C) RISK FACTORS

All the investment in the Company's Equity involves high risk. Investors should carefully read the risks described in this section, as well as the rest of the information included in this Report, including the Company's Financial Statements, before making an investment decision. The activities, the financial position, the operation results, the cash flows and/or the perspectives of the Company may be adversely and significantly affected by any of these risks. The market price of the Company's Equity may decrease due to any of these risks and other factors, and the investors may lose all or a portion of the investment. The risks described in this section are those than in the opinion of the Company may affect it adversely. There may be additional risks and factors unknown by the Company or not currently considered as important, which may adversely and significantly affect our activities, the financial position, the operation results, the cash flows, the projects and/or the market price of the Shares. In this section, expressions in the sense of specific risk or factor may be or might have an "significant adverse effect" in the Company, or may "adversely and significantly" affect the Company, mean that such risk or factor may have a significant adverse effect in the activities, the financial position, the operation results, the cash flows, the projects and/or the market price of the Shares of the Company.

Risk factors related to the pandemic SARS-CoV2 (COVID-19)

COVID-19 impact on business, the financial position and the operation results of the Company

Although the COVID-19 pandemic has had, and will continue to have, certain negative impact on our business, especially in certain regions such as Mexico and the Rest of the World, this negative impact was offset by strong results in the United States of America and Canada region, demonstrating our ability to address timely and efficiently the challenges posed by the COVID-19 pandemic. Nevertheless, the spread of COVID-19 and the resulting regulatory measures implemented by the governments of the countries in which we operate have caused us to modify our business activities, including changes in distribution and manufacturing procedures, limiting travel, temporarily closing offices and facilities and implementing remote work capabilities. In addition, the impact of COVID-19 in the financial markets has adversely affected the cost of borrowing, hedging activities and access to capital in general which could limit our ability to obtain financing in favorable terms or at all.

While near-term uncertainty caused by the COVID-19 pandemic remains, we expect to see improvements in our business as vaccines become more widely available. Most of the countries in which we operate, including the United States of America, have already launched their vaccine campaigns, manufacturing and logistic challenges persist. Therefore, a prolonged health crisis could continue to reduce economic activity in the countries in which we operate, resulting in a further decline in employment, as well as in confidence among businesses and consumers. For some sectors uncertainty still prevails and the strong increase in unemployment rates will affect the expected recovery of consumption. Furthermore, it is unclear how the macroeconomic business environment or social norms may be impacted after the pandemic. The post-COVID-19 environment may undergo unexpected developments or changes in financial markets, fiscal, tax, labor and regulatory environments and client and consumer behavior. These developments and changes could have an adverse impact on our results of operations and financial position. Ongoing business and regulatory uncertainties and changes may make our longer-term business, balance sheet and budget planning more difficult or costly.

The extent to which COVID-19 may impact our operations, liquidity, financial position, and results of operations will depend on future developments, including, but not limited to, the duration and spread of the pandemic, its severity, the actions to contain the disease or treat its impact, and the duration, timing and severity of the impact on financial markets and the financial position of our clients and consumers and the availability of a vaccine, all of which are highly uncertain and cannot be predicted. We will continue to closely monitor and evaluate the nature and extent of the impact of COVID-19 on our business, operations, liquidity, financial position, results of operations and prospects. We may also take further actions that alter our business operations, as may be required by federal, state or local authorities, of the countries in which we operate, or that we determine are in the best interests of our employees and consumers. To the extent that we are not able to adapt to the new business environment, we could experience loss of business and our results of operations and financial position could materially suffer.

Risk factors related to the Our activities and industry

The existence of unfavorable condition or facts of economic, political and business order or new risk in the countries in which we operate may adversely and significantly affect our sales, profitability and results of operation

Global economic and political conditions, as well as economic and political conditions specific to the United States, Canada and major European, Latin American (including Mexico) and Asia Pacific markets in which we do business may substantially affect our sales and profitability. Although we believe the adverse worldwide economic conditions experienced over recent years are improving, the degree and pace of recovery is uncertain and is expected to vary around the globe. Instability in global credit markets, including uncertainty related to sovereign debt issues in certain countries in the European Union, the instability in the geopolitical environment in many parts of the world another disruptions may continue to put pressure on global economic conditions. We are subject to risks associated with adverse economic conditions, including economic slowdown, inflation and the disruption, volatility and tightening of credit and capital markets. Additionally, changes in economic and financial positions in the countries in which we operate and market our products may impact consumer confidence and consumer spending.

The extent of the recovery in the financial markets continues to remain uncertain, and there can be no assurance that market conditions will continue to improve in the near future. Even as the economy recovers in certain markets, consumers may choose to curtail spending, make more value-driven and price-sensitive purchasing choices, and have more at-home drinking occasions rather than at restaurants, bars and hotels. In addition, governments may impose taxes and implement other austerity measures to manage the economic conditions in ways that adversely affect our business. Continuation or further worsening of these financial and macroeconomic conditions, or one or more of the related trends noted above, could significantly adversely affect our sales, profitability and results of operations and could require us to realize brand impairment charges to reflect any decline in the fair value of our brands.

Our business is also subject to a variety of risks and uncertainties related to trading in many different countries, including political, economic or social upheaval, the introduction of import, investment or currency restrictions, including tariffs and import quotas, and restrictions on the repatriation of earnings and capital. Political, fiscal or social unrest, potential health issues (including pandemic issues) and terrorist threats or acts may also occur in various places around the world, which will have an impact on trade, tourism and travel. These disruptions can affect our ability to import or export products and to repatriate funds, as well as affecting the levels of consumer demand, and therefore affect our activities, financial position, results of operations, cash flows and prospects, as well as the market price of our Shares.

A decrease in consumer confidence and changes in consumer habits may adversely affect our business, financial position, results of operations and prospects***.***

We are exposed to certain political, economic and social factors in the countries where we operate that are beyond our control and could adversely impact the confidence and habits of consumers. Changes in employment and salary levels, interest rates and other economic indicators, as well as the effect of the COVID-19 pandemic, among other factors, have a direct impact on consumers' income and their purchasing power and an indirect impact on their confidence and consumption habits, which could have an adverse effect on our business, financial position, results of operations and prospects.

Demand for our products may be adversely affected by changes in consumer preferences and tastes

Maintaining our competitive position depends on our continued ability to offer products that appeal to consumers. Consumer preferences change over time and may shift due to a variety of factors, including changes in demographic and social trends, vacation and leisure activity patterns, and a downturn in economic conditions, which may reduce consumers' willingness to purchase our products. Our continued success will depend on our ability to maintain consumer demand and anticipate and respond effectively to shifts in consumer behavior and tastes. In particular, demand for our products could be impacted by concerns about the health effects of alcohol consumption (including concerns from negative publicity), negative dietary effects of alcohol consumption, regulatory action or any litigation or customer complaints against companies in the spirits industry may also have an adverse effect on our business. The competitive position of our brands could also be affected adversely by any failure to achieve consistent, reliable quality in the product or service levels to customers (including the containers in which beverages are sold).

In addition, we may not be able to quickly introduce substitute products to satisfy consumer demands as both the launch and ongoing success of new products is inherently uncertain, especially as to their appeal to consumers. The failure to launch a new product successfully can give rise to inventory write-offs and other costs and can affect consumer perception of other existing brands. Growth in our business has been based on both the launch of new products and the growth and acquisition of existing products. We market our products in several different countries and the consumers in each country have their own tastes and preferences. There can be no assurance as to our continuing ability to develop and launch successful new products or variants of existing products or as to the profitable lifespan of newly or recently developed products.

Any significant changes in consumer preferences or any failure by us to anticipate and react to such changes could result in reduced demand for our products and affect our activities, financial position, results of operations, cash flows and prospects, as well as the market price of our Shares.

If the social acceptability of our products declines or governments adopt policies against alcoholic beverages or if we face negative publicity, our business could be materially adversely affected

Our ability to market and sell our alcoholic beverage products depends heavily on both society's attitudes toward drinking and governmental policies that flow from those attitudes. In recent years, increased social and political attention has been directed at the spirits industry. The recent attention has focused largely on public health concerns related to the harmful use of alcohol, including drinking and driving, underage drinking and health consequences from the misuse of alcoholic beverages. Alcohol critics in the United States and Europe increasingly seek governmental measures to make alcoholic beverages more expensive, less available and more difficult to advertise and promote. If the social acceptability of alcoholic beverages were to decline significantly, sales of our products could materially decrease. Our sales would also suffer if governments ban or restrict advertising or promotional activities, increase the legal drinking age, limit hours or places of sale, increase taxes on alcoholic beverages or take other actions designed to discourage alcohol consumption. In addition, press articles or other public media covering our business, brands, products, personnel, operations, organization, performance or prospects may adversely affect our business, regardless of the accuracy of the substance of the communication. Since we are a branded consumer products company, adverse publicity can hurt our business, as consumers may steer away from our brands or products that receive bad press.

We face competition that may reduce our market share or margins.

We face substantial competition from several international companies as well as local and regional companies in the countries in which we operate. We compete with alcoholic beverage companies across a wide range of consumer drinking occasions. In addition, in recent years the popularity of celebrity owned or sponsored tequila has risen, with a number of tequila brands backed by celebrities with a strong social media presence entering the market. The spirits industry has consolidated significantly over the past two decades, resulting in spirits companies, including our main competitors, which own multiple brands and have global reach, creating an extremely competitive environment. Within a number of categories, consolidation or realignment is still possible. Consolidation is also taking place among our customers in many countries. The entry of new competitors into our markets, a change in the level of marketing undertaken by competitors or in their pricing policies, unanticipated actions by competitors or customers, further consolidation of our customers or competitors, the introduction of new or competing products or brands, and operational or other limitations in the distribution of our products could lead to downward pressure on prices or a decline in our market share which would have a significant adverse impact on our business.

Our retailers and wholesalers offer products that compete directly with ours for shelf space, promotional displays and consumer purchases. Pricing (including price promotions and discounts, aggressive marketing, new product introductions and other competitive behavior by other suppliers, or by distributors or retailers who sell their products) and policies or decisions of retailers through which our products are offered, targeting one or more of our brands could also adversely affect the sales of our products and our financial results. During an economic slowdown, consumers tend to increase their price sensitivity and make more of their purchases in discount stores and other off- site establishments. Therefore, the effects of these competitive activities may be more pronounced in a difficult economic climate, affecting our financial position and results of operation.

Potential liabilities and costs from litigation directed at the spirits industry could adversely affect our business.

Litigation and complaints from consumers or government authorities resulting from beverage quality, illness, injury, the harmful use of alcohol, illegal sales or targeted advertising and promotion of alcoholic beverages to underage consumers, and health concerns or other issues stemming from the harmful use of alcohol may affect our industry. If such litigation resulted in fines, damages or reputational damage to us or our brands, our business could be materially adversely affected.

Regulatory decisions and the legal and regulatory environment in the countries in which we operate could limit our business activities or increase our operating costs or liabilities

As a global spirits company, our business is subject to extensive regulatory requirements in the countries in which we operate, including in respect of production, product liability, distribution, importation, marketing, promotion, labeling, packaging and advertising, as well as, more generally, labor, competition and antitrust matters, trade and pricing practices, sales, pensions, anti-corruption, anti-money laundering, sanctions and environmental issues. Regulatory decisions or changes in legal and regulatory requirements may cause us to incur material costs or liabilities that could adversely affect our business. Governmental bodies in the countries in which we operate may impose new taxes, new labeling, product or production requirements, new limitations on the advertising or promotional activities used to market alcoholic beverages, new restrictions on retail outlets, other restrictions on marketing, promotion and distribution, restrictions on the locations, times or occasions where alcoholic beverages are sold or consumed or other restrictions on the age at which alcohol may be consumed, which directly or indirectly limit the sales of our products. Regulatory authorities in the jurisdictions in which we operate may also have enforcement power that can subject us to actions such as product recall, seizure of products, suspension, investigation or revocation of licenses required to conduct our business, financial penalties and other sanctions which may cause us to incur material costs and adversely affect our sales and reputation.

In addition, the Biden administration in the United States has issued an executive order that identifies the alcohol beverage industry as an area of concerns. Currently, it is unclear what effects of this order will be, but it is possible that actions taken under this order could seek to implement a more rigorous enforcement of anti-trust laws at the supplier or wholesaler levels, new "tied house" regulations or more active enforcement of existing regulations, any of which could have the risk of disrupting the industry. Any actions undertaken to this end could have material adverse effect on our business and prospects.

Tax increases and changes in other fiscal regulations could adversely affect demand for our products

Distilled spirits are subject to import duties or excise taxes in many countries in which we operate. Many states in the United States and other jurisdictions are considering excise tax increases and some governments have already substantially increased excise tax rates on spirits brands. Further increases in import duties or excise taxes could result in higher sales prices and adversely affect our sales and profit margin, sales, financial position or results by reducing overall consumption or encouraging consumers to switch to lower-taxed or lower-cost categories of alcoholic beverages. We may also become subject to tax disputes relating to income tax matters, among other things, in different markets which, if resolved adversely, could cause us to incur material costs.

Alcohol tax liabilities resulting from the fraudulent acts of others could adversely affect our business.

There are alcohol tax liabilities associated with the cross-border sale of alcoholic beverages, especially within the European Union. The removal of internal borders within the European Union and the resulting end of customs inspections have facilitated the emergence and development of "gray markets." The significant differences in the rates at which alcohol is taxed in different member states could lead to the falsification of administrative documents for the purpose of evading taxes. While we have implemented measures for approving new customers and conduct reasonable audits of our customers regularly to ensure that their operations are legitimate, there can be no assurance that fraudulent acts on the part of our customers will necessarily be uncovered. In those circumstances, we could be held liable for the payment of alcohol taxes. In addition, the development of gray markets further increases competition. As a result of tax evasion, operators in the gray market can offer products at a significantly reduced price level, putting downward pressure on the prices of our products.

We may not be able to protect our intellectual property rights

The success of the branded goods industry in general and our business in particular depends, in large part, on our ability to protect our current and future trademarks, brand names and trade names and to defend our intellectual property rights. We have invested considerable resources in protecting our intellectual property rights, including registering trademarks, industrial designs and domain names. We cannot, however, ensure that the measures we have taken to protect our intellectual property rights will be sufficient or that third parties will not infringe or misappropriate our intellectual property rights. Given the attractiveness of our brands to consumers, we are subject to the risk of third parties manufacturing counterfeit or similar products or using our trademarks or brand names. We cannot be certain that the steps we take to prevent, detect and eliminate counterfeit products will be effective in preventing material loss of profits or erosion of brand equity resulting from lower quality or even dangerous counterfeit product reaching the market. Moreover, certain countries in which we operate offer less intellectual property protection than is available in Europe and North America, and, in general, securing effective intellectual property protection requires the allocation of significant resources. If we are unable to protect our intellectual property against infringement or misappropriation, this could materially harm our activities, financial position, results of operations, cash flows and prospects, as well as the market price of our Shares.

The Appellation of Origin for Tequila and Mezcal could deteriorate

The appellation of origin for Tequila dates from 1974. The territory of the appellation of origin includes the entire state of Jalisco and some border municipalities of the neighboring states of Guanajuato, Nayarit and Michoacán as well as some municipalities in the state of Tamaulipas. The appellation of origin imposes strict standards for the cultivation of Agave Azul within its regions and the production of Tequila.

Likewise, Mezcal has appellation of origin since 1995. Mezcal can only be produced in the states of Oaxaca, Guerrero, Zacatecas, Durango, San Luis Potosi, Tamaulipas, Guanajuato and Puebla.

The Appellations of Origin for Tequila and Mezcal are critical to protect our brands. While we carry out our best efforts to strictly comply with all regulations imposed by the Mexican authorities in order to ensure the protection of our products, we might inadvertently breach such regulations, or Appellations of Origin may deteriorate or decrease their standards, which could affect the perception of our consumers, and, therefore, our sales, even if we maintain the quality of our products..

Contamination or other circumstances could harm the integrity of, or customer support for, our brands and adversely affect the sales of those brands

The success of our brands depends upon the positive image that consumers have of those brands, and contamination, whether arising accidentally or through deliberate third-party action or other events that harm the integrity of, or consumer support for, those brands, could adversely affect their sales. Other than Agave Azul, of which we produce a majority of what we use in our operations, we purchase many of the raw materials for the production of our products from third-party producers in the domestic or international market. We have a quality validation process for raw materials at the time of their receipt; however, our process is carried out by sampling and, therefore, provides reasonable, and not total, assurance in terms of compliance with quality standards. Contaminants in those raw materials or defects in the distillation or fermentation process could lead to low beverage quality or contamination of the beverages, leading to involuntary or voluntary recalls, or illness among, or injury to, our consumers and may result in reduced sales of the affected brand or all our brands.

An increase in the cost of raw materials or energy could affect our profitability

In the ordinary course of business, we buy raw materials for the production of our products in Mexico and internationally. The prices of those raw materials fluctuate and are largely determined by global supply and demand, as well as other factors over which we have no control, including exchange rates, governmental regulations and legislation affecting agriculture, trade agreements among producing and consuming nations, adverse weather conditions, natural disasters, economic factors affecting growth decisions, political developments, various plant diseases and pests. Commodity price changes may result in unexpected increases in the cost of raw materials, glass bottles and other packaging materials for our products. In addition, energy cost increases may result in higher transportation, freight and other operating costs. We have experienced significant increases in commodity costs and energy costs, and these costs could continue to rise. We may not be able to increase our prices to offset these increased costs without suffering reduced volume, sales and operating profit.

Damage of the operations of any of our production facilities or main warehouses could have an adverse effect on the operation results

Our operations may be adversely affected if one of the main distilleries, bottling facilities or warehouses, or any of the distilleries, factories or bottling facilities of the third parties' products which we distribute, suffers a failure. Particularly, those affected would be the tequila products aimed to the global market, which in 2021 represented a 64% of the retail sales of the Company, are exclusively produced in two distilleries located in Mexico and bottled in two bottling facilities, one located in Mexico and the other in the United States. Our capacity to supply tequila products may be adversely affected due to the extended closing, the destruction or inability to operate any of such facilities for reasons attributable to the Company or by third parties, such as generalized riots or acts addressed to damage the Company. Any of these damages along with the loss of production capacity, may derive in legal liabilities and damage our goodwill, adversely affecting our operation results. Likewise, loss of aged Irish whiskey, stored in Norther Ireland may have an adverse effect in the financial income of the Company. The foregoing, as the Company has maintained the insurances covering any unexpected, accidental and unforeseen risk causing a material and moral damage.

Our inability to obtain key input materials from third-party suppliers could affect our financial results

Our ability to produce and sell our products hinges, largely, on the availability of quality raw materials, including water, electricity, Agave Azul and sugar for Tequila, barley for Irish whiskey, grain whiskey for American whiskey, barrels for aging and other packaging materials (such as glass, bottle stoppers, labeling and other materials).Without sufficient quantities of any of our key input materials, our operations and financial results could suffer. If any of our key suppliers failed to meet our timing, quality or capacity requirements, ceased doing business with us, or increased its prices, and to the extent there are no other viable alternatives or such alternatives are limited, and we could not develop alternative cost-effective sources of supply, our activities, financial position, results of operations, cash flows and prospects, as well as the market price of our shares, could be adversely affected***.***

In addition, in case of any shortage of key raw materials or an increase in the cost of labor or other operating costs, our results may be adversely affected, mainly due to the possible inability to transfer the cost increase or cost of scarcity to our consumers, through price increases, without affecting consumer demand and our sales.

Water is an essential raw material in the production of tequila products and it is extremely important for our operations. Water is essential not only as an ingredient in the production of tequila, but also as a source of steam for the distillation process and is an important element for the rest of our beverages, alcoholic as well as non-alcoholic. Furthermore, the quality and quantity of available water is important for the supply of Agave Azul. The state of Jalisco has a limited amount of water. If climate patterns change and droughts become more extreme, or our water supply is affected by any other factor, there could be a water scarcity or lack of high quality water which, in turn, could affect our costs and production capacity. In the context of tequila, we have obtained concessions for the use of water in our production facilities as required under applicable law. However, we may be subject to actions or claims by relevant authorities that could affect our access to necessary water concessions. The loss or limitation of our water sources or supply could adversely affect our activities, financial position, results of operations, cash flows and prospects, as well as the market price of our Shares.

Specifically, our inability to produce a sufficient amount of Agave Azul could affect our financial results

As of this date, the Tequila category represents the majority of our sales by volume and value. Tequila is distilled from Agave Azul. We produce the majority of our Agave Azul input in our plantations. Our ability to produce our tequila products hinges on having available sufficient quantity of Agave Azul. Without sufficient quantities of Agave Azul at competitive prices, our operations and financial results could suffer. The average growth cycle of the Agave Azul is seven years, and it must be planted and produced in the territory of the appellation of origin for Tequila in Mexico. If this region were to experience severe weather variations or natural disasters, such as droughts, torrential rains, earthquakes, pestilence or other occurrences, we might not be able to produce readily a sufficient supply of Agave Azul and there could be a decrease in our production of tequila or an increase in its cost which could adversely affect our activities, financial position, results of operations, cash flows and prospects, as well as the market price of our Shares.

Natural disasters could adversely affect our business

From time to time, different regions of Mexico (and, in particular, the Pacific and Central regions), and certain areas of the other countries in which we operate, experience torrential rains and hurricanes (particularly during the months of July through September), as well as earthquakes. Natural disasters such as these may impede operations, damage buildings necessary to our operations and adversely affect the demand levels of our customers. Also, any of these events could force us to increase our capital expenditures to put our facilities back in operation. Accordingly, the occurrence of natural disasters in the locations where we have facilities could adversely affect our business, results of operations and financial position.

While we carry insurance to cover our assets against natural disasters and other risks, we cannot assure you that losses caused by damage to our business infrastructure will not exceed the pre-established limits on any of our insurance policies and, therefore, have a material adverse impact on our business, results of operations and financial position. In the event our current insurance coverage proves insufficient, we may incur significant costs and expenses to remediate and mitigate any damage caused by such natural disasters and other events, which could adversely affect our business, financial position and results of operations. In addition, even if we receive insurance proceeds, any repairs resulting from a natural disaster are likely to take significant time, which would likely materially and adversely affect our activities, financial position, results of operations, cash flows and prospects, as well as the market price of our Shares. Physical and regulatory effects resulting from climate changes may negatively affect our operations and financial performance.

Physical effects of climatic changes and the applicable regulations amendments could adversely affect our operation and our financial performance

There is a growing concern that carbon dioxide and other greenhouse gases in the atmosphere may have an adverse impact on global temperatures, weather patterns and the frequency and severity of extreme weather and natural disasters. In the event that such climate changes have a negative effect on agricultural productivity, we may be subject to decreased availability or less favorable pricing for certain raw materials that are necessary for our products, such as sugar and Agave Azul. Changes in frequency or intensity of weather can also disrupt our supply chain, which may affect production operations, insurance costs and coverage and delivery of our products to customers. In addition, as water is one of the major components of our products, the quality and quantity of the water available for use is important to our ability to operate our business. If hydrologic cycle patterns change and droughts become more common and severe, there may be a scarcity of water in our production regions. As water becomes scarcer and the quality of available water deteriorates, we may be affected by increasing production costs or capacity constraints. While uncertainties exist in the legislative and regulatory processes regarding climate change, additional regulatory requirements may increase our operational costs, due to the higher cost of compliance.

We could have insufficient or surplus product by inaccurately forecasting demand, production or other circumstances affecting our inventory

The Agave Azul plant is a critical raw material in the production of our tequilas and takes five to eight years to reach maturity for harvest. We also store tequila reserves at our facilities in Mexico and hold substantial reserves of whiskey at warehouses in Northern Ireland, the United States and Canada. Aged tequilas, such as *reposado* and *añejo*, must be matured for at least two and twelve months, respectively, whereas Irish whiskey and Canadian whisky must be matured for at least three years and American whiskeys are typically aged for at least four years. The loss of all or a portion of our Agave Azul plants (for example, as a result of plague, disease, drought, or torrential rains) may not be replaceable and, consequently, may lead to a substantial decrease in supply of those products. Similarly, any loss of all or a portion of or our inventory of tequilas or whiskeys in reserve (for example, as a result of contamination, fire or other natural disaster or destruction resulting from negligence or the acts of third parties) may also lead to a substantial decrease in the supply of those products.

There are inherent risks of imprecision in forecasting the quantity of Agave Azul plants to begin cultivating in a given year in order to meet consumer demand in the future. Likewise, similar risks are inherent in predicting the necessary inventory of Irish whiskey to store for future consumption in a given year. The forecasting strategies we use to balance product supply with fluctuations in consumer demand may not be effective for particular years, products or markets. This could lead either to an inability to supply future demand, resulting in a loss of sales and market share, or to future surplus inventory, resulting in decreased profit margin.

Disruption in our product supply and supply chains could impact our sales and financial performance.

Disruption in our supply chain could lead to the inability to deliver products to key customers, revenue loss, brand damage and loss of market share. The loss or temporary discontinuity of supply chains from any of our suppliers without sufficient time to develop an alternative source could result in delays in shipments, expose us to increased costs, damage to our brands and place us at a relative disadvantage to our competitors. Disruption of supply and/or discontinuity of supply chains could result from increased competition, industry consolidation, the termination of (or material change to) arrangements with suppliers, disagreements with suppliers as to payment or other terms or the failure of a supplier to meet our contractual obligations or otherwise deliver materials consistent with current usage. Factors that are hard to predict or beyond our control, like adverse weather conditions, natural disasters, earthquakes, hurricanes, flooding, fire, power loss, loss of water supply, terrorist attacks, telecommunications and IT system failures, political instability, civil strife, military conflict, the consequences of any military action and associated political instability in any of the countries where we operate, generalized labor unrest or health pandemics (such as the COVID-19 pandemic), could also damage or disrupt our supply and supply chains. In particular, the supply of Agave based products (including tequila) from Mexico to export markets such as the United States is important to our business. Discontinuity of supply from Mexico could adversely impact our sales and financial performance in our various export markets. Such discontinuity in our product supply and supply chains could have an adverse effect on our business, financial position and/or results of operations.

In addition, the COVID-19 pandemic has affected consumer behavior and market sentiment globally, with multiple countries taking far-reaching containment measures such as restrictions of movement for populations. These changes, and in particular national and local government restrictions as regards the operation of bars and restaurants and, in some instances, mandatory closures of production facilities, have further affected and may continue to affect us and our product sales. Although there is significant uncertainty relating to the severity of the near-and long-term adverse impact of the COVID-19 pandemic on the global economy, financial markets and our business, a prolonged continuation of these measures and resulting consumer behavior could be expected to have a further negative impact on our business, financial position and/or results of operations.

We are exposed to the risks and effects of economic recession and to falls in per-capita income, which could adversely affect the demand for our products

We are exposed to the effects of a global recession and a recession in one or more of our key markets, including lower revenue and reduced income. For our line of business, recession may adversely affect demand, and therefore sales volumes and the prices that can be achieved for our products in the relevant markets. Changes in the economic environment following a global economic downturn may impact on our regular business activities and performance, in particular in the on-premise segment / on-trade channel (i.e., restaurants, hotels, bars and cafeterias).The level of alcohol consumption in a country is typically positively correlated to the general income level of that country. As such, lower income levels and lower customer solvency resulting from a global economic downturn may further negatively impact the demand for our products and result in lower prices, lower sales and increased credit risk, negatively impacting our business, financial position and/or results of operations. A global economic downturn may also change consumers' behavior due to an increase in discount brands and retailers following such economic downturn, as well as change consumers' preferences, with consumers leaning towards our more economic products and reducing demand for our premium products negatively impacting our revenues.

To remain competitive, we must continue to compete effectively in relation to, among other factors, pricing, quality and reliability. Any such increase in competition or changes in the competitive landscape in which we operate could result in increased pricing pressures, which could, in turn, have an adverse effect on our business, financial position and/or results of operations as well as impact our ability to maintain or increase our market share. Turbulence in financial markets may have an impact on, inter alia, the value of our investments and our financial instruments.

Regulatory changes related to alcohol could lead to a decrease in brand equity and sales of our products

Restrictive measures on alcohol consumption and sales continue to be taken by authorities in the markets in which we operate. The topic of alcohol and health is under scrutiny in many of the markets in which we operate. This may prompt regulators to take further measures limiting our freedom to operate, such as restrictions and/or bans on advertising and marketing, sponsorships, availability of products, including health warnings on labels and increased taxes and duties or the imposition of minimum unit pricing. This could lead to lower overall consumption of our products or consumers switching to different product categories.

Such negative publicity, restrictive measures and potential change in consumption trends could lead to a decrease in brand equity and sales of our products and affect our commercial freedom to operate and restrict the availability of our products, any of which, in turn, could have an adverse effect on our business, financial position and/or results of operations.

For example, during 2020, several local governments in Mexico implemented a ban on the sale of alcohol for periods stretching up to several months to curb the consumption of alcoholic beverages and as a measure to counter some of the social effects of the continuous lockdowns due to the COVID-19 pandemic. Although as of the date hereof these bans have been lifted, we cannot assure that such local governments will not reinstate them nor that any similar measures will not be instated in any other of the countries in which we operate.

The jurisdictions in which we operate may adopt regulations or changes in laws and regulations that could increase our costs and liabilities and/or limit its business activities

Changes in the legal and regulatory environment tend to increase the risk of non-compliance with local and global laws and regulations. Failure to comply with applicable laws and regulations could lead to claims, enforcement and reputational damage for us. Recent health trends may lead to an increased risk of consumers making claims against us or our products.

Our business is regulated by national and local government entities in the countries in which we operate. These regulations govern many parts of our operations, including brewing, bottling, branding, marketing and advertising, transportation, distributor relationships and sales. Other regulations governing taxation, environmental impact and labor relations also affect our operations.

Various legislative authorities consider from time to time increasing taxes (including excise and other duties, tariffs and levies) on the production or sale of alcoholic beverages, profits, sales, salaries, royalties, interests and/or dividends. Such tax increases are frequently performed by legislative authorities in times of slow or negative economic growth as a means to raise revenue. Tax increases are also used by legislative authorities as a means to steer consumption of alcoholic beverages. Changes in such regulations and duties could have an adverse effect on our business, financial position and/or results of operations. Further, there can be no assurance that we will not incur material costs or liabilities in connection with its compliance with current applicable regulatory requirements or that such regulations will not interfere with, restrict or affect our businesses which, in turn, could have an adverse effect on our business, financial position and/or results of operations. In addition, our inability to timely respond to the introduction of new environmental legislation could lead to legal claims, increase of compliance costs, restrictions on production, packaging, distribution, selling and marketing of our products, reputation damage, limits on our license to operate in a specific jurisdiction, resulting in negative business impact.

We may be subject to claims that we have not complied with laws and regulations, which could result in fines and penalties or loss of operating licenses. We are also routinely subject to new or modified laws and regulations with which we must comply in order to avoid claims, fines and other penalties, which could have an adverse effect on our business, financial position and/or results of operations.

Our business is subject to seasonality, which could result in volatility in our operating results from quarter to quarter

Like our competitors in the beverage industry, our operations are characterized by seasonal fluctuations in demand. Our operations are subject to varying seasonality in accordance with the consumption habits of the various geographies in which we operate. In Mexico, we generally have higher sales in September and December of each year. In the United States, we typically experience relatively higher sales during the early summer, from May 5 through July 4. In our Rest of World region, consumption of Irish whiskey typically increases during November and December, causing an increase in sales during the fourth quarter. Although the impact of seasonality on an annual basis may be limited when considering our overall operations, our operating results may vary significantly from quarter to quarter, making comparability difficult between periods and our net sales and profitability may be lower in certain quarters of the fiscal year

Termination of our rights to distribute and market agency brands included in our portfolio could adversely affect our business

In addition to the brands we own, we also market and distribute products on behalf of other brand owners in selected markets. Our rights to sell these agency brands are based on contracts with the various brand owners, which have varying lengths, renewal terms, termination rights and other provisions. We earn a margin for these sales (therefore, our gross profit derived from these sales typically represents a smaller proportion of the relevant retail sale, as well as retail sale less excise taxes, than our gross profit derived from sales of our own brands) and also gain distribution cost efficiencies in some instances. Therefore, the termination of our rights to distribute agency brands included in our portfolio could adversely affect our business.

The amendments to the labor law and collective bargain agreements could adversely affect our financial position

In May 2019, the amendment to the Federal Labor Law was effective, with respect to the labor justice, association freedom and collective negotiation. Accordingly, new authorities and labor courts were created and provisions related to a mandatory pre-judicial conciliatory proceeding were incorporated, new procedural rules were established for labor actions and the collective rights of employees were guaranteed, including democracy and transparency of the union, in addition, new provisions to prevent and fight against discrimination and labor violence were included, among others. We expect the Federal Center of Conciliation and Labor Registry to be in duties and to apply the new procedure applicable to the execution, review, termination or amendment of collective agreements, including the patterns (i) no interference should occur in the collective matters of the employees, (ii) the unions must prove that they represent the employees, and (iii) the employees must state their consent to the terms and conditions of the collective agreements.

With these changes, we expect that in the following years to disappear the collective agreements executed with the unions that do not actively represent the employees, and giving rise to a more unionized activity in Mexico. We cannot assure that these changes will not adversely affect our business, our financial position and the results of operations. Approximately, 10% of the Company's employees are affiliated to unions. If the Company is involved in labor conflicts provoking strikes or certain stoppages, the cost of operations of the Company may increase, its sales may decrease and the relations with its clients may deteriorate, which may adversely and significantly affect the activities, the financial position, the results of operation, the cash flows and the Company's perspectives, as well as the market price of its Shares.

An increase in labor costs could adversely affect our results of operations

Our results may be adversely affected as a result of increases in labor costs. A shortage in the labor pool or other general inflationary pressures or changes in applicable laws and regulations could increase labor costs, which could have an adverse effect on our activities, financial position, results of operations, cash flows and prospects, as well as the market price of our Shares.

Our failure to attract and retain qualified personnel could adversely affect our business

Our success depends in part on the efforts and abilities of our senior management team and key employees. There is no guarantee that we will continue to be able to recruit, retain and develop the capabilities which we require to deliver our strategy. The loss or retirement of senior management or other key personnel or the inability to identify, attract and retain qualified personnel in the future may make it difficult to manage the business and could adversely affect our activities, financial position, results of operations, cash flows and prospects, as well as the market price of our Shares.

Our estimate of the amount of our pension obligations is based on assumptions that may change in the future

We have substantial retirement benefit obligations under pension and other schemes for our employees, as described in the notes to our Audited Consolidated Financial Statements. The pension obligations are for the most part covered by funded plans. Retirement benefit obligations, which are not covered by funded plans, are recorded as liabilities in our consolidated financial statements. The amount of these liabilities is based on certain actuarial assumptions, which include, for example, discounting factors, demographic trends, pension trends, future salary trends and expected returns on plan assets. If actual developments were to deviate from these assumptions, this could result in a substantial increase in the liability for the retirement benefit obligations on our consolidated financial statements.

Our acquisition strategy and integration of acquired brands may not be successful, our results of operations could be negatively impacted

From time to time, we acquire additional brands that we believe are a strategic fit. We may not be able to successfully produce, market or sell the products of brands we acquire, and integrating acquired brands so they conform with our trade practice standards may prove challenging. Our ability to grow the volumes and maintain or increase the profit margins on brands we acquire is important for our future performance. Acquisitions may also expose us to unknown liabilities and may lead us to incur additional debt and related interest expense and increase our contingent liabilities. Likewise, the aforementioned acquisitions may originate an impairment of the brands, as well as the *goodwill* related to such transaction. We also may not be able to find suitable targets for acquisitions on acceptable terms and conditions.

Our future growth opportunities through mergers, acquisitions or joint ventures may be impacted by antitrust laws and other challenges in integrating acquisitions

We may pursue further acquisitions in the future. We do not know if we will be able to successfully complete any acquisitions (including, among other reasons, because of antitrust restrictions) or whether we will be able to successfully integrate any acquired business into our business or retain key personnel, suppliers or distributors. Also, there can be no assurance that a challenge on antitrust grounds in connection with any acquisition that we may pursue in the future will not be made. If any such challenge is made, we may be required to sell or divest a portion of our business or prevented from consummating a specific acquisition. Our ability to successfully grow through acquisitions depends upon our ability to identify, negotiate, complete and integrate suitable acquisitions and to obtain any necessary financing. These efforts could be expensive and time consuming, disrupt our ongoing business and distract management.

Systems change programs may not deliver the benefits intended and systems failures could lead to business disruption, as well as cyber attacks

The long-term information technology strategy that we have undertaken includes certain change programs designed to improve the effectiveness and efficiency of company-wide operating, administrative and financial systems and processes, principally the development of a common global technology platform using SAP. These programs may cost more than originally anticipated and may not deliver the expected operational benefits. There may be disruption caused to production processes and possibly to administrative and financial systems as further changes to such processes are effected. They could also lead to adverse customer or consumer reactions. Any failure of information systems could adversely impact our ability to operate. As with all large systems, our information systems could be penetrated by outside parties' intent on extracting information, corrupting information or interrupting business processes. Such unauthorized access could disrupt our business or lead to loss of assets.

We have engaged in related party transactions which may create potential conflicts of interest and may result in less favorable terms to us

Within the ordinary course of business, we enter into transactions with affiliates and related parties. In particular, we have entered, and will continue to enter, into transactions with affiliates for the distribution of our products in international markets and for the distribution of related party agency brands in Mexico. These related party transactions have higher potential for conflicts of interest than transactions with non-affiliated third parties.

The failure to extend a material portion of our expiring distribution agreements, or a material change in our existing distribution arrangements, may negatively affect our operations and financial performance

In all markets, other than Mexico, the United States, Canada, the United Kingdom, the Republic of Ireland, Australia, China and Spain, we generally rely on distribution arrangements with third-parties to distribute our products. These distribution partners are selected on a market-by-market basis and generally are exclusive for the relevant brand or brands. If we are unable to extend a material portion of these agreements or find suitable alternative arrangements, the international distribution of our products may be disrupted, which would negatively affect our operations and financial performance.

We are controlled by one family

The majority of our outstanding shares are owned by the Beckmann family. Therefore, the Beckmann family has the ability to appoint a majority of the members of our Board of Directors and to approve any matters requiring action by shareholders.

Risks related to Mexico

The existence of unfavorable economic and political conditions in Mexico could adversely and significantly affect our activities, the financial position, the results of operation, the cash flows and/or the perspectives, as well as the market price of Shares

The Company is incorporated under the Mexican laws and makes its productive operations in Mexico; therefore, it depends on the domestic economy. Accordingly, the activities, the financial position, the results of operation, the cash flows and the perspectives of the Company, as well as the market price of our Shares, could be adversely affected by the economic situation in general terms, which is beyond its control. In the past, Mexico has passed several economic crisis periods as a result of internal and external factors characterized by the instability of the exchange rates (including relevant devaluations), high indexes of inflation and unemployment, increases in interest rates, contraction of economic activity, decrease of capital flows derived from abroad and lack of liquidity in the banking sector. These conditions could adversely affect our activities, the financial position, the results of operation, the cash flows and/or the perspectives, as well as the market price of our Shares.

Currently, the Mexican government does not limit the capacity to Mexican individuals or legal entities to exchange Pesos to US Dollars, (subject to certain restrictions in the event of cash transactions involving the payment of amounts in US Dollars to Mexican banks) and other currencies. The Peso has suffered relevant devaluations against US Dollar in the past and may substantially have a devaluation in the future. Devaluations and depreciations of the Mexican Peso may give rise to the establishment of restrictive exchange policies by the Mexican government, as previously occurred in Mexico and in other countries of Latin America. Fluctuations in value of Mexican Peso vs. US Dollar affect the value considered in US Dollars of the securities quoted at the BMV, including the Company's Shares. Therefore, fluctuations in the value of the Mexican Pesos against other currencies, specially including the US Dollar, could adversely and significantly affect our activities, the financial position, the results of operation, the cash flows and/or the perspectives, as well as the market price of our Shares. See section "*Exchange rate*".

As a result of the considerable effects of the economic crisis occurring in 2008, in 2009, the GDP of Mexico decreased in 6.1%, representing the greatest percentage of decrease reported since 1932, according to the World Bank statistics. However, the GDP in 2019 accounted for 0.4%, in 2020 accounted for 8.5% and for 2021 accounted for 4.8%. In the assumption that the domestic economic suffers a new recession, regarding the inflation index or if the interest rates substantially increase, if the rating of the Mexican government bonds is degraded, or if the domestic economy is affected by any other cause, the activities, the financial position, the results of operation, the cash flows and/or the perspectives of the Company, as well as the market price of our Shares, could be adversely and significantly affected.

In year 2020 the outbreak of SARS-CoV2 (COVID-19) made the sanitary authorities of Mexico to take actions strongly restricting the economic activity, which during 2021 have been decreased. The epidemiological outbreak evidenced the risks for business continuity of the Company in Mexico and other parts of the world. Such risks could consist, among others, in the substantial reduction of supply of key goods and services for the Company to perform operations, as well as the sale of its products in different channels, due to the inability of distributors to continue selling such goods freely, as a consequence of the actions adopted by the governments of other countries of the world to reduce the spread. Finally, in the limitation of transit of the Company's products by the Mexican territory.

The Company is attending and has complied with all the guidelines by the competent authorities, however, we cannot assure that there will be no new outbreaks of SARS-CoV2 (COVID-19) or any other epidemics in Mexico, or in any other country in which the Company develops productive activities and we cannot know the time and severity of such epidemic, which may oblige the local and federal authorities to adopt emergency measures committing the business continuity of the Company, with an impact in the activities, the financial position, the results of operation, the cash flows and the perspectives, as well as the market price of our Shares.

Changes in the Mexican government policies could adversely and significantly affect our business, financial position, results of operations and cash flows and our perspectives, as well as the market Price of Shares

The Mexican government has exercised and continues exercising a considerable influence on the domestic economy. The measures adopted by the new Mexican government with respect to the economy and the productive companies of the State, could have a significant effect on the general private sector companies, and in the Company particularly, as well as in the conditions and the market prices and the yields of the securities of Mexican issuers, including our Shares.

After the mid-term elections on June 6, 2021, the president's political party and its allies hold a majority in the Chamber of Deputies and the Senate and a strong influence in various local legislatures. The federal administration has significant power to implement substantial changes in law, policy and regulations in Mexico, which could negatively affect our business, results of operations, financial position and prospects. We cannot predict whether potential changes in Mexican governmental and economic policy could adversely affect Mexico's economic conditions or the sector in which we operate. We cannot provide any assurances that political developments in Mexico, over which we have no control, will not have an adverse effect on our business, results of operations, financial position and prospects.

Our business, financial position and results of operations may be adversely affected by changes in governmental policies or regulations involving or affecting our management, operations and tax regime. We cannot assure you that changes in the Mexican federal government policies will not adversely affect our business, financial position and results of operations. Tax legislation, in particular, in Mexico is subject to continuous change, and we cannot assure you that the Mexican government will maintain existing political, social, economic or other policies or that such changes would not have a material adverse effect on our business, financial position, results of operations and prospects.

We cannot assure you that changes in the Mexican federal government policies will not adversely affect our business, financial position and results of operations. In particular, tax legislation in Mexico is subject to continuous change, and we cannot assure you that the Mexican government will maintain existing political, social, economic or other policies or that such changes would not have a material adverse effect on our business, financial position, results of operations and prospects.

Tax amendments may be unexpectedly approved

The Mexican tax law suffers constant amendments, therefore, we cannot assure that the tax matters will not suffer any amendments in the future that may affect our activities, the financial position, the results of operation, the cash flows and/or our perspectives, as well as the market price of our Shares.

On November 12, 2020, the Federal Executive presented a Bill before the Congress of the Union including several amendments to the Federal Labor Law, the Social Security Law, the Mexican Fund Institute for Workers Dwelling Law, the Federal Tax Code, the Income Tax Law and the Value Added Tax Law, in order to regulate the outsourcing system of the personnel in Mexico.

The bill was approved on April 13, 2021 by the Chamber of Deputies, on April 20, 2021 by the Chamber of Senators and it became effective on April 24, 2021.

The approved amendment affected the companies operation in Mexico, as it removed the possibility to maintain insourcing companies or outsourcing companies, the foregoing even if they promptly comply with all the tax labor and social security laws.

Generally, the approved amendment consists in the following:

- The labor outsourcing outlines are prohibited by law.
- As an exception, the provision of specialized services or the execution of specialized works is permitted, as long as they do not take part of the corporate purpose or the main economic activity of the beneficiary. Such exception includes the complementary or shared services or works rendered among companies of the same business group.
- The contractor must be registered in a specialized services public list of the Ministry of Labor and Social Welfare to operate as specialized service provider.
- Economic penalties are determined to the employers with a benefit of outsourcing and noncomplying with any applicable provisions.
- For tax purposes, the tax receipts issued with respect to the outsourcing of personnel will not have tax effects. That is to say, the expense will not be deductible for the income tax purposes and the value added tax purposes shall not be credited.
- The parties contracting specialized services referred to above will be joint responsible parties with respect to the contributions of the contractor derived from the outsourced personnel remunerations to guarantee that they are withheld and paid on time.
- It is foreseen as a qualification to commit a tax fraud crime to use simulated schemes to provide specialized services or to execute specialized works, as well as to subcontract personnel.

- The amount of the employees profit sharing (PTU) which is paid to the employees, will have a maximum limit of three months of the employee salary or the average of the profit received in the last three years; the amount most favorable to the employee will be applied.

The amendment was published in the Official Gazette of the Federation on April 23, 2021 and became effective after its publication, except to the Federal Tax Code, the Income Tax Law, the Value Added Tax Law and the obligation for contracting companies to be registered in the list of the Ministry of Labor and Social Welfare, which became effective on September 1, 2021.

In December, 2021, the Congress of the Union approved minor amendments to the Income Tax Law, the Value Added Tax Law, the Special Tax on Products and Services Law (Indirect Taxes) and the Federal Tax Code as part of the Economic Plan 2022. Such amendments do not include the addition of new taxes or increases to those already existing. As part of the Income Tax Law, a new simplified system was added, which is applicable to individuals and legal entities. In the Value Added Tax Law, certain amendments, such as the activities not subject to such tax were included. The most relevant amendments to the Federal Tax Code include: (i) the cases in which the Electronic Signature Certificate used to issue invoices may be cancelled or restricted to the taxpayer; (ii) the definition of resident for tax purposes was changed; (iii) a new information to be included in the invoices issued by the taxpayers was added, as well as a restriction to cancel invoices only in a certain period of time; (iv) new requirements to make a split or merger of companies must be complied with, and the taxpayers must have a commercial reason to make the corresponding split or merger, including the obligation to identify and inform the relevant operations during the previous five years and after the merger or the split, in order to guarantee that the financial statements used to make such split or merger, must be audited by a certified public accountant; and (v) several regulations related to the identification of the effective owner of each legal entity were included, including companies, corporations, trusts, funds or any other legal figure, in order to guarantee the compliance with the minimum transparency international standards, including the obligation to maintain as part of the accounting books, information such as the name, address, tax residence, etc., related to all the individuals who directly or indirectly own the benefits or control of the legal entity, information to be maintained updated.

We cannot guarantee that the current or future financial position in Mexico, including the approval of new amendments to the laws to which the Company is subject or will be subject, including the Mexican Water Law and the Sustainable Forest Development Law will not have a significant adverse effect in its activities, the financial position, the results of operation, its cash flows, its perspectives and/or the market price of the Shares.

Development and strengthening of the collective share system could adversely affect our operations

Since 2011, there is a legal framework in Mexico allowing to exercise collective shares with respect to the consumption of goods or services and environmental matters. This may result in the filing of collective actions vs. the Company by its clients or other market participants (including organizations that protect the environment). Due to the failure of court precedents in the interpretation and application of such laws, the Company cannot anticipate the filing of collective actions against it, the result of any collective action filed against it under such laws, including the scope of any liability and the impact of such liability in its activities, the financial position, the results of operation, cash flows, its perspectives and/or the market price of its Shares.

Fluctuations in the value of the peso against the U.S. Dollar and other currency could adversely affect our financial position and results of operations

As of December 31, 2021, 2020 and 2019, 100% of the total debt with cost of the Company was in US Dollars. In case of a devaluation or depreciation of peso, the sales and profits for the Mexican market could be negatively affected, but the income of the tequila sales abroad would be benefited as they are invoiced in US Dollars. As the Company invoices most of its products abroad, we think that the devaluation of peso could not negatively affect the results or endanger our liquidity;however, it may change in the extent that the Company depends on the Peso in the future. As long as the interests or the amortization of the foreign debt is lower than the profit generated by sales abroad, the company will maintain a natural coverage for debt in US Dollars.

Banco de México may participate in the exchange market to reduce the volatility and promote an ordered market. Banco de México and the Mexican government have also promoted devices based on the market to stabilize the exchange rates in foreign currency and provide liquidity to the exchange market. However, the Peso is currently subject to significant fluctuations against Dollar, and may be subject to these fluctuations in the future.

The monetary policy decisions of the U.S. Federal Reserve to decrease or increase the interest rates may affect the exchange rate of Peso vs. Dollar.

Fluctuations of exchange rate could adversely affect the capacity of the Company to purchase assets in other currencies and may adversely affect the performance of the investments in such assets. Therefore, the value in US Dollars of the Company's investments could be adversely affected as a consequence of reductions in the value of Peso vs. Dollar.

Our functional currency is the Mexican peso, with the exception of some subsidiaries located in the United States of America ("USA"), United Kingdom ("UK"), Europe ("EU"), Canada ("CAN"). Australia ("AUS") and China ("CN"), which functional currencies are local currencies, specifically, the US Dollar ("USD"), the Pound Sterling ("GBP"), the Euro ("EURO"), the Canadian Dollar ("CAD"), the Australian Dollar ("AUD") and Yens ("CNY"), respectively. The transactions in foreign currency are translated to the corresponding functional currency of the Company's entities to the exchange rates as of the Audited Financial Statements date. The assets and liabilities denominated in foreign currency as of the Audited Financial Statements are translated to the functional currency at the exchange rate as of such date. The Company is exposed to the exchange risk by the sales, purchase and loans denominated in a currency other than the functional currency of the Company's subsidiaries.

Most of the cash flows of the Company are generated in foreign currency, providing a natural economic coverage without requiring to execute derivative agreements with respect to the exits of cash in foreign currency, the Company may not have a coverage of all its exposure in foreign currency. In addition, the Company has other monetary assets and liabilities in foreign currency, in which the Company tries its net exposure to be maintained at an acceptable level by purchasing and selling foreign currency at exchange rates in cash or "spot", however, there is no certainty that such purchases may reduce the risk to volatility in exchange rates.

Devaluations or depreciations of functional currency of the Company and its subsidiaries may give as a result the interruption of the international currency exchange markets. It may limit our capacity to transfer or to translate Mexican Pesos to US Dollars and other currencies. For example, in order to make prompt payments of interests and capital of the securities of the Company, and any debt in US Dollars in which the Company may incur in the future, devaluations and depreciations could have an adverse effect in our financial position, results of operation and cash flows in the future.

An increase of interest rates in the United States could adversely affect the Mexican economy and, therefore, could have an adverse effect in our financial position and performance

A decision of the U.S. Federal Reserve in increasing the interest rates in the reserves of the banks may give rise to an increase in the interest rates in the United States. The foregoing may redirect the capital flow of emerging markets to the United States, as the investors may obtain greater yields adjusted to the risks in greater and more developed economies, instead of Mexico. Therefore, for the companies in emerging market economies, such as Mexico, it could be difficult and expensive to obtain credits and refinancing of the existing debt. The foregoing may adversely affect the economic growth potential of the Company and the possibility to refinance the existing debt and may adversely affect the activities, the financial position, the results of operation, the cash flows and/or the perspectives of the Company, as well as the market price of its Shares.

Any renegotiation of commercial agreements and other changes in foreign policy in the United States may affect the imports and exports between Mexico and the United States, as well as the rest of the world, and other economic and geopolitical effects could adversely affect the Company

During the last years, we have experienced certain uncertainty with respect to the policies of the United States with respect to the commerce, customs, immigration and foreign affairs with respect to Mexico. The current administration of the United States may cause a series of changes in the relation between Mexico and the United States.

In addition, other government policies of the United States could adversely affect the economic condition of Mexico. The current relation between the governments of Mexico and the United States, as well as the political and economic factors of each country, could result in changes in international trade and investment policies, including new or higher taxes on the products imported from Mexico to the United States.

The previously described events could affect the activities, the financial position, the results of operation, the cash flows and/or the perspectives of the Company, as well as the market price of its securities. Other economic and geopolitical effects could adversely affect the Company.

As the Mexican economy is strongly influenced by the US economy, the implementation of the USMCA and/or another government policies in the United States to be adopted by the Federal Administration, may adversely affect the financial position in Mexico. On September 30, 2018, Mexico, Canada and the United States reached an agreement on the terms and conditions of the USMCA, replacing the NAFTA. On June 19, 2019, Mexico became the first country ratifying the USMCA, followed by the United States on January 16, 2020 and Canada on March 13, 2020**.** The USMCA became effective on July 1, 2020. The USMCA included a suspension clause of 16 years under which the terms of the agreement will expire or will be suspended after 16 years, and is subject to review each six years, and the United States, Mexico and Canada may decide if they extend the USMCA. The implementation of new terms of the USMCA may have an adverse effect on the Mexican economy, including the level of imports and exports that may significantly affect our operation results and our business. Other economic and geopolitical effects, including those related to the US policy with respect to the commerce, rates and immigration, may adversely affect the Company.

Mexican inflation along with government measures to control the inflation may have an adverse effect on our investments

The current inflation level of Mexico is at its highest level of annual inflation of its main commercial partners. The high indexes of inflation may adversely affect our business, the financial position and results of operation. If Mexico experiences again a high level of inflation in the future, the Company will not guarantee to adjust the prices it collects from its clients for its product to compensate negative effects.

Mexico is experiencing an increase in criminal activity, having an impact in the domestic economy which may affect our operations, as well as our financial and performance condition

In the last years, Mexico has experienced an increase in the criminal activity mainly as a consequence of the organized crime. The increase in violence has had adverse effects on the Mexican economic activity. In addition, the social instability and the social order events and political events occurred in Mexico or affecting Mexico, may significantly affect the Company and our performance. The violent crime acts may give rise to increase in the expenses of the Company in insurances and safety. We cannot assure that the level of violence in Mexico, beyond its control, will decrease or that it will not increase. The increase of crimes may have a significant adverse effect on the activities, the financial position, the results of operation, the cash flows and/or the perspectives of the Company, as well as in the market price of its Shares.

Interest rates in Mexico may increase our financial costs

Interest rates of CETES at 28 days for 2017, 2018, 2019, 2020 and 2021 as of the closing accounted for 7.22%, 8.17%, 7.25%, 4.24% and 5.49%, respectively.

We are subject to different accounting and disclosure of information principles in comparison to other countries

One of the main purposes of the securities market law in Mexico, the United States and other countries, is to promote the disclosure of information on a complete and accurate manner of all the corporate information, including the accounting information. Notwithstanding the foregoing, we could have less or a different public information available with respect to the foreign securities issuers in comparison to the information regularly published by securities issuers quoted in the United States. The Company is subject to obligations related to the provision of reports with respect to its Shares in Mexico. The accounting disclosure standards required by the BMV and the CNBV in Mexico may be different from those required by the securities exchange of other countries or regions, such as in the United States. As a result of the foregoing, the level of available information may not correspond to the level received by the foreign investors participating in stock exchanges of other countries. In addition, the accounting standards and the information requirements in Mexico are different from those required in the United States and other countries.

Events occurred in other countries and perceptions of risks of investors, especially those in the United States and countries with emerging markets, may adversely affect the market prices of the securities issued by Mexican issuers, including the Company's Shares

The market prices of the securities issued by Mexican issuers may be affected in different extent by the economic condition and market of other countries, including the United States, China, the rest of Latin America and other countries with emerging markets. Therefore, reactions of investors before the events occurred in any of such countries could have an adverse effect on the market price of the securities issued by Mexican issuers. The crisis in the United States, China and countries with emerging markets, may decrease the levels of interest in the securities issued by Mexican issuers —including the Shares of the Company— by the investors.

In the past, the emergence of adverse economic conditions in other emerging countries has given rise to leaks of capital and accordingly, decrease in the value of foreign investment in Mexico. The financial crisis in the United States during the third quarter of 2008, gave rise to a global rescission directly and indirectly affecting the Mexican economy and securities market and provoking, among other things, fluctuations in the prices of purchase and sale of securities issued by the companies quoting in the BMV, lack of credit, shortage of budgets, deacceleration of the Mexican economy, volatility in exchange rate and inflationary pressures. The recent crisis in other economies, in Europe and China, may have such effect. The emergence of any of these conditions would affect adversely the market price of the Shares of the Company and could hinder access of the Company to the capital markets to finance future operations, which may have a significant adverse effect in the activities, the financial position, the results of operation, the cash flows and/or the perspectives of the Company, as well as in the market price of the Shares.

In response to the Russian invasion of Ukraine, many jurisdictions, including the United States, the United Kingdom and the European Union have imposed restrictions, export controls, import prohibitions and other commercial restrictions to Russia. Although Mexico has refrained to impose such commercial restrictions to Russia, the conflict in Ukraine and the sanctions related to Russia could affect the international macroeconomic conditions.

The domestic economy is also affected by the economic situation and the markets at a world level in general and the United States, particularly. For example, historically the prices of securities quoted at the BMV have been sensitive to fluctuations in interest rates and the levels of activity in the main securities markets in the United States.

In addition, as a result of the execution of free trade agreements and the increase of economic activity levels between Mexico and the United States, in recent years, the economic situation is related, on a growing basis, to the economic situation of the United States. The existence of adverse economic conditions in the United States or other similar events, could have an adverse effect on the economic situation of Mexico, which, in turn, may have a significant adverse effect on the Company's activities. As a result of the conversations to renegotiate the NAFTA on November 30, 2018 (as it was amended on December 10, 2019) the United States, Canada and Mexico executed the USMCA which was approved by the Chamber of Senators of Mexico by the senate of the United States and by the Canadian Parliament, and became effective on July 1, 2020. The increase or perception of the increase of economic protection in the United States and other countries, may derive in the decrease of the trade, investment and economic growth levels, which may, in turn, have a negative impact on the Mexican economy. Such economic and political consequences could negatively affect our business and the results of operations.

We cannot assure that the circumstances of other countries with emerging markets, in the United States or in any other place, will not have a significant adverse effect on our business, financial position, results of operations, cash flows, prospects and the market price of shares. The exit of the United Kingdom from the European Union on January 31, 2020 (the "Brexit"); the relation between the United Kingdom and the EU is regulated by the trade and cooperation agreement after the Brexit, covering (among other matters) trade, tourism and immigration. After the Brexit, the United Kingdom and Mexico negotiated and executed a trade agreement, the Commercial Continuity Agreement between the United Kingdom and Mexico, which became effective on June 1, 2021. Although the Brexit long-term volatility risk has decreased in great extent, the long-term risk in the capital markets, the currency markets and the political and general macroeconomic situation are uncertain.

Risks factors related to the Company's shares

If the securities or industry analysts do not publish investigations or reports on the business, or if they publish negative reports on the business, the price of the shares and the volume of quotes may decrease

The quote market of the Shares depends on the investigation and report published by the securities or industry analysts on the Company or our business. If one or more of the analysts covering the Company reviews the Shares at a low level or publish inaccurate research on our business, the price of our Shares may decrease. If one or more of such analysts cease covering the Company and fail to publish reports on our Company, on a regular basis, the demand for our Shares may decrease, which may cause the price of our Shares and the volume of quotes to decrease.

It should be considered that the Company is controlled by only one family

Most of our outstanding shares belong to the Beckmann family. Accordingly, the Beckmann family has the power to appoint the majority of the members of the Board of Directors of the Company and to approve the matters to be subject to vote by the shareholders. The interests of the major shareholders of the Company may be different to the interests of the rest of the investors.

The future offer of securities or future sale of securities by the shareholders controlling the Company, or the income of such sale, may result in a decrease in the market price of our Shares

In the future, the Company may issue additional securities, including shares or instruments convertible or exchangeable in shares, for financing, acquisition or any other purpose. In addition, the controlling shareholders of the Company may decrease their shares in such Company.

Such issuances or sales may result in a dilution of the economic and corporate rights of the shareholders with respect to the Company, or a negative perception of the market and, potentially, a decrease of the market security of the Company Shares.

Future offers of securities with preemptive rights to the Shares may limit the operative and financial flexibility of the Company and could adversely affect the market price and dilute the value of Shares

If we decide to issue debt instruments in the future with preemptive rights to its Shares, the terms of such debt or financing instruments, may impose on the Company, obligations restricting the operative flexibility and limiting the capacity to make distributions to our shareholders. In addition, any convertible or exchangeable securities issued by the Company in the future may have preemptive rights or have privileges, including with respect to the payment of dividends and distributions, exceeding the holders of Shares of the Company and may result in a dilution of the value of the Shares. As the decision of the Company of issuing securities in the future will depend on the market conditions and other factors beyond the Company's control, the Company may not predict or estimate the amount, time or nature of any offer or financing in the future, that may reduce the market price of the Shares or reduce the value of the Shares.

The Company may incur in additional debt in the future, which may affect its financial position and capacity to generate cash to comply with payment obligations

As of December 31, 2021, 2020 and 2019, the Company accounted for $18,598 million, $9,956 million and $9,391 million in total debt, respectively. In 2015, the Company issued senior notes in the amount of US$500 million at a fixed rate of 3.75%, with a maturity in 2025. In the future, the Company may incur in additional debt that may have the following effects.

On March 16, 2021, the Company obtained a loan in the amount US$150,000 in financing under a new credit facility of a term loan (the "Bank Loan"). The net resources of the Bank loan plus the available cash as of this date were used to finance the purchase of additional interests of EBS.

On September 27, 2021, the Company announced the starting of a tender offer for the acquisition in cash and the request of consent (the "Tender Offer") to the holders of all the Notes 2025 outstanding and with a maturity in 2025 previously mentioned. The Tender Offer was made under the terms and subject to the conditions set forth in the Purchase Offer dated September 27, 2021 and ended on October 25, 2021. The total consideration paid in the Tender Offer accounted for US$385,600 and included the capital amount of the Notes 2025 validly offered in the amount US$346,639 (69.3% of the original issuance of US$500,000), a payment of consent in the amount of US$50.00 per each $1,000 of the main amount of Notes 2025 validly offered and accrued and unpaid interests with respect to such purchased Notes 2025.

The Tender Offer was made in connection with a simultaneous offer by the Company of the Notes 2031 in the total amount of the capital of US$800,000 of Notes 2031, sold in an offer exempted from registry requirements of the Stock Exchange of the US. Law 1933, and its amendments and it also quoted in the Irish Stock Exchange. The Notes 2031 accrue interest at a rate of 2.5% annual payable in April and October of each year, as from April 2022, and expire on October 14, 2031.

The net resources of Notes 2031 were used for: (i) pay, on October 18, 2021, the credit facility of the bank loan in the amount of US$150,000, (ii) refinance the Notes 2025 validly offered in the amount of US$346,639 according to the Tender Offer, (iii) to pay fees and expenses incurred in connection with the offer of the Notes 2031 and the Tender Offer, and (iv) for general corporate purposes. In the future, the Company may incur in additional debt that may involve the following effects.

The dividends may be less than those historically ordered and may determine that the Company does not pay dividends and, if applicable, the payment thereof may be made in Mexican Pesos

The payment of dividends and the amount thereof are subject to the approval of the Company's shareholders meeting based on a recommendation by the Board of Directors. As long as the Beckmann family holds the majority of the Shares representing the capital stock of the Company, the Beckmann family will have the power to decide to pay the dividends or, if applicable, to determine the amount thereof. The payment of dividends and the adoption of a dividend policy will depend on different factors, including the results of operation, the financial position, the requirements of cash flows, the business perspective, the tax matters, the financing terms and conditions that may limit the capacity of the Company to pay dividends and other factors that the Board of Directors and the shareholders of the Company may take into consideration. We cannot assure the terms and the term under which the dividends policy will be approved, and also, if such approval will occur or not.

In addition, according to the Mexican laws, the payment of dividends is subject to tax withholding and if the losses in previous years are paid or absorbed, and prior to a distribution of dividends, at least 5% of the net profits of the Company must be separated to the legal reserve fund, until such reserve fund equals 20% of the capital stock. Additional amounts may be assigned to other reserve funds as determined by the shareholders, including the amounts to be assigned to a shares repurchase fund. The balance, if any, may be distributed as dividends.

The share of dividends to the holders of the Company's Shares will be in Mexican Pesos. Any significant fluctuation in the conversion rates between Pesos and Dollars or any other currency could have an adverse effect in the amount received in Dollars or in any other currency by the shareholders when the conversion is made. In addition, the amount paid by the Company in Pesos may not be easily transferred to US Dollars or any other currency. Although the Mexican government does not restrict the capacity of individuals or legal or foreign entities to translate Pesos to US Dollars or any other currency, the Mexican government may determine restrictive conversion control policies in the future. The Company may not predict future fluctuations in the conversion rates and the effect of any policy or restrictive measure to the translation by the Mexican government.

The Company's bylaws include provisions that may delay or prevent a change of control and set forth a liquidated damage and restriction in the corporate or consecution rights in the assumption individuals purchase Shares in violation of the provisions of the Company's bylaws or execute agreements which require prior authorization, without obtaining such authorization

The Company's bylaws set forth that any transaction or disposal of 10% or more of its Shares by any individual or group of individuals acting specifically, must be previously approved by the Board of Directors. Therefore, the investors will not acquire or transfer 10% or more of the Shares representing the capital stock of the Company without the Board of Directors' authorization. Such provisions may derive, delay or prevent a change of control of the Company or a change in its administration, which may, in addition, affect the minor shareholders of the Company and, if applicable, the price of the Shares. In general, the Securities Market Law binds any individual or group of individuals with the intent to purchase the control of the Company, to perform a tender offer of purchase with respect to all the outstanding Shares and to pay the same amount to all the holders selling Shares. This provision may discourage potential future purchases of the Company Shares, or a significant percentage of Shares, and, accordingly, it may adversely affect the liquidity and price of Shares.

All and any individuals purchasing Shares representing the capital stock of the Company or executing agreements requiring prior authorization, in violation of the provisions of bylaws of the Company, will be bound to pay a liquidated damage to the Company up to an amount equal to the price of all the Shares representing the capital stock of the Company, directly or indirectly, owned plus the corresponding amount of the Shares representing the capital stock of the Company subject to the prohibited operation (including of the corresponding agreements), on the date the last purchase occurs. In the event that the operations given rise to the unauthorized purchase of a percentage of Shares representing the capital stock of the Company equals or exceeds ten percent (10%) of the capital stock or the corresponding agreement, on a free loan basis, the liquidated damage will be equivalent to the highest market value of such Shares, on the date the request is submitted to the Board of Directors or on the date occurring 3 (three) working days after the Board of Directors is notified of the purchase or the prohibited agreement. In addition, the Shares representing the capital stock of the Company purchased against the provisions of the bylaws, will not grant any right to vote in any shareholders' meeting and the transfer of such Shares will not be entered in the corresponding registry book of the Company, and the registrations made before without the corresponding authorization will be cancelled and no value will be given to the records referred to in Article 290 of the Securities Market Law, therefore, such records will not prove the ownership of the Shares and will not evidence the attendance right to the shareholders' meeting and will not legitimate the right to any share, including those with procedural nature.

The Company is a controlling company that even when it generates income by its own account, it depends on the dividends and other resources derived from its subsidiaries to pay dividends, in the extent possible

The Company is a controlling company, and its operations are mainly performed through the Company's subsidiaries. As a result of the foregoing, the capacity of the Company to pay dividends mainly depends on the capacity of its subsidiaries to generate income and pay dividends to the Company. The subsidiary companies of the Company are different and separate legal entities. Any payment of dividends, distributions, credits or advance payments by the Company's subsidiaries are limited to the general provisions of the Mexican law related to the distribution of income, including those related to the payment of profit sharing. If a shareholder sues the Company, the compliance of any judgement will be limited to the available assets of the Company's subsidiaries. The payment of dividends by the Company's subsidiaries also depends on the income and business considerations thereof. In addition, the right of the Company to receive any asset from any subsidiary as a shareholder of such subsidiaries, liquidation or reorganization will be effectively subordinated to the creditors' rights of the subsidiaries of the Company, including the commercial creditors. Noncompliance with the requirements of maintaining the Company Shares quoted at the BMV may result in a suspension of the outstanding Shares.

There are requirements to maintain the quote of Shares at the BMV which noncompliance may result in the suspension of the quote of Shares at the BMV

The applicable law sets forth requirements to be complied by the Company to maintain the quote of the Shares at the authorized quoted securities, which foresees, among other things, that the percentage of the capital stock of the Company must be maintained among the investors and it will not be less than 12% of the capital stock. In the event of noncompliance with such requirements, the CNBV and BMV may, prior hearing of the Company, suspend the quote of its Shares. In the event the Shares of the Company are unquoted, it might not be an active market for such shares and the investors may not be able to sell them at a favorable price or not.

Judgements rendered against the Company in Mexico will be payable in Mexican Pesos

According to the provisions of Article 8 of the Monetary Law of Mexico, an obligation payable in Mexico in a currency other than Peso, as a result of an action filed in Mexico or the execution in Mexico of a judgement obtained abroad, shall be complied in Mexican Pesos at the exchange rate in force on the date such payment is made. Such exchange rate is determined by Banco de México each Working Day and published the following Working Day in the Official Gazette of the Federation. However, it is unclear if the exchange rate applied by a judicial authority is the price corresponding at the time the judgement is rendered or at the time the payment is made. The purpose of such provisions is to limit the capacity of the Company to comply obligations in Mexico as previously described, or if the purpose is to grant any other interested party an additional action right looking for the indemnity and compensation for potential deficiencies giving rise or resulting from fluctuations on the exchange rates, may not be demandable in Mexico.

Risk Factors related to future statements

This Report includes future statements. Examples of such statements in future include, among others: (i) statements related to the results of operations and financial position of the Company; (ii) statements of plans, purposes and goals, including those related to the Company's operations; and (iii) statements of underlaying suppositions to such statements. Words, such as, "we advise", "we anticipate", "we look for", "we consider", "we contemplate", "we think", "depends on", "should", "expect", "deem", "try", "goal", "target", "might", "forecast", "project", "pretend", "foresee", "may", "plan", "potential", "prediction", "proposal", "will be", "will have", "would have", as well as similar expressions, will have the purposes to identify future forecasts and statements, but there is not the only mean to identify such forecasts and statements.

Although the Company considers that such estimates and statements in the future are based on reasonable assumptions, by its own nature, future statements contain general and specific risks and uncertainties, and there are risks that the future forecasts, projections and other statements are not attained. The Company warns investors that a relevant number of factors may provoke that the real results significantly differ from the plans, objectives, expectations, estimates and intentions in such statements, including the following factors:

1. The capacity of the Company to execute its corporate strategies;
2. The competitive environment in which the Company operates, especially the competition in the industry;
3. Losses, including non-insured losses beyond the insurance coverages maintained by the Company;
4. The capacity of the Company to maintain or increase sales or income;
5. The capacity of the Company to successfully participate in strategic acquisition and to successfully expand to new markets in Mexico or abroad;
6. The capacity of the Company to sell or provide in any other manner any of its products;
7. Integration of companies to be acquired by the Company in the future;
8. The ability of the Company to successfully make strategic acquisitions;

9. The capacity of the Company to generate cash flows enough to comply with any present or future obligation of the debt service;
10. Performance of the economy, as well as the politics and business in Mexico, the United States and the rest of the world in which we operate;
11. Limitations in access of the Company to financing sources on competitive terms;
12. The performance of financial markets and the capacity of the Company to pay or refinance its financial obligations, as necessary;
13. Restrictions of translation of currencies and remittances;
14. Limitations to interest rates and regulation related to credits and operations of the Company;
15. The amount and profitability of any additional investment;
16. Changes in exchange rate, interest rate of the market and inflation rate;
17. Effect of changes to the International Financial Reporting Standards, new laws, the intervention on the regulatory authorities, the regulatory or government provisions and the monetary or tax policy in Mexico, the United States and the United Kingdom;
18. Changes to the laws affecting the industry in which the Company participates, lack of permits such as those related to the appellation of origin, brands, licenses and other administrative provisions that may affect our operations;
19. Implementation of a price control by the Mexican government, import rates and other measures to facilitate access to raw materials used by the Company;
20. Loss of key personnel;
21. Terrorist and criminal activities, as well as geopolitical events; and
22. Risk factors included in the "Risk Factors" section.

If one or more of these factors or uncertainties are materialized, or if the underlaying assumptions are incorrect, the actual results may substantially differ from those described in this Prospectus as advanced, considered, estimated, expected, forecasted or pretended factors.

The potential investors must read the sections of this Report entitled "Summary", "Risk Factors", "the Company" and "Comments and Analysis of the Administration on the Results of Operation and Financial Position" for a detailed explanation of the factors that may affect the performance of the Company in the future, the price of Shares in the future, as well as the markets in which it operates.

With respect to such risks, uncertainties and suppositions, the future events described in this Report may not be verified. Such future statements are only stated with respect to the date of this Report and the Company will not assume any obligation of updating and review the project or statement in the future, whether as a result of new information or events or future occurrences. At any time, additional factors may occur affecting the Company's business making impossible to totally predict such factors or assess the impact thereof in the Company's business or in which extent any factor or a combination thereof may provoke that the actual results substantially differ from those included in any future statements. It is impossible to assure that our plans, intentions or expectations will be reached. In addition, the statements with respect to the passed trends or activities will not be interpreted as affirmation that such trends or activities will continue in the future. All the future statements, whether written, oral or electronic, attributed to the Company or that may be attributed to individuals acting on its behalf, are expressly and totally subject to this prudential statement.

Risk for adoption of new standards

We have applied the following standards and modifications for the first time for the year starting on January 1, 2021:

- Rent concessions related to COVID-19-Amendments to IFRS 16, and
- Amendment to the reference interest rate – amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (phase 2)

Certain new accounting standards, amendments to the accounting standards or interpretations not mandatory for the reporting periods from December 31, 2021 have been published and have not been previously adopted by the group. It is not expected that such standards, amendments or interpretations to have a material impact on the Company in the current or future report periods and in future foreseeable transactions.

Risk Management.

The risk management of the Group is mainly controlled by a central treasury department (Group's Treasury) according to the policies approved by the Board of Directors. The Treasury of the Group identifies, assesses and covers the financial risks strictly cooperating with the business units of the Group. The Board of Directors provides written principles to generally manage the risk, as well as the policies covering specific areas, such as the exchange rate risk, the interest rate risk, the credit risk and the investment in excess of liquidity.

Credit risk

The credit risk is the financial loss risk for the Group, if a client or other party of a financial instrument fails to comply with its contractual obligations and mainly derives from the trades receivable and bank deposits of the Group in financial institutions. The amount in books of the financial assets represents the maximum credit exposure.

If the wholesalers receive an independent rating, such ratings are useful. Otherwise, if there is no independent rating, the risk management area assesses the client's credit quality, taking into account its financial position, the past experience and other factors. The individual risk limits are set forth with respect to the internal or external ratings according to the limits set forth by the Board of Directors. Compliance with the credit limits by the wholesalers is regularly monitored by the Management.

For some trades receivable, the Group may obtain guaranties as promissory notes to which it may use if the other party fails to comply with the terms of the agreement. The Group applies the simplified focus of IFRS 9 to measure the ECL using an estimate of expected losses for life for all the trades receivable

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty for a financial! instrument fails to meet its contractual obligations and arises mainly from the Group's trade receivables and the Group's deposits with banks and financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

lf wholesalers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on interna! or external ratings in accordance with limits set by the Board of Directors. The compliance with credit limits by wholesalers is regularly monitored by management.

For some trade receivables the Group may obtain security in the form of guarantees or promissory notes which can be called upon if the counterparty is in default under the terms of the agreement. The Group applies the IFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade receivables.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. More than 75% of the Group's customers have been transacting with the Group for several years, and no material impairment loss has been recognized against these customers. In monitoring customer credit risks, customers are grouped according to their credit characteristics, including whether they are a wholesaler, retailer or end-user customer, and their geographic location, industry, years in business, maturity and prior financial difficulties. Occasionally the Group requires guarantees in EMEA and APAC markets in relation to trade debtors.

On that basis, the expected credit loss was determined as follows:

	Up to date and up to 60 days elapsed (Ps)		More than 61 days of maturity (Ps)		More than 90 days of maturity (Ps)		More than 120 days of maturity (Ps)		Total (Ps)		Total (Ps)
December 31, 2021											
Expected loss percentage		093%		4 39%		14.48%		15.24%			
Gross amount – trades receivable	$	10,073,471	$	113,421	$	169,423	$	(7,195)	$	10,349,120	$ 502,787
Estimate of credit losses		(17,386)		(11,521)		(1,861)		(34,196)		(64,964)	(3,156)
December 31, 2020											
Expected loss percentage		2 60%		5.11%		14.17%		14.92%			
Gross amount – trades receivable	$	9,015,911	$	95,310	$	188,858	$	22,430	$	9,322,509	$ 467,324
Estimate of credit losses		(4,876)		(9,182)		(6,600)		(88,136)		(108,794)	(5,454)
December 31, 2019											
Expected loss percentage		1.55%		6.90%		13.06%		14.22%			
Gross amount – trades receivable	$	9,073,641	$	92,964	$	132,419	$	67,469	$	9,366,493	$ 497,023
Estimate of credit losses		(20,439)		(5,196)		(1.726)		(44,193)	$	(71,554)	$ (3,797)

	December 31			
	2021 (US)	2021 (Ps)	2020 (Ps)	2019 (Ps)
Gross amount of trades receivable	$ 502,787	$ 10,349,120	$ 9,322,509	$ 9,366,493
Minus: estimate of credit losses	(3,156)	(64.964)	(108,794)	(71,554)
	$ 499,631	$ 10,284,156	$ 9,213,715	$ 9,294,939

The conciliation of credit loss estimate is the following:

	December 31			
	2021 (US)	2021 (Ps)	2020 (Ps)	2019 (Ps)
Initial balance as of January 1	$ 5,285	$ 108,794	$ 71,554	$ 74,825
Increase recognized in results during the year	(182)	(3,744)	43,672	8,453
Cancellation of trades receivable recognized as non-collectible	(1,939)	(39,918)	(9,183)	(11,348)
Exchange effects	(8)	(168)	2,751	(376)
Final balance as of December 31	$ 3,156	$ 64,964	$ 108,794	$ 71,554

As of December 31, 2021, 2020, and 2019, the maximum exposure to credit risk for trade receivables by counterparty type is as follows:

	December 31			
	2021 (US)	2021 (Ps)	2020 (Ps)	2019 (Ps)
Wholesalers	$ 438,905	$ 9,034,201	$ 7,468,557	$ 6,921,335
Retailers	60,812	1,251,725	1,741,169	2,418,053
Other	3,070	63,194	112,783	27,105
Total	$ 502,787	$ 10,349,120	$ 9,322,509	$ 9,366,493

As of December 31, 2021, 2020 and 2019, the most important client of the Group represented 16.8% for the two first years and 11.5% of the third year, the total value of the commercial trade receivables.

The Group has not clients classified as "high risk", for which credit special conditions should be applied.

In Mexico, the Company directly distributes to the channels, supermarkets, price clubs, wholesalers and convenience stores through its own sales force, covering a high percentage of the stores selling spirits in the country. In addition, the promotion force reaches 2,630 main stores and wholesalers of supermarkets to control display and promotion at the point of sale.

In the United States of America, there is a three-tier system implemented by federal and state laws, which limits the nature and scope of relationships between alcoholic beverage, suppliers, wholesalers, and retailers. These laws and provisions prohibit transactions and relationships that are common in the alcoholic beverage industry in other legal jurisdictions, as well as in other consumer sectors in the United States of America. In 23 states, the Company distributes principally through wholesalers associated with three major distributors networks, in 1O states the Company distributes through independent distributors, and in the remaining 17 states (and certain local jurisdictions), the state (or the relevant local authority) controls the distribution of distilled alcoholic beverages.

In the rest of the world, the Company distributes via local In-Market companies (IMCs) and third-party distributors. The IMCs sell to customers, on-trade and off-trade, in the country of incorporation. In countries where we do not have local IMCs, the Company enters into strategic distribution agreements with local distributors in each country.

In countries where the Company currently does not have the capacity to operate a direct distribution model, in general terms, the Company's distribution strategy consists of entering into distribution agreements in each country.

The Group uses a provision matrix in order to measure the ECL of wholesalers, retailers and others under a portfolio approach. impairment rates are calculated separately for exposures in different segments based on common characteristics of credit risk, geographic region, length of the relationship with the customer and type of product purchased.

Cash and cash equivalents

The Group's investments in debt instruments are low risk. The investments' credit ratings are continuously monitored to be aware of for credit impairment. The Group limits its exposure to credit risk by investing only in Mexican governmental debt, corporate and bank debt with maturity of less than 90 days and only with counterparties that have a good global credit rating. The purpose of the Group's treasury policy is to mitigate its risk exposure, ensure the operating requirements and obtain the best market conditions, even when it is not aimed to maximize the return from its investments.

Fair value estimates

The financial instruments in the statement of financial position are recorded at fair value based on the following hierarchy.

- Level 1 fair values are derived from prices quoted (not adjusted) in active markets for identical liabilities or assets.
- Level 2 fair values are derived from indicators different from the quoted prices included in Level 1, but that include indicators that are observable directly to quoted prices or indirectly derived from these prices; and
- Level 3 fair values are derived from valuation techniques that include indicators for assets or liabilities that are not based on observable market information.

	Amortized cost		**Fair value with changes in results**		**Fair value**		
	(US$)	**(Ps)**	**(US$)**	**(Ps)**	**Level 1 (Ps)**	**Level 2 (Ps)**	**Level 3 (Ps)**
December 31, 2021							
Financial assets:							
Cash equivalents	$ 621,434	$ 12,791,283					
Trades receivable	499,631	10,284,156					
Related parties	689	14,174					
Other trades receivable	9,470	194,917					
Financial liabilities:							
Senior Notes	$ 903,523	$ 18,597,660					
Accounts payable	223,186	4,593,948					
Related parties	3,439	70,788					
Other accounts payable	320,770	6,602,572					
Other long-term liabilities *	18,946	389,982	14,714	302,873			302,873

	Amortized cost		**Fair value with changes in results**		**Fair value**		
	(US$)	**(Ps)**	**(US$)**	**(Ps)**	**Level 1**	**Level 2**	**Level 3**
December 31, 2020							
Financial assets:							
Cash equivalents	$ 383,299	$ 7,646,318					
Trades receivable	461,870	9,213,715					
Related parties	2,868	57,214					
Other trades receivable	11,249	224,412					
Financial instruments at fair value with changes in results			14,756	303,739			303,739
Investments of capital at fair value			581	11,969		11,969	
Financial liabilities:							
Senior Notes	$ 499,076	$ 9,955,908					
Accounts payable	153,516	3,062,436					
Related parties	8,499	169,551					
Other accounts payable	241,096	4,809,560					

Other long-term liabilities *	18,446	367,964	6,823	140,437			140,437

	Amortized cost		Fair value with changes in results		Fair value		
	(US$)	(Ps)	(US$)	(Ps)	Level 1	Level 2	Level 3
December 31, 2019							
Financial assets:							
Cash equivalents	$ 37,724	$ 710,923					
Trades receivable	493,226	9,294,939					
Related parties	5,481	103294					
Other taxes and other trades receivable	33,813	637217					
Investments of capital at fair value			1,950	36,748		36,748	
Financial liabilities:							
Senior Notes	$ 498,312	$ 9,390,788					
Accounts payable	115,823	2 182716					
Related parties	3,629	68,382					
Other accounts payable	209 316	3,944,604					
Other long-term liabilities *	1,510	28,463	8,615	162,360			162,360

In the years ended December 31, 2021, 2020 and 2019, there were no transfers between levels 1 and 2.

Changes in other long-term liabilities are as follows:

	December 31			
	2021 (US)	2021 (Ps)	2020 (Ps)	2019 (Ps)
Initial balance as of January 1	$ (6,823)	$ (140,437)	$ (162,360)	$ (301,204)
Increase	(7,892)	(162,436)	21,923	138,844
Balance as of December 31	$ (14,714)	$ (302,873)	$ (140,437)	$ (162,360)
Deferred income tax				
Initial balance as of January 1	$ 2,163	$ 44,524	$ 50,114	$ 74,479
Decrease of deferred income tax	-	-	(5,590)	(24,365)
Balance as of December 31	$ 2,163	$ 44,524	$ 44.524	$ 50,114

Changes of other long-term liabilities – Net of taxes

Decrease	$ -	$ -	$ 21.923	$ 138 844
Decrease of deferred income tax	-	-	(5,590)	(24,365)
Changes of other long-term liabilities	$ -	$ -	$ 16,333	$ 114,479

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring additional financing costs or risking damage to the Group's reputation.

Normally, the Group ensures that it has sufficient available cash to cover expected operating expenses for a 60-day period, which includes payment of its financial obligations. The aforementioned excludes the possible impact of extreme circumstances that are not reasonably predictable, such as natural disasters.

The Company believes that the cash generated by its operations is sufficient to fund its operating and capital requirements in the near term.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of uncommitted credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

In order to preserve liquidity during the health contingency caused by COVID-19, the Company implemented the following measures: a) restriction of operating expenses to the minimum necessary; and b) extension of the payment term to some suppliers.

Exposure to liquidity risk

The table below includes a summary of the remaining contractual maturities of non-derivative financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

					Contractual cash flows							
	Net value				**Total**			**1 month to 1 year**		**1 to 3 years**		**More than 3 years**
		(US)		**(Ps)**				**(Ps)**	**(Ps)**		**(Ps)**	**(Ps)**
December 31, 2021												
Senior Notes	$	903,523	$	18,597,660	$	1,233,223	$	25,384,053	$	653,166	$	5,063,658	$	19,667,229
Accounts payable		223,186		4,593,948		223,186		4,593,948		4,593,948				
Related parties		3,439		70,788		3,439		70,788		70,788				
Other accounts payable		320,770		6,602,572		320,770		6,602,572		6,602,572				
Lease liabilities		127,677		2,628,030		245.168		5,046,420		**747,240**		1,784,031		2,515,149
Other long-term liabilities		33,661		692,855		33,661		692,855						692,855
December 31, 2020														
Senior Notes	$	499,076	$	9,955,908	$	595,277	$	11,875,000	$	375,000	$	1,125,000	$	10,375,000
Accounts payable		153,516		3,062,436		153,516		3,062,436		3,062,436				
Related parties		8,499		169,551		8,499		169,551		169,551				
Other accounts payable		241,096		4,809,560		241,096		4,809,560		4,809,560				
Lease liabilities		123,374		2,461,141		210,513		4,199,469		541,257		1,289,432		2,368,780
Other long-term liabilities		25,485		508,401		25,485		508,401						508,401
December 31, 2019														
Senior Notes	$	498,312	$	9,390,788	$	582,401	$	11,618,141	$	374,534	$	746,588	$	10,497,019
Accounts payable		115,823		2,182,716		109,416		2,182,716		2,182,716		-		-
Related parties		3,629		68,382		3,428		68,382		68,382		-		-
Other accounts payable		209,316		3,944,604		197,737		3,944,604		3,944,604		-		-
Lease liabilities		**114,003**		2,148,404		238,205		4,751,889		461,276		1,163,303		3,127,310
Other long-term liabilities		10,126		190,823		9,566		190,823						190,823

Operational Risk

The Agave Azul plant is the most important raw material in the production of Tequila and takes six to eight years to reach maturity for harvest, which is the optimum age, when most of the sugars have been concentrated in the "pineapple" of the plant.

Agave Azul must be planted and produced in the territory of the Appellation of Origin for Tequila in Mexico. The agave plantations are exposed to: a) climate risks, such as severe weather variations or natural disasters, droughts, unusually cold weather, torrential rains, floods and earthquakes; and b) agricultural risks, such as seed and land selection risks, unhealthy seeds or soil nutrient deficiencies, improper application of fertilizers and herbicides, risks of bacteria, disease outbreaks, pestilence and other occurrences. If any of the risks occurred, it could have a material adverse effect on the supply of Agave Azul, affecting our production of tequila or increasing our costs. The Company has strategically distributed its Agave Azul plantations across the territory of the Appellation of Origin for Tequila, to minimize any shortage risks arising from climate conditions or crop diseases. This geographical diversification and vertical integration, together with quality optimization processes, helps to ensure the Group's current and future Agave Azul supply and therefore tequila production to meet yearly demand.

As there is no formal market for the purchase of Agave Azul, it is the Company's policy to be integrated in Agave Azul in order to meet interna! production requirements without depending upon third-party suppliers. However, due to variability in growing conditions, from time to time, the Company rebalances its Agave Azul plantations to ensure consistency in plant age and growth across the territory of the Appellation of Origin for Tequila in which the Company operates plantations. To meet its production requirements during this period of inventory rebalancing, the Company has had to procure Agave Azul from third parties.

The Company leases the land where its Agave Azul and mezcal plants are cultivated but reserves the absolute control of all the processes and investments related to its cultivation. The Agave Azul and mezcal plantations are not affected by title restrictions of any kind, nor have they been pledged as a guarantee for financial liabilities.

The Company also stores some reserves of aged tequilas at its facilities in Mexico, holds substantial reserves of lrish whiskey at the Bushmills facility, and holds substantial volumes of maturing American whiskey and Canadian whiskey at various locations in the United States of America and Canada. Aged tequilas, such as reposado and añejo, must be matured for at least twelve months, while lrish whiskey and Canadian whiskey must be matured for at least three years. American whiskey has more complex aging requirements. Any loss of all or a portion of or our inventory of tequilas or whiskeys in reserve (for example, as a result of contamination, fire or other natural disaster or destruction resulting from negligence or the acts of third parties) may also lead to a substantial decrease in the supply of those products.

Market Risk

Market risks are the risks that changes in market prices, foreign exchange rates and floating interest rates, will affect the Group's income or the value of its financial instruments. The purpose of market risk management is to identify, assess, control and review risk exposure within acceptable parameters to optimize profitability.

Foreign exchange risk

As a global distributor of spirits, the Company is exposed to the risk of transacting in multiple currencies. In particular, the Company is exposed to the fluctuation of U.S. dollars, British pounds and Euros against the Group's functional currency Mexican peso.

Part of the Group's cash outflows are committed in foreign currencies; however, a significant portion of the Group's cash inflows is generated in foreign currencies, providing an economic hedge without entering derivative financial instruments, therefore, hedge accounting is not applied.

Regarding other monetary assets and liabilities denominated in foreign currencies, for which no economic hedge is generated, the Group's policy is to ensure that its net exposure is kept to an acceptable level. The Group buys and sells foreign currencies at spot rates when necessary, to address short-term imbalances.

Hedge of net investment in foreign entity

As from January 1, 2020, the Company designated the Notes 2025 as a hedging instrument for its net investment in Sunrise Spirits Holding, Inc., with the objective of mitigating the exchange rate risk arising between the functional currency of these operations and the functional currency of the holding company that has such investment.

On September 27, 2021, Becle announced the starting of a cash acquisition tender offer and a consent request to the holders of all and any Notes 2025. The Company paid a total amount of capital of US$346,639 of the Notes 2025 validly offered (69.3% of the original issuance of US$500,000). Therefore, the hedge assigned by this bond was in the amount of US$153,361.

On October 31, 2021, the Company appointed a new hedge in the amount of US$346,639, which is part of the new issuance of the Company of Notes 2031, as a hedge instrument for net investment in Sunrise Spirits Holdings, Inc.

The Company appointed and formally documented the relation of the hedge, setting forth the targets, the risk coverage strategy, the identification of the hedge instrument, the hedged element, the nature of the risk to be hedged and the methodology of the effectiveness assessment. As of December 31, 2021 and 2020, the strategy of the Company is a dynamic hedge strategy, with remaining maturities of 4 and 10 years, as described as follows. Due to the fact that the relation of the hedge to the exchange rate is clear, the method used by the Company to assess the effectiveness consisted in a qualitative effectiveness test by comparing the critical terms among the hedge instruments and the hedged elements. There is no lack of effectiveness to be registered as hedges of net investments in foreign entities.

Effects of hedge accounting on the financial position and performance

The effects of the foreign currency-related hedging instruments on the Group's financial position and performance are as follows

The effects of the foreign currency-related hedging instruments on the Group's financial position and performance are as follows:

Net investment in foreign operation

	December 31,			
		2021		**2020**
Net value (Senior Notes)	US$	500,000	US$	500,000
Hedge ratio		1:1		1:1
Exchange in the net value of Senior Notes as result of the movements in foreign currency since January 1, recognized in ORI		317,400		551,750
Change in the hedged element value, used to determine the efficacy of the hedge included in ORI	Ps	1,376,629	Ps	(3,270,437)

The Company maintains the hedging relationships described below:

As of January 1, 2020

Holding company	Functional currency	Hedge instrument	Notional amount		Hedged item	Net assets of foreign operations	
			(Ps)	(US$)		(Ps)	(US$)
Becle, S. A. B. de C. V.	Mexican Pesos	Senior Notes	9,974,350	$ 500,000	Sunrise Spirits Holding	19,715,560	$ 988,313

As of December 31, 2021

Holding company	Functional currency	Hedge instrument	Notional amount		Hedged item	Net assets of foreign operations	
			(Ps)	(US$)		(Ps)	(US$)
Becle, S. A. B. de C. V.	Mexican Pesos	Senior Notes	10,291,750	$500,000	Sunrise Spirits Holding	18,338,931	$890,953
Change in net values of Senior Notes by exchange fluctuations recognized in ORI since January 1			317,400			(1,376,629)	(97,360)

Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument.

The summary quantitative data about the Group's exposure to currency risk in the presentation currency (converted into Mexican pesos), considering the respective functional currencies of the entities comprising the Group as of December 31, 2021, 2020 and 2019, is shown below.

	December 31, 2021			December 31, 2020		
	(US$)	Euro	Other	(US$)	Euro	Others
Cash and cash equivalents	$ 5,911,118	$ 2,712	$ -	$ 1,808,511	$ 8,082	$ -
Trades receivable	1,326,888	3,278	-	1,219,129	6,411	
Accounts payable	(796,005)	(49,048)	(114)	(477,549)	(18,512)	(63)
Lease liabilities	(382,618)	-	-	(333,124)	-	
Senior Notes	(19,623,506)	-	-	(9,974,350)	-	

	December 31, 2019		
	(US$)	Euro	Others
Cash and cash equivalents	$ 4,484,549	$ 7,898	$ -
Trades receivable	2,495,204	42	-
Accounts payable	(455,487)	(33,822)	<164)
Lease liabilities	(411,500)	-	
Senior Notes	(9,422,600)	-	-

The following disclosures provide a sensitivity analysis far the foreign currency exposures of the Group, which are made as of December 31, 2021, 2020 and 2019. A+/- 10% variation of the U.S. dollar against the reporting currency would have affected the measurement of financial instruments denominated in a foreign currency and affected profit or loss by the amounts shown below. This analysis assumes that all other variables, especially interest rates, remain constant.

Currency	Exchange	ORI effect	P&L effect
December 31, 2021			
US$	+10%	$ -	$ 1,361,880
	-10%		(1,361,880)
December 31, 2020			
US$	+10%	$ -	$ 776,353
	-10%		(776,353)
December 31, 2019			
US$	+10%	$ -	$ 491,595
	-10%	-	(491,595)

Exchange rates applied as of and years ended December 31, 2021, 2020 and 2019:

	Average exchange rate			**Closing exchange rate as of December 31**		
	2021 (Ps)	**2020 (Ps)**	**2019 (Ps)**	**2021 (Ps)**	**2020 (Ps)**	**2019 (Ps)**
USD	$ 20.2813	$ 21.4887	$ 19.2968	$ 20.5835	$ 19.9487	$ 18.8452
GBP	27.9097	27.5149	24.5813	27.6367	27.1270	24.8262
EUR	24.0032	24.4900	21.5590	23.1730	24.4702	21.2155

Interest rate risk

The Group is not exposed to interest rate risk because the financial liability it holds carries a fixed rate. The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

	December 31			
	2021 (US)	**2021 (US)**	**2020 (Ps)**	**2019 (Ps)**
Fixed rate instruments				
Financial liabilities	$ 903,523	$ 18,597,660	$ 9,955,908	$ 9,390,788

❖ Amounts shown above represent the capital of the long-term debt, principal amount net of debt issuance cost.

Risk management

The Group's objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and

- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the following gearing ratio: Net debt as per divided by Total 'equity' (as shown in the balance sheet, including non-controlling interests).

The net debt to equity ratio as of December 31, 2021, 2020 and 2019 was as follows:

	2021 (US)	**2021 (Ps)**	**2020 (Ps)**	**2019 (Ps)**
Net debt	$ 903,523	$ 18,597,660	$ 9,955,908	$ 9,390,788
Total capital	2,839,329	58,443,322	54,745,070	48,592,204
Net debt ratio to capital	31.8%	31.8%	18.2%	19.3%