as part of the program of leadership development in Mexico

Training Within Industry
At AC Academy, the company has three schools that aim to strengthen associates' skills: the Leadership, Technical, and Commercial Schools.

Training Within Industry (TWI) is a program that derives from the three aforementioned schools as it seeks to help supervisors grow into Coach Leaders that can strengthen the commercial area and improve operational indicators within their line of work. The TWI program is designed to standardize routines and processes with a focus on:

a) **Job instruction:** to offer training at the workplace and replicate best practices

b) **Job relations:** to improve supervisors' soft skills and 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.

Performance Evaluations as an Element for Improvement

Periodic, detailed, and objective evaluations are key in Arca Continental's continuous improvement process. This practice allows the company to proactively identify areas of improvement within its teams and align them with corporate goals. Associates gain clear understanding of their contributions to corporate achievements through these exercises, and it fosters an efficient, motivating, and enriching workplace environment.

100%
of all Executive Officers and Senior Managers were evaluated based on previously defined objectives.

+12,000 associates
across all levels took part in one or more performance evaluation processes in 2023.

Well-being Prioritization

Facing the challenge of keeping a committed, stable team is crucial in a global context. Arca Continental saw this as an opportunity and adopted a proactive focus by using technology that understands the dynamics of its workforce in different regions.

This detailed practice has allowed the company to design and offer benefits that are specifically adapted to satisfy and exceed associate expectations with a holistic focus within its compensation system. This holistic approach offers a wide variety of benefits designed to promote a healthy balance between work and personal life and to support each team members' physical, mental, and family well-being.

Arca Continental's benefits range from programs that endorse maternity and paternity leaves to policies regarding flexible schedules and workplaces, fostering an adaptive, balanced work environment. Health and sports initiatives contribute to a healthy and dynamic work environment while life insurance policies and health plans ensure protection and peace of mind, strengthening their safety and overall well-being.

Compensation packages are permanently monitored to make room for improvement and the search for development opportunities has also been key in reinforcing associate commitment to the organization. A high-performance culture is strengthened by aligning the associates' needs and expectations with Arca Continental's objectives, and this is essential in the company's strategic advancement and the successful fulfillment of corporate goals that ensure a positive work environment.

Workplace Health and Safety

Workplace health and safety are paramount to Arca Continental's corporate culture as it fosters a safe work environment.

Present Prevention

Arca Continental carries out Present Prevention, a Workplace Health and Safety program based on the company's focus on workforce integrity and well-being. This program seeks to guarantee a safe working environment and foster a preventative culture.

Present Prevention adopts a tridimensional focus: anticipation, analysis, and action. This method promotes proactive prevention that focuses on practical solutions that aim to improve the working environment for associates, contractors, and visitors. This is based on three main pillars:

1. **Scenario foresight:** uses indicators such as Potential SIF to identify risks in advance and therefore take swift, corrective actions that strengthen a safety-based culture.
2. **Life-saving rules:** 14 essential safety rules were put in place alongside The Coca-Cola Company to foster commitment to practices that guarantee associates' physical integrity and safety.
3. **Analysis and empowerment culture:** Adopting the (Human and Organizational Performance) Philosophy has been key in promoting an analytical, problem-solving environment by allowing AC to identify root causes for safety incidents and to come up with effective solutions.

This program represents a step forward towards a more conscious and solid workplace in Arca Continental, marking a shift in the focus of integral well-being where each individual is considered a priority.

100%
of Workplace Health and Safety Management Systems are internally audited

0.402 Lost Time Injury Rate 2023 (LTIR[1])

100% of Beverage Production Centers are certified in Health and Safety ISO 45001

[1] *The number of Lost Time Injury that occurs for every 200,000 hours worked.*

Engagement Survey: Evidence of our Associates' Commitment

The engagement survey is an essential tool to understand and improve the company's internal dynamic. It allows AC to measure associates' satisfaction, while ensuring that existing policies promote a work environment that meets each team's expectations and needs.

The noteworthy participation in these annual exercises is evidence of the commitment of AC's associates and the effectiveness of management practices that are key to reinforcing a corporate culture.

With a 98% participation rate, and a commitment level of 87%, Arca Continental sets itself apart for cultivating an inspiring and respectful work environment, underscoring each associate's value in the company's mission.

These numbers show enthusiasm and loyalty towards the company and highlight the ability to align our associates' motivation with the organization's objectives.

98%
participation
rate at this year's Engagement Survey

87%
associate commitment level in 2023

VOLUNTEERING AND SOCIAL ACTION: A TRANSFORMATIVE VISION

Arca Continental reaffirms its positive social impact and environmental leadership by creating positive change agents. With events as important as the Sustainability Week, Annual Volunteer Day, and Holidays with a Purpose, associates become sustainable development ambassadors, spreading the company's values and principles far beyond its conventional limits.

This vision that precedes the Sustainable Business Model enriches corporate culture with a deep sense of responsibility towards society and the environment while empowering each person at Arca Continental to become a change agent within their own communities.

During the Sustainability Week, lectures were offered globally to boost sustainability as the way to do things across all company areas.

During 2023, 7,950 associates and their families devoted dozens of days to cleaning parks, beaches, and other public spaces, benefiting their own communities. The sum of these actions managed to collect 139 tons of waste and reactivate 52 public spaces alongside several other government organizations and social institutions.

In addition, the Holidays with a Purpose program carried out during the holidays collected more than 25 thousand toys that were donated by associates across all the countries where Arca Continental operates.

7,950 volunteers collected **139 tons of waste** during the Annual Volunteer Day

This benefited over 22 thousand children belonging to 134 different institutions or at-risk communities. The toy hand-outs took place in 94 different cities with the help of 5,300 volunteers, all of which were Arca Continental associates.

ENVIRONMENTAL LEADERSHIP

The company reaffirms its leadership in environmental management by integrating sustainable practices that revolve around innovation and the improvement of priority areas such as **Water Safety, Circular Economy, and Climate Action.**

To address these priorities, the environmental management system adheres rigorously to the ISO 14001 norms and the specifications set both in the company's operational requirements and in the standards established alongside The Coca-Cola Company, which set AC's practices as an international benchmark.

In addition, organizational goals were established to achieve an efficient environmental impact and resource management, guaranteeing that its operations contribute to protecting and preserving the environment for future generations.

		Goal		
Priority	**Indicator**	**2023**	**2022**	**2023 Performance**
Water Footprint	Efficient water consumption per liter of beverage produced (LW/LB)[1]	1.48	-	1.52
Packaging and Waste	Percentage of recycled waste from Beverage Production Centers (%)	98%	-	96%
	Percentage of recycled food-grade PET and BioPet containers (%)[2]	39%	50%	27.04%
Carbon Footprint	Efficient use of energy per liter of beverage produced (MJ/LB)	0.23	-	0.239
	Percentage of energy use from renewable sources (%)	65%	-	42%
	Scope 1 and Scope 2 GHG emissions reduction (baseline 2019)	-	33.9%	12.7%
	Scope 3 GHG emissions reduction (baseline 2019)	-	15%	12.7%

100% of Beverage Production Centers are certified with ISO 14001 Environmental Management Systems

1) The goal of achieving a water consumption efficiency of 1.45 liters of water per liter of beverage produced, previously presented in reports as an objective for the year 2026, has been reconsidered to be achieved by the year 2028 due to: i) portfolio diversification and expansion of returnable offerings - which involve an increase in bottle washing and format changes in production lines to ensure the safety of our products, and ii) the need to increase water treatment processes due to deterioration in the quality of water from our sources.

2) In the 2022 report, it was mistakenly communicated that the goal of reaching 50% recycled PET and BioPET in packaging would be for the year 2026. However, this goal is set to be achieved by the year 2030, stemming from the joint initiative with The Coca-Cola Company to create a World Without Waste by 2030.

WATER STEWARDSHIP: A PRIORITY

<GRI 303-1, 303-2, 303-3, 303-4, 303-5 ><SASB FB-NB-140a.1, FB-NB-140a.2, FB-PF-130a.3, FB-PF-140a.1, FB-PF-140a.2, FB-PF-140a.3>

Acknowledging the importance of water as an essential resource for life on the planet and as the main component for Arca Continental's products, the company pushes strategic actions and invests in technologies that maintain the appropriate use of water resources while protecting extraction sources and contributing to water access for its communities.

With a steady commitment to water safety, Arca Continental carries out a Source Vulnerability Analysis (SVA) every five years throughout all its operations with the certifications of external agencies. This analysis helps identify environmental and social risks, monitor resource availability, and analyze the company's operational interactions with other important players located in the micro basins that neighbor its operations. After its findings, AC develops a Source Water Protection Plan (SWPP) to manage the identified risks.

Additionally, a Facility Water Vulnerability Assessment[1] (FAWVA) is carried out to further look into the study of local conditions and specific vulnerabilities of the basin from which Arca Continental water is extracted. This analysis enables us to estimate costs of water use to define the company's vulnerability in the face of water shortages.

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 were used to determine the level of hydric stress along its production centers.

This evaluation also allows the company to classify priority operational centers as “leadership locations”. This name signals their potential to lead water efficiency actions and collaborate alongside other stakeholders and foster sustainable water management.

100%

of industrial discharges are treated

AC took part in the United Nations 2023 Water Conference, signing the **Business Leaders’ Open Call to Accelerate Action on Water** that seeks to lead the collective effort on water management.

22

Operation Centers[1] are catalogued as leadership locations due to their potential to lead actions related to water stewardship

[1] Out of the 22 Operation Centers, 14 are located in Mexico, 3 in Peru, 1 in Ecuador and 4 in the United States.

Responsible water use

Proper water management across Arca Continental's operations can be seen in the adoption of advanced tools with the goal of optimizing its consumption, from rainwater harvesting until its reuse.

In 2023, Arca Continental kept an efficiency index of 1.52 liters of water per liter of beverage produced, showing its commitment to optimizing its management. This achievement shows the strategies implemented by Arca Continental that balance water conservation with production efficiency, underscoring the progress towards more sustainable and responsible water management practices.

1.52

liters of water per liter of beverage produced

Water extraction and water discharge[1]

Business	Extraction (thousands of m³)	Discharge (thousands of m³)
Beverages	19,157.93	5,308.00
Snacks	655.99	145.41
Distribution centers	6,101.36	5,925.25

[1] *The breakdown of withdrawal, discharges, and water consumption can be found in this Report's annexes.*

Water source conservation

Arca Continental is fully committed to building a sustainable future and promoting water safety throughout its communities, collaborating with different institutions to tackle local environmental challenges.

Arca Continental has worked alongside different local institutions to carry out nature-based solutions to improve the capacity of water filtration, water storage and the quality of the basins that the company uses.

Over the course of the last decade, Arca Continental has played an active role in sustainable water management, identifying and managing related risks and opportunities. This dedication enables prioritizing actions and assigning resources efficiently, ultimately contributing to water safety.

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

Water access

Furthermore, the company acts as an enabler for clean water access, boosting projects that supply this essential resource to local communities. This effort creates value further beyond the company's operations, impacting the quality of life of people and the planet's health.

By promoting sustainable water management, Arca Continental seeks to inspire improvements in managing this vital resource, contributing to a community's strength in the face of water challenges and emphasizing its role in building a cooperative legacy around environmental sustainability.

Among the shared value programs, there are some related to bringing water to communities through innovative rainwater harvesting systems that are designed to improve water resilience.

Water collection in communities

Aside from using water efficiently in its operations, Arca Continental's Sustainable Business Model is committed to bringing safe water to the communities where it operates.

In Argentina, 200-liter tanks are reconditioned after being used for its operations so that families around the Salta territory can harvest water.

In Peru and in the United States, community water-storing systems are promoted. **In Peru,** 900 thousand liters of water are recovered through 20 community pots. **In the United States,** 1.4 million liters of rainwater are harvested annually in barrels that are donated to local organizations in Texas.

In Mexico, Arca Continental boosted rainwater harvesting along at-risk communities. To date, 95 rain harvesting systems have been installed at schools across 9 states, benefitting more than 36 thousand students with 22 million liters of water a year.

In addition, an indigenous Tarahumara community in Chihuahua received 15 rain harvesting systems that are fit for human consumption.

Our water programs benefit around **60 thousand people**

Click here *to return to sustainable business model*

CIRCULAR ECONOMY, AN OPERATIONAL DIFFERENTIAL

<GRI 301-1, 301-2, 301-3, 306-1, 306-2, 306-3, 306-4, 306-5> <SASB FB-NB-410a.1, FB-NB-410a.2, FB-PF-410a.1, FB-PF-410a.2>

Arca Continental pays special attention to sustainable packaging designs and proper waste management, considering it essential to comply with environmental responsibilities as a strategic pillar to boost innovation.

The company has an Integral Waste Management Plan in place that is constantly verified and updated to adapt to the specific contexts and needs of the countries where it operates. In 2023, 18 of Mexico's operation centers and 2 of Peru's kept their "zero waste" certifications, while 5 operation centers in the United States reported a recycling rate greater than 99%.

94.1% of operational waste was recycled

Generated operational waste (ton)[1]

Business	Recycled or reused waste	Waste sent to final disposal	Total generated waste
Beverages	91,406,431.13	4,128,864.27	95,535,295.40
Snacks	11,709,427.07	6,282,710.31	17,992,137.38
Other business units	269,774,848.20	12,924,937.20	282,699,785.40
Distribution Centers	3,484.63	1,892.56	5,377.18
Total	**372,894,191.03**	**23,338,404.34**	**396,232,595.36**

99% efficiency rate for ingredient use in production centers which has led to a very low volume of production loss, reducing food spillage and waste

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

Sustainable Packaging

The company transforms its packaging by integrating efficiency and circularity principles, reinventing the way materials are designed, disposed of, and recycled. This focus aligns with global demands to promote a circular economy as a critical factor for corporate success.

In 2018, the company signed the Ellen MacArthur Foundation's New Plastics Economy Global Commitment that aims to change the way that the company produces, uses, and reuses plastic.

In Mexico, Arca Continental launched the world's lightest Coca-Cola product bottles in 400ml with 13.5 gr in Durango, and 1.25 L with 26.5 gr in Guadalajara

Primary and secondary packaging materials (ton)

Material	Virgin material weight (ton)	Recycled material weight (ton)	Recycled material (%)
Cardboard	25,144	24,138	48.98
Aluminum	18,447	32,071	63.48
Glass	240,421	58,082	19.46
Plastic[1]	179,895	47,373	20.84
Total	**463,907**	**161,664**	**25.84**

[1] Includes all plastics used for primary and secondary product packaging.

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:

- Make **100% of its packaging recyclable**
- Use **50% recycled materia**l in its packaging
- Aim to **collect and recycle 100% of the packages** put in the market
- Have at least **25% of its beverages sold in refillable/returnable** packaging

24% of the global sales volume is made up of returnable products

Almost 100% of AC's packaging can be recycled

The Sprite bottle was introduced without green coloring, this allows to increase container recyclability and enable them to join the PET recycling cycle.

Recycled contents in plastic containers (ton)

Country	New PET (ton)	Recycled PET (ton)	%
Mexico	70,829	16,869	19.24
Ecuador	14,123	2,892	17.00
Peru	18,654	11,656	38.46
Argentina	9,706	921	8.67
United States	14,527	15,035	50.86
Total	**127,839**	**47,373**	**27.04**

In 2023, the company reached a global average of 27% of recycled PET packaging, preventing the use of more than 47 thousand tons of new resin.

With these measures in place, Arca Continental reasserts its commitment to reducing its environmental footprint while raising its economic and social value. The adoption of a circular economy model highlights AC's role as a proactive leader in sustainability, showcasing complete dedication to innovation and environmental responsibility.

Continuous reduction
Arca Continental keeps moving forward in packaging and waste management, aligning itself with global environmental efforts and consolidating its commitment to sustainability.

These measures reaffirm the company's dedication to sustainable practices with a total reduction of almost 2,000 tons of PET and a decrease of almost 4,000 tons of CO_2.

3,162 tons
of materials saved thanks to lightening initiatives, the elimination of unnecessary materials, and packaging redesigns.

5,545 tCO_2e
avoided thanks to sustainable packaging redesign initiatives in 2023

Developing the recycling chain

Along with the company's efforts to build alliances that will allow it to reach its recycling goals, which it shares with The Coca-Cola Company, Arca Continental invests in creating optimal conditions for packaging recollection.

Through inclusive recycling programs such as the *Desarrollo, Ambiente y Reciclaje* (DAR) program that was carried out along the *Red Nacional de Recicladores de Ecuador* (RENAREC) and the *Acopio Inclusivo PetStar* model (MAIP), Arca Continental works alongside the community, creating the conditions needed to boost community development while on the path to environmental leadership.

In 2023, Arca Continental in Ecuador joined the **Pact for Inclusive Recycling in a Circular Economy** to:

- **Expand the DAR program to Santo Domingo City,** giving 37 scholarships for base recyclers to get certified in work competence.
- **Develop work competence certification** "Reciclaje de Base" through which +50,000 people benefited.

Recycling culture

Mexico

- **+26 tons of collected waste** through the *Jornadas de Limpieza* ("Clean-up Work Day") program carried out in Nuevo Leon, Chihuahua, and Baja California, with the help of 1,500 volunteers.
- **+130 tons of collected PET, aluminum, glass, and cardboard** at collection centers set up alongside PetStar and The Coca-Cola Company.
- **One thousand two hundred kg of collected waste** at multi-material collection centers installed across Hermosillo, Guadalupe, Durando, Chihuahua and Aguascalientes.

United States

- **Three thousand kg collected PET** through the recycling program carried out in the NCAA Final Four basketball tournaments in Houston and Dallas.
- **Three thousand kg of recyclable materials and 166 kg of waste collected** through the integral recycling program carried out at the Sips & Sounds music festival in Austin, Texas.

Peru

- **+9,500 tons of collected PET** through the *Bodega sin Residuos* ("Store without Waste") program in collaboration with 101 store owners that are customers of the Traditional Channel.
- **+1,000 tons of collected post-consumption PET** through the *Recicrece* program that was developed alongside The Coca-Cola Foundation and San Miguel Industrias.

Argentina

- **+200 tons of additional recyclable waste collected** by developing 3 large collection centers in Jujuy, La Rioja, and Corrientes.
- **Five hundredof recyclable waste collected** with a cleaning marathon to promote recycling that drew in 150 people to Cafayate.

Ecuador

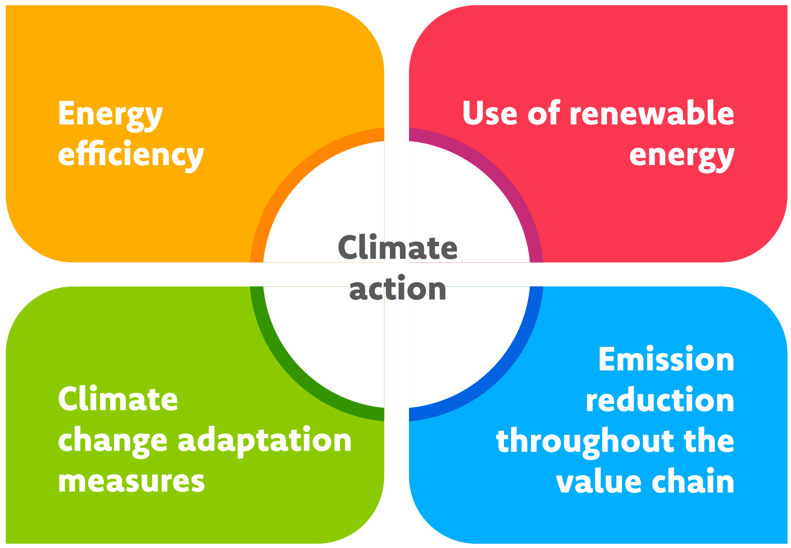
- **Fifty-four thousand kg of collected recyclable materials** through the expansion of the DAR program which creates alliances between multi-sector institutions and recycling organizations.

FIRM COMMITMENT TO CLIMATE ACTION

In the face of the climate change global challenge, Arca Continental has developed an integral strategy focused on reducing its carbon footprint. This focus can be seen along a series of actions and strategies that seek to reduce energy use in its operations, promote renewable energy usage, and minimize the impact created along its value chain.

Science Based Targets:
Arca Continental is committed to reducing its Scope 1 and 2 GHG emissions by 33.9% in 2030, using 2019 as its baseline. Likewise, it is committed to reducing its absolute Scope 3 GHG emissions by 15% in the same period.

In 2023, the goals of reducing Scope 1, 2, and 3 GHG emissions were validated by the Science Based Targets initiative (SBTi), ensuring its alignment to global ambitions.



Carbon footprint (tCO_2e)[1]

Scope	Baseline 2019	2020	2021	2022	2023
Scope 1	451,743	424,586	409,866	320,635	435,138
Scope 2	192,255	183,574	155,038	124,056	127,271
Total	**643,998**	**608,160**	**564,904**	**444,691**	**562,409**

Scope 1 and 2 GHG emissions (tCO2e)

Business	Scope 1 (tCO_2e)	Scope 2 (tCO_2e)
Beverages	142,276.86	87,690.41
Food and Snacks	28,765.79	7,967.69
Other business units	33,649.72	20,850.18
Distribution centers	230,445.67	10,762.67
Total	**435,138.04**	**127,270.95**

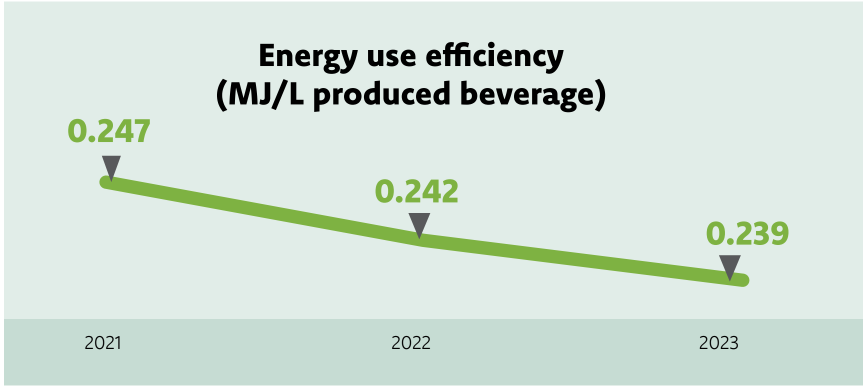
[1] *The breakdown of the carbon footprint can be found in the 2022 Integrated Annual Report's annexes.*

Energy efficiency

Through process optimization and by adopting energy efficient practices, Arca Continental aims to reduce its carbon footprint in all its operations.

A Tostadas Charras line **in Mexico** was moved to the Bokados production center in Santa Catarina to save energy in product transportation for exported goods.

Peru renovated 63 forklifts and 253 delivery trucks with Euro 5 technology, while 4 hybrid vehicles were brought in, as well as natural gas-efficient vehicles that guarantee energy efficiency.



Total Energy Consumption (MWh)

Business	Total electric power (MWh)	Total fuels (MWh)	Total energy consumption (MWh)
Beverages	421,010.66	613,264.84	1,034,275.50
Snacks	25,238.39	150,403.16	175,641.55
Other business units	40,145.96	628,055.73	668,201.69
Distribution Centers	38,939.72	330,459.41	369,399.13
Total	**525,334.73**	**1,722,183.14**	**2,247,517.87**

The first 100% electric truck in Mexico's distribution fleet underscores the dedication to boost innovation.

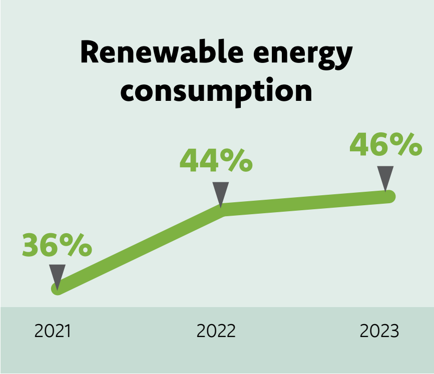
Use of renewable energy

The use of sugarcane bagasse as a source of energy in Argentina and Mexico, along with the operation of facilities that are 100% fed with renewable energy in the United States, exemplifies the positive impact that clean sources have to improve the company's energy efficiency and emissions reduction.

100%

of Ecuador's electricity come from a hydroelectric plant

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



The NorthPoint production center in the United States **operates 100% on renewable energy**

Electric Energy Consumption (MWh)

Business	Non-renewable electric energy (MWh)	Renewable electric energy (MWh)	Total
Beverages	243,430.68	177,579.98	421,010.66
Snacks	25,238.39	0	25,238.39
Other business units	40,145.96	0	40,145.96
Distribution Centers	33,574.76	5,364.96	38,939.72
Total	**342,389.79**	**182,944.94**	**525,334.73**

Fuel consumption (MWh)

Business	Steady sources (MWh)	Movable sources (MWh)	Total
Beverages	320,100.67	293,164.17	613,264.84
Snacks	138,477.53	11,925.63	150,403.16
Other business units	627,439.84	615.89	628,055.73
Distribution Centers	29,095.07	301,364.34	330,459.41
Total	**1,115,113.11**	**607,070.03**	**1,722,183.14**

42% of electric power in Mexico comes from renewable sources

Emissions reductions along the value chain

In the collaboration dynamic that runs along the entire value chain, Arca Continental joins forces with business partners and allies to promote initiatives that broaden the reach of its positive environmental impact.

A noteworthy example of these synergies is Tonicorp's position as a benchmark in CO_2 mitigation along the value chain and the promotion of sustainable livestock farming where the company promotes Carbon Negative Certifications to farms, guaranteeing that 100% of their carbon emissions can be offset.

With the *Ganadería Socialmente Inclusiva* ("Socially Inclusive Livestock") program in Ecuador, 130 hours of training were offered to 12 entrepreneurs with the intention of creating shared value alongside farming communities that supply Tonicorp.

This cooperative model can also be seen in cooling system renovations which contribute to customers optimizing their energy efficiency and decreasing emissions derived from the company's product sales.

+89 thousand
cooling systems installed

Cooling systems were reengineered with new elements such as LED lights, compressors, and motors to boost the customer's energy efficiency efforts.

In addition, choosing to use PetStar's recycled resin and collaborating to promote the use of recycled resin in Peru and Ecuador with San Miguel Industrias showcases Arca Continental's firm commitment to using packaging materials that leave smaller carbon footprints while fostering a circular economy.

Since the year 2020, PetStar, a food-grade recycled PET resin supplier achieved carbon footprint neutralization.

This integrative focus not only underscores Arca Continental's corporate responsibility, but it also sets an industry precedent on how effective collaboration can accelerate progress towards shared environmental goals.

Climate change adaptation measures

Within a global climate change context, Arca Continental is ahead of the times with its strategy aimed at assessing and tackling the physical risks that might impact its operations significantly.

In 2023, the company conducted a climate-change physical risk analysis through a third party where it was able to identify the level of exposure its operations had against physical risks related to climate change. Possible actions were assessed as preventative measures to minimize vulnerabilities.

This analysis seeks to understand potential repercussions the weather may have on its operations, and it allows it to prepare strategies to prevent and mitigate the impact.

In addition, the company's risk management identified the main transitional risks related to weather and followed up on management measures to prevent them.

These analyses highlight Arca Continental's ability to determine its exposure to climate risks, which further reinforces preventative measures while minimizing vulnerabilities.

By focusing on anticipating and quantifying the financial impact derived from climate change, Arca Continental strengthens its operations in the face of uncertainty and underscores its position as an adaptive leader facing one of the most critical challenges of our time.

Arca Continental's climate risk studies are paving the way for a resilient operation by helping the company understand, prevent and adapt to tomorrow's climate challenges.

Committed to reducing the carbon footprint

In 2023, The Coca-Cola Company alongside eight of its bottling partners across the globe, Arca Continental included, made monetary contributions to create a venture capital fund of US$137 million administered by Greycroft that will seek to reduce The Coca-Cola System's carbon footprint.

Five key components are to be given attention since the inception of this investment vehicle:

- Packaging
- Emission reductions in heating and/or cooling processes
- Carbon sequestration
- Decarbonization of the supply chain
- Efficient water use and ingredients management

Arca Continental's motivations

Arca Continental maintains a firm conviction to make use of new technologies and integrate processes that aim to make its operations more efficient. Not only does this enable continuity of the existing innovation efforts, but it broadens the scope of its potential improvements as it opens new fronts to explore.

Being part of this initiative also boosts the external innovation ecosystem to leverage entrepreneurial knowledge and potential.

Shared conviction

Being a part of an initiative like Greycroft solidifies the company's commitment to sustainability as it presents an opportunity to spark swift, environmental solutions; and serves as an invitation to support initiatives that may transform the industry in benefit of the world, and a route to create value and strengthen alliances that work together to build a better world.

Click here *to return to sustainable business model*

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

Luis Arizpe Jiménez
Alternate: José Manuel Arizpe Jiménez
Board Member of Arca Continental since 2003 and Vice Chairman since 2008.

Currently, he is a member of the Board of Managers 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.

Alejandro José Arizpe Narro
Alternate: Mariana Arizpe Ortega
Board Member of Arca Continental from 2008 to 2021.

He holds a Biochemical Engineering degree from ITESM. He was CEO of Productos Alimenticios YUL up until 2008 and is currently CEO of Desarrollos Zendo and Elemento Cero Ediciones. He is a member of COCEEPA (Consejo Ciudadano Estatal para el Equilibrio Ecológico y la Protección al Ambiente de Coahuila, or State Citizens Counsel for the Ecological Balance and Environmental Protection of Coahuila), as well as an advisor at CONALEP and PRONATURA.

Alfonso Javier Barragán Rodríguez
Alternate: Juan Manuel Barragán Treviño
Board Member of Arca Continental 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 Arca Continental since 2016.

Former member of the Executive Committee and the Human Capital Committee of the Board of Directors at Arca Continental South America since 2010. He worked for 14 years at Ecuador Bottling Company, the Coca-Cola bottler in Ecuador (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.

Alejandro M. Elizondo Barragán
Alternate: Alberto J. Elizondo Barragán
Board Member of Arca Continental 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).

Roberto Garza Velázquez
Alternate: Miguel C. Barragán Villarreal
Vice-Chairman of the Board of Directors of AC since 2019.

Board Member of Arca Continental 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.

Alternate Board Member of the subsidiary AC Bebidas since 2022. 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 30 years.

Guillermo Javier González Barragán +
Alternate: Sergio Eugenio González Barragán

He was appointed as a member of the Board of Directors of Arca Continental in 2022, and served for over 10 years as a member of the Board of Directors of Banregio Grupo Financiero, S.A.B. de C.V. (now Regional, S.A.B. de C.V.). He worked as Operational Planning Manager for the Livestock Division of Grupo Visa and Head of Sales at Pesquera Zapata. He obtained a degree in Agricultural Engineering and a Masters in Agricultural Business from Tecnológico de Monterrey, where he was a professor of bachelor's and post graduate studies.

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.

Sanjuana Herrera Galván
Alternate: Urlich Guillermo Fiehn Rice
Director of Administration at Banco Regional, S.A., Banregio Grupo Financiero, where, since 1994 she has held various positions in senior and middle management in administration, finance, comptroller and tax areas. Previously was Tax Manager at Corporativo Monterrey, S.A. She is President of the Executive Committe at the Academia de Derecho Fiscal de Nuevo León (Nuevo Leon Academy of Tax Law) and was President of Instituto Mexicano de Ejecutivos de Finanzas Grupo Monterrey (Mexican Institute of Finance Executives – Monterrey Group) and Instituto de Contadores Públicos de Nuevo León (Nuevo Leon Institute of Public Accountants). She graduated as Public Accounting Auditor from Universidad Autónoma de Nuevo León, CPA from Instituto Mexicano de Contadores Públicos, Masters in Tax Law from Universidad Regiomontana and took Senior Management courses at IPADE.

Johnny Robinson Lindley Suárez
Alternate: Manuel Guadalupe Gutiérrez Espinoza
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 J. Lozano Lozano
Alternate: Julián Guzmán Luna
Independent Board Member of Arca Continental since 2019 and Financial Risk Committee 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 A. Rábago Vite
Alternate: Roberto Martínez Garza
Vice Chairman of the Board of Arca Continental since 2011.

Current member of the Management Committee 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 graduated as Certified Public Accountant and Auditor from the Universidad Autónoma de Tamaulipas.

Alberto Sánchez Palazuelos
Alternate: Carlos Bracho González
Board Member of Arca Continental since 2011 and alternate member of the Board of Managers at AC Bebidas since April 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.

Brian Smith
Alternate: Jose Roberto Gavilano Ramírez

Worked for over 26 years at The Coca-Cola Company, having senior leadership roles including President and Chief Operating Officer, President of the European, Middle East, Africa and Latin America Divisions, of the Mexico and Brazil Business Units, as well as the area of mergers and acquisitions. Currently on the Boards of Coca-Cola Europacific Partners and Evertec, Inc. He has BA and MBA degrees from the University of Chicago.

Armando Solbes Simón
Alternate: José Luis Fernández Fernández
Board Member of Arca Continental since 2011.

Was Board Member of Grupo Continental, S.A.B. de C.V. from 2008 to 2011. Current Board Member of AC Bebidas, S. de R.L. de C.V., Promotora Turística Punta Bete, S.A.P.I. de C.V. and Vista Inn, S.A. de C.V. He is an Associate and member of the Management Committees of ProSurTam, A. C., 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). For the 24 years leading up to 2009 he was Chairman of the Board and CEO of Central de Divisas Casa de Cambio and from 2009 to 2022, he was Head of the Tampico Office of Grupo Financiero Base, I.B.M. Throughout his career, he held various 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 is Executive President of Trefilia Capital, and serves as Chairman of the Board of the Nuevo León Strategic Planning Board and is a Board Member of the Universidad de Monterrey (UDEM), the John F. Kennedy School of Government, the Center for International Development at Harvard, and Grupo Topaz. He was Vice-President of Economic Research for Emerging Markets at Goldman Sachs and Chief Economist at Grupo Alfa. He holds a Degree in Economics from ITESM, and a Master's Degree in Public Policy from Harvard University. He also holds a PhD in Economics from Boston University.

Marcela Villareal Fernández
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 (however, none of these entities are associated with AC). Board Member of Sistema Axis and Argos, and President of the El Paso Museum of Art.

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 23 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
He has worked in the Coca-Cola System for over 32 years, in various roles. Former Chief Executive Officer of Corporación Lindley, Chief Executive Officer of Coca-Cola Central America and Vice President of Operations for Sparkling Beverages at Coca-Cola de México. He holds a degree in Industrial Engineering from the Pontificia Universidad Católica del Perú and an MBA from J.L. Kellogg School of Management.

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

Guillermo Garza Martínez
Chief Public Affairs, Communications and Sustainability Officer
He formerly held the position of Communications and Social Responsibility Director. He serves on several Boards of institutions at the local and international level such as Council of the Americas, International Council of Beverages Associations LATAM, U.S.-Mexico Border Philanthropy Partnership, and The United Nations Global Compact in Mexico, among others. He has over 30 years' experience in sustainability, communications, social responsibility, and public affairs with bachelor's and master's degrees in communications, as well as specialized executive studies at Harvard, Stanford, IMD, Boston College and IPADE.

Santiago Herrera Varón
Chief Commercial and Digital Officer
He previously served as the Commercial VP of AC/CCSWB, held several positions such as RGM & Analytics Director, and was the General Manager at Dipor. He holds a Bachelor's Degree in Administration from Pontificia Universidad Javeriana and a Master's Degree in Marketing, along with an MBA. He has 25 years of experience in the Coca-Cola system, serving in various management positions at The Coca-Cola Company.

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 worked for more than 20 years within the Coca-Cola System in various roles in the human resources area, including Human Resources Director at The Coca-Cola Company corporate offices in Atlanta. She has an MBA from the University of Texas.

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
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. He spent more than 15 years at The Coca-Cola Company 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, 2023 and 2022 with independent auditor's report

INDEPENDENT AUDITOR'S REPORT

Construyendo un mejor
entorno de negocios

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

Opinion

We have audited the accompanying 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, 2023 and 2022, and the consolidated statements of income, the consolidated statements of comprehensive income, the consolidated statements of changes in stockholders' equity and the consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Arca Continental, S.A.B. de C.V. and subsidiaries as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with lnternational Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with lnternational Standards on Auditing (ISA). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Company in accordance with the "lnternational Code of Ethics for Professional Accountants (including lnternational lndependence 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's Responsibilities in Relation to the Audit of the Consolidated Financia/ Statements" section of our report. including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the accompanying consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

The recovery value estimation of intangible assets with indefinite useful lives Description and why it was considered a key audit matter

We consider 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 lite intangible assets, we also focused in this area because of the significance of the balances of those assets as of December 31, 2023, which are mainly comprised of goodwill, bottler's agreements and brands of $49,193,768, $43,605,578 and $3,362,354, 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 lite 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 analyzed management assumptions and premises used to identify and assign a group of long-lived assets to each CGU. Regarding the recovery value of indefinite lite intangible assets, we evaluated the future cash flow projections prepared by management, and analyzed 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 2024 to 2028.

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 interna! valuation specialist to support us in evaluating the reasonableness of the approach used by the Company to determine the recoverable value of all CGUs (revenue approach, using discounted future cash flows to 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 analyzed whether they had been applied consistently with the previous year.

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 interna! 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, 2023.

Other information

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

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon that would provide a degree of assurance about it.

In connection with our audit of the consolidated financial statements, our responsibility is to read and consider 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 a materially misstated.

When we read and consider the Annual Report presented to the CNBV and the annual report presented to stockholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and issuing the declaratory on the annual report requested by the CNBV which will describe the matter.

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 the lnternational Financial Reporting Standards, and for such interna! 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 ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of interna! control.
- Obtain an understanding of interna! control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's interna! 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.
- 0btain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those that were od 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 who signs it.

Mancera, S.C.
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C.P.C. Aldo A. Villarreal Robledo

Monterrey, N. L.
February 20, 2024.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Thousands of Mexican pesos)

	December 31,			
		2023		2022
Assets				
Current assets:				
Cash and cash equivalents (Note 7)	**$**	**22,127,959**	$	27,761,308
Account receivables from clients and others, net (Note 8a)		**17,528,535**		15,547,284
Related parties (Note 27)		**2,601,047**		2,230,711
Inventories (Note 9)		**10,844,196**		11,642,834
Derivative financial instruments (Note 20)		**87,798**		205,395
Prepayments		**1,283,301**		950,469
Total current assets		**54,472,836**		58,338,001
Non-current assets:				
Investment in shares of associates (Note 10)		**10,304,235**		9,188,259
Property, plant and equipment, net (Note 11)		**66,310,573**		68,488,575
Goodwill and intangible assets, net (Note 12)		**101,940,937**		114,329,350
Right-of-use assets, net (Note 13)		**912,592**		1,201,586
Deferred income taxes (Note 17)		**4,114,968**		4,015,086
Derivative financial instruments (Note 20)		**4,327**		48,045
Other assets		**878,999**		943,051
Total non-current assets		**184,466,631**		198,213,952
Total assets	**$**	**238,939,467**	**$**	**256,551,953**
Liabilities and stockholders' equity				
Current liabilities:				
Current debt (Note 14)	**$**	**11,863,818**	$	6,195,397
Suppliers		**13,970,803**		14,077,951
Related parties (Note 27)		**3,337,937**		3,828,299
Derivative financial instruments (Note 20)		**1,126,518**		364,843
Income tax payable		**2,263,098**		2,518,475
Lease liabilities (Note 13)		**507,202**		546,187
Other liabilities (Note 15)		**13,980,559**		15,071,248
Total current liabilities		**47,049,935**		42,602,400
Non-current liabilities:				
Non-current debt (Note 14)		**33,373,712**		40,721,809
Lease liabilities (Note 13)		**456,639**		715,420
Employee benefits (Note 16)		**7,289,433**		6,692,683
Derivative financial instruments (Note 20)		**53,771**		-
Deferred income taxes (Note 17)		**14,713,420**		16,628,171
Other liabilities (Note 15)		**1,685,913**		1,337,631
Total non-current liabilities		**57,572,888**		66,095,714
Total liabilities		**104,622,823**		**108,698,114**
Stockholders' equity (Note 18):				
Controlling interest:				
Capital stock		**957,761**		970,841
Share premium		**35,098,268**		39,964,289
Retained earnings		**85,683,352**		77,959,326
Other comprehensive income (Note 19)	**(**	**16,245,452)**	(	1,269,897)
Total controlling interest		**105,493,929**		117,624,559
Non – controlling interest		**28,822,715**		30,229,280
Total stockholders' equity		**134,316,644**		147,853,839
Total liabilities and stockholders' equity	**$**	**238,939,467**	**$**	**256,551,953**

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,			
		2023		2022
Net sales (Note 6)	**$**	**213,631,944**	$	207,785,239
Income related NPSG (Notes 6 and 27)		**2,140,279**		2,176,007
Cost of sales (Note 21)		**(116,760,901)**		(116,702,678)
Gross profit		**99,011,322**		93,258,568
Operating expenses:				
Selling expenses (Note 21)		**(55,790,909)**		(54,566,996)
Administrative expenses (Note 21)		**(10,162,789)**		(9,290,946)
Equity in the results of strategic associates (Note 10)		**94,176**		99,062
Other income, net (Note 22)		**1,405,480**		1,087,562
Operating profit		**34,557,280**		30,587,250
Financial income (Note 24)		**5,353,910**		3,615,371
Financial expenses (Note 24)		**(9,138,125)**		(7,121,832)
Financial costs, net		**(3,784,215)**		(3,506,461)
Equity in the results of associates (Note 10)		**230,944**		412,884
Profit before income tax		**31,004,009**		27,493,673
Income tax (Note 25)		**(9,848,848)**		(8,703,346)
Net consolidated profit		**21,155,161**		18,790,327
Net consolidated profit attributable to:				
Equity holders of the parent		**17,504,232**		15,502,991
Non-controlling interest		**3,650,929**		3,287,336
	$	**21,155,161**	**$**	**18,790,327**
Basic earnings per share, in pesos	**$**	**10.14**	$	8.86
Diluted earnings per share, in pesos	**$**	**10.14**	$	8.86
Weighted average of outstanding shares (thousands)		**1,726,682**		**1,749,301**

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 COMPREHENSIVE INCOME

(Thousands of Mexican pesos)

	For the years ended December 31,			
		2023		2022
Net consolidated profit	$	21,155,161	$	18,790,327
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)	(	232,314)	(	700,096)
Equity in other comprehensive loss of associated companies accounted for using equity method, net (Note 19)	(	54,488)	(	16,391)
	(	286,802)	(	716,487)
Items that may be reclassified to profit or loss:				
Effect of derivative financial instruments contracted as cash flow hedges, net (Note 19)	(	920,895)	(	222,096)
Associate conversion effect (Note 19)	(	321,444)		26,345
Exchange differences on translation of foreign operations (Note 19)	(	17,045,687)	(	4,437,642)
	(	18,288,026)	(	4,633,393)
Total other consolidated comprehensive loss for the year	(	18,574,828)	(	5,349,880)
Total consolidated comprehensive income	**$**	**2,580,333**	**$**	**13,440,447**
Attributable to:				
Equity holders of the parent	$	2,528,677	$	11,010,124
Non-controlling interest		51,656		2,430,323
Total consolidated comprehensive income	**$**	**2,580,333**	**$**	**13,440,447**

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 CHANGES IN STOCKHOLDERS' EQUITY

For the years ended December 31, 2023 and 2022
(Thousands of Mexican pesos)

	Controlling interest						
	Capital stock	Share premium	Retained earnings	Other comprehensive income (loss)	Total controlling interest	Non-controlling interest	Total stockholders' equity
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 18)	-	(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
Balances at January 1, 2023	970,841	39,964,289	77,959,326	(1,269,897)	117,624,559	30,229,280	147,853,839
Transactions with stockholders:							
Capital reduction (Note 18)	(13,080)	13,080	-	-	-	-	-
Dividends declared in cash, net (Note 18)	-	-	(9,780,206)	-	(9,780,206)	(1,458,221)	(11,238,427)
Repurchase of own shares (Note 18)	-	(4,879,101)	-	-	(4,879,101)	-	(4,879,101)
	(13,080)	(4,866,021)	(9,780,206)	-	(14,659,307)	(1,458,221)	(16,117,528)
Net consolidated profit	-	-	17,504,232	-	17,504,232	3,650,929	21,155,161
Total other comprehensive loss for the year (Note 19)	-	-	-	(14,975,555)	(14,975,555)	(3,599,273)	(18,574,828)
Comprehensive income (loss)	-	-	17,504,232	(14,975,555)	2,528,677	51,656	2,580,333
Balances at December 31, 2023	**$ 957,761**	**$ 35,098,268**	**$ 85,683,352**	**$ (16,245,452)**	**$ 105,493,929**	**$ 28,822,715**	**$ 134,316,644**

The above consolidated statements 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,	
	2023	2022
Profit before income tax	**$ 31,004,009**	$ 27,493,673
Adjustments arising from:		
Depreciation and amortization (Note 21)	**8,231,435**	8,942,533
Disposals of property, plant and equipment	**979,221**	745,700
Allowance for impairment of accounts receivables from clients (Notes 8 and 21)	**52,906**	25,013
Gain on disposal on property, plant and equipment (Note 22)	**(41,184)**	(174,438)
Costs related to employee benefits (Note 16)	**940,252**	887,134
Share in the results of associate companies (Note 10)	**(325,120)**	(511,946)
Financial result, net (Note 24)	**3,245,300**	2,982,682
	44,086,819	40,390,351
Changes in working capital:		
Clients and other accounts receivable, net	**(4,913,286)**	(4,183,316)
Inventories	**(789,772)**	(2,672,666)
Suppliers and related parties	**1,604,633**	2,390,983
Derivative financial instruments	**976,761**	564,997
Employee benefits	**585,812**	662,761
Other liabilities	**220,957**	1,498,325
	(2,314,895)	(1,738,916)
Income taxes paid	**(11,202,962)**	(8,807,438)
Net cash flows provided by operating activities	**30,568,962**	29,843,997
Investing activities		
Acquisition of property, plant and equipment (Note 11)	**(12,622,496)**	(9,755,265)
Disposal of property, plant and equipment	**89,623**	175,376
Purchase of intangible assets (Note 12)	**(317,361)**	(338,875)
Investment of shares of associates (Note 10)	**(1,100,030)**	(184,253)
Dividends received from associates (Note 10)	**127,049**	37,793
Interest received and other financial income (Note 24)	**2,326,420**	1,738,073
Business acquisition, net of cash received (Note 2)	**-**	(1,505,319)
Net cash flows used in investing activities	**(11,496,795)**	(9,832,470)
Financing activities		
Current and non-current debt obtained (Note 14)	**6,262,486**	8,791,113
Payment of current and non-current debt (Note 14)	**(5,460,323)**	(11,442,688)
Interest paid and other financial expense (Note 24)	**(4,025,171)**	(3,378,114)
Repurchase of own shares (Note 18)	**(4,879,101)**	(3,098,398)
Payment of principal portion of lease liabilities (Note 13)	**(645,677)**	(640,628)
Dividends paid to non-controlling interest	**(1,458,221)**	(1,961,354)
Dividends paid to equity holders (Note 18)	**(9,780,206)**	(10,717,478)
Net cash flows used in financing activities	**(19,986,213)**	(22,447,547)
Net decrease in cash and cash equivalents	**(914,046)**	(2,436,020)
Effects of exchange rate changes on cash and cash equivalents	**(4,719,303)**	(1,919,646)
Cash and cash equivalents at beginning of year	**27,761,308**	32,116,974
Cash and cash equivalents at end of year	**$ 22,127,959**	**$ 27,761,308**
Investing activities not requiring use of cash flows:		
Additions of right-of-use assets (Note 13)	**$ 341,483**	$ 935,544

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

Arturo Gutiérrez Hernández
Chief Executive Officer

Emilio Marcos Charur
Chief Financial Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At December 31, 2023 and 2022
(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 in which it holds, either directly or indirectly, the majority of substantive voting rights (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

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).

Business combination with Grupo Fiesta Charra, S.A. de C.V. and Palacios & Sons, L.L.C.

On May 10, 2022, the Company entered into an agreement for the acquisition of 100% of 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 production and marketing of food products.

During 2023, the Company concluded the valuation conducted with the support of independent experts that allowed the definitive recording of the fair value distribution of the acquired assets and assumed liabilities of Grupo Fiesta Charra and Palacios & Sons. As of December 31, 2022, the Company was in process of determining the distribution and final recording of the purchase price.

The Company estimates recovering the goodwill through synergies with other subsidiaries in the food and snacks segment, relying on the existing distribution channels and sales force.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements and notes thereto were authorized for issuance on February 19, 2024 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, 2023, 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, 2023:

- Modifications to IAS 8: Definition of accounting estimates.
- Modifications to IAS 12: Deferred tax related to assets and liabilities arising from a single transaction.
- IFRS 17: Insurance contracts.

The aforementioned amendments did not have an impact in the Company's consolidated financial statements. Additionally, the Company adopted the following amendments, which had impacts on the disclosures in the consolidated financial statements, as described below:

- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of accounting policies

The adoption of these amendments led the Company to make certain modifications to the wording of the accounting policies disclosed in the consolidated financial statements, aiming to provide material information that enhances the understanding of how they are applied in significant transactions for the reported periods, without representing changes in the accounting policies.

- Amendments to IAS 12 – International Tax Reform - Pillar Two Model Rules

The amendments clarify that IAS 12 applies to income taxes arising from tax laws enacted or substantially enacted to implement the Pillar Two Model Rules published by the Organization for Economic Co-operation and Development (OECD). Since, the legislation for the adoption of GloBE rules (Global Anti-Base Erosion) have not been enacted in the jurisdictions where the Company operates, AC has taken the mandatory temporary exception provided by IAS 12 to not recognize deferred taxes related to the Pillar Two Model. Management will continue monitoring based on the relevant legislation to determine if, once the Pillar Two Model Rules are adopted and come into effect, they would qualify as income taxes, triggering the application of IAS 12 requirements in the future.

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 an 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 from January 1, 2024.
- Modifications to IFRS 16: Lease liabilities in a sale and leaseback transaction, effective from January 1, 2024.
- Supplier Finance Agreements – Modifications to IAS 7 and IFRS 7, effective from January 1, 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 can affect 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).

ii. Business combinations

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.

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.

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 are standardized.

iii. Associate companies

The Company considers as associates the entities in which it has significant influence but not control. This generally occurs when the Company holds from 20% to 50% of the voting rights in the entity. The investment in these associates includes the goodwill related to the acquisition, net of accumulated impairment losses. If there are potential voting rights exercisable or convertible, they are taken into account when assessing whether the Company controls another entity. The Company also evaluates control in cases with less than 50% of voting rights but the ability to direct financial and operational policies; or in cases with more than 50% of voting rights but without the ability to control such associates.

The investment in shares of associated companies is valued using the equity method. Initially, they are recorded at acquisition cost and subsequently adjusted for gains or losses and distributions of profits after the acquisition.

The results of associates are presented in the consolidated financial statements, and post-acquisition movements, other than results, are reflected in other consolidated comprehensive income. Losses are recognized only if they exceed the investment unless the Company has additional liabilities.

The investment in associates is evaluated regularly to identify indicators of impairment. If so, the company calculates the impairment amount 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. 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.

iv. Joint agreements

The Company has applied IFRS 11 to all its joint agreements described in Note 28 iv. 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 assessed the nature of the operation and has determined that it constitutes a joint operation. In joint operations, each joint operator records its assets, liabilities, income, and expenses in the percentages specified in the contractual 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 and reporting 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 operations are recorded in the respective functional currencies of the Company's entities at the exchange rate of on the dates they are incurred. Foreign currency is considered to be any currency other than the functional currency of each subsidiary of the company.

Exchange rate differences arising from the conversion are recognized in the consolidated statements of income and presented as net foreign exchange fluctuation, except when they are considered cash flow hedges.

iii. Conversion of foreign subsidiaries

Results of operations and the financial position of the 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.

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

	2023	2022
Pesos to the US dollar	$ 16.89	$ 19.36
Pesos to the Peruvian sol	4.55	5.08
Pesos to the Argentine peso	0.02	0.11

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

	2023	2022
Pesos to the US dollar	$ 17.61	$ 20.04
Pesos to the Peruvian sol	4.72	5.22
Pesos to the Argentine peso	0.07	0.15

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, 2023, cumulative inflation for the last 3 years was 815.61%. 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 expressed are:

Year	Index
2023	3,533.1922
2022	1,134.5875
2021	582.4575

The financial information pertaining to the subsidiaries in Argentina are expressed 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 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, subsequently adjusted applying a general price index from the date on which the items originated to the date of restatement, except for retained earnings, which arise from other 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, utilizing a general price index, from the beginning of the period, or from the date of the contribution, if subsequent.

d. Sales and expenses are restated applying the change of the general price index, from recognition until 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.

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.

ii. Recognition and disposal

Purchase and sale transactions of financial assets are recorded on the trade date, the date on which the Company agrees to purchase or sell the asset. Financial assets are written off when the rights to receive cash flows from financial assets expire or are transferred and when the Company has transferred the risks and rewards.

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.

Subsequent measurement of these 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 financial assets:

- 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 disposal is recognized directly in statements of income and presented in financial income or expense. 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 are 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.
- Fair Value through Profit or Loss (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.

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.

Financial liabilities

i. Recognition and disposal

Financial liabilities that are not derivatives are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method. Liabilities are classified as current (to be settled within the next 12 months) and non-current.

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 disposes financial liabilities if the obligations of the Company are fulfilled, cancelled or have expired. The difference between the carrying amount of the 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 recorded in the statement of income when liabilities are no longer recognized, including the amortization process of the effective interest rate method that is reflected in financial expenses in the statement of income.

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). Net realizable value is the sales price estimated in the normal course of Company operations less the respective variable selling expense.

I) 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. The cost includes expenses directly attributable to acquisition of the asset.

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 ranges of estimated 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 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.

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.

J) 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.

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).

K) GOODWILL AND INTANGIBLE ASSETS

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 (see Note 12).

Intangible assets are identifiable non-monetary assets without physical substance and represent expenditures whose benefits will be received in the future.

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.

L) 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.

M) 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.

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.

N) 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.

O) 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.

P) OTHER COMPREHENSIVE INCOME

Other comprehensive income is composed 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.

Q) 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.

R) 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.

Diluted earnings per share are calculated by dividing the net income attributable to the controlling interest, after the adjustment to reflect interest in the potentially convertible shares, by the number resulting from adding the weighted average of the common shares outstanding during the year and the weighted average of the common shares that would be issued by converting all the potentially dilutive shares.

S) 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 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 2023 and 2022, 46.76% and 42.54% of sales were generated in Mexican pesos, 42.10% and 44.42% in US dollars, 8.42% and 8.13% in Peruvian soles, and 2.72% and 4.90% 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, 2023 and 2022, 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,						
	2023			2022		
	US dollar	**Argentine peso**	**Peruvian sol**	US dollar	Argentine peso	Peruvian sol
Monetary assets	**$ 33,595,864**	**$ 1,118,407**	**$ 3,751,494**	$ 36,515,138	$ 3,965,991	$ 4,594,281
Monetary liabilities	**(14,920,691)**	**(711,051)**	**(4,366,497)**	(16,667,450)	(1,510,234)	(4,921,918)
Non-current monetary liabilities	**(14,695,900)**	**(8,499)**	**(1,992,244)**	(17,962,934)	(27,393)	(2,257,227)
Net position	**$ 3,979,273**	**$ 398,857**	**$ (2,607,247)**	**$ 1,884,754**	**$ 2,428,364**	**$ (2,584,864)**

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, 2023 and 2022, respectively:

Hypothetical variation maintaining all other variables constant		
	2023	2022
One Mexican peso increase/(decrease) to the US dollar	**$ 235,551**	$ 97,345
One cent of Mexican peso decrease with respect to the Argentine peso	**(196,481)**	(224,019)
A 50-cent of Mexican peso increase with respect to the Peruvian sol	**286,454**	254,381

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, 2023 and 2022 the Company maintained two interest rate swaps to hedge $490,000 and $1,450,000, respectively, from variable rate to a fixed rate at 7.225%.

At December 31, 2023 and 2022, a large part of the debt, considering its value in pesos, was referred to a fixed interest rate. At December 31, 2023 and 2022, $29,264,570 and $27,742,518 representing 65% and 59% 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, 2023 and 2022, including exchange rates, interest rates, maturities and effective interest rates, are described in detail in Note 14.

At December 31, 2023 and 2022, 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 $217,440, $2,339 and $1,251 ($122,793, $8,793 and $272 in 2022), 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, 2023 (approximately 19% in 2022). 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 the price (see Note 20).

At December 31, 2023 and 2022, 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 ($1,437) and ($96), (($11,760) and ($1,492) in 2022), 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, 2023 and 2022, 49.73% and 41.67%, respectively, of the Company's sales corresponded to cash transactions and 30.58% and 31.27% of net sales in 2023 and 2022, 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, Argentinian 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, 2023 and 2022, are:

At December 31, 2023	Under 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Current non-current debt	**$ 13,559,956**	**$ 18,095,711**	**$ 14,472,311**	**$ 21,443,535**	**$ 67,571,513**
Suppliers, related parties, derivative financial instruments and sundry creditors	**20,362,236**	**-**	**-**	**-**	**20,362,236**
Lease liabilities current and non-current	**532,562**	**332,559**	**149,045**	**76,866**	**1,091,032**
	$ 34,454,754	**$ 18,428,270**	**$ 14,621,356**	**$ 21,520,401**	**$ 89,024,781**

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**

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, 2023 and 2022 was as follows:

	2023	2022
Total debt (Note 14)	**$ 45,237,530**	$ 46,917,206
Less: Cash and cash equivalents (Note 7)	**(22,127,959)**	(27,761,308)
Net debt	**23,109,571**	19,155,898
EBITDA (Note 6)	**42,381,807**	39,621,949
Net debt ratio	**0.55**	**0.48**

The index resulting from the calculation of these financial ratios is within the compliance parameters of the Company.

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 holds 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.

Furthermore, the administration has also evaluated the classification of the investment that the Company holds in Petstar, S.A.P.I. de C.V., due to the fact that, since October 2, 2023, it has maintained a shareholding of more than 50% (previously it was 49.90%) and has determined that it maintains significant influence but does not maintain control over it even with its representation on the Board of Directors, the foregoing, in accordance with the contractual terms. Consequently, this 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 business.

  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, 2023							
	Beverages					Others		
	Mexico	**Argentina**	**Ecuador**	**Peru**	**US**	**Mexico and others**	**Eliminations**	**Total**
Statement of income:								
Sales per segment	**$ 94,398,402**	**$ 5,818,546**	**$ 11,753,895**	**$ 17,340,081**	**$ 74,126,195**	**$ 14,469,778**	**$ (2,134,674)**	**$ 215,772,223**
Inter-segment sales	**$ (1,201,806)**	**$ -**	**$ (7,531)**	**$ (144,208)**	**$ -**	**$ (781,129)**	**$ 2,134,674**	**$ -**
Sales to external customers	**$ 93,196,596**	**$ 5,818,546**	**$ 11,746,364**	**$ 17,195,873**	**$ 74,126,195**	**$ 13,688,649**	**$ -**	**$ 215,772,223**
Operating profit	**$ 20,236,569**	**$ 50,949**	**$ 1,094,557**	**$ 3,114,394**	**$ 9,395,511**	**$ 665,300**	**$ -**	**$ 34,557,280**
Operating cash flow [1]	**$ 22,715,552**	**$ 520,770**	**$ 2,034,312**	**$ 4,131,212**	**$ 11,462,285**	**$ 1,517,676**	**$ -**	**$ 42,381,807**
Non-recurring (income) expenses	**$ (802,859)**	**$ 81,460**	**$ 13,107**	**$ 6,377**	**$ 263,299**	**$ 31,708**	**$ -**	**$ (406,908)**
Depreciation and amortization	**$ 3,281,842**	**$ 388,361**	**$ 926,648**	**$ 1,010,441**	**$ 1,803,475**	**$ 820,668**	**$ -**	**$ 8,231,435**
Financial income (loss)	**$ 3,098,487**	**$ 24,923**	**$ 66,162**	**$ 1,069,974**	**$ 903,758**	**$ 190,606**	**$ -**	**$ 5,353,910**
Financial expenses	**$ 6,694,167**	**$ 225,552**	**$ 211,220**	**$ 1,058,251**	**$ 660,993**	**$ 287,942**	**$ -**	**$ 9,138,125**
Equity in the results of associates	**$ 205,047**	**$ -**	**$ -**	**$ -**	**$ 25,897**	**$ -**	**$ -**	**$ 230,944**
Profit before taxes	**$ 16,845,936**	**$ (149,680)**	**$ 949,499**	**$ 3,126,117**	**$ 9,664,173**	**$ 567,964**	**$ -**	**$ 31,004,009**
Statement of financial position:								
Total assets	**$ 83,243,029**	**$ 6,484,026**	**$ 19,120,108**	**$ 34,478,078**	**$ 93,451,647**	**$ 12,321,222**	**$ (10,158,643)**	**$ 238,939,467**
Investment in shares of associates [2]	**$ 9,450,273**	**$ 212,552**	**$ -**	**$ -**	**$ 641,410**	**$ -**	**$ -**	**$ 10,304,235**
Total liabilities	**$ 72,896,994**	**$ 1,057,525**	**$ 4,898,812**	**$ 9,860,128**	**$ 30,771,277**	**$ 5,172,555**	**$ (20,034,468)**	**$ 104,622,823**
Investment in fixed assets (Capex) [3]	**$ 7,258,005**	**$ 729,722**	**$ 1,011,365**	**$ 994,719**	**$ 1,755,553**	**$ 873,132**	**$ -**	**$ 12,622,496**

[1] Corresponds to how AC measures its operating cash flow (EBITDA).
[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					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	$ 82,360,648	$ 12,132,062	$ 21,637,330	$ 37,918,919	$ 101,762,843	$ 13,062,772	$ (12,322,621)	$ 256,551,953
Investment in shares of associates (2)	$ 8,068,303	$ 461,297	$ -	$ -	$ 658,659	$ -	$ -	$ 9,188,259
Total liabilities	$ 56,639,556	$ 2,220,420	$ 5,837,293	$ 11,477,644	$ 35,480,129	$ 4,885,931	$ (7,842,859)	$ 108,698,114
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 EBITDA.*
(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, 2023			
	Sales to external customers	Property plant and equipment	Goodwill	Intangible assets
Mexico	$ 100,447,739	$ 29,570,433	$ 8,765,731	$ 12,372,860
US	78,487,040	16,860,591	19,939,168	26,123,764
Peru	17,993,175	11,716,800	8,562,231	10,138,360
Ecuador	13,025,723	6,188,654	10,042,398	3,668,720
Argentina	5,818,546	1,974,095	1,884,240	443,465
Total	**$ 215,772,223**	**$ 66,310,573**	**$ 49,193,768**	**$ 52,747,169**

	Year ended December 31, 2022			
	Sales to external customers	Property plant and equipment	Goodwill	Intangible assets[1]
México	$ 89,333,789	$ 25,493,650	$ 8,765,732	$ 12,224,380
Estados Unidos	80,077,901	19,695,350	22,858,879	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**	**$ 68,488,575**	**$ 55,785,036**	**$ 58,544,314**

[1] *Revised to incorporate 2022 business combination reclassifications.*

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

	2023	2022
Cash on hand	$ 103,461	$ 103,511
Short-term bank deposits	5,654,463	6,274,095
Short-term investments (under three months)	16,370,035	21,383,702
Total cash and cash equivalents	**$ 22,127,959**	**$ 27,761,308**

8. ACCOUNT RECEIVABLES FROM CLIENTS AND OTHERS, NET

a) Clients and other account receivables are comprised as follows:

	2023	2022
Clients	$ 12,227,660	$ 11,231,566
Allowance for impairment of accounts receivables form clients	(214,676)	(312,263)
Clients, net	12,012,984	10,919,303
Income tax and other taxes recoverable	3,349,598	2,773,595
Notes and other accounts receivable	898,803	771,414
Sundry debtors	1,267,150	1,082,972
	$ 17,528,535	$ 15,547,284

Accounts receivable are denominated in the following currencies:

	2023	2022
US dollars	$ 7,488,284	$ 7,206,209
Mexican pesos	8,187,711	6,986,814
Peruvian soles	1,327,719	680,402
Argentinian pesos	524,821	673,859
	$ 17,528,535	$ 15,547,284

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, 2023 or December 31, 2022, 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, 2023 and 2022 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, 2023								
Average rate of expected loss		0.85%	0.97%	13.02%	12.92%	1.00%	77.09%	
Gross book amount of accounts receivable	$ 193,554	$ 10,251,031	$ 1,276,464	$ 150,659	$ 85,856	$ 90,788	$ 179,308	$ 12,227,660
Allowance for impairment of accounts receivables from clients	$ -	$ (126,528)	$ (9,873)	$ (1,202)	$ (231)	$ (2,546)	$ (74,296)	$ (214,676)

	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)**

The final balances of the allowance for impairment of account receivables from clients at December 31, 2023 and 2022 are adjusted to the allowance for initial losses as follows:

	2023	2022
Loss allowance at January 1	**$ 312,263**	$ 338,895
Increase in the allowance for impairment of clients applied to income for the year	**52,906**	25,013
Accounts receivable canceled during the year as uncollectible	**(37,160)**	(45,426)
Unused reversed amount	**(113,333)**	(6,219)
Loss allowance at December 31	**$ 214,676**	**$ 312,263**

Account receivables 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 account 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. At December 31, 2023 and 2022, no impairment loss has been identified.

9. INVENTORIES

Inventories are analyzed as follows:

	2023	2022
Raw materials	**$ 3,877,645**	$ 4,598,470
Finished products	**4,954,445**	4,852,908
Materials and spare parts	**1,921,300**	2,114,059
Products in process	**90,806**	77,397
	$ 10,844,196	**$ 11,642,834**

For the years ended December 31, 2023 and 2022, $103,302,739 and $103,178,562 was applied to income, respectively, corresponding to inventories consumed (including $28,600 and $16,314, respectively, corresponding to the increase in the impairment allowance of damaged, slow-moving and obsolete inventories).

10. INVESTMENT IN SHARES OF ASSOCIATES

Investments in the shares of associates are comprised as follows:

	2023	2022
Opening balance	$ 9,188,259	$ 8,613,862
Additions	1,293,837	90,446
IAS 29 (hyperinflationary economies) effect	164,345	227,874
Disposals	-	(156)
Dividends received	(127,049)	(37,793)
Share in the results of associate companies	325,120	511,946
Share in other comprehensive income of associated companies	(540,277)	(217,920)
Ending balance	**$ 10,304,235**	**$ 9,188,259**

Following are the Company's associated companies at December 31, 2023 and 2022, which, in Management's judgement, are considered material primarily because they relate to the Company'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. 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 i).

Participation movements per share for the years ended December 31, 2023 and 2022, are analyzed as follows:

	Country of incorporation	Nature	Valuation method	Balance	Gain (loss)	Shareholding interest
December 31, 2023						
Promotora Industrial Azucarera, S.A. de C.V. (PIASA) (1)	**Mexico**	**Associated**	**Equity method**	**$ 4,106,723**	**$ 270,630**	**49.1849%**
Jugos del Valle, S.A.P.I. de C.V. (JDV) (2)	**Mexico**	**Associated**	**Equity method**	**1,478,809**	**47,483**	**14.7863%**
PetStar, S.A.P.I. de C.V. (PETSTAR) (3)	**Mexico**	**Associated**	**Equity method**	**1,430,079**	**(84,930)**	**59.3500%**

	Country of incorporation	Nature	Valuation method	Balance	Gain (loss)	Shareholding 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%

(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	
	2023	2022	**2023**	2022	**2023**	2022
Summary statement of financial position						
Current assets	**$ 2,627,080**	$ 2,421,014	**$ 9,010,291**	$ 8,461,265	**$ 1,060,515**	$ 689,425
Non-current assets	**8,627,746**	8,481,214	**10,196,169**	8,558,654	**2,281,461**	1,407,231
Current liabilities	**1,797,592**	2,047,140	**7,154,542**	6,485,779	**829,913**	854,342
Non-current liabilities	**1,107,674**	854,780	**2,050,708**	2,685,290	**102,494**	88,249
Stockholders' equity	**$ 8,349,560**	**$ 8,000,308**	**$ 10,001,210**	**$ 7,848,850**	**$ 2,409,569**	**$ 1,154,065**

	PIASA		JDV		PETSTAR	
	2023	2022	**2023**	2022	**2023**	2022
Reconciliation of book balances						
Beginning balance	**$ 8,000,308**	$ 7,068,485	**$ 7,848,850**	$ 7,566,495	**$ 1,154,065**	$ 949,104
Capital increase	**-**	-	**2,128,468**	7,012	**1,661,433**	179,223
Dividends	**(217,158)**	-	**-**	-	**-**	-
Income (loss) for the year	**550,231**	928,393	**321,130**	336,341	**(143,100)**	29,187
Other comprehensive income (loss)	**16,179**	3,430	**(297,238)**	(60,998)	**(262,829)**	(3,449)
Ending balance	**8,349,560**	8,000,308	**10,001,210**	7,848,850	**2,409,569**	1,154,065
Shareholding %	**49.1849%**	49.1849%	**14.7863%**	14.4600%	**59.3500%**	49.9000%
Book balance	**$ 4,106,723**	**$ 3,934,943**	**$ 1,478,809**	**$ 1,134,944**	**$ 1,430,079**	**$ 575,878**
Summary statement of comprehensive income						
Revenues	**$ 10,843,464**	**$ 11,222,126**	**$ 28,448,270**	**$ 24,951,288**	**$ 2,219,823**	**$ 2,711,934**
Income (loss) for the year	**$ 550,231**	$ 928,393	**$ 321,130**	$ 336,341	**$ (143,100)**	$ 29,187
Other comprehensive income (loss)	**16,179**	3,430	**(297,238)**	(60,998)	**(262,829)**	(3,449)
Total comprehensive income (loss)	**$ 566,410**	**$ 931,823**	**$ 23,892**	**$ 275,343**	**$ (405,929)**	**$ 25,738**

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:

	2023	2022
Aggregate balance of individual immaterial entities	**$ 3,288,624**	$ 3,542,494
Increased amounts of AC's share by:		
Gains (loss) of the year and total comprehensive income from associates	**$ 91,937**	$ (7,882)

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, 2023 and 2022 are analyzed as follows:

	Assets subject to depreciation								Assets not subject to depreciation		
	Buildings	**Machinery and equipment**	**Transportation equipment**	**Refrigerators and sales equipment**	**Reurnable bottles and distribution crates**	**Computer equipment**	**Furniture and other**	**Subtotal**	**Land**	**Investments in process**	**Total**
For the year ended December 31, 2023											
Reclassified balances as of January 1, 2023	**$ 15,197,123**	**$ 15,325,055**	**$ 5,373,464**	**$ 7,664,904**	**$ 3,427,949**	**$ 896,690**	**$ 642,236**	**$ 48,527,421**	**$ 16,410,682**	**$ 3,550,472**	**$ 68,488,575**
Effect of IAS 29 (hyperinflationary economy)	**291,449**	**597,767**	**10,089**	**116,240**	**285,874**	**7,072**	**25,998**	**1,334,489**	**109,578**	**7**	**1,444,074**
Effects of conversion	**(1,824,696)**	**(2,342,321)**	**(325,547)**	**(740,440)**	**(843,111)**	**(64,580)**	**(74,582)**	**(6,215,277)**	**(1,535,593)**	**(216,332)**	**(7,967,202)**
Additions	**135,466**	**550,475**	**1,414,543**	**1,698,249**	**2,599,425**	**260,164**	**126,686**	**6,785,008**	**712,384**	**5,125,104**	**12,622,496**
Transfers	**34,269**	**977,151**	**537,741**	**184,466**	**-**	**61,315**	**75,490**	**1,870,432**	**5,155**	**(1,875,587)**	**-**
Disposals	**(6,637)**	**(508,077)**	**(22,681)**	**(159,503)**	**(367,932)**	**(8,901)**	**(27,871)**	**(1,101,602)**	**(27,190)**	**(32,145)**	**(1,160,937)**
Depreciation charges recognized in the year	**(667,849)**	**(1,737,690)**	**(1,019,400)**	**(1,634,113)**	**(1,518,999)**	**(419,379)**	**(119,003)**	**(7,116,433)**	**-**	**-**	**(7,116,433)**
Ending balance	**$ 13,159,125**	**$ 12,862,360**	**$ 5,968,209**	**$ 7,129,803**	**$ 3,583,206**	**$ 732,381**	**$ 648,954**	**$ 44,084,038**	**$ 15,675,016**	**$ 6,551,519**	**$ 66,310,573**
December 31, 2023											
Cost	**$ 21,250,866**	**$ 32,674,434**	**$ 14,460,211**	**$ 19,576,298**	**$ 7,398,801**	**$ 3,466,290**	**$ 1,799,497**	**$ 100,626,397**	**$ 15,675,016**	**$ 6,551,519**	**$ 122,852,932**
Accumulated depreciation	**(8,091,741)**	**(19,812,074)**	**(8,492,002)**	**(12,446,495)**	**(3,815,595)**	**(2,733,909)**	**(1,150,543)**	**(56,542,359)**	**-**	**-**	**(56,542,359)**
Ending balance	**$ 13,159,125**	**$ 12,862,360**	**$ 5,968,209**	**$ 7,129,803**	**$ 3,583,206**	**$ 732,381**	**$ 648,954**	**$ 44,084,038**	**$ 15,675,016**	**$ 6,551,519**	**$ 66,310,573**
For the year ended December 31, 2022											
Reclassified balances as of January 1, 2022	$ 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)
Previously reported ending balances	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
Adjustments and reclassifications to the fair value of business acquisition [1]	71,305	51,548	32,230	-	-	840	(848)	155,075	16,839	-	171,914
Ending balance	**$ 15,197,123**	**$ 15,325,055**	**$ 5,373,464**	**$ 7,664,904**	**$ 3,427,949**	**$ 896,690**	**$ 642,236**	**$ 48,527,421**	**$ 16,410,682**	**$ 3,550,472**	**$ 68,488,575**
December 31, 2022											
Cost	$ 23,510,868	$ 35,608,631	$ 13,777,576	$ 21,441,413	$ 7,798,889	$ 3,438,060	$ 2,101,876	$ 107,677,313	$ 16,410,682	$ 3,550,472	$ 127,638,467
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	**$ 15,197,123**	**$ 15,325,055**	**$ 5,373,464**	**$ 7,664,904**	**$ 3,427,949**	**$ 896,690**	**$ 642,236**	**$ 48,527,421**	**$ 16,410,682**	**$ 3,550,472**	**$ 68,488,575**

[1] *Reviewed for fair value adjustments due to the 2022 business combination. The adjustments are presented retrospectively in accordance with IFRS 3 related to fair value adjustments within the 12-month period following the acquisition date.*

Of the depreciation expense for 2023 of $7,116,433($7,809,369 in 2022), $2,155,397 ($2,579,378 in 2022) was recorded in cost of sales, $4,334,885 ($4,555,488 in 2022) in selling expenses and $626,151 ($674,503 in 2022) in administration expenses, respectively.

Investments in process at December 31, 2023 and 2022 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, 2023 and 2022, are as follows:

		Intangible assets acquired				
	Goodwill	**Bottling contracts**	**Trademarks**	**Software licenses**	**Other**	**Total**
December 31, 2023						
Beginning balances as of January 1, 2023	**$ 55,785,036**	**$ 48,577,600**	**$ 3,755,644**	**$ 414,150**	**$ 5,796,920**	**$ 114,329,350**
Effect of translation	**(7,896,490)**	**(5,265,537)**	**(390,519)**	**(48,065)**	**(164,605)**	**(13,765,216)**
Additions	**-**	**-**	**-**	**-**	**317,361**	**317,361**
IAS 29 (hyperinflationary economy) effect	**1,305,222**	**293,515**	**-**	**-**	**1,482**	**1,600,219**
Disposals	**-**	**-**	**-**	**-**	**(10,587)**	**(10,587)**
Amortization charges	**-**	**-**	**(2,771)**	**(86,374)**	**(441,045)**	**(530,190)**
Final balances	**$ 49,193,768**	**$ 43,605,578**	**$ 3,362,354**	**$ 279,711**	**$ 5,499,526**	**$ 101,940,937**
December 31, 2023						
Attributed cost	**$ 49,193,768**	**$ 43,605,578**	**$ 3,383,425**	**$ 851,643**	**$ 9,648,918**	**$ 106,683,332**
Accumulated amortization	**-**	**-**	**(21,071)**	**(571,932)**	**(4,149,392)**	**(4,742,395)**
Net book value	**$ 49,193,768**	**$ 43,605,578**	**$ 3,362,354**	**$ 279,711**	**$ 5,499,526**	**$ 101,940,937**
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)
Previously reported final balances	56,335,566	48,577,600	3,443,960	414,150	5,478,201	114,249,477
Adjustments and reclassifications to the fair value of business acquisition [1]	(550,530)	-	311,684	-	318,719	79,873
Final balances	**$ 55,785,036**	**$ 48,577,600**	**$ 3,755,644**	**$ 414,150**	**$ 5,796,920**	**$ 114,329,350**
December 31, 2022						
Attributed cost	$ 55,785,036	$ 48,577,600	$ 3,775,300	$ 939,947	$ 9,760,973	$ 118,838,856
Accumulated amortization	-	-	(19,656)	(525,797)	(3,964,053)	(4,509,506)
Net book value	**$ 55,785,036**	**$ 48,577,600**	**$ 3,755,644**	**$ 414,150**	**$ 5,796,920**	**$ 114,329,350**

[1] *Reviewed for fair value adjustments due to the 2022 business combination. The adjustments are presented retrospectively in accordance with IFRS 3 related to fair value adjustments within the 12-month period following the acquisition date.*

Of the amortization expense for 2023 of $530,190 ($520,800 in 2022), $12,663 ($12,189 in 2022) was recorded in cost of sales, $79,181 ($70,860 in 2022) in selling expenses and $438,346 ($437,751 in 2022) 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 and bottling agreement assigned to the different CGUs or groups of CGUs are as follows:

	2023	2022
Cash generating unit:		
Beverages US	$ 41,340,912	$ 47,380,476
Beverages Peru	18,153,457	20,266,820
Beverages Mexico	15,446,199	15,176,661
Beverages Ecuador	9,657,146	11,067,976
Beverages Argentina	2,323,806	3,871,797
Wise Foods [1]	2,255,578	2,585,100
Toni [1]	1,419,396	1,626,758
Grupo Fiesta Charras [1]	709,933	742,660
Inalecsa [1]	810,844	635,450
Vend [1]	283,567	316,578
Nayhsa [1]	256,773	256,773
Otros [1]	141,735	141,735
Carli Snacks [2]	-	293,852
	$ 92,799,346	$ 104,362,636

[1] *They don't include a bottling agreement.*
[2] *On January 1, 2023, Carli Snack merged with Inalecsa.*

At December 31, 2023 and 2022, the estimation of the recovery value of the CGUs identified was conducted through the value in use discounting future cash flows generated by the continuous use of the CGUs, using the following key assumptions, among others:

	Range among CGUs			
	2023		2022	
Rate of growth in volume	0.5%	5.0%	0.3%	7.3%
Rate of growth in sales [1]	3.2%	67.6%	3.4%	38.0%
Operating margin (as a % of sales)	5.6%	20.3%	0.3%	20.0%
Other operating costs	5.2%	20.9%	0.3%	20.4%
Annual CAPEX (as a % of sales)	1.8%	11.3%	1.8%	10.8%

[1] *Including the hyperinflation effects.*

The average discount rates by country for the impairment test as of December 31, 2023 and 2022 are as follows:

	2023	2022
United States	7.1%	6.4%
Peru	8.5%	7.2%
Ecuador	14.9%	14.6%
Mexico	9.4%	9.1%
Argentina	21.7%	14.9%

At December 31, 2023 and 2022:

- The determination of cash flows is based on the financial projections approved by Management for a five-year period and considering a multiple of operating cash flow to perpetuity and are dependent on the expected growth rates of the volume, which are based in historical performances and the expectation of growth of the industry in which AC operates.
- The discount rate was calculated based on the weighted average of the capital (at market value) of the cost of all sources of financing that form part of the capital structure of CGUs (liabilities with cost and shareholding capital) and reflect the specific risks related to AC's relevant operating segments.
- The volume of sales is the average growth rate over the five years projection period. It is based on past performance and Management expectations for market development.
- The sales price is the average growth rate over the five years projection period. It is based on actual industry trends and includes long-term inflation forecasts for each territory.
- The operating margin corresponds to the average margin as a percentage of 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	
	2023	2022
Cash generating unit:		
Beverages Mexico	**675%**	621%
Beverages US	**115%**	100%
Beverages Peru	**90%**	77%
Beverages Ecuador	**45%**	29%
Beverages Argentina [1]	**1852%**	870%
Toni	**4%**	10%
Wise Foods	**47%**	10%
Inalecsa	**47%**	85%
Nayhsa	**305%**	353%

[1] *Including the hyperinflation effects.*

SENSITIVITY ANALYSIS TO CHANGES IN ASSUMPTIONS

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 of December 31, 2023, the Company performed a sensitivity analysis of the impairment calculation, taking into account an adverse change in the after-tax discount rate, in accordance with the country risk premium, using the related difference between equity and government securities for each country, an adverse change in the perpetuity of future flows by 50 basis points and an additional volume sensitivity of 100 basis points.

After modelling and valuing the different CGUs in the annual impairment process carried out by the Company, it is possible to conclude that, as a result of the tests carried out as of December 31,2023, no indications of impairment were identified in any of the CGUs listed above, assuming conservative EBITDA margin projections and in line with the history of the markets. Thus, despite the deterioration of macroeconomic conditions experienced by the economic conditions of the countries in which it operates, the impairment test yielded recovery values higher than the book values of the assets, even for the sensitivity calculations to which the model for after-tax discount rates and volume growth rates was stressed, variables mentioned above, therefore, Management considers that a possible change in the key assumptions used, within a reasonable range around them, would not cause the carrying amount of the CGUs to materially exceed their use value.

As a result of annual testing for impairment, the Company recognized no impairment losses in the years ended December 31, 2023 and 2022.

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:

	2023	2022
Right-of-use assets:		
Buildings	$ 1,446,695	$ 1,511,775
Transportation equipment	411,685	394,411
Machinery and equipment	261,194	305,734
Land	16,881	18,327
	2,136,455	2,230,247
Accumulated depreciation of right-of-use assets	(1,223,863)	(1,028,661)
Right-of-use assets	**$ 912,592**	**$ 1,201,586**

Additions to the right-of-use assets during the 2023 and 2022 financial years were $341,483 and $935,544, respectively.

	2023	2022
Lease liabilities:		
Current	$ 507,202	$ 546,187
Non-current	456,639	715,420
	$ 963,841	**$ 1,261,607**

b) Amounts recognized in the consolidated statements of income

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

	2023	2022
Depreciation expense of right-of-use assets:		
Buildings	**$ 266,396**	$ 261,650
Transportation equipment	**210,629**	215,824
Machinery and equipment	**85,538**	109,069
Land	**22,249**	25,821
	$ 584,812	**$ 612,364**
Interest expense (included in financial expenses) (Note 24)	**$ 89,970**	**$ 73,699**
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)	**$ 343,599**	**$ 259,336**

The total cash outflow for leases in 2023 and 2022 was $645,677 and $640,628, respectively.

14. DEBT

a) As of December 31, 2023 and 2022, the debt is analyzed as follows:

	2023	2022
Debt instruments and bonds	**$ 28,881,055**	$ 33,220,952
Scotiabank	**5,497,714**	6,086,928
Banamex	**3,424,211**	3,573,495
HSBC México	**2,000,000**	-
BBVA	**1,730,000**	-
Santander	**1,500,000**	869,908
Bank of America, N.A.	**1,050,776**	1,203,641
Banco de Crédito del Perú	**773,653**	1,168,912
Banco Internacional	**168,935**	241,456
Citibank	**135,148**	-
Banco Rabobank	**50,681**	57,775
Banco Bolivariano	**25,357**	35,426
International Finance Corp.	**-**	153,466
Banco Interamericano de Finanzas	**-**	305,247
Total debt	**45,237,530**	46,917,206
Current portion of debt	**(11,863,818)**	(6,195,397)
Non-current debt	**$ 33,373,712**	**$ 40,721,809**

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

	Country	Currency	Contractual Rate	Effective Rate	Maturity date	Frequency interest payment	2023	2022
Private bond at 12 years	USA	USD	3.49%	3.52%	28/12/2029	Biannual	**$ 6,742,223**	$ 7,725,162
Private bond at 15 years	USA	USD	3.64%	3.66%	28/12/2032	Biannual	**6,742,223**	7,725,162
CEB UR ACBE 17	Mexico	MXN	7.84%	7.95%	03/09/2027	Biannual	**5,995,504**	5,994,489
CEB UR AC 22-2	Mexico	MXN	TIIE 28 + .04%	10.79%	09/06/2026	Monthly	**3,198,862**	3,198,126
CEB UR ACBE 21 2V	Mexico	MXN	6.75%	6.87%	02/05/2028	Biannual	**2,995,108**	2,994,170
CEB UR ACBE 21V	Mexico	MXN	TIIE 28 + 0.070%	7.32%	06/05/2025	Monthly	**1,649,923**	1,649,501
CEB UR AC 22	Mexico	MXN	9.32%	9.47%	05/06/2029	Biannual	**1,147,632**	1,147,311
Private bond	Peru	PEN	7.50%	7.64%	09/12/2026	Biannual	**409,580**	457,263
Debt instruments and bonds							**$ 28,881,055**	**$ 30,891,184**
Scotiabank Inverlat, S.A.	Mexico	MXN	TIIE 91 + 0.45	12.14%	22/06/2027	Quarterly	**$ 1,524,607**	$ 1,824,290
Banco Nacional de México, S.A.	Mexico	MXN	TIIE 91 + 0.45	12.14%	22/06/2027	Quarterly	**1,524,607**	1,824,290
Banco de Crédito del Perú	Peru	PEN	3.57%	3.57%	19/03/2026	Quarterly	**322,355**	431,860
Banco de Crédito del Perú	Peru	PEN	3.57%	3.57%	19/03/2026	Quarterly	**322,355**	431,860
Scotiabank	Peru	PEN	3.57%	3.57%	19/03/2026	Quarterly	**322,355**	431,860
Scotiabank	Peru	PEN	3.57%	3.57%	19/03/2026	Quarterly	**322,355**	431,860
Banco Internacional	Ecuador	USD	ECTPASBCEN + 2.75%	6.53%	07/04/2025	Monthly	**85,471**	192,680
Bank of America, N.A.	USA	USD	SOFR 3 meses + 0.85%	6.34%	27/07/2025	Monthly	**53,052**	61,958
Banco Bolivariano	Ecuador	USD	ECTPASBCEN + 2.97%	7.33%	25/09/2025	Biannual	**15,500**	28,994
Banamex	Mexico	MXN	TIIE 91 + 0.20%	11.29%	15/06/2024	Quarterly	**-**	1,599,690
Santander	Mexico	MXN	TIIE 91 + 0.60%	11.56%	20/06/2024	Quarterly	**-**	289,950
Scotiabank	Mexico	MXN	TIIE 91 + 0.50%	11.46%	20/06/2024	Quarterly	**-**	199,982
Scotiabank	Mexico	MXN	TIIE 91 + 0.50%	11.46%	15/06/2024	Quarterly	**-**	199,970
Bank of America	Ecuador	USD	0.91%	0.66%	16/07/2024	Monthly	**-**	685,010
Bank of America	Ecuador	USD	2.75%	2.63%	16/07/2024	Monthly	**-**	456,673
Scotiabank Inverlat	Mexico	MXN	TIIE 91 + 0.20 %	9.76%	21/06/2024	Quarterly	**-**	699,576
Rabobank	Ecuador	USD	2.15%	3.17%	26/01/2024	Biannual	**-**	40,122
Total bank loans							**$ 4,492,657**	$ 9,830,625
Total							**$ 33,373,712**	**$ 40,721,809**

c) At December 31, 2023, annual maturities of the non-current debt are comprised as follows:

	2025	2026	2027	2028 onward	Total
Debt instruments and bonds	$ 1,649,923	$ 3,608,442	$ 5,995,504	$ 17,627,186	$ 28,881,055
Bank loans	154,023	1,289,420	3,049,214	-	4,492,657
	$ 1,803,946	$ 4,897,862	$ 9,044,718	$ 17,627,186	$ 33,373,712

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

d) Following is an analysis and movements of net debt during the years ended December 31, 2023 and 2022:

	2023	2022
Cash and cash equivalents	$ 22,127,959	$ 27,761,308
Current debt	(11,863,818)	(6,195,397)
Non-current debt	(33,373,712)	(40,721,809)
Net debt	$ (23,109,571)	$ (19,155,898)
Cash and cash equivalents	$ 22,127,959	$ 27,761,308
Debt at fixed rate	(29,264,570)	(27,742,518)
Debt at variable rate	(15,972,960)	(19,174,688)
Net debt	$ (23,109,571)	$ (19,155,898)

	Financial liabilities			
	Short term		Long term	
	Bonds	Financial debt	Bonds	Financial debt
Net debt at January 1, 2023	$ (2,329,768)	$ (3,865,629)	$ (30,891,184)	$ (9,830,625)
Cash inflow	-	(6,262,486)	-	-
Cash outflow	2,288,032	963,106	-	2,209,185
Exchange rate effects	41,736	386,310	885,200	413,113
Other movements not requiring cash flows	-	(3,085,119)	1,124,929	2,715,670
Net debt at December 31, 2023	$ -	$ (11,863,818)	$ (28,881,055)	$ (4,492,657)

	Financial liabilities			
	Short term		Long term	
	Bonds	Financial debt	Bonds	Financial debt
Net debt at January 1, 2022	$ (2,359,202)	$ (5,187,331)	$ (30,157,411)	$ (13,369,587)
Cash inflow	-	(4,300,000)	(4,429,156)	(61,957)
Cash outflow	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	(970,566)	2,237,933	1,091,379	(1,887,131)
Net debt at December 31, 2022	$ (2,329,768)	$ (3,865,629)	$ (30,891,184)	$ (9,830,625)

e) Main features of the debt:

Significant debts agreed in 2023

Arca Continental, S.A.B. de C.V. (Holding) in Mexico entered into a loan agreement on December 28, 2023 with Banco Santander México, S.A., for $1,500,000 with a term of 5 months at a nominal rate of TIIE 28 days + 0.15 percentage points.

Arca Continental, S.A.B. de C.V. (Holding) in Mexico signed a loan agreement on June 19, 2023 with BBVA México, S.A., for $180,000 with a term of 12 months at a nominal rate of TIIE 28 days + 0.19 percentage points.

Arca Continental, S.A.B. de C.V. (Holding) in Mexico entered into a loan agreement on May 31, 2023 with Scotiabank Inverlat, S.A., for $520,000 with a 12-month term at a nominal rate of TIIE 28 days + 0.15 percentage points.

Arca Continental, S.A.B. de C.V. (Holding) in Mexico entered into a loan agreement on May 25, 2023 with Scotiabank Inverlat, S.A., for $500,000 with a term of 12 months at a nominal rate of TIIE 28 days + 0.15 percentage points.

Arca Continental, S.A.B. de C.V. (Holding) in Mexico entered into a loan agreement on May 18, 2023 with HSBC Mexico, S.A., for $300,000 with a term of 12 months at a nominal rate of TIIE 28 days + 0.14 percentage points.

Arca Continental, S.A.B. de C.V. (Holding) in Mexico entered into a loan agreement on April 24, 2023 with BBVA México, S.A., for $1,350,000 with a term of 12 months at a nominal rate of TIIE 28 days + 0.19 percentage points.

Arca Continental, S.A.B. de C.V. (Holding) in Mexico entered into a loan agreement on March 10, 2023 with HSBC México, S.A., for $1,700,000 with a term of 12 months at a nominal rate of TIIE 28 days + 0.14 percentage points.

AC Bebidas, S. de R.L. C.V. (Holding) in Mexico entered into a loan agreement on June 20, 2023 with Scotiabank Inverlat, S.A., for $580,000 with a term of 12 months at a nominal rate of TIIE 28 days + 0.15 percentage points.

AC Bebidas, S. de R.L. C.V. (Holding) in Mexico entered into a loan agreement on June 20, 2023 with BBVA México, S.A., for $400,000 with a term of 12 months at a nominal rate of TIIE 28 days + 0.19 percentage points.

Bebidas Mundiales, S. de R.L. de C.V. in Mexico entered into a loan agreement on June 15, 2023 with Scotiabank Inverlat, S.A., for $400,000 with a term of 12 months at a nominal rate of TIIE 28 days + 0.15 percentage points.

Industrias Lácteas Toni, S.A. in Ecuador signed a loan agreement on May 31, 2023 with Citibank, N.A. for $270,296 (USD $16,000), in the proportion that corresponds to AC for $135,148 (USD $8,000), with a term of 12 months at a nominal rate of SOFR + 3.75 percentage points.

Significant debts agreed 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.

The debt of the Tonicorp subsidiaries owed to International Finance Corp. was 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. As of December 15, 2023, this debt was paid. These guarantees were granted as a result of the investment in Tonicorp joint operation. Those guarantees fell 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, 2023 and 2022 are based on several different discount rates, which fall within level 2 of the fair value hierarchy.

At December 31, 2023 and 2022, 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.

On January 24, 2024, the Company completed the issuance of long-term debt for Ps. 6,050,000 through two Stock Certificates, pursuant to the following:

a) AC 24 for $3,000,000 pesos valid for three years at a variable rate referenced to the TIIE + 0.10 percentage points.

b) AC 24-2 for $3,050,000 pesos valid for 10 years at a fixed rate of 9.66%.

15. OTHER LIABILITIES

Other liabilities are comprised as follows:

	2023		2022	
Current:				
Sundry creditors [1]	**$**	**1,926,978**	$	1,865,905
Federal and state taxes payables [2]		**2,225,043**		2,875,902
Accrued expenses payable [3]		**6,610,761**		7,061,097
Employees' statutory profit sharing payable		**1,646,058**		1,501,897
Bonuses		**42,211**		49,401
Contingent liabilities		**1,461,117**		1,663,756
Dividends payable [4]		**63,526**		46,533
Other		**4,865**		6,757
Total current liabilities	**$**	**13,980,559**	**$**	**15,071,248**

	2023		2022	
Non-current:				
Guarantee deposits per bottle	**$**	**331,483**	$	322,675
Contingent liabilities		**222,804**		53,218
Other		**1,131,626**		961,738
Total other non-current liabilities	**$**	**1,685,913**	**$**	**1,337,631**

(1) *As of December 31, 2023, the balances payable with Banco Bolivariano and Citibank related to a program for the payment of accounts with suppliers through these financial institutions are included.*
(2) *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.*
(3) *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.*
(4) *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.

	2023		2022	
Beginning balance	**$**	**1,716,974**	$	371,870
Debit (credit) to income:				
Additional provisions		**133,083**		1,407,734
Provisions used	**(**	**113,105)**	(	34,535)
Exchange rate differences	**(**	**53,031)**	(	28,095)
Ending balance	**$**	**1,683,921**	**$**	**1,716,974**

16. EMPLOYEE BENEFITS

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

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 remium	Major medical expenses	Termination benefits	Total
2024	**$ 1,308,155**	**$ 168,924**	**$ 63,614**	**$ 27,382**	**$ 1,568,075**
2025	**1,371,303**	**169,396**	**68,625**	**27,947**	**1,637,271**
2026	**1,446,394**	**177,717**	**74,179**	**28,537**	**1,726,827**
2027	**1,506,903**	**182,166**	**80,394**	**29,192**	**1,798,655**
2028	**1,571,033**	**185,940**	**87,447**	**29,942**	**1,874,362**
2029-2033	**8,732,406**	**980,140**	**565,218**	**162,716**	**10,440,480**

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 2023 and 2022, 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 long-term benefits (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:

	2023	2022
Pension benefits:		
Present value of defined benefit obligations	**$ (6,006,983)**	$ (6,141,815)
Fair value of plan assets	**1,256,931**	1,635,439
Liabilities in the consolidated statements of financial position	**(4,750,052)**	(4,506,376)
Seniority premium:		
Present value of defined benefit obligations	**(1,300,166)**	(1,193,323)
Fair value of plan assets	**7,625**	7,028
Liabilities in the consolidated statements of financial position	**(1,292,541)**	(1,186,295)
Major medical expenses:		
Present value of defined benefit obligations	**(1,328,354)**	(1,195,316)
Fair value of plan assets	**285,267**	262,924
Liabilities in the consolidated statements of financial position	**(1,043,087)**	(932,392)
Long-term benefits:		
Present value of defined benefit obligations	**(203,753)**	(67,620)
Liabilities in the consolidated statements of financial position	**(203,753)**	(67,620)
Employee benefits	**$ (7,289,433)**	**$ (6,692,683)**

b) Movement in the employee benefit obligation:

	2023	2022
Pension benefits:		
As of January 1	**$ (6,141,815)**	$ (5,072,895)
Labor cost	**(266,935)**	(268,768)
Interest cost	**(442,197)**	(361,533)
Remeasurements from changes in assumptions	**341,898**	(816,103)
Benefits paid	**440,009**	330,520
Labor cost for past services	**(47,519)**	29,375
Personnel transfers	**(12,093)**	17,589
Reductions	**121,669**	-
As of December 31	**$ (6,006,983)**	**$ (6,141,815)**
Seniority premium:		
As of January 1	**$ (1,193,323)**	$ (1,011,409)
Labor cost	**(78,319)**	(74,754)
Interest cost	**(100,308)**	(77,135)
Remeasurement - for changes in assumptions	**(32,755)**	(103,405)
Benefits paid	**104,539**	73,380
As of December 31	**$ (1,300,166)**	**$ (1,193,323)**
Major medical expenses:		
As of January 1	**$ (1,195,316)**	$ (1,160,498)
Current service cost	**(8,227)**	(8,327)
Interest cost, net	**(108,843)**	(91,111)
Remeasurement - for changes in assumptions	**(41,546)**	59,141
Benefits paid	**25,578**	5,479
As of December 31	**$ (1,328,354)**	**$ (1,195,316)**
Long-term benefits:		
As of January 1	**$ (67,620)**	$ (90,628)
Current service cost	**(18,289)**	(6,437)
Interest cost, net	**(8,713)**	(1,896)
Remeasurement from changes in assumptions	**(127,838)**	18,122
Benefits paid	**15,686**	4,041
Labor cost for past services	**(2,853)**	-
Personnel transfers	**(4,062)**	-
Reductions	**9,936**	9,178
As of December 31	**$ (203,753)**	**$ (67,620)**

c) Changes in the fair value of plan assets:

	2023		2022	
As of January 1	$	1,905,391	$	1,537,451
Return on plan assets		121,146		623,934
Remeasurements from changes in assumptions	(	476,714)	(	47,321)
Benefits paid		-	(	208,673)
As of December 31	**$**	**1,549,823**	**$**	**1,905,391**

Plan assets include the following:

	2023			2022		
Equity instruments	$	108,488	7%	$	293,897	15%
Debt instruments		1,441,335	93%		1,611,494	85%
Total	**$**	**1,549,823**		**$**	**1,905,391**	

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

	2023		2022	
Pension benefits:				
Labor cost	$	314,454	$	268,768
Interest cost, net		321,051		350,607
Remeasurements and other	(	19,564)		8,099
Total included in personnel costs		615,941		627,474
Seniority premium:				
Labor cost		78,319		74,754
Interest cost, net		100,308		77,135
Total included in personnel costs		178,627		151,889
Major medical expenses:				
Labor cost		8,227		8,327
Interest cost, net		108,843		91,111
Total included in personnel costs		117,070		99,438
Long-term benefits:				
Labor cost		21,142		6,437
Interest cost, net		8,713		1,896
Remeasurements and other	(	1,241)		-
Total included in personnel costs		28,614		8,333
	$	**940,252**	**$**	**887,134**

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

	2023		2022	
Cost of sales (See Notes 21 and 23)	$	60,852	$	66,108
Sales expenses (See Notes 21 and 23)		212,695		221,169
Administrative expenses (See Notes 21 and 23)		127,790		76,078
Financial result (Note 24)		538,915		523,779
Total	**$**	**940,252**	**$**	**887,134**

	2023	2022
Actuarial gains – Financial assumptions	$ (197,961)	$ (257,692)
Actuarial losses – Adjustments to the minimum wage	84,963	100,945
Actuarial losses – Experience adjustments	395,412	370,862
Actuarial losses – Demographic assumptions and past services	54,541	675,451
Remeasurements recognized in other comprehensive income for the period	**$ 336,955**	**$ 889,566**

e) Actuarial assumptions and associated risks:

The main actuarial assumptions were as follows:

	2023	2022
Discount rate Mexican pesos	**9.75%**	9.50%
Discount rate U.S. dollars	**5.59%**	4.03%
Inflation rate	**5.00%**	3.50%
Wage growth rate	**5.50%**	5.00%
Future pension increase	**5.50%**	5.00%
Expected return on plan assets	**7.00%**	8.00%
Life expectancy	**28.17 years**	28.12 years

The sensitivity of the pension benefit plans to change in key assumptions at December 31, 2023 is as follows:

	Percentage impact on the plan		
	Change in the assumption	**Increase in the assumption**	**Decrease in the assumption**
Discount rate	**1.00%**	**(5.95)%**	**6.82%**
Wage growth rate	**1.00%**	**3.51%**	**(3.28)%**
Future pension increase	**1.00%**	**3.51%**	**(3.28)%**

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

The analysis of the deferred tax asset and the deferred tax liability is as follows:

	2023	2022
Deferred tax asset	**$ 4,114,968**	$ 4,015,086
Deferred tax liability	**(14,713,420)**	(16,376,384)
Deferred tax liability, net	**(10,598,452)**	(12,361,298)
Adjustment for business combination final values [1]	**-**	(251,787)
Deferred tax liability, net	**$ (10,598,452)**	**$ (12,613,085)**

[1] Revised for fair value adjustment for business combination in 2022, which mainly correspond to adjustments for the determination of final fair values and the resulting effect is a liability, which were determined in accordance with IFRS 3.

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:

	2023	2022
As of January 1	**$ (12,361,298)**	$ (13,997,879)
Adjustment for business combination final values	**(251,787)**	-
As of January 1 adjusted	**(12,613,085)**	(13,997,879)
Credit to the consolidated statements of income	**499,601**	1,048,782
Favorable tax pertaining to components on other		
comprehensive income items	**148,130**	194,353
Increase for Business Combination	**-**	(9,444)
Effect of translation	**1,366,902**	151,103
As of December 31	**$ (10,598,452)**	**$ (12,613,085)**

Deferred tax liability details are explained below:

	Asset (liability) At December 31,	
	2023	2022
Employee benefits	**$ 2,245,621**	$ 1,992,514
Unamortized tax losses	**231,490**	248,219
Provisions and employees' statutory profit sharing (ESPS)	**1,637,857**	1,774,353
Deferred tax asset	**4,114,968**	4,015,086
Property, plant and equipment – net	**(4,335,496)**	(4,926,213)
Intangible assets	**(10,310,834)**	(11,610,939)
Prepayments	**(67,090)**	(91,019)
Deferred tax liability	**(14,713,420)**	(16,628,171)
Deferred tax liability – net	**$ (10,598,452)**	**$ (12,613,085)**

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, 2022	Applied to income	Applied to other comprehensive income	Translation effect	Balance at December 31, 2023
Employee benefits	$ 1,992,514	**$ 151,043**	**$ 104,641**	**$ (2,577)**	**$ 2,245,621**
Unamortized tax losses	248,219	**(5,089)**	**-**	**(11,640)**	**231,490**
Provisions and (ESPS)	1,774,353	**110,522**	**43,489**	**(290,507)**	**1,637,857**
	4,015,086	**256,476**	**148,130**	**(304,724)**	**4,114,968**
Property, plant and equipment net	(4,926,213)	**48,768**	**-**	**541,949**	**(4,335,496)**
Intangible assets	(11,610,939)	**173,587**	**-**	**1,126,518**	**(10,310,834)**
Prepaid expenses	(91,019)	**20,770**	**-**	**3,159**	**(67,090)**
	(16,628,171)	**243,125**	**-**	**1,671,626**	**(14,713,420)**
Deferred tax liability	**$ (12,613,085)**	**$ 499,601**	**$ 148,130**	**$ 1,366,902**	**$ (10,598,452)**

	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)	1,382,464	387,006	-	4,883	-	1,774,353
	3,201,323	619,410	-	194,353	-	4,015,086
Property, plant and equipment, net	(4,507,103)	(454,709)	(9,444)	-	45,043	(4,926,213)
Intangible assets	(12,579,154)	862,155	-	-	106,060	(11,610,939)
Prepaid expenses	(112,945)	21,926	-	-	-	(91,019)
	(17,199,202)	429,372	(9,444)	-	151,103	(16,628,171)
Deferred tax liability	**$ (13,997,879)**	**$ 1,048,782**	**$ (9,444)**	**$ 194,353**	**$ 151,103**	**$ (12,613,085)**

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 $231,490 for 2023 and $248,219 for 2022, with respect to remaining tax losses of $1,102,333 for 2023 and $1,181,995 for 2022, which can be amortized against future tax profits.

At December 31, 2023, accrued unamortized tax losses of the Mexican entities abroad totaling $1,102,333 do not have an expiration date.

At December 31, 2023, the Company has not recorded estimated deferred tax liabilities of approximately $6,576 million ($7,375 million in 2022) 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

At Ordinary General Shareholders' Meetings, the decree and payment of cash dividends from the Net Tax Profit Account (CUFIN) was authorized as shown below:

Assembly date	Dividends per share		Amount	
October 24, 2023	**$**	**2.22**	**$**	**3,763,115**
March 30, 2023		**3.50**		**6,017,091**
Total 2023			**$**	**9,780,206**
October 18, 2022	$	3.00	$	5,172,761
April 1, 2022		3.18		5,544,717
Total 2022			**$**	**10,717,478**

Such dividends were paid to their holders immediately after their approval. 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, 2023 and 2022, the equity is comprised as follows:

2023							
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**	**$**	**502,487**
817,990,425	Single series shares representing the variable portion of the capital entitled to withdrawal		**55,595**		**399,679**		**455,274**
1,720,806,714	**Stockholders' equity at December 31, 2023**	**$**	**116,955**	**$**	**840,806**	**$**	**957,761**

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**

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, 2023 and 2022, the legal reserve amounts to $23,710 and is included in retained earnings.

The Shareholders' Meeting periodically authorizes the payment of a maximum amount for the acquisition of their own shares. When the shares are repurchased, they are converted into treasury shares and the amount is recorded to stockholders' equity at their purchase price. These amounts are expressed at their historical value.

At December 31, 2023 and 2022, 25,709,653 and 20,918,058 Company shares are retained in the repurchasing fund, respectively.

At the Annual Ordinary Shareholders' Meeting held on March 30, 2023, the cancellation of 23,500,000 shares was approved, which were acquired through the share repurchase fund.

At the Annual Ordinary Shareholders' Meeting held on April 1, 2022, the cancellation of 19,976,442 shares, which were acquired through the share repurchase fund, was approved.

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 2023. 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 for its acronym in Spanish), is accorded the same tax treatment as dividends, provided the Company lacks sufficient CUFIN balances to offset the deemed dividend.

At December 31, 2023, the tax values of CUFIN and CUCA are $27,173,194(*) and $38,540,260, respectively.

(*) Proceeding from earnings in 2013 of $86,027 and rest from subsequent years of $27,087,167.

19. OTHER COMPREHENSIVE INCOME (OCI)

As of December 31, 2023 and 2022, 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, 2022	**$ 2,028,588**	**$ (3,542,959)**	**$ 244,474**	**$ (1,269,897)**
Remeasurement loss of defined benefit plans	**-**	**(336,955)**	**-**	**(336,955)**
Effect of deferred taxes	**-**	**104,641**	**-**	**104,641**
Equity in other comprehensive income of associated companies accounted for using equity method	**(321,444)**	**(54,488)**	**-**	**(375,932)**
Effect of derivative financial instruments contracted as cash flow hedges	**-**	**-**	**(964,384)**	**(964,384)**
Effect of deferred taxes	**-**	**-**	**43,489**	**43,489**
Exchange differences on translation of foreign operations	**(17,045,687)**	**-**	**-**	**(17,045,687)**
Effect of conversion of foreign entities of non-controlling interest	**3,599,273**	**-**	**-**	**3,599,273**
Balance at December 31, 2023	**$ (11,739,270)**	**$ (3,829,761)**	**$ (676,421)**	**$ (16,245,452)**

	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	26,345	(16,391)	-	9,954
Effect of derivative financial instruments contracted as cash flow hedges	-	-	(226,979)	(226,979)
Effect of deferred taxes	-	-	4,883	4,883
Exchange differences on translation of foreign operations	(4,437,642)	-	-	(4,437,642)
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)**

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, 2023		
	Current	**Non-current**	**Total**
Financial assets			
Cash and cash equivalents	**$ 22,127,959**	**$ -**	**$ 22,127,959**
Financial assets at amortized cost:			
Clients and other accounts receivable, net	**14,178,937**	**-**	**14,178,937**
Related parties	**2,601,047**	**-**	**2,601,047**
Financial assets at fair value with changes in OCI:			
Derivative hedging instruments [1]	**87,798**	**4,327**	**92,125**
	$ 38,995,741	**$ 4,327**	**$ 39,000,068**
Financial liabilities			
Financial liabilities at amortized cost:			
Debt	**$ 11,863,818**	**$ 33,373,712**	**$ 45,237,530**
Suppliers, related parties, sundry creditors	**19,235,718**	**-**	**19,235,718**
Lease liabilities	**507,202**	**456,639**	**963,841**
Financial liabilities at fair value with changes in OCI:			
Derivative hedging instruments [1]	**1,126,518**	**53,771**	**1,180,289**
	$ 32,733,256	**$ 33,884,122**	**$ 66,617,378**

	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 change 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**

[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, 2023			
		Book value		**Fair value**
Assets:				
Derivative financial instruments	**$**	**92,125**	**$**	**92,125**
Liabilities:				
Derivative financial instruments	**$**	**1,180,289**	**$**	**1,180,289**
Non-current debt		**33,373,712**		**33,529,233**

	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

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, 2023 and 2022, 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, 2023							
		Value of underlying asset			Maturities per year (US)		
Contract	Contractual amount	Units	Average Price	Fair Value US	2024	2025	2026
Swaps of sugar	608,647	US Dollar/ Ton.	566-595	$ (19,731)	$ (21,092)	$ -	$ -
Swaps of sugar	554,685	US Dollar/Lb.	0.19-0.21	(18,837)	(15,333)	(5,781)	806
Swaps of aluminum LME	1,690,925	US Dollar/Tm.	2,166-2,501	30,777	31,989	-	-
Swaps of aluminum MWP	310,850	US Dollar/Tm.	414-482	2,898	3,225	-	-
Swaps of diesel	266,017	US Dollar/Gal.	2.27-2.39	(7,202)	(7,151)	-	-
Swaps of natural gas	9,549	US Dollar/ mmBTU	2.3-3.5	(2,148)	(2,183)	-	-
				$ (14,243)	$ (10,545)	$ (5,781)	$ 806

December 31, 2022							
		Value of underlying asset					
Contract	Contractual amount	Units	Average Price	Fair Value US	Maturities per year (US)		
					2023	2024	2025 +
Swaps of sugar	371,229	US Dollar/Ton.	496-553	$ 91,815	$ 91,815	$ -	$ -
Swaps of sugar	191,083	US Dollar/Lb.	0.18	51,047	51,047	-	-
Swaps of aluminum LME	2,048,272	US Dollar/Tm.	2,350-2,458	(191,121)	(191,121)	-	-
Swaps of aluminum MWP	190,689	US Dollar/Tm.	448-551	(45,219)	(45,219)	-	-
Swaps of diesel	323,789	US Dollar/Gal.	2.75-3.20	7,474	7,474	-	-
				$ (86,004)	**$ (86,004)**	**$ -**	**$ -**

b) Positions in derivative financial instruments for hedging purposes of exchange rates:

December 31, 2023							
		Value of underlying asset					
Contract	Contractual amount	Units	Reference range	Fair Value	Maturities per year (US)		
					2024	2025	2026 +
Exchange rate forwards	**2,301,323**	**Soles/US Dollar**	**3.71**	**$ (45,234)**	**$ (45,537)**	**$ -**	**$ -**
Exchange rate forwards	**9,410,646**	**Pesos/US Dollar**	**16.89**	**(1,038,560)**	**(1,006,813)**	**(60,448)**	**-**
Swaps of interest rate	**490,000**	**Interest rate**	**11.50%**	**9,873**	**10,200**	**-**	**-**
				$ (1,073,921)	**$ (1,042,150)**	**$ (60,448)**	**$ -**

December 31, 2022							
		Value of underlying asset					
Contract	Contractual amount	Units	Reference range	Fair Value	Maturities per year (US)		
					2023	2024	2025
Exchange rate forwards	2,477,629	Soles/US Dollar	3.81	$ (14,280)	$ (14,280)	$ -	$ -
Exchange rate forwards	3,655,962	Pesos/US Dollar	19.36	(99,790)	(99,987)	197	-
Cross Currency Swap	629,249	Soles/US Dollar	3.81	40,822	40,822	-	-
Swaps of interest rate	1,470,000	Interest rate	0.11	47,848	46,406	1,442	-
				$ (25,400)	**$ (27,039)**	**$ 1,639**	**$ -**

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, 2023 and 2022, 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 2023 and 2022 regarding the derivative financial instruments contracted by the Company.

vi. Guarantees

At December 31, 2023 and 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 $3,357,031 and $2,326,038, respectively.

21. COSTS AND EXPENSES BY NATURE

Cost of sales and selling and administrative expense classified by nature for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Raw materials and other production materials [(1)]	**$ 103,302,739**	$ 103,178,562
Personnel expenses	**33,757,034**	32,851,404
Variable selling expenses	**12,839,322**	12,228,089
Depreciation (Notes 11 and 13)	**7,701,245**	8,421,733
Advertising, promotion and public relations	**5,246,602**	4,574,597
Maintenance and conservation	**5,192,258**	4,725,589
Transportation and freight	**3,747,992**	4,320,820
Professional fees	**3,348,331**	3,131,917
Spillage, breakage and shortages	**985,332**	831,413
Revaluation of operating expenses	**922,923**	947,250
Insurance premiums	**725,188**	884,203
Taxes [(2)]	**658,427**	701,536
Suppliers (electricity, gas, telephone, etc.)	**627,656**	573,877
Travel expenses	**591,795**	518,153
Amortization (Note 12)	**530,190**	520,800
Employee benefit expenses (Note 16)	**401,337**	363,355
Leases (Note 13)	**343,599**	259,336
Consumption of materials and production materials	**205,477**	178,527
Allowance for impairment of clients (Note 8)	**52,906**	25,013
Other expenses	**1,534,246**	1,324,446
Total	**$ 182,714,599**	**$ 180,560,620**

(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, NET

Other income/expenses for the years ended December 31, 2023 and 2022 are comprised as follows:

	2023	2022
Expenses related to new projects	**$ (10,065)**	$ (51,891)
Indemnities	**(129,286)**	(52,682)
Income from secondary taxes, rights and dues	**2,271,462**	1,393,651
Write-off of fixed assets and disposals	**(680,457)**	(325,579)
Gain on disposal of property, plant and equipment	**41,184**	174,438
Other	**(87,358)**	(50,375)
Total	**$ 1,405,480**	**$ 1,087,562**

23. EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses incurred in the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Salaries, wages and benefits	$ 29,939,050	$ 29,356,951
Termination benefits	132,778	120,309
Social security costs	3,685,206	3,374,144
Employee benefits (Note 16 and 21)	401,337	363,355
Total	**$ 34,158,371**	**$ 33,214,759**

24. FINANCIAL INCOME (EXPENSES)

Financial income and expenses for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Financial income:		
Interest income from short-term bank deposits	$ 2,007,201	$ 1,549,777
Other financial income	319,219	188,296
Financial income, excluding exchange gains	2,326,420	1,738,073
Gain from exchange fluctuations	3,726,497	2,810,999
Result on monetary position	(699,007)	(933,701)
Total financial income	5,353,910	3,615,371
Financial expenses:		
Interest on debt instruments	(1,909,173)	(1,814,179)
Interest on bank loans	(1,710,728)	(1,243,909)
Interest on leases due to adoption of IFRS 16	(89,970)	(73,699)
Financial cost (employee benefits) (Note 16)	(538,915)	(523,779)
Taxes pertaining to financial operations	(54,121)	(110,110)
Other financial expenses	(315,300)	(246,327)
Financial expenses, excluding exchange losses	(4,618,207)	(4,012,003)
Losses on exchange fluctuations	(4,519,918)	(3,109,829)
Total financial expenses	(9,138,125)	(7,121,832)
Financial result, net	**$ (3,784,215)**	**$ (3,506,461)**

25. INCOME TAXES

i. Profit before taxes on income

Following are the domestic and foreign components of pretax profits:

	2023	2022
Domestic	$ 18,144,372	$ 15,879,522
Foreign	12,859,637	11,614,151
	$ 31,004,009	**$ 27,493,673**

ii. Components of income tax expense

Components of income tax expense include:

	2023	2022
Current tax:		
Current tax incurred on taxable profits for the year	**$ (10,348,449)**	$ (9,752,128)
Deferred tax:		
Origin and reversal of temporary differences	**499,601**	1,048,782
Total income tax	**$ (9,848,848)**	**$ (8,703,346)**

Domestic federal income tax and foreign federal income tax expense shown in the consolidated statements of income are comprised as follows:

	2023	2022
Current tax:		
Domestic	**$ (6,787,492)**	$ (6,318,743)
Foreign	**(3,560,957)**	(3,433,385)
	(10,348,449)	(9,752,128)
Deferred tax:		
Domestic	**227,353**	632,235
Foreign	**272,248**	416,547
	499,601	1,048,782
Total	**$ (9,848,848)**	**$ (8,703,346)**

iii. Book / tax reconciliation

For the years ending December 31, 2023 and 2022, the reconciliation between the statutory tax rate and the effective income tax rate is as follows:

	2023	2022
Tax at the statutory rate (30%)	**$ (9,301,203)**	$ (8,248,102)
Tax effects of inflation	**(360,486)**	(408,797)
Differences due to the tax rate of foreign subsidiaries	**655,526**	721,778
Non-deductible expenses	**(396,649)**	(1,083,775)
Other tax deductions	**18,145**	462,590
Other non-taxable income	**(11,863)**	137,922
Other	**(452,318)**	(284,962)
Total income tax expense	**$ (9,848,848)**	$ (8,703,346)
Effective rate	**31.8%**	**31.7%**

iv. Tax pertaining to the components of other comprehensive income

The debit / (credit) of tax related to other comprehensive income components is as follows:

	2023			2022		
	Before taxes	**Tax payable (receivable)**	**After taxes**	Before taxes	Tax payable (receivable)	After taxes
Effect of derivative financial instruments contracted as cash flow hedging	**$ (964,384)**	**$ 43,489**	**$ (920,895)**	$ (226,979)	$ 4,883	$ (222,096)
Remeasurement of defined benefit plans	**(336,955)**	**104,641**	**(232,314)**	(889,566)	189,470	(700,096)
Other comprehensive income	**$ (1,301,339)**	**$ 148,130**	**$ (1,153,209)**	**$ (1,116,545)**	$ 194,353	**$ (922,192)**
Effect of translation of initial balances with respect to the ending balances from conversion of foreign subsidiaries		**1,287,196**			151,103	
Deferred tax		**$ 1,435,326**			**$ 345,456**	

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)	April 1, 2023	January 1, 2033
Ecuador (2)	January 1, 2023	December 31, 2033
Peru	May 1, 2020	April 30, 2025
Southwest US (3)	April 1, 2017	April 1, 2027
Oklahoma US (3)	August 25, 2017	April 1, 2027

(1) Correspond to the agreements held by AC to which AC Bebidas has delegated in the agreement contemplating the payment of royalties with respect to the total net sales generated in the western territory of Mexico.
(2) 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.
(3) 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, 2023, 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 $4,147,866 (approximately $3,088,590 at December 31, 2022) pending definitive judicial resolution. Management and the Company's legal advisors consider that those processes could have an unfavorable result for the Company in the approximate amount of $1,683,921, for which the Company registered the corresponding provision (approximately $1,716,974 at December 31, 2022).

27. RELATED PARTIES AND ASSOCIATES

The Company is controlled by a Fideicomiso de Control (Controlling Trust), which holds approximately 48% at December 31, 2023 and 2022 of the Company's outstanding shares. The remaining 52% 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:

	2023	2022
Salaries and other short-term benefits	**$ 374,945**	$ 354,510
Pension plans	**457,290**	410,728
Seniority premium	**863**	875
Post-retirement medical expenses	**34,713**	35,559

b) Related party balances and transactions

Current related parties accounts receivable:

		2023		2022
Other related parties:				
Servicios Integrados de Administracion y Alta Gerencia, S.A. de C.V.	$	**993,115**	$	619,446
The Coca Cola Export Corporation		**576,037**		692,995
Coca Cola North America (CCNA)		**187,825**		270,454
Coca-Cola Servicios del Perú, S.A.		**160,270**		135,622
Embotelladores NPSG y otros		**128,866**		105,046
Corporación Inca Kola Perú, S.R.L.		**122,590**		2,756
Monster Energy México, S. de R.L. de C.V.		**27,136**		-
Monster Energy Bebidas Ecuador Cia. L.T.D.A.		**7,429**		1,226
Coca Cola del Ecuador, S. A.		**13**		16
Coca-Cola Refreshments (CCR)		**-**		93
Criotec, S.A. de C.V.		**-**		814
Associates:				
Promotora Industrial Azucarera, S.A. de C.V. (PIASA)		**286,903**		114,459
Tiendas Tambo, S.A.C. (TAMBO)		**45,656**		32,219
Jugos del Valle, S.A.P.I. de C.V.		**33,479**		-
Petstar, S.A.P.I. de C.V. (PETSTAR)		**24,734**		196,165
Santa Clara Mercantil de Pachuca, S.A. de C.V.		**6,615**		3,245
Bebidas Refrescantes de Nogales, S.A.P.I. de C.V.		**379**		1,815
JDV Markco, S.A.P.I. de C.V.		**-**		54,323
Alimentos de Soja, S.A.U.		**-**		17
Total current accounts receivables from related parties	**$**	**2,601,047**	**$**	**2,230,711**

Current related party liability balances:

		2023		2022
Other related parties:				
Coca-Cola North America (TCCNA)	$	**1,210,988**	$	1,776,625
Servicios Integrados de Administracion y Alta Gerencia, S.A. de C.V.		**611,462**		744,617
Coca Cola Industrias, L.T.D.A.		**234,849**		67,996
Corporación Inca Kola Perú, S.R.L.		**139,614**		97,589
Coca Cola Servicios del Perú, S.A.		**129,492**		60,837
Monster Energy México, S. de R.L. de C.V.		**99,753**		59,260
Criotec, S.A. de C.V.		**96,727**		273,424
Plantas Industriales, S.A.		**93,917**		73,916
Grupo San Barr, S.A. de C.V.		**86,507**		-
Servicios y Productos para Bebidas Refrescantes, S.R.L.		**82,905**		-
Body Armor Sports Nutrition, L.L.C.		**82,560**		95,794
Fevisa Industrial, S.A. de C.V. (FEVISA)		**73,723**		53,356
Monster Beverage Company Perú, S.C.R.L.		**32,813**		43,718
Agencies (NPSG Companies)		**27,351**		12,810
The Coca-Cola Export Corporation (TCCEC)		**12,222**		3,445
Coca Cola del Ecuador, S.A.		**6,150**		-
Coca-Cola de Chile, S.A. (CCCH)		**-**		15

		2023		2022
Associates:				
Jugos del Valle, S.A.P.I. de C.V. (JDV)		**161,833**		142,424
Western Container, Co.		**103,876**		198,474
Industria Envasadora de Querétaro, S.A. de C.V.(IEQSA)		**43,699**		75,146
Tiendas Tambo, S.A.C.		**5,111**		3,037
Alimentos de Soja, S.A.U.		**2,385**		-
Petstar, S.A.P.I. de C.V. (PETSTAR)		**-**		17,858
CONA Investment		**-**		20,039
Santa Clara Mercantil de Pachuca, S.A.de C.V.		**-**		7,877
Vendwatch Telematics México, S.A. de C.V.		**-**		42
Current accounts payable from related parties	**$**	**3,337,937**	**$**	**3,828,299**

The main transactions with related parties and associates were the following:

		2023		2022
Sales:				
Other related parties:				
Sale of products and services to CCNA	**$**	**2,900,994**	$	2,559,411
Sales to NPSG [1]		**2,140,279**		2,176,007
Sale of products called Nostalgia		**1,456,686**		1,293,835
Associates:				
Sale of products to Tambo		**244,760**		175,994
Other income		**143,881**		312,399
	$	**6,886,600**	**$**	**6,517,646**
Expenses:				
Other related parties:				
Purchase of concentrate (CCNA, TCCC, TCCEC, CCCH and CCI)	**$**	**40,936,782**	$	39,404,288
Purchase of product (Body Armor)		**1,457,215**		1,766,731
Royalties (TCCC y TCCEC)		**1,124,528**		886,086
Purchase of Monster products		**1,006,968**		876,775
Purchase of containers (FEVISA)		**571,412**		467,402
Management services and others		**311,366**		391,725
Purchase of refrigerators (CRIOTEC)		**446,258**		493,535
NPSG purchases		**384,995**		215,162
Air taxi		**91,175**		60,625
Associates:				
Purchase of juice and nectar (JDV)		**4,424,137**		3,809,079
Purchase of sugar (PIASA)		**2,957,218**		2,334,652
Purchase of containers (Western Container)		**1,236,164**		1,527,172
Purchase of canned goods (IEQSA)		**1,440,988**		1,643,110
Purchase of Kolact and Santa Clara products		**978,196**		918,897
Purchase of resin (PETSTAR)		**696,602**		751,016
Management services and others		**772,406**		618,320
	$	**58,836,410**	**$**	**56,164,575**

(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, 2023 and 2022 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**	**2023**	2022	**2023**	2022	**Functional currency**
Arca Continental, S.A. B. de C.V. (Tenedora)	**Mexico**	**A / B**					Mexican peso
AC Bebidas, S. de R.L. de C.V. (AC Bebidas)	**Mexico**	**A**	**80.00**	80.00	**20.00**	20.00	Mexican peso
Bebidas Mundiales, S. de R.L. de C.V.	**Mexico**	**C**	**80.00**	80.00	**20.00**	20.00	Mexican peso
Distribuidora Arca Continental, S. de R.L. de C.V.	**Mexico**	**C**	**80.00**	80.00	**20.00**	20.00	Mexican peso
Compañía Topo Chico, S. de R.L. de C.V.	**Mexico**	**C**	**80.00**	80.00	**20.00**	20.00	Mexican peso
Coca Cola Southwest Beverages, L.L.C. y Subsidiarias	**US**	**C**	**80.00**	80.00	**20.00**	20.00	US Dollar
Salta Refrescos, S.A.	**Argentina**	**C**	**80.00**	80.00	**20.00**	20.00	Argentine peso
Arca Continental Lindley S.A. (antes Corporación Lindley, S.A.) y subsidiarias	**Peru**	**A / C**	**79.83**	79.83	**20.17**	20.17	Peruvian sol
Bebidas Arca Continental Ecuador ARCADOR, S.A.	**Ecuador**	**C**	**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. Holding shares.

B. The rendering of administrative, corporate and shared services.

C. Production and/or distribution of carbonated and non-carbonated beverages.

ii. Summary of financial information of subsidiaries with significant non-controlling interest before eliminations due to consolidation:

	AC Bebidas and subsidiaries	
	2023	2022
Consolidated statements of financial position - Summary:		
Current asset	**$ 59,086,309**	$ 60,003,343
Non-current assets	**156,948,892**	170,370,102
Current liabilities	**(37,380,069)**	(37,431,771)
Non-current liabilities	**(51,017,726)**	(59,244,394)
Net assets	**$** 127,637,406	**$ 133,697,280**
Consolidated statements of income - Summary:		
Net sales	**$ 201,346,657**	$ 195,726,450
Net profit	**18,277,229**	16,559,944
Total comprehensive income	**1,209,697**	11,760,063
Consolidated statements of cash flows - Summary:		
Operating activities	**24,649,684**	26,962,693
Investment activities	**(9,343,492)**	(7,373,551)
Financing activities	**(16,584,949)**	(21,428,716)

iii. Transactions with non-controlling interests

During the years ended December 31, 2023 and 2022, there were no transactions with non-controlling interests and no conflicts of interest to be disclosed.

iv. Interest in joint operation

At December 31, 2023 and 2022, 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, 2023 and up to February 20, 2024 (date of issuance of these consolidated financial statements) and has identified no significant subsequent events affecting them other than those referred to in these financial statements and notes thereto.

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