alfa

2021 ANNUAL REPORT

GRI 102-2, 102-6, 102-10

ALFA is a Mexican company with global presence that manages a diversified portfolio of businesses.

Sigma

Leading multinational food company, that produces, commercializes, and distributes cooked meats, aged meats, cheese, yogurt, other refrigerated, frozen and plant-based foods.

Alpek

Leading petrochemical company in the Americas in the production of polyester (PTA, PET, rPET and fibers), plastics and chemicals, as polypropylene, expanded polystyrene and ARCEL®.

Axtel

Company that offers cutting-edge solutions in Information and Communication Technology (ICT) to enterprise, government, and mass-markets operators through its business units Alestra (services) and Axtel Networks (infrastructure).

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GRI 201-1

REVENUES

US $15.2

BILLION
(MXN $308,060 MILLION)

EBITDA[1]

US $2.0

BILLION
(MXN $41,050 MILLION)

[1] EBITDA = operating income + depreciation + amortization + impairments.
NOTE: All consolidated figures for 2021 and 2020 exclude Nemak, unless otherwise specified.

Financial Highlights

GRI 201-1

ALFA AND SUBSIDIARIES	MXN $ MILLION			US $ MILLION [4]		
	2021	2020	% VAR.	**2021**	2020	% VAR.
Income Statement						
Net Income	**308,060**	263,867	17%	**15,181**	12,325	23%
Operating Income	**25,282**	17,566	44%	**1,250**	834	50%
Majority Net Income	**4,106**	3,929	5%	**211**	190	11%
Majority Net Income per Share[1] (MXN $ & US $)	**0.84**	0.80	5%	**0.04**	0.04	0%
EBITDA[2]	**41,050**	32,595	26%	**2,022**	1,536	32%
Balance Sheet						
Total Assets	**269,107**	256,156	5%	**13,074**	12,841	2%
Total Liabilities	**214,286**	202,804	6%	**10,255**	10,166	1%
Stockholders' Equity	**54,821**	53,352	3%	**2,663**	2,674	0%
Majority Interest	**39,085**	38,499	2%	**1,899**	1,930	-2%
Book Value per Share[3] (MXN $ & US $)	**7.96**	7.79	2%	**0.39**	0.39	0%

NOTE: In this annual report, monetary figures are expressed in nominal Mexican pesos (MXN $), and in nominal dollars (US $) unless otherwise specified. Conversions from pesos to dollars were made using the average rate of the month in which the revenues or transactions were made. The variation percentages between 2021 and 2020 are expressed in nominal terms.

[1] Based on the weighted average number of thousands of outstanding shares (4'909,115 in 2021 and 4'942,227 in 2020).

[2] EBITDA = operating income + depreciation + amortization + impairments.

[3] Based on the number of thousands of outstanding shares (4'909,115 at the end of 2021 and 4'942,227 at the end of 2020).

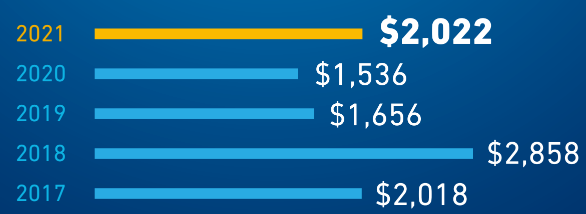
[4] Due to the dollarization of its revenues and because of the holding of shares by foreign investors, ALFA provides equivalent US $ amounts for some of its most important financial data.

REVENUES

US $ Million

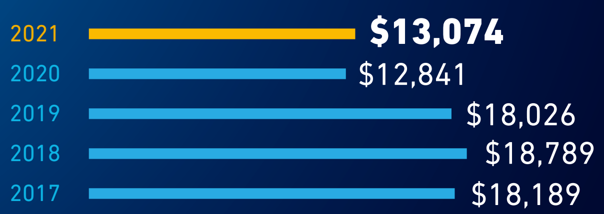
EBITDA

US $ Million



ASSETS

US $ Million



Note: Revenues, EBITDA and Assets figures for 2018 and 2017 include Nemak, as well as the Assets for 2019.

Business groups

GRI 102-2, 102-6, 102-7, 102-10

Through its businesses, ALFA produces and offers a wide range of essential products and services.

FOOD PRODUCTS

Sigma

FINANCIAL HIGHLIGHTS

REVENUES: **US $6,817 MILLION**

EBITDA: **US $741 MILLION**

MAIN PRODUCTS

- Cooked meats: Ham, sausage, bacon, pork sausage, among others.
- Aged meats: Serrano, prosciutto, salami, fuet, among others.
- Dairy: Yogurt, cheese, among others.
- Others: Frozen food, drinks, among others.

PRESENCE: 18 countries

FACILITIES: 68 and 210 distribution centers

PERSONNEL: 44,372

PETROCHEMICALS

alpek

FINANCIAL HIGHLIGHTS

REVENUES: **US $7,697 MILLION**

EBITDA: **US $1,145 MILLION**

MAIN PRODUCTS

- Polyester: PTA, PET, recycled PET (rPET) and fibers.
- Plastics and chemicals: Polypropylene, expandable polystyrene, ARCEL®, chemical specialties and industrial chemicals.

PRESENCE: 7 countries

FACILITIES: 32

PERSONNEL: 6,396

IT & TELECOM

axtel

FINANCIAL HIGHLIGHTS

REVENUES: **US $562 MILLION**

EBITDA: **US $187 MILLION**

MAIN PRODUCTS

ALESTRA:

- Mobility.
- Cloud.
- Collaboration.
- Cybersecurity.
- System integration.
- Digital Transformation.
- Managed Networks.
- Connectivity.

AXTEL NETWORKS:

- Last mile access.
- IP transit.
- Radioelectric spectrum.
- Fiber to tower and data centers

PRESENCE: Mexico (45+ cities)

PERSONNEL: 4,237

Presence

GRI 102-4

ALFA HAS PRESENCE IN 23 COUNTRIES AND OPERATES 100 PLANTS IN 19 OF THEM

Argentina
Belgium
Brazil
Canada
Chile
Costa Rica
Dominican Republic
Ecuador
El Salvador
France
Germany
Guatemala
Honduras
Italy
Mexico
Nicaragua
Peru
Portugal
Romania
Spain
The Netherlands
United Kingdom
United States

REVENUES

EBITDA

ASSETS

Note: Newpek's contribution was -3% in EBITDA and 5% in Assets.

LETTER TO SHAREHOLDERS

GRI 102-14, 102-15

ARMANDO GARZA SADA
Chairman of the Board

ÁLVARO FERNÁNDEZ GARZA
President

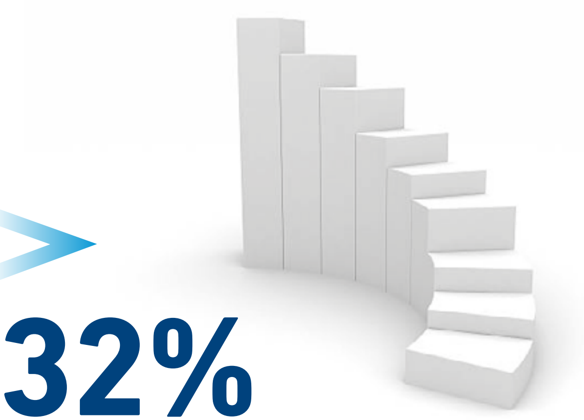
Dear shareholders:

We hope that you and your families are doing well. We'd like to send you our best wishes, especially to those of you who have been affected by the COVID-19 pandemic. We acknowledge the progress worldwide to protect public health and reactivate the global economy during 2021.

Amid that environment, ALFA achieved better-than-expected results and advanced its transformational process to unlock its true value potential. ALFA's main businesses successfully adapted to dynamic market conditions and capitalized on opportunities in their industries.

ALFA exceeded its 2021 Guidance with Revenues of US $15.181 billion and EBITDA of US $2.022 billion, a year-over-year increase of 23% and 32%, respectively. Consolidated EBITDA for 2021 was the second highest in ALFA's history, adjusting for discontinued operations. Alpek and Sigma both set Sales and EBITDA records. Axtel's results were slightly below its Guidance despite having optimized its cost structure through organizational and process adjustments.

Some of the external challenges faced by the business units were raw material price volatility at Sigma, and the semiconductor shortage for IT equipment at Axtel. However, the year's positive results reflect Alpek's extraordinary contribution supported by solid demand for petrochemical products and industry margin expansion. Also, the benefit from Sigma which was driven by the rapid recovery in the Foodservice channel due to increased consumer mobility.



32%
higher consolidated EBITDA in 2021

ALFA achieves the lowest Consolidated Net Debt to EBITDA Ratio since 2018 of

2.3 times

During the year CAPEX increased 32% compared to 2020, reaching US $527 million. With respect to shareholder returns, ALFA paid US $124 million in dividends in 2021, cancelled 145.9 million shares, equivalent to 2.9% of total shares outstanding, and repurchased 3.5 million of own shares.

In addition to the solid financial performance, ALFA advanced in its corporate priorities; expanding the NAFINSA Trust and migrating from the current conglomerate structure towards an independent business management model via its Unlocking Value plan.

ALFA successfully obtained all regulatory approvals and completed the required amendments to expand the maximum threshold of the NAFINSA Trust, from 50% to 75% of ALFA's shares outstanding. The new threshold provides additional room for foreign investors to continue investing in the Company. In turn, this increased ALFA's participation in global indexes and its shares were once again included in the MSCI Global Standard Indexes, boosting attractiveness as an investment option.

ALFA reaffirms its commitment to reduce the conglomerate discount through the Unlocking Value plan. Importantly, the Company has ample flexibility regarding its alternatives and implementation timing, which are fundamental to achieve the maximum benefits from the plan. In the face of ever-changing external conditions, we continually reevaluate our options and timing of alternatives to achieve our end objective.

In 2021, progress was made on the plan's three implementation directives: i) Reducing Leverage, ii) Strengthening the businesses and iii) Enhancing independence.

i. Reducing leverage.

It is an important precondition for the independence of our subsidiaries. Better-than-expected EBITDA and financial discipline translated into a 75-basis point improvement in the consolidated leverage ratio for the year. ALFA's consolidated Net Debt to EBITDA ratio of 2.3 times at the close of 2021 marks the lowest level since 2018.

This improvement was driven by Alpek and Sigma, which reduced their leverage ratios to 1.1 times and 2.3 times, respectively. In addition, ALFA continues to have investment grade ratings with stable outlooks from Fitch, Moody's, and Standard & Poor's. Importantly, during 2021, Alpek's BBB- investment grade rating from S&P was re-instated, following a detailed review of its Business Risk profile.

Organic deleveraging may also be complemented by strategic initiatives such as the potential sale of Axtel. The Axtel team continued conversations with potential buyers throughout the year and plans to maintain an open dialogue with interested parties, while at the same time moving ahead with its internal strategic agenda to capitalize on attractive market opportunities.

ii. Strengthen the businesses.
Continuing with projects that reinforce the Business Units' leadership position is essential to boosting their value during ALFA's transformation process. The main advances in this regard were:

Alpek completed the acquisition of CarbonLITE, a recycled PET (rPET) plant in the USA with state-of-the-art technology that adds to Alpek's existing recycling capabilities and reaffirms it as a leader for rPET production in the Americas.

The expandable polystyrene (EPS) assets acquired in 2020 in the USA, achieved profitability targets one year ahead of schedule. Alpek also concluded the shut-down of its Caprolactam facilities in Mexico, and Stable Fibers in Cooper River, USA, due to structural changes in the industry.

Sigma created the Growth Business Unit, comprised of a global team of more than 80 employees with entrepreneurial skills and agile methodologies to execute on its long-term strategy to deliver new revenue sources. This team will drive the Company's initiatives in the entrepreneurial ecosystem, e-commerce, underdeveloped categories, as well as innovation in global snacking and plant-based categories.

Some of the key achievements were:

- 11% year-over-year growth in Snacking Revenue.
- The launch of Better Balance®, a global plant-based protein food brand in Europe, the USA and Mexico.
- The expansion of Grill House®, the premium mobile app service with grill items, which by the end of 2021 was operating in five Mexican cities.
- The second generation of Tastech by Sigma, with 11 start-ups running pilot tests in all of the Company's regions.

Moreover, Sigma is on track to achieve its goal of double-digit EBITDA margins in Europe by 2025, delivering a 93-basis point improvement over 2021. In addition to progress on revenue enhancing, product innovation, and cost-saving initiatives, the Company advanced its footprint optimization efforts that will further drive margin improvement. To date, Sigma has announced the sale of 8 facilities, out of the 25 it operated throughout Europe; with 6 plants being sold in Belgium and the Netherlands, and 2 plants sold in France.

Axtel launched "Alestra Móvil", its new mobile telephone service, making it the first enterprise Mobile Virtual Network Operator (MVNO) in Mexico, a solution that allows companies to

Sigma offers its global plant-based protein brand Better Balance in 270+ points of sale in Europe, the USA and Mexico.

manage their processes and fixed technologies from a mobile device. Additionally, through Axtel Networks, it introduced Data Center Connect, which enables its customers to connect data centers and cloud infrastructure around the world.

iii. Enhancing independence.
Progress continued at the corporate level to strengthen the independence of all Business Units. As a result of the transfer of personnel from centralized functions at ALFA to the Business Units, the Corporate headcount was reduced by 18% during 2021. We also celebrated Nemak's merger with Controladora Nemak, marking the successful completion of the first step in the Unlocking Value plan.

SUSTAINABILITY

ALFA and its Business Units continue to advance with the integration of Sustainability best practices into their long-term strategies. With respect to the annual evaluations by the main sustainability indexes and rating agencies, ALFA's rating increased from 32 to 35 points on the S&P Global Corporate Sustainability Assessment (CSA) scale. This figure is above the industry average for conglomerates. Furthermore, the Company maintained its ratings in the CDP and MSCI assessments.

ALFA continues to support social mobility through education. The work of the ALFA Fundación helped more than 1,900 junior high, high school, and university students during the 2020-2021 school year.

All the subsidiaries also promoted relevant sustainability initiatives. Sigma advanced its 2025 goals and took decisive actions to:

- **Transition to net-zero emissions.** More than 60% of the electricity used in its operations comes from cleaner or renewable energy sources, such as wind, hydroelectric, and solar.
- **Reducing the environmental impact of its supply chain.** Evaluating the environmental performance of certain products, ingredients, and packaging suppliers.
- **Becoming water stewards.** By deploying their global water program in plants with the highest water usage.

Alpek established the target of Scopes 1 and 2 emissions reduction of 27.5% by 2030 (2019 base).

- **Promote a circular economy.** In addition, the Company joined two international organizations: the United Nations Global Compact and the CDP, as a member of the Supply Chain initiative to reinforce its commitments in line with global standards.

Alpek defined specific goals for its twelve material issues after an exhaustive analysis. These include:

- **PET Circularity.** Increase mechanical recycling capacity of PET bottles to 300 thousand metric tons by 2025.
- **Carbon Emissions and Eco-efficiency.** Reduce Scope 1 and 2 emissions 27.5% by 2030 and begin measuring Scope 3 emissions. Also, achieving carbon neutrality by 2050.

Its ranking from S&P CSA improved, placing it in the 79th percentile of its industry. In 2021, Alpek was added to the S&P Dow Jones' Total Mexico ESG Index, which is comprised of 29 companies that meet strict sustainability criteria.

Moreover, Axtel achieved a score of 52 points in the S&P CSA evaluation, which places it in the 71st percentile of the telecommunications industry. Forty-five percent of its energy consumption came from clean or renewable sources as part of its effort to reduce its environmental footprint and supported its commitment to the Sustainable Development Goals of the United Nations Global Compact.

The consistent progress that has been made in Sustainability reinforces the business models for the benefit of all stakeholders.

2022 OUTLOOK

We are excited about the opportunity to continue growing upon the success from 2021. The outlook is favorable for our businesses to have an even better performance in 2022 and our guidance reflects this. In terms of strategic priorities, we reaffirm our commitment to the Unlocking Value plan to achieve an attractive valuation through a gradual and orderly process.

We are proud to be part of a team of more than 56,000 members in ALFA and its Business Units. This year's excellent results and our transformation progress were possible thanks to their ability and dedication.

On behalf of ourselves and the Board of Directors, we would also like to thank our customers, suppliers, financial institutions and, above all, you, our shareholders, for your support and trust.

Armando Garza Sada
Chairman of the Board

Álvaro Fernández Garza
President

Sigma

11 brands with sales over **US $100 million** each.

REVENUES

US $ Million

2021	**6,817**
2020	6,347
2019	6,463
2018	6,336
2017	6,054

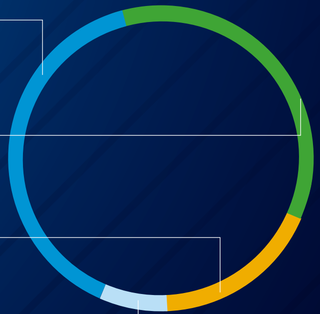
REVENUE BREAKDOWN

41% MEXICO

34% EUROPE

18% USA

7% LATAM



In the face of a challenging environment, Sigma made progress with the implementation of its long-term strategy and took clear actions to overcome raw material inflationary pressures and supply chain challenges in several regions.

Surpassing its Guidance for the year, Sigma achieved revenues of US $6.817 billion and EBITDA of US $741 million, 7% and 8% higher compared to 2020, respectively. At the same time, Sigma's financial discipline, working capital management efficiency, and cash flow generation capacity are reflected in its leverage ratio reduction (Net Debt / EBITDA) to 2.3 times at the end of 2021 versus 2.6 times in 2020.

To advance its growth objectives and strengthen profitability, Sigma implemented actions from its three strategy pillars:
1) Grow the core business
2) Develop new revenue sources
3) Strengthen the organization through business enablers

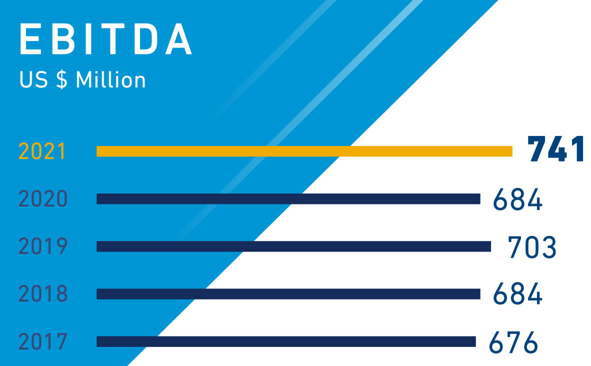
Among the actions implemented to grow the core business, was market-intelligence based revenue management, which, together with cost and expense saving initiatives throughout the organization, allowed the company to mitigate the impact of inflationary pressures on profitability.

Grill House

expands its operations to 5 cities in Mexico.

"Our purpose is to offer every community their favorite foods and we are confident that the three pillars of our strategy will enable us to achieve that in a responsible and sustainable manner."

Rodrigo Fernández Martínez
President of Sigma



In Europe, Sigma seeks to increase its EBITDA margin to double digits with a plan that includes focusing on its core markets, product portfolio optimization, operational efficiencies and strengthening the supply chain to lay the foundation for further growth in the region.

Key developments include:

- The signing of an agreement for the sale of its Belgium and Netherlands operations, subject to approval by the competition authorities and local employees' consultation rights.
- The sale of two plants in France, to gradually concentrate production on its most competitive regions.

In Mexico, the United States and Latin America, initiatives were implemented to address rising raw material costs and improve operating processes.

The Foodservice channel recovered better than expected and achieved a solid increase in EBITDA by capitalizing on the innovative sales methods developed during the pandemic and implementing operational efficiency actions. For example, in Mexico, Foodservice EBITDA in 2021 was 9% higher than in 2019.

With respect to the second pillar, Sigma took a major step forward by creating its Growth Business Unit, made up of a multidisciplinary team of 84 collaborators, responsible for exploring new business models and strengthening the growth of global categories such as Snacking and Plant-Based. Some examples of this year's developments include:

- Better Balance® launch, the global plant-based protein food brand in Europe, the United States and Mexico.

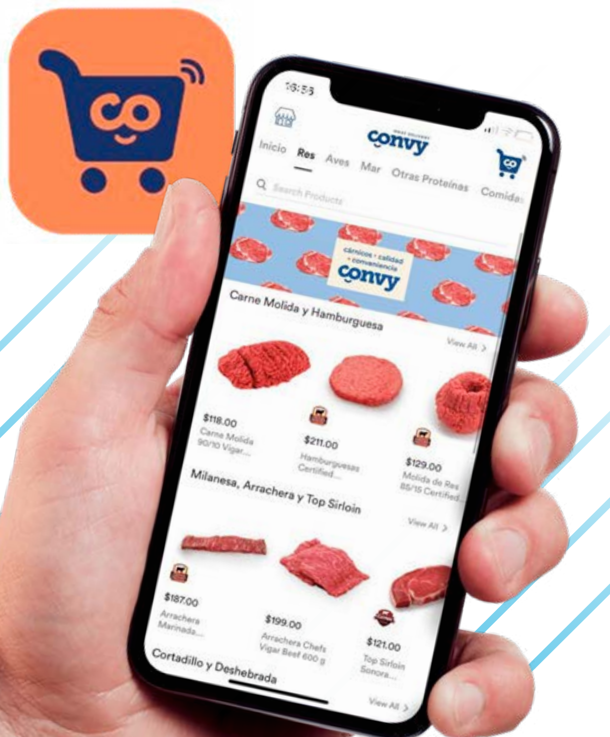
better balance

10%

contribution to Revenues from Foodservice.

Sigma continued with innovation, launching +1,660 products in all regions the last 36 months.

- The expansion of the direct-to-consumer e-commerce venture Grill House®, a mobile application targeting BBQ-enthusiasts, had a compound monthly growth rate of 17% and operations in 5 Mexican cities: Monterrey, Mexico City, Guadalajara, Querétaro and Saltillo.
- The recent launch of CONVY®, an online supermarket specializing in everyday proteins: red meat, poultry, fish and seafood, as well as groceries, snacks, and ready-to-eat meals.



Tastech By Sigma

- The second generation of Tastech by Sigma, with the involvement of over 360 startups with projects in three verticals
  1) Future Food
  2) Green Tech
  3) Value Connections
- Eleven startups were selected to carry out pilot programs with Sigma.
- Participation and investment in startups that develop new products and business models. For example, Blue Horizon Ventures, a food technology fund focused on plant proteins and cellular agriculture.

Finally, business enablers work to enrich the way employees think, work, and interact to continue building integrated teams, focusing on the essential, and being able to respond flexibly and quickly to challenges.

2022 OUTLOOK

Looking towards the future, Sigma will continue to capitalize on the lessons learned in the recent environment, while always considering the culture and commitment of all collaborators, whom Sigma thanks for their outstanding performance and dedication.

SUSTAINABILITY

"At Sigma, we are convinced that sustainability is an essential element to achieve financial results and maintain our growth over time."

Rodrigo Fernández Martínez
President of Sigma

Sigma has developed a sustainability strategy based on 4 pillars:

- **Well-being**
- **Health & Nutrition**
- **Shared Value**
- **Environment**

The strategy is supported by a Sustainability Community formed by a multidisciplinary team of more than 260 employees worldwide, who, in addition to their day-to-day activities, are responsible for promoting and implementing initiatives to achieve the fifteen 2025 Goals.

Aware of the sustainability challenges it faces, Sigma seeks to change the status quo through long-term actions, creative initiatives, and innovative solutions. Some examples of the actions to be taken include:

- **Transitioning to net-zero emissions.**
  - Expanding the use of clean energy alternatives.
  - Logistics solutions to improve product transportation.
- **Reducing the environmental impact of Sigma's supply chain.**
  - Evaluating the environmental performance of products, ingredients, and packaging suppliers throughout the organization.
- **Becoming water stewards.**
  - Deployment of the global water program in the factories with the highest water use.
- **Promote circular economy.**

THE GLOBAL COMPACT

CDP
DRIVING SUSTAINABLE ECONOMIES

In 2021, Sigma joined two international organizations: the United Nations Global Compact and the CDP (formerly known as Carbon Disclosure Project), as a member of the "Supply Chain" initiative, which considers the environmental impact assessment of 37 suppliers as a first step to measuring the CO_2 emissions of the entire value chain (scope 1, 2, and 3).


Campofrío Fresco's plant in Burgos, Spain.

To measure its progress and position in the global industrial sector, Sigma also uses assessments and participates in international indexes. Below is a summary of its performance over the last three years.

INDEX		2021	2020	2019
CDP	Climate Change	B	C	C
	Water	B	C	C
	Supply Chain	B-	D	-
Global Compact		Direct Member	-	-

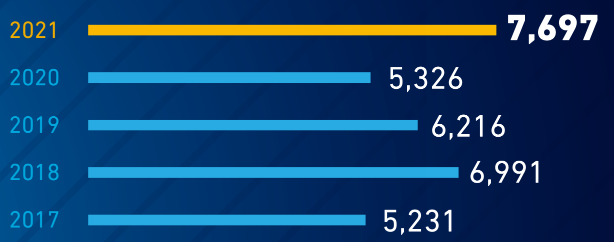
2025 Goals

- **Cleaner energy:** Ensure that 67% of energy consumption comes from cleaner energy in its operations.
- **Responsible sourcing:** At least 80% of meat, dairy and packaging purchases should come from responsible sourcing.
- **Continuous learning:** 11% increase in the average number of hours of training per collaborator.
- **Bio-friendly packaging:** Create packaging solutions that move the Company towards a circular economy.
- **Food donation:** Donate at least 25,000 tons of food through organizations that fight hunger.

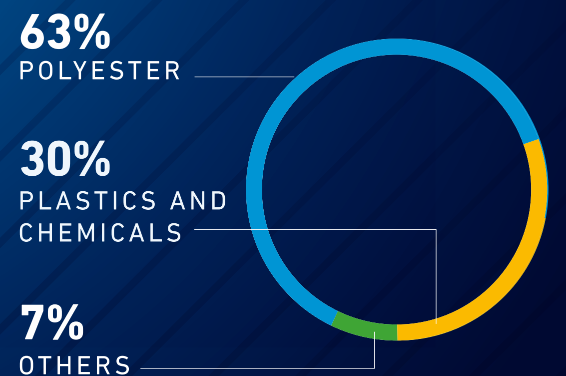
Alpek

REVENUES

US $ Million



REVENUES BREAKDOWN



Leading producer of PTA, PET, rPET, polyester fibers and EPS in the Americas.

World's **second** largest producer of PET.

Alpek's 2021 results exceeded expectations and achieved all-time highs, given the effective execution of its operating plan and favorable changes to the business environment, including solid demand in the food and beverage, construction, and e-commerce industries, among others.

Alpek recorded Revenues of US $7.697 billion, 45% higher than in 2020, and Comparable EBITDA of US $962 million, 60% more than that of 2020. In 2021, Investments and Acquisitions (Capex) totaled US $227 million, and US $183 million were paid in dividends to its shareholders.

The leverage ratio (Net Debt / EBITDA) was 1.1 times, the lowest recorded by the Company in 8 years. Due to the significant improvement in its financial position and its leadership in the industry, Alpek regained its BBB- investment grade rating from S&P, with a stable outlook. Both Moody's and Fitch maintained their investment grade ratings with stable outlooks.

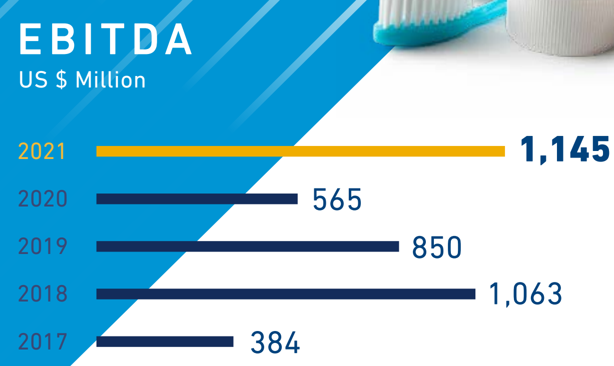
EBITDA

103%

higher for 2021.

"Alpek has a broad portfolio of essential products, cutting-edge technologies that encourage operational excellence, a clear long-term business strategy, and has exceeded expectations and achieved extraordinary results. The Company's solid fundamentals put us in a good position to capitalize on market opportunities."

José de Jesús Valdez
President of Alpek



10 billion
PET bottles recycled annually.

Alpek issued a US $600 million 10-year bond with an annual coupon of 3.25%, a historic low, in the international markets, which was oversubscribed by 9.0 times, significantly improving its debt profile.

In terms of strategy, Alpek focused on three pillars:
1) Strategic and focused growth.
2) Strengthening its key businesses.
3) Seizing on ESG-related opportunities.

Alpek continued with its focus on growth and developing a circular economy by successfully acquiring CarbonLITE's cutting-edge plant in Pennsylvania, USA, to produce recycled PET (rPET) for a total debt-free amount of US $96 million. This recycling center joins existing projects (in Argentina and the USA), reinforcing Alpek's position as a leader in rPET production in the Americas.

To strengthen the key businesses and given the improvement in demand in North America, Alpek is still analyzing the possibility of carrying out the expected start of construction of the Corpus Christi Polymers plant, with the aim of better serving that market.

2022 OUTLOOK

Alpek continues to have a positive outlook for 2022 results given its healthy debt profile, low leverage, high cash flow generation, and US $513 million of cash on hand, places it in a very solid financial position. In addition, the favorable demand conditions and solid global industry margins in the Polyester segment are expected to continue, placing Alpek in a privileged position to continue maximizing value for all of its stakeholders.

SUSTAINABILITY

"Our sustainability goals are integrated into our business strategy and reinforce our commitment to the environment and sustainable growth."

José de Jesús Valdez
President of Alpek

In line with Alpek's commitment to Environmental, Social and Governance (ESG) aspects, the Company defined ambitious targets for each of its 12 material issues through the Evergreen Project, including commitments to achieve net zero greenhouse gas emissions from its operations by 2050.

During the year, Alpek conducted an analytical review of its operations and progress on ESG issues, working towards integrating the Company's 2025, 2030, and 2050 goals into its business strategy.

Alpek improved its ESG ratings with S&P Global CSA and Sustainalytics, both of which are within the top quartile of the industry. In addition, the Company was added to S&P Dow Jones' Total Mexico ESG Index. Both milestones were made prior to the completion of the Evergreen Project, so even higher ratings are expected in 2022.

INDEX		2021	2020	2019
CDP	Climate Change	C	C	D
	Water	C	B-	F
S&P CSA		51	44	30
MSCI		BB	BB	BB
Global Compact		Direct Member	Direct Member	-

Goals

PET Circularity

- Increase the mechanical recycling capacity of PET bottles to 300 thousand metric tons by 2025.

Carbon Emissions and Energy Eco-efficiency

- 27.5% reduction of Scope 1 and 2 emissions by 2030 (2019 comparison base).
- Achieve carbon neutrality by 2050.
- Begin measurement of Scope 3 emissions.

Occupational Safety

- Achieve a Total Recordable Incident Rate (TRIR) for employees and contractors in the top decile of the industry (<0.10).

Corporate Governance

- Increase the diversity and ESG experience of the Board.
- Conduct more frequent reviews of ESG topics and metrics.

Axtel

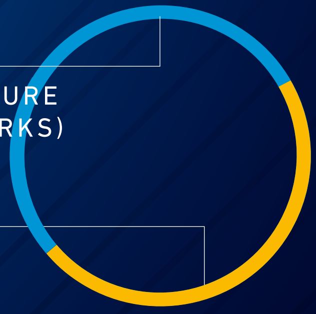
Leader in Information and Communication Technology solutions in Mexico.

It has the best Data Centers and the most powerful network in Latin America.

REVENUES

US $ Million

CONTRIBUTION TO EBITDA



59% INFRAESTRUCTURE (AXTEL NETWORKS)

41% SERVICES (ALESTRA)

Axtel has been able to adapt its business model to new market needs in recent years. During 2021, it strengthened its strategy by promoting the following initiatives:

1) The implementation of digitalization processes under "Axtel Digital", which are part of the digital transformation solutions portfolio available to its clients.

2) The operational restructuring of the Company into two units: Alestra (Services) and Axtel Networks (Infrastructure).

3) Growth and strengthening of the operation.

4) Maximizing value by gaining interest from new investors.

Axtel recorded Revenues of US $562 million, 3% lower than in 2020, EBITDA of US $187 million, 5% lower than in 2020, and a leverage ratio of 3.1 times. This was all achieved under complex conditions for the Company, given the effects of shortages in the semiconductor supply chain, as well as the disparate impacts of the economic recovery on its customers.

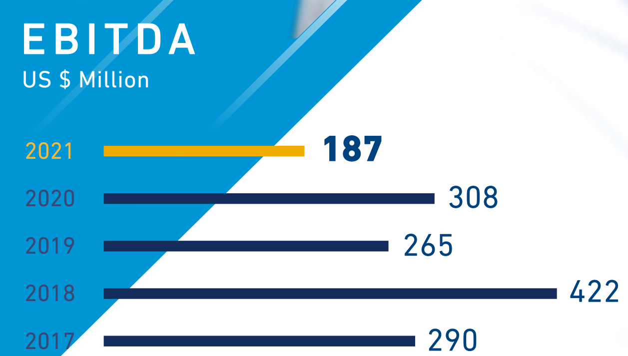
In addition, Axtel partially repaid US $60 million of its 6.375% Senior Notes due in 2024, with a remaining balance of US $440 million. During the year, the Company's rating was upgraded to BB with a stable outlook by Fitch Ratings.

Throughout 2021, the Company evolved both brands' products portfolios, with the aim of supporting even more companies with their digital processes. Through Alestra, Axtel was able to increase multi-year customer acquisitions by 21%, thus guaranteeing cash flow as the services are provided.

5th
consecutive year reducing debt.

"Axtel has adapted to offer reliable, cost-effective, and scalable solutions to its customers, and achieved a 21% increase in acquisitions, reflective of the confidence in our services. Faced with an uncertain year caused by macro level challenges, we focused on operational efficiency initiatives, cost reduction, and innovation in all areas of the Company to strengthen our agility in responding to market needs."

Eduardo Escalante
President of Axtel



Axtel's restructuring into two business units allows it to focus on bringing disruptive innovation to the market. Some of the advances achieved during the year were:

- Alestra, an IT solutions provider for the government and private sector, launched its new mobile telephone service "Alestra Móvil", the first business mobile virtual network operator (MVNO) in Mexico; a solution that allows companies to manage their processes and fixed technologies from mobile devices.

Alestra is Mexico's **first** enterprise MVNO.

- In addition, it offers "Cloud Express", which provides direct, private connectivity services to leading public cloud providers for companies of all sizes, giving them absolute privacy, guaranteed connection speed, and zero fluctuations in data traffic.
- Axtel Networks presented the Data Center Connect solution, which connects data centers and cloud infrastructure around the world.

Axtel's objective is to maximize value creation, drive greater operational efficiency and find innovative digitalization and connectivity solutions, in addition to seeking business growth opportunities in the Mexican market. Regarding the strategic process of the potential sale of Axtel or its Infrastructure unit, discussions with potential buyers continue.

2022 OUTLOOK

Given the market conditions lending to increased demand for digital transformation solutions, Axtel is confident in the strength of Alestra's business model and remains focused on capitalizing on these opportunities with its robust portfolio of world-class solutions. The demand for connectivity will represent a valuable opportunity for Axtel Networks; the entry of new data center operators and the deployment of 5G networks will drive fiber-to-data centers and fiber-to-the-tower link requirements. For 2022, the Company will continue to focus on improving its profitability and evaluate organic and inorganic business opportunities to generate growth.

SUSTAINABILITY

"We are integrating Sustainability issues into our business processes to achieve greater productivity and competitiveness at Axtel. In 2021, we focused on training all employees to boost their knowledge and awareness of the most relevant ESG issues."

Eduardo Escalante
President of Axtel

Goals

- **Migrate to clean sources of energy,** 30 GWh per year of wind or photovoltaic energy by 2023.
- **Continue transitioning** to environmentally friendly refrigerants and replace R-22.
- **Comply with the maintenance program** above 95% completion rate.
- By 2023, **Axtel aims for 72% of its energy consumption to come from clean sources.** In 2021, 56% of its consumption migrated to more efficient providers.

Axtel's sustainability strategy aims to promote the adoption and development of corporate sustainability policies and practices that contribute to increasing the Company's productivity and competitiveness.

The strategy has a five-phase implementation model: Environmental Awareness, Labor Welfare, Social Engagement, Operational Efficiency, and Innovation and Work Culture. The Company has the greatest impact in these areas and develops initiatives and programs to grow them responsibly.

The main developments in 2021 were:

- The strengthening of sustainability culture by tying the improvement of the training program to the sustainability model. During the year, 90% of staff began or completed the 9 topics included in the program.

To measure its progress and position in the industry, Axtel also uses and participates in national and international indexes and evaluations. For the 14th consecutive year, after meeting the required standards, Axtel received the Socially Responsible Company distinction, awarded by the Mexican Center for Philanthropy A.C.

Axtel scored 52/100 in the 2021 S&P Global Corporate Sustainability Assessment, an increase of 25 points over the previous year. This puts its performance in the 71st percentile in the telecommunications industry for this assessment.

INDEX		2021	2020	2019
CDP	Climate Change	C	C	C
S&P CSA		52	27	38
Global Compact		Direct Member	Direct Member	Direct Member

Sustainability

ALFA strengthens its **Business Units' vision on Sustainability** by promoting responsible policies and initiatives.

2021 Achievements

GRI 102-48

For ALFA, sustainability is the way to ensure its business' permanence and growth in the long term. Considering the best practices for a conglomerate business that presents different material issues in its Business Units, ALFA promotes the development of capabilities at the operational level through policies and guidelines that are the basis for establishing and executing strategies. This includes sector-specific environmental, social and governance (ESG) goals, initiatives, and programs; sustainability risks identification; as well as the specialized teams that accompany the organization in internal management, evaluation, and reporting.

NOTE: This section presents information for the year 2021 and historical data for the last 2 years. For clarity, transparency and traceability purposes, historical figures were adjusted by eliminating the information from Nemak, which was spun off in 2020. It is important to take this into account when comparing with previous reports.

60% of Sigma's global energy consumption came from cleaner or renewable sources.

Alpek defined medium and long-term goals for its 12 material issues, with objectives for 2025, 2030 and 2050.

ALFA Fundación supported **581 university students.** The integral system serves more than 1,900 children.

Axtel promoted a culture of sustainability by disseminating its Model among **90% of its collaborators.**

Philosophy and Strategy

GRI 102-16

ALFA has a solid work philosophy as its foundation, that allows it to align the organization's priorities with the interests of stakeholders, provide internal conditions for the development and well-being of collaborators, and promote responsible decision making.

MISSION

Become a source of pride for our workers and shareholders; to exceed stakeholder expectations through leadership, innovation, and exceptional performance over the long term.

VISION

ALFA's commitment to its stakeholders:

- **SHAREHOLDERS.** To achieve outstanding long-term value creation through profitable growth, optimization of the portfolio, and selective investment in new opportunities.
- **COLLABORATORS.** To be a great place to work. To attract and develop the best talent, motivating them to achieve their full potential.
- **CUSTOMERS.** To exceed expectations through superior experiences and innovative offerings.
- **SUPPLIERS.** To build long-lasting, mutually beneficial relationships.
- **COMMUNITY.** To encourage safe and sustainable operations. To contribute to the development of our communities.

VALUES

- **INTEGRITY.** Our actions are governed by our commitment to ethical conduct and social responsibility.
- **RESPECT AND EMPATHY.** ALFA considers diversity as a strength. We seek to incorporate individuals with different backgrounds and experiences. We aspire to provide a work environment that promotes trust and cooperation.
- **RESULTS-ORIENTED.** We are committed to value creation and the continuous improvement of our businesses. All our collaborators embody a personal commitment to improving the performance of the company.
- **INNOVATION AND ENTREPRENEURSHIP.** Encourage and reward innovation and development of new business opportunities.
- **CUSTOMER CENTRICITY.** Committed to exceed our clients' needs.

Sustainability Model

ALFA is committed to being a socially responsible company through a sustainability model that has its origin and support in the company's values. Based on four pillars:

INTERNAL WELLNESS
To provide health, safety, and integral development opportunities for collaborators.

ENVIRONMENT
To control and reduce emissions into the air, soil, and water to minimize the environmental footprint of the operations.

OUR COMMUNITY
To be a responsible citizen to generate positive impact and promote the development of the communities in which it participates.

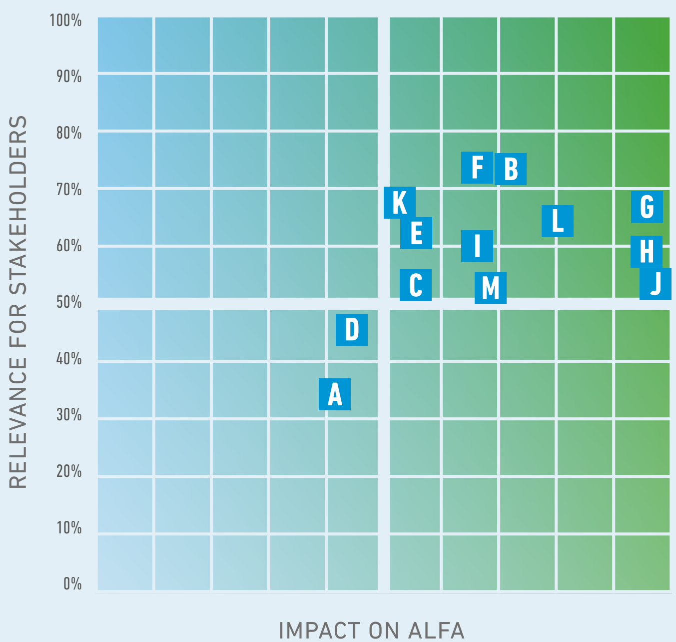
ECONOMY
To obtain an adequate return on the business for shareholders, considering the investment and the risk assumed.

MATERIALITY AND ALFA'S GOALS

GRI 102-46, 102-47

ALFA and its Business Units conduct their materiality analyses in accordance with the Global Reporting Initiative (GRI) standards and the specific sector in which they operate. The results are used to adapt programs, strengthen sustainability management by knowing the trends and expectations of all stakeholders, and comply with various reporting standards such as SASB* and TCFD*, among others.

ALFA'S MATERIALITY MATRIX



A. Responsible Marketing
B. Energy efficiency
C. Climate change and emissions strategy
D. Water management
E. Environmental management
F. Labor practices
G. Relationship with NGOs and regulatory agencies
H. Relationship with clients and suppliers
I. Health and security
J. Wealth distribution
K. Operations and risk strategy
L. Investor relations
M. Community engagement

**SASB: The Sustainability Accounting Standards Board is an independent organization that sets standards to guide the disclosure of economically relevant sustainability information by companies to their investors.*
**TCFD: The Task Force for Climate-related Financial Disclosures is a group formed at the request of the G20, which seeks to get companies to report their financial impacts related to climate change, as well as related risk mitigation actions.*

BUs MATERIALITY SUMMARY

The Business Units conducted updates of their material topics between 2020 and 2021, following similar processes to each other, which included:

- Research on the main trends in each sector.
- Relevant aspects for stakeholders.
- Global standards on ESG issues.
- Views of internal teams to prioritize and set goals.

For more information available on materiality analyses and goals by Business Unit please see:

- ***ALPEK***
- ***SIGMA***
- ***AXTEL***

ALFA	ALPEK	SIGMA	AXTEL
ENVIRONMENTAL			
• Climate change and emissions strategy	• Carbon Emissions and Energy Ecoefficiency	• Climate action	• Strategies to fight climate change • Emissions reduction
• Energy ecoefficiency	• Carbon Emissions and Energy Ecoefficiency	• Clean and efficient energy	• Energy efficiency • Use of renewable energies in operations
• Environmental management	• Circularity and Pollution	• Circular economy • Reduce food waste • Sustainable packaging	• Waste reduction
SOCIAL			
• Customer and supply chain relationships	• Customer and supplier relationships	• Value chain management • Sustainable sourcing	• Integration of social and environmental aspects into supplier evaluations
• Health and safety	• Occupational safety	• Collaborators' health, safety, well-being, and balance between work and personal life	• Collaborators' health and safety
• Labor practices	• Diversity, equity, and inclusion (DEI)	• Diversity, equal access to opportunities, and inclusion	• Diversity and inclusion • Respect and promotion of human rights
• Community engagement • Relationship with NGOs and regulatory agencies	• Community engagement	• Promote healthy lifestyles • Healthy and nutritious products	• Community engagement (volunteering and philanthropy)
CORPORATE GOVERNANCE			
• Operations and risk strategy	• Active ESG risk management	• Stakeholders' engagement	• Environmental and social risk management from operations
	• Innovation	• Innovation, research, development, and scientific collaboration	• Products and services innovation

Dialogue with stakeholders

GRI 102-40, 102-42, 102-43, 102-44

ALFA defines its stakeholders as those on whom its activities have or may have an impact, and has areas specifically assigned to serve them.

The information obtained from these groups makes it possible to identify their concerns and suggestions, to establish strategies and programs that respond to them, as well as to detect areas of opportunity in the Company's operations.

For example, the purpose of the Investor Relations area is to ensure that this audience receives the financial and non-financial information they need to evaluate the company's progress in the development of its activities.

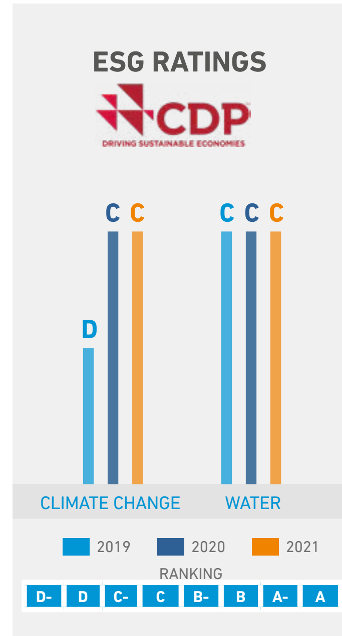
AUDIENCE	COMMUNICATION CHANNELS	AREAS IN CHARGE
COLLABORATORS	Meetings	Human Capital
	Internal forums	
	E-mails	
	Intranet	
	Transparency helpline	
INVESTORS	One-on-one meetings	Investor Relations
	Quarterly reports	
	Annual reports	
	Conferences and forums	
	Transparency helpline	
AUTHORITIES	Meetings	Institutional Relations
	Annual reports	
	Transparency helpline	
SUPPLIERS	Audits	Services Area
	Training programs	
	Transparency helpline	
COMMUNITY AND CIVIL SOCIETY ORGANIZATIONS	Program support	ALFA Fundación
	Volunteer work	Human Capital
	Transparency helpline	Corporate Communication
		Institutional Relations

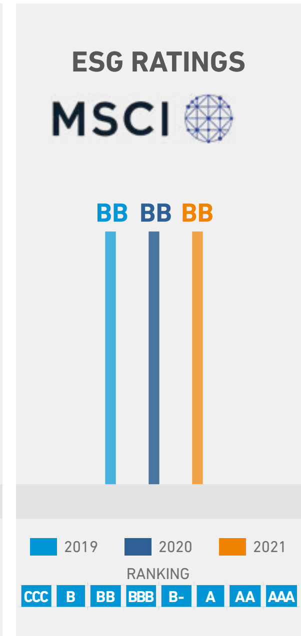
ESG index and ratings performance

The participation of ALFA and its Business Units in ESG index evaluations is considered a useful tool to measure the organization's progress. The management of these evaluations provides a frame of reference for:

- **Sharing progress on these topics.**
- **Receiving feedback to improve internal processes.**
- **Comparing results with best practices.**

In 2021, ALFA improved its S&P's CSA score compared with the previous year, increasing its score from 32 to 35. It also managed to maintain a C rating with CDP and a BB rating with MSCI.





The Business Unit ratings are presented below:

ESG INDEXES AND QUESTIONNAIRES	ALFA	SIGMA	ALPEK	AXTEL
S&P / BMV	In index	-	In index	-
S&P CSA	35	-	51	52
CDP Climate Change / Water	C/C	B/B	C/C	C/-
MSCI	BB	-	BB	-
Global Compact	Timely response provided	-	Timely response provided	Timely response provided

CDP: Is an initiative that works to reduce corporate greenhouse gas emissions and mitigate the risk of climate change by reporting the climate impact of organizations and companies globally.
S&P CSA: An assessment that seeks to help companies establish a sustainability baseline and obtain an independent view of their sustainability performance relative to their peers.
MSCI: Is one of the best-known global benchmark stock market indices and represents the economy and financial markets of the developed world.

BUSINESS UNITS' GOALS

The Business Units set a series of ambitious strategic goals that define the direction of their efforts and reiterate the commitment to sustainability. The following is a summary of these goals:

LEARN MORE

ALPEK

Increase PET recycling capacity to **300,000 tons by 2025**

Assessment of opportunities to **reduce water consumption intensity**

Reach top decile of the industry's Total Recordable Incident Rate (TRIR) for **collaborator and contractor safety**

Reduce **27.5%** of Scope 1 and 2 emissions by 2030 (2019 baseline)

Achieve a more sustainable value chain (suppliers and customers)

Secure information with state-of-the-art cybersecurity systems

Strengthen **Corporate Governance** to achieve ESG objectives

Continue to improve the composition and effectiveness of the Board of Directors

Carbon neutrality by 2050

Reduce potential sources of pollution from processes and products

Investment in activities for safety, education, access to services, and quality of life of neighboring communities

Diversification of the workforce with more equitable Human Capital strategies

Innovation to drive improvements in processes, products, and the search for environmentally friendly alternatives

BUSINESS UNITS' GOALS

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LEARN MORE

SIGMA by 2025

20% reduction of carbon footprint in the operation

>80% of meat, dairy, and packaging purchases will come from sustainable sourcing

21% greater efficiency in responsible water management

Create packaging solutions that move the Company towards a circular economy

Ensure that **67%** of energy consumption comes from cleaner energy in operations

Donate at least **25,000 tons** of food through hunger relief organizations

Become a more inclusive company

At least 10% of the staff should be involved in volunteer work

Strengthen long-term relationships with stakeholders through open communication on its sustainability efforts

Innovation to:

- **Increase** nutritional quality
- **Ensure 100%** of non-indulgent products comply with sodium and sugar levels
- **Double sales** of Health & Nutrition product portfolio (2019 baseline)

Achieve **100%** GFSI certification of operating sites

Declare nutritional information for 94% of products in Latin America and 100% of products in its Foodservice catalog

22% reduction in its accident rate

11% increase in the average training hours per talent segment

BUSINESS UNITS' GOALS

The Business Units set a series of ambitious strategic goals that define the direction of their efforts and reiterate the commitment to sustainability. The following is a summary of these goals:

LEARN MORE

AXTEL

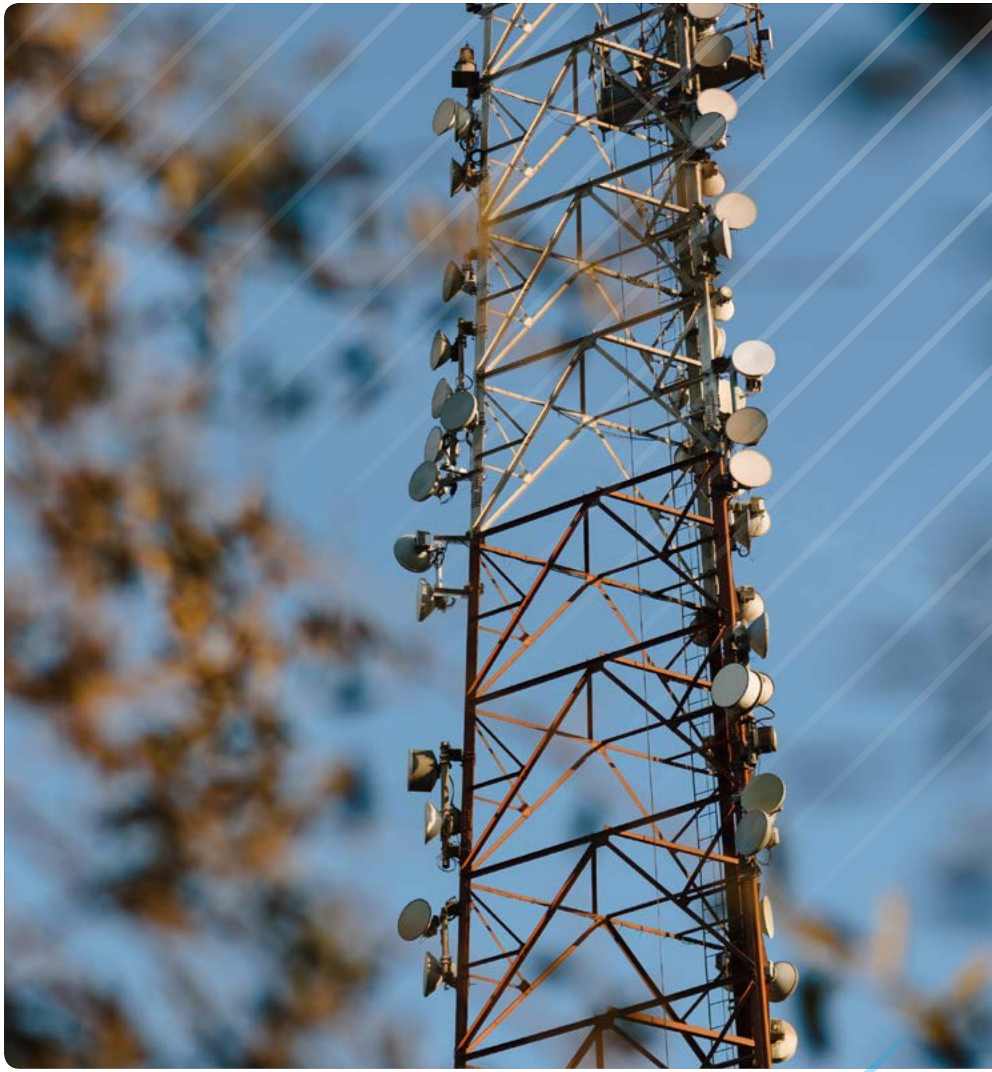
NPS results:
Target score of 45 in corporate, federal, and state government markets

Continue shift towards environmentally **friendly refrigerants** and replace R-22

Produce **30 GWh** of wind or photovoltaic power annually by 2023

Meet maintenance program above **95% compliance rate**

By 2023, **Axtel aims for 72% of its energy consumption to come from clean sources. In 2021**, 56% of its consumption migrated to more efficient suppliers



Governance

This section integrates information on the relevant elements in the governance of sustainability at ALFA and its Business Units. First, there are ethics and anti-corruption practices, which are the foundation of the Company's way of doing business. Also included is the internal and external transparency mechanism to ensure that any ethical deviation can be reported to the organization. Furthermore, the Risk Management, Policies, and Value Chain sections are also included.

ETHICS AND ANTI-CORRUPTION

GRI 102-17, 102-25
UNITED NATIONS GLOBAL COMPACT PRINCIPLES 1,2,3,4,5,6 AND 10
S&P CSA 1.4.1, 1.4.3, 1.4.7

The President leads the creation and review of policies and procedures related to the ethical conduct of collaborators and business partners. It is also involved in the development and approval of actions aimed at strengthening the culture of respect for corporate values, as well as compliance with ethical guidelines.

The Code of Ethics, Anti-Corruption Policy, and Conflicts of Interest Policy are part of the behavioral framework that ALFA expects from its companies and collaborators. These ratify the company's commitment to operate honestly, in compliance with the laws of each country where it operates, identifying situations that could cause conflicts and without tolerance to any act of corruption.

In line with the programs of the International Labor Organization (ILO), ALFA encourages the respect and promotion of Human Rights through its Human Capital policies. These policies reject any discriminatory act, child labor and exploitation, forced labor, abuse, coercion, as well as threats and the prevention of union association or collective bargaining of collaborators in all its Business Units.

ETHICS

ALFA's Code of Ethics is based on the Company's philosophy and includes the following principles:

1. Develop and perform all business activities with integrity.
2. Respect human dignity and the rights of all employees through honest and fair treatment.
3. Protect the health and safety of employees and the surrounding communities regarding the company´s operations.
4. Avoid any kind of discrimination, harassment, threat or abuse towards employees, and prohibit the use of child labor.
5. Avoid situations which may create a conflict of interest between the company and employees.
6. Uphold the laws and regulations of all countries where the company has operations.
7. Avoid corruption of any kind.
8. Protect and properly utilize company assets (tangible and intangible).

9. Never use company assets for personal profit.
10. Accurately calculate, utilize and present all operating and financial information.
11. Protect the environment through the sustainable use of natural resources while developing and performing business activities.
12. Avoid the company's participation and the use of its resources or images in political activities.

ANTI-CORRUPTION

Anti-Corruption Policy

The Anti-Corruption Policy is focused on reaffirming the mandate to comply with applicable anti-corruption legislation in the countries where ALFA operates. This includes adherence to the U.S. Foreign Corrupt Practices Act (FCPA). This policy establishes the basic rules and framework for preventing, detecting, investigating, remedying, and, where appropriate, sanctioning any person working for or representing the Company who has committed an act of corruption, in any of its manifestations and under any circumstances.

GO TO ANTI-CORRUPTION POLICY

Transparency Helpline

For the timely detection, investigation and resolution of any case of non-compliance with these guidelines, the company has a Transparency Helpline, through which internal and external complaints are received in a personal capacity or anonymously. The mailbox operates 24 hours a day, 365 days a year and is available via a website, e-mail, and 1-800 phone number in all countries where ALFA operates.

During 2021, 1,011 complaints were filed through the Transparency Helpline. 100% were addressed, 87% were resolved in the same period and 13% are under investigation. In cases where the misconduct warranted it, 158 people were separated from ALFA and relations with 15 business partners were terminated.

RECEPTION OF MESSAGE → MESSAGE CLASSIFICATION → ANALYSIS AND ASSIGNMENT → INVESTIGATION AND RESOLUTION → CLOSING MEETING

FOLLOW-UP

GO TO TRANSPARENCY HELPLINE

TYPE OF COMPLAINTS	
Inappropriate collaborator treatment	12%
Asset preservation	12%
Inappropriate customer treatment	8%
Policy compliance	2%
Personal relationships	2%
Conflict of interest	1%
Other	63%

RISK MANAGEMENT

GRI 102-11, 102-15, 102-20, 102-29, 102-30, 102-31

The final responsibility for risk identification and management, including ESG risks, lies within each Business Unit. This is done so that the proposed initiatives and strategies are optimized considering the sector in which Business Units operate. At the corporate level, an annual process is carried out to group the changes and priorities determined by the businesses, and the main risks that are identified are reported to the Audit Committee within ALFA's Board of Directors. This year, ESG risks were included in the Committee's periodic reviews.

Each risk's nature, likelihood, and impact determine the strategy, specific work plan, as well as the times and persons responsible for its treatment.

ALFA's Internal Audit area evaluates control processes, corporate governance, and risk management from a systemic approach.

PROCESS FOR RISK REPORT INTEGRATION

Annual interviews with each Business Unit's management team for identification, evaluation, and treatment.

Presentation of main risks to ALFA's Audit Committee for follow-up.

Management by the responsible areas within the operations.

Evaluation and treatment of the risks of each business by ALFA's Internal Audit.

POLICIES

ALFA's governance is integrated by over 50 policies, which have support documents to guarantee the correct understanding and operation of the business processes. The main topics covered by these policies include:

- Human Capital
- Technology
- Auditing
- Procurement
- Controllership and finance
- Communications
- Safety & security
- Legal

All Business Units must align themselves with the regulatory framework established in the ALFA Policies. Business policies may have different conditions, but never exceed these corporate guidelines.

Value Chain

GRI 414-1, 2, 204-1
S&P CSA 1.5

The drive for sustainability is also reflected in the relationship that ALFA and the Business Units have with suppliers. They are considered a key element for optimal operations and are all required to comply with the labor and environmental regulations corresponding to each of the countries where they operate.

Each Business Unit establishes its own principles and operating processes for the relationship with its suppliers. Below are the key aspects and some of the progress made in this area in each business.

SIGMA

Sigma understands that the responsibility to customers and consumers begins with the supply of raw materials. For this reason, it requires its suppliers to have a certification endorsed by the Global Food Safety Initiative (GFSI) that guarantees the quality and safety of the value chain. For more than 10 years, it has provided them with access to training and audits to achieve this certification.

Zero tolerance protocols and value chain assessment measures are continuously improved through scientific methods and modern technologies to ensure the highest standards of safety and quality in inputs.

During 2021 Sigma established, within its Sustainability guidelines, the reduction of the environmental impact of its value chain. To continue its efforts in this area, Sigma joined two international initiatives.

It is a member of CDP's "Supply Chain" initiative and achieved the commitment of 37 suppliers to initiate the CDP accompaniment program in which environmental risks and opportunities are identified.

The three main elements of the initiative include:

- Data collection through its questionnaires.
- Support to suppliers and the Company for data processing and reporting, as well as recommendations on supplier engagement, strategies, and resources.
- Annual analysis of information and findings from each supplier.

It also carried out a program of environmental and social supply chain audits supported by Elevate Business Driven Sustainability (BDS) involving 25 of the Company's major suppliers, giving them the opportunity to develop high-impact responsible sourcing programs.

ALPEK

After concluding an analytical review of all material issues, Alpek established as a goal in its relationships with customers and suppliers to work together to identify ESG risks and the necessary corrective actions to make the entire value chain more sustainable.

Our People

GRI 404-1 to 3, 403-1 to 9

The Human Capital vision integrates the elements that enhance the development and transcendence of collaborators.

Demographics

GRI 102-8
S&P CSA 3.2.2

ALFA values team diversity as a strength that generates a variety of opinions and perspectives to best solve challenges.

Position type

Position	Men	Men %	Total	Women	Women %
EXECUTIVE	911	79%	1,148	237	21%
ADMINISTRATIVE	12,682	68%	18,722	6,040	32%
OPERATIVE	22,477	62%	36,290	13,813	38%

Business Units

	WOMEN
ALFA	104
ALFA FUNDACIÓN	56
ALPEK	1,037
AXTEL	1,107
SIGMA	17,730
OTHER	56
	20,090

	MEN
ALFA	257
ALFA FUNDACIÓN	33
ALPEK	5,359
AXTEL	3,130
SIGMA	26,642
OTHER	649
	36,070

Total collaborators

56,160

Age range

	Women	Men
< 20	1%	2%
21 - 29	17%	21%
30 - 39	32%	34%
40 - 49	32%	27%
50 - 59	16%	14%
>60	2%	2%

By region

	Women	Men
NORTH AMERICA	14,418	25,068
SOUTH AMERICA	942	2,461
CENTRAL AMERICA	889	2,454
ASIA	3	4
EUROPE*	17	84

*Partial information for Sigma; does not specify contract type for Campofrío.

HUMAN CAPITAL POLICIES

The necessary regulatory framework has been implemented to ensure that all those who are part of the ALFA team are aware of their rights and obligations, and that the appropriate mechanisms are in place to safeguard these rights and oversee the compliance with obligations.

There are several documents and policies that support our stance on collaborator rights:

- Code of Ethics (public)
- Standards of behavior
- Anti-Corruption (public)
- Conflict of interest
- Psychosocial risk factors
- Prevention of harassment and discrimination
    - Gender equality (paternity/maternity)
    - Diversity
    - Human rights

For ALFA, talent is the most important resource, which is why it wants to recognize each of the 56 thousand people who make up the company for their commitment and performance during 2021.

For over 47 years, a philosophy focused on the care and development of collaborators has been continuously developed, which evolves to adapt to changes in the context and foster a respectful work environment of safety, support, well-being, and belonging.

The investment in this area totaled US $39.5 million. This included both the usual programs offered to collaborators, as well as all the adaptations and equipment required to meet the specific needs of each business during the year.

To meet the challenges presented by its various industries, a Human Capital vision has been developed, which integrates the essential elements in the relationship with collaborators: culture, attraction, development and retention of talent, and value creation.

The focus is set on knowing and understanding the talent needed to achieve ALFA's business vision. Building safe and adequate physical and psychological spaces, as well as processes and programs through which collaborators achieve their aspirations and personal success, translating into tangible business results.

INVESTMENT (US $ MILLION)	2021	2020	2019
Health and safety	**30.4**	31.4	28.1
Training and development	**5.1**	4.7	7.8
Welfare and recreation	**4**	2.8	2.3
Total	**39.5**	**38.9**	**38.2**

All figures were adjusted for Nemak's spin-off in 2020 (Discontinued Operations).

ALFA invested more than **US $39 million** in Human Capital programs

Culture

The culture is oriented towards the development of capabilities, where the Company's philosophy and best practices make progress thanks to the talent who, in turn, has the opportunity to grow by interacting within ALFA and its Business Units.

After an analysis of ALFA's business trajectory since its foundation, three main principles were found that have stamped its leadership:

Entrepreneurial spirit and global vision

Humility and sensitivity towards others

Passion for excellence and analytical thinking

Having a clear understanding of ALFA's philosophy provides a solid basis for the definition and design of all Human Capital programs and tools throughout the organization.

Attracting talent

This process involves understanding the idiosyncrasies and motivators of the potential talent pool, while at the same time having a deep understanding of the organization's identity and way of doing things. This is where the business vision is linked to the characteristics and type of personnel required to fulfill it.

In a world where geographic barriers have diminished considerably, the market for professionally and technically trained personnel has become global and even more competitive than before the pandemic. The main challenge is to find a way to connect with these constantly changing audiences and tune their motivators with experiences within ALFA and its Business Units. This to drive their personal and professional growth and fulfillment.

One example is the ALFA Live digital platform, which seeks to connect with people of different profiles through the sharing of collaborators' experiences, reflecting the existing diversity with the knowledge and expertise developed within the Company.

VISIT ALFA LIVE

Developing and retaining talent

Talent development and retention is the core of Human Capital's vision. Its management is integrated by systems, processes, and programs that promote the individual's development. This includes the definition of the role's characteristics, performance evaluation and compensation, the relationship and commitment between the Company and its collaborators, and the work environment and atmosphere.

BOOSTING TALENT

Human Capital seeks to meet the business's needs by placing the person who best suits any position's requirements. It also seeks to accompany collaborators in their development processes to reach their maximum potential, enriching their experience while strengthening the Company from within.

The elements that are considered for this are:

- Nature and characteristics of the position.
- Competitive compensation system.
- Development model.
- Integral benefits.

For ALFA it is important that salary differences are based on specific role characteristics, regardless of other factors. Because of this, there is a salary tabulator, established with national and international rules of competitiveness according to each business sector and geography.

COMMITMENT BETWEEN COLLABORATORS AND THE ORGANIZATION

In this pillar, the focus is on the collaboration between the Company and its personnel to create the greatest value for both. An understanding of what makes ALFA an attractive place to work is continually developed.

Some of the issues that were found to be relevant were the following:

- Position differentiators.
- Composition and competitiveness of the organization.
- Fellowship and work environment.
- Leadership style.
- Work ethics.
- Social responsibility and regulatory framework.

Some examples of the different programs developed by the Company are discussed below.

HEALTH AND SAFETY

The physical and emotional integrity of collaborators is fundamental and, in 2021, ALFA continued to strengthen the programs and ways of work designed to address the COVID-19 pandemic. The focus remains on ensuring that collaborators have all the necessary safety measures in place to protect their health and that of their families.

There are solid programs developed by each of the Business Units, which respond to the specific characteristics of the sector in which they operate and which integrate ongoing processes and initiatives to promote self-care and a culture of safety inside and outside their facilities.

The Company invested US $30.4 million in this topic and was able to reduce the accident rate.

ALFA'S INDICATOR	2021	2020	2019	2018
Accident rate	**233.7**	194.8	130.4	198.6
Frequency rate	**7.6**	5.6	6.1	8.3
Number of disabling accidents	**940**	937	1,107	1,014
Number of non-disabling accidents*	**706**	1,006	1,009	1,458
Lost days due to accidents	**28,923**	32,746	23,636	24,344
Physical losses	**-**	-	1	1

*Estimated for Sigma.
All figures adjusted for Nemak's spin-off in 2020 (Discontinued Operations).

TRAINING AND INTEGRAL DEVELOPMENT

ALFA and its Business Units consider the integral development of their collaborators a key responsibility. Because of it, collaborators are trained on new tools, trends, and skills that enable them to perform their functions optimally.

ALFA's vision of development contemplates the knowledge obtained by individuals during their professional or technical studies; the mastery developed in the performance of positions in different areas within the Company; and the individual's set of skills and abilities.

AVERAGE HOURS OF TRAINING PER COLLABORATOR

	2021
Sigma	26
Alpek	25
Axtel	34

CONNECTING WITH TALENT

ALFA is constantly evolving. Internal changes, the global environment and the idiosyncrasies of new generations drive the development of new ways of working.

At ALFA, through inspirational leadership, the Company seeks to provide an environment of trust, where individuals feel accepted and part of the team. It also looks to promote flexibility through programs that reconcile individual needs with those of the organization, as well as promote diversity, which enriches the individual's work and that of the Company, encourages entrepreneurship and fosters innovation.

Some examples of the different programs that have been developed in the Company are presented below:

WELL-BEING AND LIFE-WORK HARMONY

Well-being is a very important issue for ALFA. The Company has worked on a framework that promotes integral health -particularly in the face of the COVID-19 pandemic's effects- as well as efforts throughout the Company in terms of communication, medical care, psychological support services, and physical health initiatives. In addition, the collaborator value proposition is being redefined to provide more flexible work schedules.

Some of our wellness initiatives include:

Development of an integral model

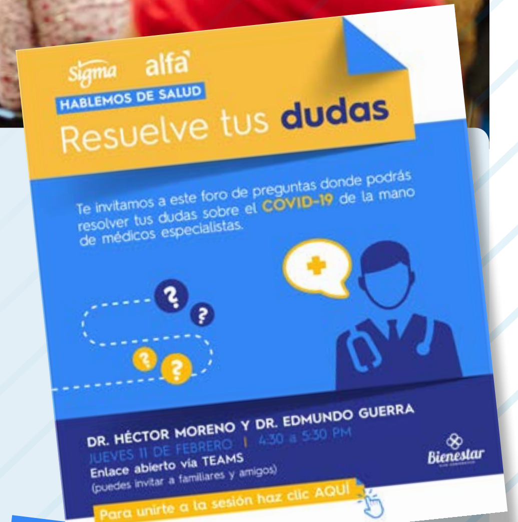
Mental and emotional
- Job satisfaction surveys
- Stress measurement - Norm 035
- Psychological and emotional support services
- Emotional health capsules

Physical and lifestyle
- Various activities (meditation, yoga, classes taught by collaborators)

Connections
- Dialogues with leaders
- Holiday celebrations - Children's Day, Mother's Day, etc.

Financial
- Personal finance education and legal advice

Health and disease prevention
- Personal protective equipment in facilities
- Vaccination (Influenza and COVID-19)
- Communication on prevention



DIVERSITY AND INCLUSION

S&P CSA 3.2.4

ALFA is convinced that diversity drives its growth. It actively seeks to have talent with different profiles, perspectives, and mindsets, thus positioning itself as a dynamic company. It focuses on developing an ecosystem that provides the necessary conditions for collaborators to express their personalities, while developing their full potential and contributing to the organization.

As a first step, ALFA is developing programs to address gender and age diversity. However, it is relevant to highlight that the Business Units include other efforts to address relevant issues that vary by geography.

In addition, as part of the labor inclusion model, the total number of people working at ALFA with some type of disability was around 213 in 2021 - ratifying its commitment to the International Labor Organization (ILO) Global Business and Disability Network.

TOGETHER
alfa

Is a program with diversity, equity, and inclusion (DEI) initiatives based on 4 axes:

- **Measuring indicators to set goals**
- **Creating awareness and commitment**
- **Strengthening the regulatory framework and processes**
- **Developing talent**

Together's first effort aims to ensure gender equity and enhance the potential of women in talent pools. Through the alignment of the regulatory framework and accompanying programs, the number of women in executive positions increased by 11.0%* (2019 baseline).

To continue making progress in this area, since 2018 ALFA has participated in the McKinsey Women Matter MX study, from which it obtains information and best practices that serve as input for the development of new initiatives.

*All figures have been adjusted for Nemak's spin-off in 2020 (Discounted Operations)

Value creation

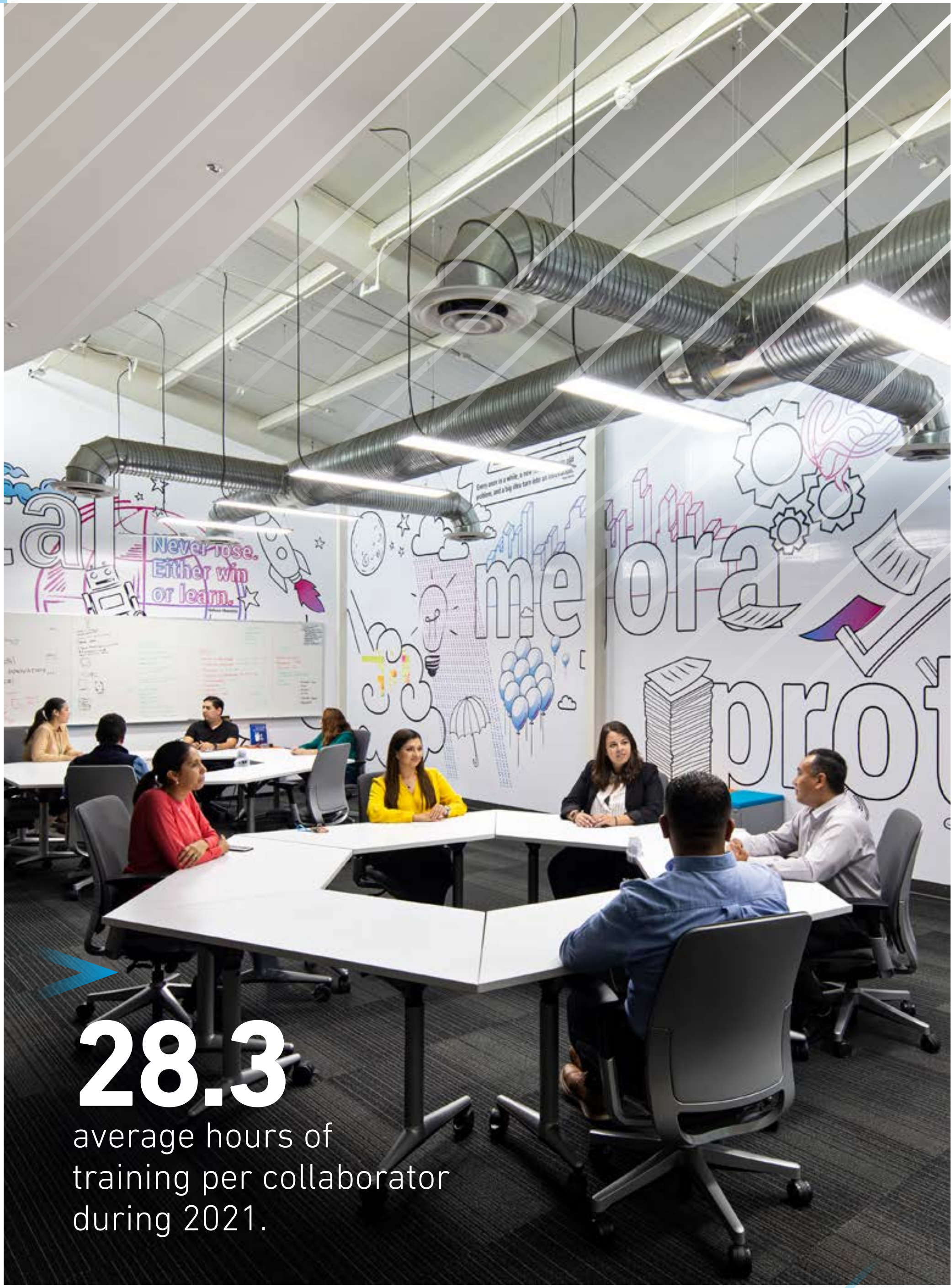
Individual, team, and organizational performance measurements are the main source for the optimization of processes and programs, and the recording of achievements in terms of objectives and goals of the organization.

Some of the tools used to align the collaborator's performance and development with the organization's strategy, and to generate value for both, are:

- **Defining individual performance and behavioral goals, and by area of the organization:**
  - Business objectives - aligned to the business strategy.
  - Observable behaviors - aligned with the business philosophy.
- **Evaluate individual performance.**
- **Encourage feedback throughout the year.**
- **Offer variable compensations subject to:**
  - Business financial indicators.
  - Individual performance evaluation.

Throughout the Company's history, it has been proven that intellectual capital has been developed as a result of what the organization offers to enhance the talent of the people who are part of it.

ALFA is convinced that the Company's success is based on the talent of its collaborators, which is continuously driven by the development programs in which they participate.



28.3
average hours of training per collaborator during 2021.

ALFA maintains a close relationship with the communities in which it operates.

Community

Community involvement

ALFA maintains its commitment of contributing to the development of the communities in which it operates by promoting education and culture, as well as supporting social welfare institutions. This includes financial and in-kind contributions in the event of natural disasters, as well as collaborator volunteer actions.

In 2021, in-person involvement with communities was limited due to the COVID-19 contingency.

ALLIANCES AND PARTNERSHIPS

GRI 102-12, 102-13

ALFA participates and is part of organizations that share its vision. In 2021, ALFA developed projects in favor of communities in conjunction with more than 200 companies, chambers, and associations.

ALFA is also a member of global initiatives that seek to promote a sustainable future in all economic spheres. It has been a signatory of the United Nations Global Compact since 2006, to promote its principles on human and labor rights, the environment, and the fight against corruption, among others. Axtel, Alpek and Sigma joined in 2011, 2020, and 2021, respectively. Being signatories of this pact has also allowed the adoption of measures that promote broader social objectives, such as the Sustainable Development Goals (SDGs) of the United Nations. This report represents ALFA's Communication on Progress (CoP) 2021.

Education: ALFA Fundación

With the conviction that there is talent in Mexico, and that it is possible to build a better society through the youth, ALFA's main social investment is ALFA Fundación's educational project, which seeks to generate social mobility through quality education.

ALFA Fundación focuses on public school students who stand out for their high intellectual capacity, creativity and drive, who are selected since junior high and accompanied along the way until they finish college.

In 2021, the fourth generation, composed of 132 high school students, graduated. 100% of them received some type of scholarship to continue their studies in universities in Mexico and the USA. Currently, ALFA Fundación supports 581 high school graduates so they can continue their college studies.

1,906
students are part of ALFA Fundación's integral system.

INTEGRAL EDUCATION SYSTEM

It is based on the accompaniment of students with high potential for a period of 10 years and includes three stages:

1. Students attend extracurricular centers for three years, where they complement their junior high education focusing on core disciplines: Mathematics, Science, English, and Spanish.
2. Full-time high school with the capacity to attend 500 students. In these first two stages, all expenses related to the programs are provided by ALFA.
3. Support provided by ALFA Fundación for students to obtain scholarships for national and foreign universities.

EXTRACURRICULAR CENTERS
Rigorous selection in nearby junior highs / afternoon sessions

ALFA SUPPORT
To obtain scholarships for national and foreign universities

alfa fundación

HIGH PERFORMANCE AND FULL-TIME HIGH SCHOOL

EDUCATIONAL MODEL

ALFA Fundación's educational model is composed of two essential elements: active learning and a focus on the student as a person.

The first is understood as a process that offers students a leading role in their learning by involving them in challenging activities such as posing questions, solving problems, sharing results, and learning from others in a continuous process of knowledge construction.

The second is based on the consideration that students have the capacity to transform and improve themselves and their environment through an integral educational process that develops their cognitive, affective, and social spheres.

STUDENT PROFILE

During students' processes at ALFA Fundación, ALFA seeks to develop different aspects of their personalities.

CREATIVE in searching for innovative solutions

RESPONSIBLE AND AWARE of continuous improvement

SOLIDARY AND EMPATHIC with the needs of their peers

CRITICAL analysis and decision-making

A transformational **LEADER** and agent of change for the development of the country

UPRIGHT, HONEST AND ETHICAL in all aspects of life

INQUIRER with scientific spirit and intellectual curiosity

Social Impact

ALFA Fundación's integral system includes 1,906 students.

Extra-academic Centers:

345 Monterrey

280 San Nicolás

286 Escobedo

ALFA Fundación High School:

414 Students

University:

581 Students

EDUCATIONAL PROJECT ALFA FUNDACIÓN	2021	2020	2019	2018
Students served	**1,906***	1,325	1,259	1,291
High school graduates	**132**	147	158	144
Teachers	**75**	75	75	78
Students in Extracurricular Centers	**911**	911	823	833

*581 students supported in their university studies are considered.

Student Achievements

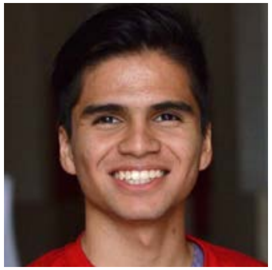
It is a privilege to have alumni fulfill their dreams.

Ximena Mercado,
ALFA Fundación alumnus (1st generation)

Participated in MIT's J-PAL Institute professional internship focused on scientific research for poverty reduction.

"I will participate in the policy team at the J-PAL research center. My ALFA Fundación education gave me a sense of social responsibility and helped me find my passion in economic development issues. I will learn a lot this summer because I want to positively impact social mobility in developing countries, specially in Latin America."

Ximena Mercado, May 2021.



Luis Kevin Cepeda, ALFA Fundación alumnus (1st generation)

He was selected as an intern at Boston's Children Hospital for Harvard Medical School's program in fetal neuronal nuclear magnetic resonance imaging research.

"I owe ALFA Fundación, my teachers, and classmates who I am today."

Luis Kevin Cepeda, October 2021.

Carlos Efraín Quintero, first ALFA Fundación alumnus to graduate from college (1st generation)

He studied Mathematics at UNAM, graduating early after only 7 semesters. He wrote his thesis "Algebraic Structures and Universality Demonstrations in Quantum Computing."

"Thanks to the foundation for their support since high school, I was able to participate in various activities and competitions that helped my development."

Carlos Efraín Quintero, January 2022.

ALFA FUNDACIÓN

EXTRACURRICULAR

3 Extracurricular Centers

STARTING DATE

2013	2014	2014
MONTERREY	ESCOBEDO	SAN NICOLÁS

39 teachers
Across all 3 Extra-academic centers (2019)

8 years in operation

4
extracurricular subjects + Saturday clubs

+60%
Of graduates
Receive scholarships for High School

98% go into High school

60 public junior highs
from which the students come from

26,640+ hours of class
Are taught each year in the Extra-academic centers

HIGH SCHOOL

ALFA Fundación's high school (PAF) started in 2015

34 teachers
at the ALFA Fundación High School

2018 the first generation of PAF graduates

581
ALFA Fundación High School graduates

99% get into college

UNIVERSITY

2018 the first generation of PAF University

144 graduates
university 1st generation (2018)

158 graduates
university 2nd generation (2019)

147 graduates
university 3rd generation (2020)

132 graduates
university 4th generation (2021)

581 graduates
receive support to attend university

First former student graduates from university in 2021

Donations and volunteering

DONATIONS

ALFA believes that promoting the work of Civil Society Organizations is a determining factor in the development of communities. For this reason, it maintains a donations and volunteer action program with institutions of this type.

Some of the main programs for 2021 included:

SIGMA

- During 2021, Sigma advanced in its food donation goal reaching 19,500 tons, equivalent to 100 million servings. These are accounted for since 2015 and it continues to work towards reaching 25,000 tons by 2025.
- Sigma Romania's Caroli Foods Group supported the athletes of Arges swimming clubs through a sponsorship for the covering of their 50-meter pool at the Costache Negri facility in Pitesti. This involved an investment of 500,000 leus (~US $113 thousand).
- Sigma USA donated US $1.0 million in contributions to non-profit organizations and foundations, in addition to school supplies, and planted 300 trees on Earth Day in collaboration with WeHero and One Tree Planted.
- More than 170 Sigma collaborators worldwide participated in blood donation programs.

CONTRIBUTIONS 2019-2021 ALFA AND BUs

SOCIAL ASSISTANCE	2021	2020	2019
Social assistance institutions supported	**169**	97	227
Collaborators in volunteer actions	**4,090**	3,738	2,285

ALPEK

- Donations totaled US $2.0 million, supporting more than 5,000 people.
- Donation of blood and funds for medical care, as well as equipment donations such as masks, gloves, and disposable gowns due to the great demand for these in the pandemic.
- In Altamira, Mexico, Alpek's operations donated pallets to the COBEA organization, which is dedicated to rescuing animals exposed to illegal trafficking, in an effort to promote environmental culture.
- Personal protection equipment donations to Civil Protection elements in Altamira, Mexico.

AXTEL

- A campaign was carried out to support collaborators with family members with COVID-19, raising close to $600 thousand pesos through contributions from 1,293 collaborators, which were doubled to deliver $1.2 million pesos for the benefit of 48 families.

VOLUNTEERING

Being at the service of others has been a characteristic of the Company throughout its history. Therefore, volunteering is one of the activities that ALFA promotes in order to give collaborators the opportunity to contribute individually to the development of their communities.

During 2021, even when conditions due to the COVID-19 pandemic made it difficult to interact with the community in person, ALFA and its Business Units continued with their programs.

In ALFA, for example, collaborators participated in the "Sponsor a School" program in favor of the Felipe Pescador Junior High in Nuevo León, Mexico. Thanks to this program, water, lighting and electrical installations were restored, and classrooms, hallways and bathrooms were rehabilitated with an investment of more than $770 thousand pesos contributed by ALFA.

SIGMA

As part of its commitment to the community, Sigma set a goal for 2025 to have at least 10% of its collaborators participate in volunteering activities each year. During 2021, they made progress, reaching more than 2,200 people, equivalent to a record 7.8%. Some of the initiatives in which they participated included:

- For World Food Day, each of its regions joined food collections and donations to different local associations or food banks with the support of more than 1,100 volunteers.
- It launched a waste collection initiative through Sigma Europe's operations. As part of this initiative, it collected 3,000 liters of garbage and planted 5,000 trees in collaboration with Plant For The Planet.

ALPEK

In 2021, Alpek refined its materiality matrix, where Community Involvement was one of its material topics, establishing the objective of dedicating time and a portion of its profits to the safety, education, access to services, and quality of life of its surrounding communities.

Some of the year's initiatives were:

- Over 400 people carried out volunteer actions in their communities.
- They participated in programs such as food, clothing and toy donations, as well as in associations for the prevention of diseases such as Alzheimer's.

AXTEL

Axtel supported initiatives in favor of children with cancer with a payroll contribution of 260 collaborators totaling more than $100 thousand pesos to the Alianza Anticáncer Infantil for the benefit of 470 children.

Environment

GRI 302-1 to 4, 303-1 to 5, 305-1 to 7
TCFD: GOVERNANCE AND CLIMATE CHANGE STRATEGY

Through its efforts on six main lines of action, ALFA seeks to strengthen its environmental care.

Our vision on the environment

Environmental care is an essential part of the strategy ALFA and its Business Units have. Every year, each one carries out an action plan aimed at reducing the environmental impact and footprint of its operations. In 2021, new goals were established, and progress was made on those already stipulated.

ALFA's governance includes the following guidelines and lines of action:

GUIDELINES

- **Comply** with environmental legislation in the countries where it operates.
- **Promote** continuous improvement with practices and procedures that generate a more environmentally friendly operation.
- **Make** investments to prevent, reduce or eliminate its negative impact on nature.
- **Strengthen** environmental issues in its daily activities.
- **Respond** in a timely and responsible manner in the containment of incidents that may represent a risk to the environment.
- **Contribute** to a better environmental performance in its value chain.
- **Promote** an environmental culture among its collaborators and the community.

Strategy

Based on the shared vision in ALFA's governance, Business Units establish their specific strategy to mitigate their impact and manage their environmental risks considering they all operate in different sectors.

SIGMA

Its strategy is aimed at achieving sustainable growth of the business and the value chain by implementing initiatives in favor of the environment. The lines of action followed during 2021 were:

1) Reduce the environmental impact of its supply chain.
2) Move towards zero net carbon emissions.
3) Achieve greater efficiency in water use and management, and become better stewards of the resource.
4) Promote a circular economy

These guidelines are deployed in each organizational unit of the Company to align efforts at a global level.

Eco-efficiency throughout the production process

PRODUCTION	PACKAGING	DISTRIBUTION	POINTS OF SALE
Energy that is efficient, cleaner, and renewable Efficient use of water Reduction of waste to landfill Use of environmentally friendly refrigerants	Global Packaging Sustainability Strategy	Disruptive technologies in the distribution fleet Route optimization	Use of efficient refrigerators

ALPEK

After an exhaustive analysis, Alpek established objectives for each of its material issues. Its environmental strategy focuses on four main lines of action:

1) Carbon emissions reduction and eco-efficiency.
2) Circularity
3) Efficient water use and management
4) Pollution

Alpek based its strategy on the structure proposed by TCFD, which includes four elements:

- Governance: the role of management in the assessment and risks and opportunities related to climate change.
- Strategy: initiatives implemented to reduce carbon emissions.
- Risk management: identification, management and mitigation of risks related to climate change.
- Metrics and objectives: establishment of goals and performance indicators in emissions reduction and energy efficiency.

AXTEL

Axtel, being a telecommunications company, seeks to reduce its environmental impact through four areas:

1) Diversify energy sources.
2) Take advantage of high-efficiency lighting technologies.
3) Implement responsible material disposal processes.
4) Develop better cooling practices.

Investments

ALFA and the Business Units' investments in environmental initiatives totaled US $24.8 million.

ENVIRONMENTAL INVESTMENTS (US $ MILLION)	2021	2020	2019
Waste reduction and disposal	**10.5**	15.3	3.7
Emission reductions	**9.1**	14.9	16.0
Prevention and remediation costs	**2.8**	15.4	0.7
Environmental management	**0.5**	9.8	-
Other actions	**1.9**	0.2	13.1
Total	**24.8**	**55.5**	**33.6**

Does not include Sigma's investments for 2019
All figures have been adjusted for Nemak's spin-off in 2020 (Discounted Operations)

Performance

To measure performance, obtain feedback, and review environmental best practices, ALFA and the Business Units participate in CDP's international evaluation initiative. At the consolidated level, ALFA maintained its C rating for the Climate Change and Water categories, and the Business Units improved their own.

CDP RESULTS	CLIMATE CHANGE	WATER
Sigma	B	B
Alpek	C	C
Axtel	C	-

Achievements in main lines of action

CLIMATE CHANGE: ENERGY EFFICIENCY AND EMISSIONS REDUCTION

ALFA's main energy consumption comes from its Business Units' operations. Considering this, the strategy has been to promote initiatives in two areas:

1) Achieving greater energy efficiency.
2) Reducing emissions.

Energy efficiency

ALFA continued to promote the consumption of energy from less polluting sources such as natural gas, as well as clean and renewable energies, such as geothermals and wind power.

The different programs and initiatives implemented by ALFA and the Business Units achieved reductions of 55,000 GJ in various processes. This represents the consumption of 1,304 homes in a year (EPA estimate).

ENERGY CONSUMPTION (GJ X10^6)	2021	2020	2019
Direct consumption	20.38	18.60	20.29
Indirect consumption	22.00	22.12	21.11
Total consumption	**42.38**	**40.72**	**41.40**

Due to M&A at the end of 2020 and some changes in the current methodology, Alpek's information has been revised and adjusted. All figures have been adjusted for Nemak's spin-off in 2020 (Discounted Operations).

CONSUMPTION BY ENERGY SOURCE (GJ X10^6)	2021	2020	2019
Natural gas	**17.95**	16.04	17.45
LP Gas	**0.11**	0.11	0.12
Gasoline	**0.17**	0.16	0.18
Diesel	**1.81**	1.75	1.70
Coal	**0**	0	0.30
Fuel Oil	**0.23**	0.35	0.44
Ethanol	**0**	0.10	0.10
Other	**0.11**	0.09	0
Total	**20.38**	**18.60**	**20.29**

Due to M&A at the end of 2020 and some changes in the current methodology, Alpek's information has been revised and adjusted.
All figures have been adjusted for Nemak's spin-off in 2020 (Discounted Operations).

AMONG THE MAIN GOALS AND ACHIEVEMENTS RECORDED BY THE COMPANY ARE THE FOLLOWING:

SIGMA

Goal:
To achieve 67% of the plants' electricity consumption from cleaner and renewable sources by 2025.

Achievement:
More than 60% of electricity used in operations comes from cleaner energy sources, including wind, hydro, and solar.

Actions:

- Solar panels were installed at the Campofrío plant in Burgos, Spain, reducing 978 tons of CO_2eq emissions per year.
- In Peru, a Power Purchase Agreement (PPA) was signed to ensure 100% renewable energy at its facilities, including hydroelectric and wind generation.

ALPEK

Goal:
Committed to the Paris Agreement and established a reduction target for Scope 1 and 2 emissions of 27.5% by 2030 (2019 baseline). This target is in process of being certified by the Science-Based Targets Initiative.

Actions:

- By the end of 2021, Alpek conducted an analysis of its plants to begin transitioning some of its business units to cleaner, more efficient and sustainable energy sources.
- Alpek's business units continued implementing process optimization initiatives, such as improvements to equipment to reduce energy consumption, among others.

AXTEL

- The company carries out energy and process optimization actions, with the "telephone switchboard shutdown" project. In 2021, 13 of them were shut down, representing savings of $3 million pesos and 553 tons of CO_2eq.
- In 2021, 45% of the energy used in Axtel came from cleaner or renewable sources; 5% more than in 2020.

EMISSIONS REDUCTION

Emissions reduction at ALFA is a permanent task implemented in all its operations. During the year, US $9.09 million were invested in control programs and equipment, as well as process optimization and reengineering. In 2021, the Company avoided the emission of 8,301 tons of CO_2, which is equivalent to 1,805 functioning cars' emissions in a year.

The consolidated emissions data for ALFA are presented below:

T CO_2 EQ X 10^6	**2021**	2020	2019
Direct emissions	**1.38**	1.24	1.58
Indirect emissions	**1.46**	1.52	1.55
Total	**2.84**	**2.76**	**3.13**

Due to M&A at the end of 2020 and some changes in the current methodology, Alpek's information has been revised and adjusted.
All figures have been adjusted for Nemak's spin-off in 2020 (Discounted Operations).

SIGMA

Goal:
20% reduction in CO_2 emissions related to own plants and transportation fleet, per ton of food produced (2015 baseline).

Achievement:
The Company advanced on its goal reaching 11% in 2020 and 12% in 2021.

Actions:

- Completed Scope 3 measurement in Europe and initiated measurement of the remaining geographies.
- Cochonou, Sigma's brand in France, in collaboration with the Tour de France and Reforest'Action, offset the carbon emissions of the vehicles it provided for the logistics of the cycling event by planting 120 trees, helping to capture 18 tons of CO_2 and creating safe areas for 360 animals, equivalent to 120 hours of work.
- Sigma USA maintains a close collaboration with WeHero, with whom 60 ponderosa pines were shipped to 30 collaborators to participate in a reforestation project. WeHero planted 8 additional trees for each participant to offset 60 pounds of carbon to neutralize the shipment, totaling 300 trees planted. This was equivalent to 45 hours and an estimated value of US $1,224 dollars of volunteer time.
- Sigma joined the Carbon Disclosure Project (CDP) to begin measuring the environmental impact of its suppliers.
- In Mexico, it has a plan to reforest 2,800 trees during 2022 in collaboration with the *Reforestamos México* association.

ALPEK

Goal:

- Committed to the Paris Agreement and established a reduction target for Scope 1 and 2 emissions of 27.5% by 2030 (2019 baseline). This target is in process of being certified by the Science-Based Targets Initiative.
- Achieve carbon neutrality by 2050 and start measuring its Scope 3 emissions.

Achievement:

- Aligned its methodology to international standards to participate in SBTIs.
- Made progress in measuring its Scope 3 emissions.
- Consolidated the closure of its caprolactam line, which will help reduce emissions by up to 13% (2019 baseline). Additionally, with the closure of one of the fiber lines, more emissions will be avoided in the years following 2021.

Actions:
Alpek launched the Evergreen project, through which it sets goals for each of its material issues including the environment. This is an ambitious project that will allow Alpek to strengthen its leadership in Latin America and position it as a spearhead for sustainable actions in the chemicals and plastics industries.

WATER MANAGEMENT

Just like energy, water is also a fundamental input to carry out the activities of the Business Units. Therefore, ALFA encourages each one of them to work on strategies to make their consumption more efficient.

During 2021 and in compliance with regulations, total discharges were 103,431 ML. ALFA's actual water consumption, resulting from total withdrawal minus total discharges, was 65,976 ML.

SOURCES AND WITHDRAWAL VOLUME IN ML	2021	2020	2019
Municipal water	**2,800**	1,500	1,148
Rivers, lakes, and seas	**145,500**	109,900	106,200
Wells, wetlands, and springs	**2,100**	1,500	2,600
Wastewater from other organizations	**-**	-	-
Others	**19,007**	21,101	19,796
Total	**169,407**	**134,001**	**129,744**

Due to M&A at the end of 2020 and some changes in the current methodology, Alpek's information has been revised and adjusted.
Sigma's withdrawal is accounted for in "Others" since the classification is not available
All figures have been adjusted for Nemak's spin-off in 2020 (Discounted Operations).

THE MAIN INITIATIVES RELATED TO THE EFFICIENT USE OF WATER IN 2021 WERE:

SIGMA

Goal:
21% reduction in water consumption per ton of food produced (2018 baseline) by 2025.

Actions:
- During 2021, the global water management strategy and plan were defined. The first action was the exhaustive measurement of its consumption, as well as the establishment of projects dedicated to improving efficiency in its use.
- Since 2015, Sigma's distribution centers in Mexico have been operating rainwater collection systems, which are then used for sanitary use and washing transportation units.

ALPEK

Goal:
Monitor consumption intensities, especially in water-stressed areas, and define initiatives to reduce consumption.

Achievement:
Alpek conducted a more in-depth analysis of its facilities in water-stressed areas and identified only one, where the necessary measures will be implemented.

Actions:
Established as one of the Company's main material issues with a focus on efficiency and optimization in water use within operations.

RECYCLING

For ALFA, recycling is a relevant factor to promote a culture of circularity and to generate other benefits related to the lower consumption of raw materials and resources such as energy and water.

Therefore, the Business Units are monitored and supported as they develop their own strategies related to recycling. The Business Units work on various fronts according to the sector in which they operate.

In total, in the Company in 2021, approximately 2,000 tons of materials were recycled. In addition, there are permanent programs for the collection of wood, metals, plastics, paper, and cardboard, among others that are sent to recycling processes.

SIGMA

One of Sigma's strategy's main focal points is the use of more environmentally friendly materials for packaging. Therefore, since 2020 it incorporated the principles of circular economy for the design, selection of materials, and packaging manufacturing. With this it seeks to:

- Reduce the use of virgin materials.
- Increase the percentage of recycled material in its packaging, maintaining its products' quality, safety, and innocuousness.
- Achieve energy savings, reduce waste, and increase the use of biodegradable packaging.

Bio-friendly packaging

PRESERVES RESOURCES
By recycling, raw materials are reused, so there is no need to obtain new ones from nature.

REDUCES WASTE
Manufacturing packaging with recycled material reduces waste that ends up in landfills.

REDUCES FOOTPRINT
Biodegradable packaging decomposes and returns to the Earth in less than five years, compared to traditional packaging that takes up to 50 years to decompose.

Sigma's global packaging sustainability strategy has the following lines of action:

1. Reduce the use of plastic in packaging.
2. Increase the proportion of recycled plastic.
3. Eliminate components or layers in packaging.
4. Seek and use more environmentally friendly materials.
5. Use biodegradable materials.
6. Use materials that are recoverable and recyclable.

Goal:
To create packaging solutions that drive towards a circular economy and contribute to SDG 12, thereby contributing to responsible production and consumption by 2025.

Achievements:
Sigma managed to avoid 1,220 tons of virgin plastic during the year, reaching more than 6,570 tons since 2019 by using recycled PET (rPET) and reducing packaging thickness.

- **In Mexico and the United States,** up to 80% recycled plastic in cheese and ham packaging.
- **In Mexico** in the yogurt line, 25% reduction in the use of plastic by improving packaging using mineral compounds in regular and light yogurts of 125g and 170g.
- **In Europe,** up to 100% recycled plastic in pizza packaging.
- **In the yogurt line,** biodegradable packaging will be available in less than five years.

Actions:
- The main lines of action included:
  - The use of recycled PET in some packaging, observing all safety guidelines.
  - Launch of 84 SKUs with biodegradable packaging.
  - Use of broken pallets and/or thermoformed waste to inject new pallets, as well as use of rigid packaging recycled by Sigma.
- Participation in collaborative business initiatives, such as ECOCE in Mexico and ECOEMBES in Spain, focused on the proper management of packaging waste.

ALPEK

Alpek's strategy of promoting circularity and increasing PET recycling capacity are paramount. These are two of the most relevant elements of its long-term growth.

Goals:
- PET: increase its mechanical PET bottle recycling capacity to 300 thousand metric tons per year by 2025. This in order to meet its customers' sustainability goal of having at least 25% recycled content in its products.
- Polypropylene: leverage its alliances to develop chemical recycling solutions for PP and increase its participation in copolymers used in long-term applications.
- Expandable polystyrene: focus on long-term use applications for EPS, develop biodegradable alternatives for the food and beverage market, and work to make chemical recycling viable.

Achievement:
- Alpek recycles around 10 billion PET bottles annually.

Actions:
- Invested US $96 million in the acquisition of CarbonLITE's PET recycling and pelletizing plant in Reading, Pennsylvania, fully equipped with new machinery, including state-of-the-art optical sorting, washing and solid-state polymerization (SSP) systems. This enables the production of food-grade pellets required for bottle-to-bottle recycling.

Board of Directors

GRI 102-20, 102-22, 102-23, 102-27

JOSÉ CALDERÓN ROJAS

CURRENT POSITION
Chairman of the Board and Chief Executive Officer of Franca Industrias.

ACADEMIC BACKGROUND
Bachelor's in Law and specialization in Taxation from the Universidad Autónoma de Nuevo León.

BOARD TENURE
April 2005 (16 years).

TYPE OF MEMBER
Independent Patrimonial.

COMMITTEE RESPONSIBILITIES
Member of the Audit Committee.

OTHER BOARD MEMBERSHIPS
FEMSA and Franca Industrias.

CIVIL SOCIETY ORGANIZATIONS
President of the Asociación Amigos del Museo del Obispado, and member of the Fundación UANL and the Patronato de Bomberos de Nuevo León.

EXPERIENCE
Finance.

PREVIOUS POSITIONS
Board member of Banco Regional, BBVA México and Grupo Ctibanamex.

ENRIQUE CASTILLO SÁNCHEZ MEJORADA

CURRENT POSITION
Managing Partner of Ventura Capital Privado.

ACADEMIC BACKGROUND
Bachelor's degree in Business Administration from Universidad Anáhuac.

BOARD TENURE
March 2010 (11 years).

TYPE OF MEMBER
Independent.

COMMITTEE RESPONSIBILITIES
Chairman of the Corporate Practices Committee and Member of the Audit Committee.

OTHER BOARD MEMBERSHIPS
Grupo Hérdez, Southern Copper Corp., Laboratorios Sanfer and Médica Sur.

EXPERIENCE
Finance.

PREVIOUS POSITIONS
Chairman of the Board and Chief Executive Officer of IXE Grupo Financiero, Chairman of the Board of Maxcom Telecomunicaciones, and Senior Partner of Ventura Capital Privado.

FRANCISCO JAVIER FERNÁNDEZ CARBAJAL

CURRENT POSITION
Chief Executive Officer of Servicios Administrativos Contry.

ACADEMIC BACKGROUND
Mechanical and Electrical Engineer from Tecnológico de Monterrey and MBA from Harvard Business School.

BOARD TENURE
March 2010 (11 years).

TYPE OF MEMBER
Independent.

COMMITTEE RESPONSIBILITIES
Chairman of the Planning and Finance Committee.

OTHER BOARD MEMBERSHIPS
VISA Inc., FEMSA and CEMEX.

EXPERIENCE
Finance, Commercial and Investment Banking, Insurance and Bonding.

PREVIOUS POSITIONS
Director of Fianzas Monterrey, Director of Grupo Financiero BBVA Bancomer and was also Chairman of the Board of Primero Fianzas and Primero Seguros. Member of the Boards of Grupo Bimbo, Grupo Gigante, IXE Grupo Financiero, Grupo Lamosa, El Puerto de Liverpool, Grupo Aeroportuario del Pacífico and Fresnillo, PLC.

ÁLVARO FERNÁNDEZ GARZA

CURRENT POSITION
President of ALFA.

ACADEMIC BACKGROUND
Bachelor's in Economics from the University of Notre Dame, and MBA from Tecnológico de Monterrey and Georgetown University.

BOARD TENURE
April 2005 (16 years).

TYPE OF MEMBER
Related Patrimonial.

COMMITTEE RESPONSIBILITIES
Member of the Planning and Finance Committee.

OTHER BOARD MEMBERSHIPS
Co-Chairman of the Board of Nemak. Member of the Boards of Alpek, Axtel, Grupo Citibanamex, Cydsa, Grupo Aeroportuario del Pacífico and Vitro.

EXPERIENCE
Industrial Sector, Food and Beverages, Petrochemical and Telecommunications.

UNIVERSITY COUNCILS
Chairman of the Board of Universidad de Monterrey (UDEM).

PREVIOUS POSITIONS
Chief Executive Officer of Sigma, President of the Chamber of the Transformation Industry of Nuevo León (CAINTRA).

ARMANDO GARZA SADA

CURRENT POSITION
Chairman of the Board of ALFA.

ACADEMIC BACKGROUND
Industrial Engineering at MIT, MBA from Stanford University.

BOARD TENURE
April 1990 (21 years).

TYPE OF MEMBER
Related Patrimonial.

COMMITTEE RESPONSIBILITIES
Member of the Planning and Finance Committee.

OTHER BOARD MEMBERSHIPS
Chairman of the Board of Alpek and Co-Chairman at Nemak. Member of the Boards of Axtel, BBVA México, CEMEX, Grupo Lamosa and Liverpool.

EXPERIENCE
Industrial Sector, Food and Beverages, Petrochemical, Telecommunications and Strategic Planning.

PREVIOUS POSITIONS
Chief Executive Officer of Sigma, Chief Executive Officer of Polioles, Board of Directors of FEMSA, Grupo Proeza, Gigante, Tecnológico de Monterrey, MVS and the Mexican Stock Exchange, and Chairman of the Chamber of Transformation Industry of Nuevo León (CAINTRA).

CLAUDIO X. GONZÁLEZ LAPORTE

CURRENT POSITION
Chairman of the Board of Kimberly-Clark México.

ACADEMIC BACKGROUND
Chemical Engineering at Stanford University.

BOARD TENURE
December 1987 (34 years).

TYPE OF MEMBER
Independent.

COMMITTEE RESPONSIBILITIES
Member of the Corporate Practices Committee.

OTHER BOARD MEMBERSHIPS
Fondo México, Grupo México and Grupo Carso, Consultant of Fondo Capital and Director Emeritus of General Electric Company.

EXPERIENCE
Finance and Consumer Products Sectors.

PREVIOUS POSITIONS
Member of the Boards of Fondo México, Grupo México, Grupo Industrial Saltillo and Grupo Carso, and President of the Mexican Business Council.

DAVID MARTÍNEZ GUZMÁN

CURRENT POSITION
Founder and Managing Director of Fintech Advisory Inc.

ACADEMIC BACKGROUND
Mechanical and Electrical Engineering at UNAM and MBA from Harvard Business School.

BOARD TENURE
March 2010 (11 years).

TYPE OF MEMBER
Independent.

COMMITTEE RESPONSIBILITIES
Member of the Planning and Finance Committee.

OTHER BOARD MEMBERSHIPS
CEMEX, Vitro and Banco Sabadell.

EXPERIENCE
Finance, Investments and Telecommunications.

JOSÉ ANTONIO MEADE KURIBREÑA

CURRENT POSITION
Independent Advisor.

ACADEMIC BACKGROUND
Bachelor’s Degree in Economics from ITAM; Bachelor’s Degree in Law from UNAM and Doctorate in Economics from Yale University.

BOARD TENURE
February 2018 (3 years).

TYPE OF MEMBER
Independent.

COMMITTEE RESPONSIBILITIES
Member of the Planning and Finance Committee.

OTHER BOARD MEMBERSHIPS
HSBC Global, Grupo Chedraui, Global Adaptation Center and member of the Global Adaptation Committee.

EXPERIENCE
Finance Regulation, Pensions, Public Finance, Foreign Affairs, Social Development, Energy and Strategic Planning.

PREVIOUS POSITIONS
Secretary of State five times in four different branches: Energy, Public Finance, Foreign Affairs and Social Development. Candidate for the PRI party during the 2018 presidential elections.

ALEJANDRO RAMÍREZ MAGAÑA

CURRENT POSITION
Chief Executive Officer of Cinépolis.

ACADEMIC BACKGROUND
Bachelor's Degree in Economics and MBA from Harvard Business School.

BOARD TENURE
February 2019 (2 years).

TYPE OF MEMBER
Independent.

COMMITTEE RESPONSIBILITIES
Member of the Corporate Practices Committee.

OTHER BOARD MEMBERSHIPS
BBVA Mexico, Liverpool, GEPP, Harvard University, Sundance Institute and Museum of the Academy of Motion Picture Arts and Sciences, Chairman of the Global Cinema Federation and International Film Festival in Morelia.

EXPERIENCE
Strategic planning, Operations, Production and Distribution of Audiovisual Content, Economic Analysis and Public Policy Evaluation.

PREVIOUS POSITIONS
Technical Secretary of the Cabinet of Human and Social Development of the Government of México and was Alternate Representative of México to the Organization for Economic Cooperation and Development of the Permanent Delegation of México to the OECD in Paris, France.

ADRIÁN G. SADA CUEVA

CURRENT POSITION
Chief Executive Officer of Vitro.

ACADEMIC BACKGROUND
Bachelor's degree in Business Administration from Tecnológico de Monterrey, MBA from Stanford University.

BOARD TENURE
March 2021 (1 year).

COMMITTEE RESPONSIBILITIES
Member of the Planning and Finance Committee.

OTHER BOARD MEMBERSHIPS
Nemak, Vitro, Grupo Financiero Banorte and Dallas Museum of Art.

EXPERIENCE
Administration, Finance, Strategic Planning, and Mergers and Acquisitions.

PREVIOUS POSITIONS
President of the Transformation Industry Chamber of Nuevo León. Member of the Wildlife Organization and UDEM.

FEDERICO TOUSSAINT ELOSÚA

CURRENT POSITION
Chairman of the Board and CEO of Grupo Lamosa.

ACADEMIC BACKGROUND
Industrial Engineer from Tecnoloógico de Monterrey, MBA from Instituto Panamericano de Alta Dirección de Empresas.

BOARD TENURE
April 2008 (13 years).

TYPE OF MEMBER
Independent.

COMMITTEE RESPONSIBILITIES
Chairman of the Audit Committee.

OTHER BOARD MEMBERSHIPS
Xignux, Grupo Iconn, Banorte, Scotiabank, UDEM, Centro Roberto Garza Sada, member of the National Board of COPARMEX. Regional Director of the Bank of Mexico and member of the Mexican Business Council.

GUILLERMO F. VOGEL HINOJOSA

CURRENT POSITION
Chairman of the Board of Grupo Collado and Exportaciones IM Promoción.

ACADEMIC BACKGROUND
Bachelor's Degree in Business Administration from UNAM, MBA from the University of Texas.

BOARD TENURE
April 2008 (13 years).

TYPE OF MEMBER
Independent.

COMMITTEE RESPONSIBILITIES
Member of the Planning and Finance Committee.

OTHER BOARD MEMBERSHIPS
Tenaris, Techint, Universidad Panamericana-IPADE, Banco Santander, Club de Industriales and Corporación Mexicana de Inversiones de Capital. Member of the Trilateral Commission and the International Council of the Manhattan School of Music and Chairman of the U.S.-Mexico CEO Dialogue.

EXPERIENCE
Management, Finance, Strategic Planning, and Mergers and Acquisitions.

PREVIOUS POSITIONS
President of the National Chamber of the Iron and Steel Industry on three occasions, Chairman of the North American Steel Council, and Director and Vice Chairman of the Board of the American Iron & Steel Institute.

CARLOS JIMÉNEZ BARRERA

Secretary of the Board

Executive Team

GRI 102-23, 102-27

ARMANDO GARZA SADA

Chairman of the Board

Joined ALFA in 1978. Graduated from MIT. Master's degree at Stanford University.

ÁLVARO FERNÁNDEZ GARZA

President

Joined ALFA in 1991. Graduated from Notre Dame University. Master's degree at Tecnológico de Monterrey and the University of Georgetown.

RODRIGO FERNÁNDEZ MARTÍNEZ

Chief Executive Officer of Sigma

Joined ALFA in 1998. Graduated from the University of Virginia. Master's degree at Wharton.

JOSÉ DE JESÚS VALDEZ SIMANCAS

Chief Executive Officer of Alpek

Joined ALFA in 1976. Graduated from Tecnológico de Monterrey. Master's degrees from Tecnológico de Monterrey and Stanford University.

EDUARDO ALBERTO ESCALANTE CASTILLO

Chief Financial Officer

Chief Executive Officer of Axtel

Joined ALFA in 1981. Graduated from Tecnológico de Monterrey. Master's degree from Stanford University.

CARLOS JIMÉNEZ BARRERA

Chief Legal, Audit and Relations Director

Joined ALFA in 1876. Graduated from University of Monterrey. Master's degree from New York University.

PAULINO J. RODRÍGUEZ MENDÍVIL

Director of Human Capital and Services

Joined ALFA in 2004. Graduated and has a Master's degree from University of the Basque Country, Spain.

Leadership and Corporate Governance

CORPORATE GOVERNANCE BODIES

ALFA seeks to ensure that decisions aimed at achieving the company's strategy adhere to the highest standards of integrity, transparency, and value creation. ALFA adheres to the Code of Principles and Best Practices of Corporate Governance (CMPC), which has been in force in Mexico since 2000.

This Code was developed at the initiative of the Mexican securities market authorities, and its purpose is to establish corporate governance principles to enhance investor confidence in Mexican companies.

Companies whose stocks trade on the Mexican Stock Exchange must disclose the extent to which they adhere to the Code of Principles and Best Corporate Governance Practices. This is done annually by responding to a questionnaire, which is available to the public through the Mexican Stock Exchange's web site.

The following is a summary of ALFA's corporate governance as stated in the May 2021 questionnaire, with any pertinent information updated:

A. The Board of Directors comprises twelve regular members who have no alternates. Of this number, eight are Independent, two are Related Patrimonial Board Members and one is Independent Patrimonial Board Member and, lastly, one without a specific classification, for being the CEO of a public limited company in whose board of directors our President participates. This annual report provides information on all the Board's members, identifying those who are independent and the Committees in which they participate.

B. Three Committees assist the Board of Directors in carrying out these duties: Audit, Corporate Practices, and Planning and Finance. Board members participate in at least one committee each. All three committees are headed by an independent board member. The Audit and Corporate Practices Committees are formed by independent members only.

C. The Board of Directors meets six times a year. Meetings of the Board can be called by the Chairman of the Board, the President of the Audit Committee, the President of the Corporate Practices Committee, the Secretary of the Board or by at least 25% of its members. At least one of these meetings is dedicated to defining the company's medium and long-term strategy.

D. Members must inform the Chairman of any conflicts of interest that may arise and abstain from participating in the corresponding deliberations. Average attendance at Board meetings was 94.84% during 2021.

E. During much of tax year 2021, meetings of ALFA's Board of Directors, the Audit Committee, the Corporate Practices Committee and the Planning and Finance Committee were held via videoconference because of the COVID-19 pandemic. Videoconferences allow board and committee members to interact effectively given the availability of audio and video features.

F. The Audit Committee studies and issues recommendations to the Board on matters such as the selection and determination of fees to the independent auditor, coordinating with the internal audit area of the company, and studying accounting policies, as well as the review of environmental, social and governance matters, among others.

G. The Company has internal control systems with general guidelines. These are submitted to the Audit Committee for its opinion. In addition, the independent auditor validates the effectiveness of the internal control system and issues the corresponding reports.

H. The Planning and Finance Committee evaluates all matters relating to its particular area and issues recommendations to the Board on matters such as feasibility of investments, strategic positioning of the company, alignment of investment and financing policies, and review of investment projects.

I. The Corporate Practices Committee is responsible for issuing recommendations to the Board on such matters as employment conditions and severance payments for senior executives, and compensation policies, among others.

J. There is a department dedicated to maintaining an open line of communication between the company and its shareholders and investors. This ensures that investors have the financial and general information they require to evaluate the company's development and progress.

Consolidated Financial Statements:

MANAGEMENT COMMENTS AND ANALYSIS

2021

The following report must be considered in conjunction with the Letter to Shareholders (pages 7-11) and the Audited Consolidated Financial Statements (pages 74-192). Unless indicated otherwise, figures are expressed in millions of Mexican pesos as regards information reported for the years from 2019 through 2021. Percentage variations are presented in nominal terms. Furthermore, certain figures are expressed in millions of US dollars (US$) and millions of euros (€).

The financial information contained in this Management Analysis covers the last three years (2019, 2020 and 2021) and has been adapted to comply with International Financial Reporting Standards (IFRS). Likewise, the information contained in certain chapters has been extended to include the three years and has been adapted in conformity with the General Provisions Applicable to Securities Issuers and other Stock Market Participants issued by the National Banking and Securities Commission (CNBV) until December 31, 2021.

San Pedro Garza García, N. L., January 31, 2022.

ECONOMIC ENVIRONMENT

The Mexican economy continues to recover from its most serious decline in decades, driven by growth in the USA and the progress of vaccination against COVID-19.

Manufacturing and export indexes have returned to the level in effect prior to the pandemic, services are being gradually reactivated and employment has recovered. However, the difference as regards actual per capita income in the USA continues to increase, thereby generating a significant gap in terms of the quality of purchasing power.

Mexico's key problems continue to be low productivity growth and poverty; in the future, the country will face challenges related to technology and the effects of climate change.

The MXN/USD exchange rate was subject to a significant level of volatility throughout the year, depreciating by 3% over the prior year-end close. Nonetheless, the Mexican peso was one of the currencies that underwent the greatest recovery during the year, together with those of Norway and China.

The behavior of the Gross Domestic Product (GDP) and other variables in Mexico and abroad, which are key to a better understanding of ALFA's results, are described the results of ALFA, are described in the following paragraphs:

During 2021, Mexico's Gross Domestic Product grew by 5.0%[a] following a contraction of -8.5% in 2020. Furthermore, the 2021 National Consumer Price Index (CPI) in Mexico was 7.4%[b], thus exceeding the 3.2%[b]. recorded for 2020. The Mexican peso reported an annual nominal depreciation of 2.8%[c] in 2021 and 5.5% in 2020. In real terms, the average annual overvaluation of the Mexican peso versus the US dollar increased from -2.7%[d] in 2020 to -3.6%[d] in 2021.

According to the monetary policy agreed by Banxico during the year, the average 28-day Interbank Interest Rate (TIIE) in 2021 was 4.6%[b] in nominal terms, compared with 5.7%[b] in 2020. Expressed in real terms, it reached an annual average of -0.9%[b] in 2021 compared with 2.4%[b] in 2020.

The annual average LIBOR three-month rate in US dollars was 0.2%[b] in 2021, compared with 0.7%[b] in 2020. Considering the nominal depreciation of the Mexican pesos versus the US dollar, the LIBOR rate in constant pesos fell from 8.7%[a] in 2020 to -10.6%(a) in 2021

Sources:
(a) Instituto Nacional de Estadística, Geografía e Informática (INEGI). January 31, 2022.
(b) Banco de México (Banxico).
(c) Banxico. Exchange rate used for certain obligations denominated in foreign currency and payable in Mexico.
(d) Own calculations with INEGI data on the bilateral relationship with the United States, while considering consumer prices.

ALFA operates successfully in the dynamic, fluid environment

During 2021, ALFA reported outstanding performance thanks to the results obtained by Alpek, with enhanced profit margins and an unprecedented volume in the plastics and chemicals segment.

The company made significant progress with its "Unlocking Value" initiative, which focuses on three key components: the reduction of consolidated leverage, a core business approach and increased business independence.

An environment characterized by the volatility of the peso-dollar exchange rate remains in effect. Likewise, international oil prices underwent significant fluctuations, affecting certain businesses of ALFA. The company developed a positive strategy to offset these events and has continued as a financially robust entity.

Note on changes to the shareholding structure of ALFA

On August 17, 2020, the Shareholders of ALFA agreed to divide the equity interest of ALFA in Nemak with a new listed entity: Controladora Nemak, S.A.B. de C.V. This process was completed on December 14, 2020, when the issuer was listed on the Mexican Stock Exchange (BMV). For accounting purposes (according to IFRS), ALFA ceased to consolidate the financial results of Nemak as of that date.

For the analysis and comprehension of the content of this document and the financial statements of ALFA prepared according to IFRS, results and cash flows are presented as Discontinued Operations for 2020. For the purposes of Balance Sheet, assets, liabilities and stockholders' equity were derecognized as of December 14, 2020.

RESULTS

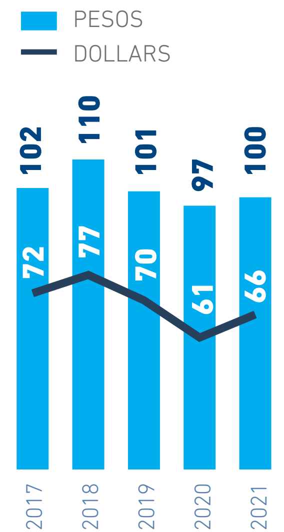
Revenues

The following table provides information on the revenues of ALFA for 2021, 2020 and 2019, based on a breakdown of volume and price components (indexes are calculated on the basis of 2016=100). This information considers the reclassification of the revenues of Nemak to discontinued operations:

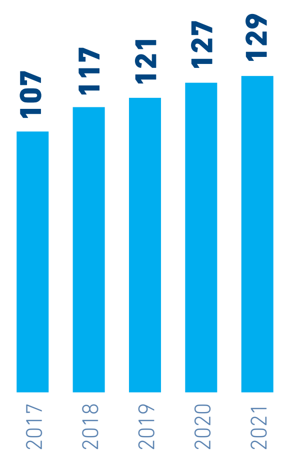
ITEM	2021	2020	2019	VAR. 2021-2020 (%)	VAR. 2020-2019 (%)
Consolidated revenues	**308,060**	263,867	260,401	17%	1%
Volume index	**129.4**	127.3	120.7	2%	5%
Price index - pesos	**99.8**	97.2	101.1	3%	(4%)
Price index - dollars	**65.6**	60.6	70.2	8%	(14%)

REVENUES INDEXES

Price index



VOLUME



A breakdown of consolidated revenues for each of the subsidiaries of ALFA is presented below:

ITEM	2021	2020	2019	VAR. 2021-2020	VAR. 2020-2019
Alpek	**156,224**	113,989	119,685	42,235	(5,696)
Sigma	**138,314**	135,983	124,498	2,331	11,485
Axtel	**11,389**	12,356	13,086	(967)	(730)
Others	**2,133**	1,539	3,132	594	(1,593)
Total Consolidated*	**308,060**	**263,867**	**260,401**	**44,193**	**3,466**

* The revenues of Nemak were reclassified as discontinued operations.

Revenue behavior was as follows:

2021-2020:

In 2021, ALFA generated consolidated revenues of $308,060 (US $15,181 million), which represents an increase of 17% in pesos or 23% in dollars compared with the figures reported for 2020. The most significant revenues reflect the growth of Alpek and Sigma. Details regarding the behavior of the businesses of ALFA are as follows:

In 2021, Alpek generated revenues of US $7,697 million, representing growth of 45% over 2020, which was driven by a 45% increase in average prices, that primarily resulted from the higher prices of petrochemical raw materials.

In 2021, Sigma reported revenues of US $6,817 million, which exceeded the 2020 figure by 7%. The sales increase resulted from an increase on average prices and a resilient volume. The recovery of the Foodservice sales channel contributed to this increase due to greater mobility throughout the year, which benefited key segments like hotels and restaurants.

In 2021, Axtel generated revenues of US $562 million, 3% less than the prior year. Delays affecting the delivery of certain types of equipment due to the global shortage of semiconductors, the low demand of the Government sector and lower Business segment voice revenues contributed to the reduction of revenues year over year.

2020-2019:

In 2020, ALFA generated consolidated revenues of $263,867 (US $12,325 million), 1% more in pesos and 9% less in dollars compared with the figure reported for 2019. Details of the behavior of the businesses of ALFA in 2020 are as follows:

In 2020, Alpek generated revenues of US $5,326 million, a 14% decrease over 2019, mainly due to the reduction of oil and raw materials prices. The 10% volume growth, driven by the demand for essential materials used for the consumer, construction and automotive products provided by Alpek should also be noted.

In 2020, Sigma reported revenues of US $6,347 million, which was 2% lower than the figure reported for 2019. The effect of translating the exchange rate prior to the depreciation of the Mexican peso versus the US dollar and the reduction of Foodservice channel sales due to the temporary closure of hotels and restaurants as a result of COVID-19, generated the sales reduction. Nonetheless, sales denominated in local currencies, excluding Foodservice results, increased by 7% year over year, driven by growth in all regions.

In 2020, Axtel generated revenues of US $578 million, which was 15% less than the figure reported for the prior year, based on the divestment of the operations of the Mass Market and three Data Centers during 2019 and 2020. Another cause was the effect of translating the exchange rate prior to the depreciation of the Mexican peso versus the US dollar. As a reference, sales denominated in local currency and adjusted for the effect of discontinued operations (Mass Market and Data Centers) decreased by 1% year over year. The increased demand for connectivity and services related to virtual collaboration and digitization due to the COVID-19 pandemic should also be considered.

Operating Income

The operating profit of ALFA and its key businesses in 2021, 2020 and 2019 can be explained in the following manner:

2021-2020:

OPERATING INCOME				VARIANCE BY GROUP			
	2021	**2020**	**Var.**	**Alpek**	**Sigma**	**Axtel**	**Others**
Revenues	**308,060**	263,867	44,193	42,235	2,331	-967	594
Operating profit	**25,282**	17,566	7,716	10,001	(195)	(2,480)	390
Consolidated operating margin (%)	**8.20%**	6.70%					
Alpek (%)	**11.20%**	6.60%					
Sigma (%)	**6.60%**	6.80%					
Axtel (%)	**2.60%**	22.40%					

In 2021, the operating profit of ALFA was $25,282 (US $1,250 million), a 44% increase in pesos or a 50% increase in dollars over the figures reported for 2020. Increased operating profit reflects the growth of Alpek and Sigma. In 2021, operating profit includes a charge of US $153 million for the impairment of assets related to the closure of certain operations of Alpek, together with the sale of certain Sigma plants in Europe. Details of the behavior of the businesses of ALFA are as follows:

In 2021, the operating profit of Alpek was US $864 million, a 143% increase over 2020. The main factors behind this increase were the higher average benchmark margins of polyester and polypropylene, as well as a favorable environment created by the increased prices of oil and raw materials. Results were also enhanced by the robust demand of the food and beverage, construction and e-commerce industries, among others.

In 2021, Sigma reported an operating profit of US $449 million, which represents a 5% increase over 2020. The implementation of initiatives to offset increased raw materials costs and enhance operating processes in all the regions contributed to the operating profit. The United States was the region subject to the greatest inflationary pressure and supply chain-related challenges throughout the year. It is important to note that the Foodservice channel obtained a robust operating profit increase driven by operating efficiencies and increased mobility following the restrictions of 2020.

In 2021, the operating profit of Axtel was US $15 million, 89% less than in 2020. The main factors behind this reduction include the extraordinary gain of US $107 million recorded in 2020 from the sale of three Data Centers. Following the adjustment made for extraordinary items, operating profit decreased, mainly due to the low demand of the Government sector, delays affecting the delivery of certain types of equipment due to the global shortage of semiconductors and lower Business segment voice revenues.

2020-2019:

OPERATING PROFIT				VARIANCE BY GROUP			
	2020	2019	Var.	Alpek	Sigma	Axtel	Others
Revenues	263,867	260,401	3,466	(5,696)	11,485	(730)	(1,593)
Operating profit	17,566	18,220	(654)	(4,868)	119	1,535	2,560
Consolidated operating margin (%)	6.70%	7.00%					
Alpek (%)	6.60%	10.30%					
Sigma (%)	6.80%	7.30%					
Axtel (%)	22.40%	9.50%					

In 2020, the operating profit of ALFA was $17,566 (US $834 million), 4% less than the figure reported for 2019 (12% less in dollars). Details of the behavior of the businesses of ALFA in 2020 are as follows:

In 2020, the operating profit of Alpek decreased by 45% in dollars over 2019. The main factors behind this reduction include the extraordinary gain of US $188 million recorded in 2019 from the sale of cogeneration plants. Following the adjustment for extraordinary items, the operating profit mainly decreased due to an unfavorable environment characterized by lower prices of oil and raw materials, together with lower polyester benchmark margins in Asia.

In 2020, Sigma reported a 10% operating profit increase in dollars over 2019. The effect of translating the exchange rate in effect prior to the depreciation of the Mexican peso versus the US dollar and decreased Foodservice channel sales due to the temporary closure of hotels and restaurants as a result of the COVID-19 pandemic affected its result. However, in local currencies, while excluding Foodservice results, all the regions of Sigma reported year over year sales growth.

In 2020, Axtel generated an operating profit that was 119% higher in dollars over 2019. One of the main factors driving this increase was the extraordinary gain of US $107 million derived from the sale of three Data Centers. However, this gain was partially offset by the effect of translating the exchange rate in effect prior to the depreciation of the Mexican peso versus the US dollar, as well as the effect of discontinued operations following the sale of the Mass Market business and the three Data Centers.

COMPOSITION OF REVENUES AND OPERATING PROFIT

In 2021, the percentage composition of the revenues of ALFA over 2020 varied, primarily with regard to Alpek, which increased, while Sigma decreased, situations that were previously described in the Results section of this document. An increase was reported for Sigma during the period from 2020 through 2019, while Alpek reported a decrease and Axtel remained constant.

The operating profit of Alpek increased in 2021 over 2020, but decreased in the case of Sigma and Axtel. The main reasons for this situation are detailed in the Results section of this document. In 2020, Alpek decreased over 2019, while Sigma and Axtel increased.

The following table shows these effects:

BREAKDOWN BY %						
	REVENUES			OPERATING PROFIT		
	21	20	19	21	20	19
Alpek	**51%**	43%	46%	**69%**	43%	68%
Sigma	**45%**	52%	48%	**36%**	53%	50%
Axtel	**4%**	5%	5%	**1%**	16%	7%
Others	**0%**	0%	1%	**(6%)**	(12%)	(25%)
Total*	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

*These figures might not total 100% due to rounding.

FINANCIAL RESULT

The financial result generated in 2021 by ALFA was conditioned by different situations. The annual nominal depreciation of the Mexican peso versus the US dollar was 2.8% which, combined with the debt positions of ALFA and the exchange rate fluctuations affecting the remaining currencies in which the company operates, resulted in an unfavorable effect as regards the financial result. The breakdown by item and the main drivers are detailed in the following tables:

FINANCIAL RESULT DRIVERS	2021	2020	2019
General inflation (Dec.- Dec.)	**7.4**	3.2	2.8
Nominal close exchange rate variance %	**(2.8)**	(5.5)	4.4
Nominal close exchange rate	**20.58**	19.95	18.85
Actual Appreciation (depreciation) peso / dollar over prior year:			
Close	**(2.5)**	(3.7)	4.5
Average year	**6.5**	(9.3)	1.7
Average interest rate:			
Nominal LIBOR rate	**0.2**	0.7	2.3
Nominal implied debt - ALFA	**6.6**	4.8	5.3
LIBOR rate in real terms	**(10.6)**	8.7	(1.2)
Actual implied debt - ALFA	**2.6**	8.6	(1.9)
Average monthly debt of ALFA in US$	**6,224**	8,192	8,215

Expressed in US$, the net financial expenses of the year from 2021 through 2019 were $375, $353 and $369, respectively.

VARIANCE OF NET FINANCIAL EXPENSES IN US$	21/20	20/19	19/18
Due to (higher) lower interest rate	**(1)**	(22)	39
Due to (higher) lower net cash debt	**(21)**	38	(12)
Net variance	**(22)**	**16**	**27**

The net financial expenses recorded in results include those related to bank expenses, premiums paid on refinancing operations and operating interest in 2021, 2020 and 2019.

Measured in pesos, the financial result was composed as follows:

FINANCIAL RESULT				VARIANCE	
	2021	2020	2019	21/20	20/19
Financial expenses	**(8,317)**	(8,380)	(8,402)	63	22
Financial proceeds	**897**	950	1,533	(53)	(583)
Financial expenses, net	**(7,420)**	(7,430)	(6,869)	10	(561)
Result of exchange rate fluctuation, net of derivative exchange rate financial transactions, net	**(2,246)**	(714)	(719)	(1,532)	5
	(9,666)	**(8,144)**	**(7,588)**	**(1,522)**	**(556)**

The fair value of the derivative financial instruments of ALFA as of December 31, 2021 and 2020 is as follows:

	FAIR VALUE (MILLIONS OF DOLLARS)	
TYPE OF DERIVATIVE, SECURITY OR CONTRACT	DIC. 21	DIC. 20
Exchange rate	**(3)**	(49)
Energy	**41**	35
Total	**38**	**(14)**

INCOME TAX

A comparative analysis of the main factors that determined ISR in each of the years, based on the tax income considered for ISR purposes, which is defined as operating profit decreased by the financial result and other expenses, net, is presented below.

				VARIANCE AMOUNT	
ISR	**2021**	**2020**	**2019**	**21/20**	**20/19**
Profit (loss) before ISR	**15,640**	9,497	10,319	6,143	(822)
Equity in the losses of associated entities recognized through the equity method	**(24)**	(75)	313	51	(388)
	15,616	**9,422**	**10,632**	**6,194**	**(1,210)**
Statutory rate	**30%**	30%	30%		
ISR with statutory rate	**(4,685)**	(2,827)	(3,190)	(1,858)	363
+ / (-) ISR on permanent tax-accounting differences:					
Reserve for the valuation of the deferred income tax asset derived from investment in shares [(1)]	**-**	(7,632)	-	7,632	(7,632)
Tax vs. accounting financial result	**1,397**	(2,871)	(2,313)	4,268	(558)
Other permanent differences, net	**(4,923)**	2,729	1,178	(7,652)	1,551
Total ISR provision (charged) credited to results.	**(8,211)**	**(10,601)**	**(4,441)**	**2,390**	**(6,160)**
Effective ISR rate	**53%**	112%	43%		
ISR:					
Incurred	**(7,311)**	(5,129)	(5,255)	(2,182)	126
Deferred	**(900)**	(5,472)	814	4,572	(6,286)
Total ISR provision charged to results	**(8,211)**	**(10,601)**	**(4,441)**	**2,390**	**(6,160)**

(1) During the year ended December 31, de 2020, the Company recognized a reserve of $7,632 for the deferred income tax asset associated with an investment in the shares of a subsidiary. This item was expected to be partially or totally applied to a transaction performed with third parties, which has not occurred in recent years.

NET CONSOLIDATED PROFIT (LOSS), 2021

In 2021, ALFA generated a consolidated net profit, as detailed in the table below, which was the result indicated in relation to the operating profit, financial result, equity in the results of associated companies recognized through the equity method and taxes:

				VARIANCE	
STATEMENT OF INCOME	**2021**	**2020**	**2019**	**21/20**	**20/19**
Operating profit	**25,282**	17,566	18,220	7,716	(654)
Financial result	**(9,666)**	(8,144)	(7,588)	(1,522)	(556)
Equity in the results of associated companies recognized through the equity method	**24**	75	(313)	(51)	388
Taxes [1]	**(8,211)**	(10,601)	(4,441)	2,390	(6,160)
Consolidated net profit (Loss) from continuing operations	**7,429**	**(1,104)**	**5,878**	**8,533**	**(6,982)**
Discontinued operations	**-**	9,124	2,886	(9,124)	6,238
Consolidated net profit	**7,429**	**8,020**	**8,764**	**(591)**	**(744)**
Consolidated net profit attributable to the controlling interest:					
of continuing operations	**4,106**	(2,513)	3,636	6,619	(6,149)
of discontinued operations	**-**	6,442	2,171	(6,442)	4,271
	4,106	**3,929**	**5,807**	**177**	**(1,878)**
Consolidated net profit attributable to the noncontrolling interest:					
of continuing operations	**3,323**	1,409	2,242	1,914	(834)
of discontinued operations	**-**	2,682	715	(2,682)	1,968
	3,323	**4,091**	**2,957**	**(768)**	**1,134**

[1] Income tax (incurred and deferred)

CONSOLIDATED NET COMPREHENSIVE INCOME, 2021

Comprehensive income is presented in the statement of changes in stockholders' equity and is intended to show the total effect of the events and transactions that affected earned capital, such as the effects resulting from employee benefit obligations, hedging or translation effects, regardless of whether they were recognized in the statement of income or directly in capital accounts. Transactions performed between the company and its stockholders, primarily paid dividends, are excluded. The comprehensive income of 2021, 2020 and 2019 was as follows:

COMPREHENSIVE INCOME			
	2021	2020	2019
Consolidated net profit	**7,429**	8,020	8,764
Other comprehensive income items of continuing operations:			
Translation effect of foreign entities	**(1,740)**	(178)	(2,804)
The effect of derivative financial instruments designated as cash flow hedges, net of taxes	**363**	221	629
Remeasurement of employee benefit obligations, net of taxes	**487**	67	(440)
Total of other items of comprehensive income from continuing operations:	**(890)**	**110**	**(2,615)**
Other items of comprehensive income from discontinued operations	**-**	2,881	(1,961)
Total of other items of comprehensive income of the year	**(890)**	**2,991**	**(4,576)**
Comprehensive income of the year	**6,539**	11,011	(4,188)
Attributable to:			
Controlling interest	**3,009**	6,521	2,788
Noncontrolling interest	**3,530**	4,490	1,400

A previous section of this analysis explains the net profit obtained in 2021, 2020 and 2019.

The translation effect of foreign entities is the result of utilizing different exchange rates between financial position accounts and profit and loss accounts.

Derivative financial instruments represent the effect derived from commodities, exchange rate and interest rate hedges, etc. which, according to International Financial Reporting Standards, are presented in stockholders' equity.

The remeasurement of employee benefit obligations, net of taxes, represents the variance of actuarial estimates.

DECLARED DIVIDENDS AND THE CHANGE IN STOCKHOLDERS' EQUITY

During the Ordinary General Meeting of March 11, 2021, the holding company ALFA, S.A.B. de C.V. declared a dividend of $2,087, which is equal to $0.43 pesos per share.

Furthermore, the maximum amount of $5,800 (approximately US$ 280 million) was approved to acquire the company's own shares. ALFA considers that the current share price does not adequately reflect the fundamental aspects and perspectives of the long-term growth of its businesses. The Company will utilize its repurchase fund in the best interest of shareholders.

The Extraordinary Meeting of March 11, 2021 approved the proposal to cancel 145,900,000 shares held by the treasury of ALFA and derived from the program created to acquire its own shares. Accordingly, a benefit equal to 2.9% of the total shares prior to their cancellation was transferred to stockholders.

During the Ordinary General Meeting of February 27, 2020, the holding company ALFA, S.A.B. de C.V. declared a dividend of $1,914, which is equal to $0.40 pesos per share.

Subsequently, on December 15, 2020, the Company's Board of Directors exercised the powers conferred by the meeting and, given the favorable recovery of results, approved a dividend payment of $503, which is equal to $0.10 pesos per share.

Furthermore, on August 17, 2020, the Extraordinary Meeting of the Stockholders of ALFA, S. A. B. de C. V. approved a reduction of the common stock of ALFA, S. A. B. de C. V. equal to $36, as a result of the partial division of ALFA, S.A.B. de C. V. and the transfer of the shareholding of Nemak to the new company.

In 2019, ALFA S.A.B. de C.V. declared a dividend of $3,949, which is equal to $0.79 pesos per share.

In 2020, stockholders' equity considered the accounting effects derived from the division of Nemak. In the remaining businesses, the main changes resulted from the translation of foreign entities, the result of the year and dividends.

INVESTMENT IN NET WORKING CAPITAL DAYS

In 2021, the Company reported a ratio of revenues to DWC that is very similar to the consolidated level. At the individual level, there was an increase in Axtel and a decrease in Alpek and Sigma.

DWC [1]	2021	2020	2019
Alpek	**38**	44	53
Sigma	**(4)**	0	(1)
Axtel	**8**	(9)	(25)
Consolidated	**14**	**13**	**19**

[1] Annual average of Net Working Capital divided by sales annualized by the number of days of the year.

INVESTMENTS

Property, Plant and Equipment

The total investments by group were as follows:

				% VARIANCE		LAST 5 YEARS
	2021	**2020**	**2019**	**21/20**	**INVERSIÓN**	**%**
Alpek	**4,435**	2,588	3,158	72%	17,814	35%
Sigma	**5,442**	2,699	3,422	102%	18,604	36%
Axtel	**1,531**	2,146	2,968	(29%)	12,052	24%
Others	**88**	295	418	(70%)	2,501	5%
Total	**11,496**	**7,728**	**9,966**	**49%**	**50,971**	**100%**

Acquisitions and sale of businesses

In 2021, ALFA continued its Value Liberation strategy, which consists of reducing leverage, focusing on the main businesses and promoting business independence. Accordingly, in line with this strategy, its businesses performed the following transactions: Sigma executed an agreement to sell its operations in Belgium and the Netherlands. Alpek concluded the acquisition of a next-generation PET pelletization and recycling plant in Pennsylvania, USA, for the amount of US$ 96 million.

CASH FLOWS

Based on the "Cash flows generated by the operation" line item, the main transactions performed in 2021 and 2020 are presented below.

	2021	2020
Cash flows generated by the operation	**26,378**	29,355
Cash flow from the investment in Property, plant and equipment, and other items	**(11,496)**	(7,728)
Cash flow from the sale of Property, plant and equipment, and other items	**935**	3,247
Investment in the acquisition of associated entities and joint ventures, net of cash	**(150)**	(902)
Increase in bank financing	**(1,655)**	4,057
Dividends paid by ALFA, S.A.B. de C.V.	**(2,481)**	(1,981)
Dividends paid to the noncontrolling interest	**(2,551)**	(1,145)
Repurchase of shares	**(118)**	(1,326)
Interest paid	**(7,243)**	(7,232)
Cash flow from businesses, net of cash	**-**	-
Cash decrease from the division of the subsidiary	**-**	(6,341)
Others	**(2,728)**	(1,156)
Cash flow from discontinued operation	**-**	(1,252)
Cash increase (decrease)	**(1,109)**	7,596
Cash flow adjustments for exchange rate fluctuations	**(56)**	(647)
Cash and liquid securities at the start of the year	**32,144**	25,195
Total Cash at the end of the year	**30,979**	**32,144**

The main changes in the net debt of ALFA and other businesses pertaining to the Company were as follows:

CHANGES TO NET DEBT (CND)					
US$	**CONSOLIDATED**	**ALPEK**	**SIGMA**	**AXTEL**	**OTHERS**
Balance as of December 31, 2020	**4,699**	1,185	1,756	602	1,156
Long-term financing:					
Financing (1)	**722**	681	29	8	4
Payments	**(785)**	(646)	(37)	(101)	(1)
Short-term financing, net of payments	**(16)**	4	1	(22)	1
Total financing, net of payments	**(79)**	**39**	**(7)**	**(115)**	**4**
Currency translation effect	**(74)**	(4)	(57)	(4)	(10)
Debt variance in the Statement of cash flows	**(153)**	**36**	**(64)**	**(119)**	**(6)**
Debt related to acquired companies and other items	**8**	3	1	0	4
Total debt variance	**(145)**	**39**	**(63)**	**(119)**	**(2)**
Decrease (increase) of cash and restricted cash	**121**	(3)	0	91	33
Change in payable interest	**2**	4	(2)	-	-
Increase (decrease) of net debt	**(22)**	**40**	**(65)**	**(28)**	**33**
Increase (decrease) of net debt, discontinued operations	**-**	-	-	-	-
Balance as of December 31, 2021	**4,677**	**1,225**	**1,691**	**574**	**1,187**

(1) Includes the effect of adopting IFRS 16, Leases.

SHORT AND LONG-TERM DEBT BY GROUP	ALPEK		SIGMA		AXTEL		OTHERS	
	2021	2020	2021	2020	2021	2020	2021	2020
Debt balance (US$)	1,718	1,679	2,480	2,543	647	766	1,265	1,268
Comprehensive % total								
Short or long-term debt 1 year	8	3	1	1	3	12	-	1
2	19	40	1	1	2	2	21	-
3	3	19	29	1	75	2	40	20
4	1	5	8	30	3	67	-	39
5 years or more	68	34	60	67	18	17	39	39
% Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
Average life of long-term debt (years)	6.8	4.2	4.2	5.1	3.1	4.3	10.2	11.2
Average life of total debt (years)	6.3	4.1	4.2	5.1	3.2	3.9	10.2	11.1

CONSOLIDATED SHORT AND LONG-TERM DEBT:	US$			COMPREHENSIVE %	
	2021	2020	VAR.	2021	2020
Short or long-term debt 1 year	**200**	173		**3%**	3%
2	**630**	715		**10%**	11%
3	**1,748**	615		**29%**	10%
4	**251**	1,853		**4%**	30%
5 years or more	**3,283**	2,901		**54%**	46%
Total	**6,111**	**6,256**		**100%**	**100%**
Average life of long-term debt (years)	**6.1**	6.0			
Average life of total debt (years)	**5.9**	5.9			

FINANCIAL RATIOS

SOLVENCY

NET DEBT / CASH FLOW (TIMES, DOLLAR BASE LAST 12 MONTHS)		
GROUPS	**2021**	**2020**
Alpek	**1.07**	2.10
Sigma	**2.28**	2.57
Axtel	**3.06**	1.95
Consolidated	**2.31**	**3.06**

LIQUIDITY

CURRENT ASSETS / CURRENT LIABILITIES (TIMES, DOLLAR BASE)		
GROUPS	2021	2020
Alpek	**1.73**	2.15
Sigma	**1.41**	1.32
Axtel	**1.38**	1.17
Consolidated	**1.53**	**1.51**

INTEREST RATE HEDGE (TIMES, DOLLAR BASE LAST 12 MONTHS) *				VARIANCE BY	
	2021	2020	21 VS 20	CASH FLOW	NET FINANCIAL EXPENSES
Alpek	**8.7**	6.0	2.7	6.2	(3.5)
Sigma	**6.5**	5.5	1.0	0.5	0.5
Axtel	**3.2**	4.9	(1.7)	(1.9)	0.2
Consolidated	**5.4**	**4.4**	**1.0**	**1.4**	**(0.3)**

* Defined as operating profit plus depreciation, amortization and asset impairment divided by net financial expenses.

FINANCIAL STRUCTURE

The indicators of the financial structure of ALFA in 2021 are detailed in the following table :

FINANCIAL INDICATORS		
	2021	2020
Total liabilities / Capital	**3.85**	3.80
Long-term debt / Total debt (%)	**97**	97
Total debt in currencies / Total debt (%)	**94**	94

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS AND STOCKHOLDERS OF ALFA, S. A. B. DE C. V. AND SUBSIDIARIES

Opinion

We have audited the consolidated financial statements of Alfa, S. A. B. de C. V. and Subsidiaries (the "Company"), which comprise the consolidated statements of financial position as of December 31, 2021, 2020 and 2019, and the consolidated statements of income, the consolidated statements of comprehensive income, the consolidated statements of changes in stockholders' equity and the consolidated statements of cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Alfa, S.A.B. de C.V. and Subsidiaries as of December 31, 2021, 2020 and 2019, and their consolidated financial performance and their consolidated cash flows for the years then ended, in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Independent Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and with the ethical requirements that are relevant to our audit of the consolidated financial statements in accordance with the Ethics Code issued by the Mexican Institute of Public Accountants ("IMCP Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and with the IMCP Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit maters are those matters that, in our professional judgment, were of most significance in our audit of the 2021 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessment of tests of impairment of intangible assets with indefinite useful lives and goodwill

As described in Notes 3m., 3n., and 13 to the consolidated financial statements, the Company performs impairment tests on their intangible assets with indefinite useful lives and goodwill on an annual basis. The Company uses the "Discounted Cash Flow" ("DCF") valuation method, under the income approach, which requires the Company's management to make significant estimates and assumptions related to the selection of discount rates, revenue forecasts, financial projections, cash flows, operating margins and profits, used to estimate the recoverable value of the cash generating units ("CGUs"). Changes in these assumptions could have a significant impact on fair value, the amount of impairment or both. As of December 31, 2021, the balance in the Company's consolidated financial statements is comprised of goodwill of $17,520 million pesos and intangible assets with indefinite useful lives of $12,380 million pesos.

We consider the potential impairment of intangible assets with indefinite useful lives and goodwill as a key audit matter, mainly due to the fact that impairment tests involve the application of judgments and significant estimates by the Company's management in determining the recoverable value of the CGUs, specifically related to changes in the current economic environment caused by the global pandemic of coronavirus ("COVID-19") on its businesses. This requires a high degree of professional judgement and audit effort, including the need to incorporate our valuation specialists.

How our audit addressed this key audit matter:

We conducted the following audit procedures on the significant assumptions that the Company considered when estimating future projections to assess the recoverable amount of indefinite lived intangible assets and goodwill, among others; revenue and expense projections, expected gross and operating profit margins, discount rate, industry growth rate, revenue projections, comparison between expected gross profit margin, and projected cash flows considering the effects originated by COVID-19, as follows:

- We tested the design, implementation and the operating effectiveness of internal controls, the determination of their recoverable value and the assumptions used in the valuation.

- With the assistance of our valuation specialists, we assessed the reasonableness of the i) methodology to determine the recoverable value of intangible assets with indefinite useful lives and goodwill and ii) reviewed the financial projections, including the impacts of COVID-19 on business operations, comparing them with performance and historical business trends and corroborating the explanations of the variations with management. We assessed the internal processes used by management to calculate projections, including timely monitoring and analysis by the Board of Directors.

- We reviewed the projection assumptions used in the impairment calculation model, specifically including cash flow projections, gross and operating margins, the Earnings before interest, taxes, depreciation and amortization margin ("EBITDA") and the long-term growth rate. Additionally, we tested the mathematical accuracy and integrity of the impairment model. The valuation specialists performed a sensitivity analysis for all CGUs and independent recoverable amount calculations to conclude whether the assumptions used would need to be modified and the probability that such modifications are submitted.

- We determined an estimate of the discount rates to independently contrast such rates with the estimates used by management.

- We evaluated the factors and variables used to determine the CGUs, among which were considered; the analysis of operating cash flows and indebtedness policies, analysis of the legal structure, allocation of production and understanding of the operation of the commercial and sales areas.

The results of our procedures were satisfactory, the determination of the recoverable value of the CGUs and the assumptions used in the valuation are reasonable.

Comparability of the consolidated financial statements

As mentioned in Notes 2j., and 24, of the consolidated financial statements, the partial spin-off of the Company was approved at the Extraordinary General Stockholder's Meeting on August 17, 2020, contributing certain assets and capital to a newly created entity. As a result of the spin-off, the results of operations, assets and liabilities of Nemak ceased to be consolidated in accordance with IFRS. Given that Nemak represented a business segment, its results of operations and cash flows are presented as discontinued operations in the consolidated financial statements of the Company for the years ended December 31, 2020 and 2019.

Information other than the Consolidated Financial Statements and the Independent Auditors' Report thereon

The Company's management is responsible for the additional information presented. Additional information includes: i) the Annual Stock Exchange Filing, ii) the information that will be incorporated in the Annual Report that the Company is required to prepare in accordance with article 33, section I, subsection b) of Title Four, Chapter One of the General Provisions Applicable to Issuers and other Participants of the Stock Market in Mexico and the Instructions that accompany these provisions (the "Provisions"). It is expected that the Annual Stock Exchange Filing and the Annual Report to be available for reading after the date of this audit report; and iii) other additional information, which is a measure that is not required by IFRS and has been incorporated with the purpose of providing an additional explanation to its investors and main readers of its consolidated financial statements to evaluate the performance of each of the operating segments and other indicators on the capacity to meet obligations regarding the Earnings before interest, taxes, depreciation, amortization and asset impairment (adjusted "EBITDA") of the Company; this information is presented in Notes 17 and 31.

Our opinion of the consolidated financial statements will not cover the additional information and we will not express any form of assurance about it.

In connection to our audit of the consolidated financial statements, our responsibility will be to read the additional information, when available, and in doing so, consider whether the financial information contained is materially inconsistent with the consolidated financial statements or with our knowledge obtained during the audit, or that seems to contain a material error. When we read the Annual Report, we will issue the declaration on its reading, required in Article 33 Section I, subsection b) number 1.2. of the Provisions. Additionally, and in relation to our audit of the consolidated financial statements, our responsibility is to read and recalculate the additional information, which, in this case, is the measure not required by IFRS and in doing so consider whether the other information contained therein is inconsistent in material form with the consolidated financial statements or with our knowledge obtained during the audit, or that seems to contain a material error. If based on the work we have performed, we conclude that there is a material error in the additional information, we are required to communicate the matter in a statement. As of the date of this report, we have nothing to report in this regard.

Responsibilities of management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Independent Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of 2021 period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Galaz, Yamazaki, Ruiz Urquiza, S.C.
Member of Deloitte Touche Tohmatsu Limited

C. P. C. Emeterio Barrón Perales
Monterrey, Nuevo León, México
January 31, 2022

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of December 31, 2021, 2020 and 2019. In millions of Mexican pesos

	NOTE	2021	2020	2019
ASSETS				
Current assets:				
Cash and cash equivalents	6	**$ 30,979**	$ 32,144	$ 25,195
Restricted cash	7	**13**	297	347
Trade and other accounts receivable, net	8	**36,207**	28,618	35,538
Inventories	9	**42,787**	33,084	45,826
Derivative financial instruments	4	**382**	456	41
Other current assets	10	**6,519**	3,408	6,681
Total current assets		**116,887**	98,007	113,628
Non-current assets:				
Property, plant and equipment, net	11	**84,731**	87,670	134,695
Right-of-use asset, net	12	**6,179**	6,056	8,074
Goodwill and intangible assets, net	13	**37,849**	39,405	49,112
Deferred income taxes	19	**8,332**	9,831	17,689
Derivative financial instruments	4	**972**	666	362
Investments accounted for using the equity method and other non-current assets	14	**14,157**	14,521	16,149
Total non-current assets		**152,220**	158,149	226,081
Total de activo		**$269,107**	**$256,156**	**$339,709**

	NOTE	2021	2020	2019
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Debt	17	**$ 4,059**	$ 3,301	$ 4,283
Lease liability	18	**1,572**	1,559	2,186
Trade and other accounts payable	16	**61,210**	51,581	72,501
Income taxes payable	19	**3,015**	2,470	3,643
Derivative financial instruments	4	**559**	1,346	991
Provisions	20	**1,298**	894	1,502
Other current liabilities	21	**5,646**	3,454	2,840
Total current liabilities		**77,359**	64,605	87,946
Non-current liabilities:				
Debt	17	**116,234**	115,997	130,337
Lease liability	18	**4,817**	4,691	6,195
Derivative financial instruments	4	**6**	53	96
Provisions	20	**981**	1,234	1,407
Deferred income taxes	19	**9,018**	9,529	10,913
Income taxes payable	19	**1,501**	1,503	1,571
Employee benefits	22	**3,898**	4,733	5,824
Other non-current liabilities	21	**472**	459	494
Total non-current liabilities		**136,927**	138,199	156,837
Total liabilities		**214,286**	**202,804**	**244,783**
Stockholders' equity:				
Controlling interest:				
Capital stock	23	**169**	169	209
Retained earnings		**35,370**	33,687	60,570
Other reserves		**3,546**	4,643	10,983
Total controlling interest		**39,085**	38,499	71,762
Non-controlling interest	15	**15,736**	14,853	23,164
Total stockholders' equity		**54,821**	53,352	94,926
Total liabilities and stockholders' equity		**$269,107**	**$256,156**	**$339,709**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

For the years ended December 31, 2021, 2020 and 2019. In millions of Mexican pesos, except for earnings per share amounts.

	NOTE	2021	2020	2019
Revenues	31	**$ 308,060**	$ 263,867	$ 260,401
Cost of sales	26	**(238,642)**	(206,585)	(207,584)
Gross profit		**69,418**	57,282	52,817
Selling expenses	26	**(24,692)**	(24,105)	(22,529)
Administrative expenses	26	**(16,975)**	(17,353)	(16,914)
Other (expenses) income, net	27	**(2,469)**	1,742	4,846
Operating income		**25,282**	17,566	18,220
Financial income	28	**897**	950	1,533
Financial expenses	28	**(8,317)**	(8,380)	(8,402)
Exchange fluctuation loss, net	28	**(2,246)**	(714)	(719)
Financial result, net		**(9,666)**	(8,144)	(7,588)
Equity in income (loss) of associates recognized using the equity method		**24**	75	(313)
Income before taxes		**15,640**	9,497	10,319
Income taxes	19	**(8,211)**	(10,601)	(4,441)
Net consolidated income (loss) from continuing operations		**7,429**	(1,104)	5,878
Discontinued operations	24	**-**	9,124	2,886
Net consolidated income		**$ 7,429**	**$ 8,020**	**$ 8,764**
Net consolidated income (loss) attributable to controlling interest				
From continuing operations		**$ 4,106**	$ (2,513)	$ 3,636
From discontinued operations		**-**	6,442	2,171
		4,106	3,929	5,807
Net consolidated income attributable to non-controlling interest				
From continuing operations		**$ 3,323**	$ 1,409	$ 2,242
From discontinued operations		**-**	2,682	715
		3,323	4,091	2,957
		$ 7,429	**$ 8,020**	**$ 8,764**
Earnings (losses) per basic and diluted shares from continuing operations, in Mexican pesos		**$ 0.84**	$ (0.59)	$ 0.72
Earnings per basic and diluted shares from discontinued operations, in Mexican pesos		**$ -**	$ 1.39	$ 0.43
Earnings per basic and diluted shares, in Mexican pesos		**$ 0.84**	$ 0.80	$ 1.15
Weighted average outstanding shares (thousands of shares)		**4,909,115**	4,942,227	5,036,993

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2021, 2020 and 2019. In millions of Mexican pesos

	NOTE	2021	2020	2019
Net consolidated income		**$ 7,429**	$ 8,020	$8,764
Other comprehensive income (loss) for the year from continuing operations:				
Items that will not be reclassified to the consolidated statement of income				
Remeasurement of employee benefit obligations, net of taxes		**487**	67	(440)
Items that will be reclassified to the consolidated statement of income				
Effect of derivative financial instruments designated as cash flow hedges, net of taxes		**363**	221	629
Translation effect of foreign entities		**(1,740)**	(178)	(2,804)
Total other comprehensive (loss) income of the year from continuing operations		**(890)**	110	(2,615)
Other comprehensive income (loss) from discontinued operations		**-**	2,881	(1,961)
Total other comprehensive (loss) income of the year		**(890)**	2,991	(4,576)
Consolidated comprehensive income for the year		**$ 6,539**	**$11,011**	**$4,188**
Attributable to:				
Controlling interest		**$ 3,009**	$ 6,521	$2,788
Non-controlling interest		**3,530**	4,490	1,400
Consolidated comprehensive income for the year		**$ 6,539**	**$11,011**	**$4,188**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

For the years ended December 31, 2021, 2020 and 2019. In millions of Mexican pesos

	CAPITAL STOCK	RETAINED EARNINGS	OTHER RESERVES	TOTAL CONTROLLING INTEREST	NON-CONTROLLING INTEREST	TOTAL STOCKHOLDERS' EQUITY
Balances as of January 1, 2019	**$ 211**	**$ 59,999**	**$ 13,181**	**$ 73,391**	**$ 24,833**	**$ 98,224**
Transactions with stockholders:						
Dividends declared	-	(3,949)	-	(3,949)	(2,319)	(6,268)
Repurchase of own shares	(2)	(790)	-	(792)	(38)	(830)
Acquisition on non-controlling interest		(13)	624	611	(611)	-
Other	-	(287)	197	(90)	(36)	(126)
Total transactions with stockholders	(2)	(5,039)	821	(4,220)	(3,004)	(7,224)
Effect of adoption of IFRIC 23	-	(197)	-	(197)	(65)	(262)
Consolidated net income	-	5,807	-	5,807	2,957	8,764
Total other comprehensive (loss) for the year	-	-	(3,019)	(3,019)	(1,557)	(4,576)
Comprehensive income	-	5,807	(3,019)	2,788	1,400	4,188
Balances as of December 31, 2019	**209**	**60,570**	**10,983**	**71,762**	**23,164**	**94,926**
Transactions with stockholders:						
Dividends declared	-	(2,417)	-	(2,417)	(1,145)	(3,562)
Capital stock reduction	(36)	-	-	(36)	-	(36)
Repurchase of own shares	(4)	(1,213)	-	(1,217)	(109)	(1,326)
Effects of subsidiary spin-off	-	(26,985)	-	(26,985)	(8,875)	(35,860)
Other	-	(197)	-	(197)	(3)	(200)
Total transactions with stockholders	(40)	(30,812)	-	(30,852)	(10,132)	(40,984)
Reclassification of comprehensive income from spin-off	-	-	(8,932)	(8,932)	(2,669)	(11,601)
Consolidated net income	-	3,929	-	3,929	4,091	8,020
Total other comprehensive income for the year	-	-	2,592	2,592	399	2,991
Comprehensive income	-	3,929	2,592	6,521	4,490	11,011
Balances as of December 31, 2020	**169**	**33,687**	**4,643**	**38,499**	**14,853**	**53,352**
Transactions with stockholders:						
Dividends declared	-	(2,087)	-	(2,087)	(2,562)	(4,649)
Repurchase of own shares	-	(103)	-	(103)	(15)	(118)
Other	-	(233)	-	(233)	(70)	(303)
Total transactions with stockholders	-	(2,423)	-	(2,423)	(2,647)	(5,070)
Consolidated net income	-	4,106	-	4,106	3,323	7,429
Total other comprehensive loss for the year	-	-	(1,097)	(1,097)	207	(890)
Comprehensive income	-	4,106	(1,097)	3,009	3,530	6,539
Balances as of December 31, 2021	**$ 169**	**$ 35,370**	**$ 3,546**	**$ 39,085**	**$ 15,736**	**$ 54,821**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2021, 2020 and 2019. In millions of Mexican pesos

	2021	2020	2019
Cash flows from operating activities			
Income before income taxes	**$ 15,640**	$ 9,497	$10,319
Depreciation and amortization	**12,500**	13,179	13,411
Impairment of long-lived assets	**3,268**	1,850	323
Allowance for doubtful accounts	**(15)**	(678)	(1,513)
Gain on sale of property, plant and equipment	**(81)**	(1,968)	(100)
Gain on sale of business	**-**	(89)	(4,372)
Gain on business acquisitions	**(29)**	(657)	-
Effect of changes in the fair value of derivative financial instruments	**(196)**	43	(6)
Financial expenses, net	**7,616**	7,430	6,869
Exchange fluctuation, net	**2,246**	714	719
Equity in results of associates	**(24)**	(75)	313
Provisions and others	**67**	(2,028)	2,293
Movements in working capital:			
(Increase) decrease in trade and other accounts receivable	**(8,886)**	2,225	5,048
(Increase) decrease in inventories	**(11,407)**	4,800	3,141
Increase (decrease) in trade and other accounts payable	**11,468**	(2,850)	(10,594)
Cash flows from discontinued operating activities	**-**	5,494	12,003
Income taxes paid	**(5,789)**	(7,532)	(7,286)
Net cash flows generated by operating activities	**26,378**	**29,355**	**30,568**

Continue in next page.

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2021, 2020 and 2019. In millions of Mexican pesos

	2021	2020	2019
Cash flows from investing activities			
Interest collected	**483**	426	594
Cash flows in acquisition of property, plant and equipment	**(10,802)**	(6,722)	(9,141)
Cash flows in sale of property, plant and equipment	**935**	3,247	2,522
Cash flows in acquisition of intangible assets	**(694)**	(1,006)	(825)
Cash flows in business acquisitions, net of cash acquired	**78**	(850)	(448)
Investment flows in associates and joint ventures	**(228)**	(52)	(461)
Advance payment for business acquisition	**-**	-	(1,312)
Cash flows in sale of businesses, net of transferred cash	**-**	-	16,550
Restricted cash	**285**	227	(64)
Other assets	**(1,256)**	608	(1,880)
Decrease in cash due to subsidiary spin-off	**-**	(6,341)	-
Cash flows from discontinued investing activities	**-**	(4,695)	(4,674)
Net cash flows (used in) generated by investing activities	**(11,199)**	**(15,158)**	**861**
Cash flows from financing activities			
Proceed from borrowings or debt	**14,284**	30,968	24,791
Payments of borrowings or debt	**(15,939)**	(26,911)	(37,688)
Lease payments	**(2,142)**	(2,432)	(2,384)
Interest paid	**(7,243)**	(7,232)	(7,248)
Dividends paid	**(2,481)**	(1,981)	(3,928)
Dividends paid to non-controlling interest	**(2,551)**	(1,145)	(1,705)
Repurchase of shares	**(118)**	(1,326)	(830)
Cash flows from discontinued financing activities	**-**	3,443	(2,803)
Other	**(98)**	15	350
Net cash flows used in financing activities	**(16,288)**	**(6,601)**	**(31,445)**
Net (decrease) increase in cash and cash equivalents	**(1,109)**	7,596	(16)
Effect of changes in exchange rates	**(56)**	(647)	(1,200)
Cash and cash equivalents at beginning of year	**32,144**	25,195	26,411
Cash and cash equivalents at end of year	**$ 30,979**	**$32,144**	**$25,195**

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of and for the years ended December 31, 2021, 2020 and 2019
In millions of Mexican pesos, except where otherwise indicated

1. Alfa companies' activities

Alfa, S.A.B. de C.V. and subsidiaries (therein "Alfa" or the "Company"), is a Mexican company controlling four business groups with the following activities: Alpek, engaged in the production of petrochemicals and synthetic fibers; Sigma, a refrigerated food producer; Axtel, in the telecommunications sector; and Newpek, a natural gas and hydrocarbons company.

As of December 14, 2020, the Company concluded the process spin-off of its subsidiary Nemak, a business engaged in the manufacture of high-tech aluminum auto parts (see Note 2).

Alfa has a competitive position globally in the auto parts segment as a producer of aluminum engine heads and blocks, as well as in the manufacture of PTA (raw material for the manufacture of polyester) and is a leader in the Mexican market for refrigerated foods. As of December 31, 2021, Alfa operates industrial production and distribution centers mainly in Mexico, the United States of America (U.S.), Canada, Germany, Belgium, Italy, the Netherlands, Portugal, France, Spain, Romania, United Kingdom, Costa Rica, Dominican Republic, El Salvador, Honduras, Nicaragua, Argentina, Peru, Ecuador, Brazil and Chile. The Company markets its products in over 23 countries worldwide and employs over 57,500 people.

When reference is made to the controlling entity Alfa S. A. B. de C. V. as an individual legal entity, it will be referred to as "Alfa SAB".

Alfa SAB's shares are traded on the Mexican Stock Exchange, S. A. B. de C. V. and Latibex, the Latin American market of the Madrid Stock Exchange.

Alfa is located in Avenida Gómez Morín Sur No. 1111, Col. Carrizalejo, San Pedro Garza García, Nuevo León, C.P. 66254, México.

In the following notes to the consolidated financial statements references to pesos or "$", mean millions of Mexican pesos. References to "US$", mean millions of U.S. dollars. In addition, references to "€", mean millions of euros.

2. Significant events

2021

A. DEBT ISSUANCE

Alpek

On February 18, 2021, Alpek issued Senior Notes, on the Irish Stock Exchange, to qualified institutional investors under Rule 144A and other investors outside the United States of America under Regulation S, in the amount of US$600, gross of issuance costs of US$5 and discounts of US$2. The Senior Notes have a ten-year maturity and a 3.25% coupon payable semi-annually. Proceeds from the transaction were primarily used to prepay debt, including accrued and unpaid interest.

B. COVID-19 IMPACTS

The Company, through its subsidiaries, has taken actions to counteract the effects that COVID-19 has had on the economic markets in which it participates, focusing on strengthening operating and financial performance, through constant monitoring of its structure. of costs, key business processes and a commitment to its employees through a special focus on the redefinition and capitalization of experiences related to the remote work scheme; maintain a solid liquidity structure, through detailed management of cash flows; and constant monitoring of its financial position, to ensure compliance with the stipulated covenants and its key financial ratios.

During the year ended December 31, 2021, Axtel, subsidiary of the Company, had impacts directly attributable to COVID-19, which were reflected in a decrease in its revenues compared to 2020, mainly due to the negative effects of the global semiconductors shortage and logistics delays, resulting in the cancellation of time-sensitive projects and a general delay in project implementation times. These effects were offset by the positive impact seen in Sigma, subsidiary of the Company, due to the recovery of revenues from the foodservice and convenience channel compared to 2020, mainly due to increased mobility and consumption away from home.

As of the date of issuance of the consolidated financial statements, the Company continues to monitor the development of its business, complying with the government regulations of the different countries in which it operates and responding promptly to changes that arise.

C. ACQUISITION OF A RPET PLANT FROM CARBONLITE

On June 10, 2021, Alpek acquired a PET recycling and pelletizing plant from CarbonLite Recycling LLC ("CarbonLITE") in Reading, Pennsylvania in the United States. The plant was acquired, free of debt, for US$96, plus working capital.

CarbonLITE's Reading facility is equipped with incoming bottle handling, washing and solid-state polymerization ("SSP") systems, which enable the production of food-grade pellets and are required for bottle-to-bottle recycling. The site has a bottle-to-flake and flake-to-pellet capacity of 60,000 tons and 40,000 tons of production per year, respectively.

This acquisition is in line with the objective of promoting a circular economy in accordance with Alpek's long-term strategic growth plan. Additionally, it increases Alpek's installed rPET capacity to 160,000 tons of production per year and advance towards Alpek's goal of supplying certain customers with 25% rPET content before 2025.

The consolidated financial statements include the financial information of the assets acquired from the date of acquisition.

Alpek applied the optional test established in IFRS 3, Business Combinations, to assess the concentration of the fair value of the acquired assets and determine whether such fair value is substantially concentrated in a group of similar identifiable assets. In line with the above, Alpek determined that the transaction did not meet the criteria of a business combination, therefore it was classified as an asset acquisition. In the initial recognition of the operation, Alpek identified and recognized all the assets, allocating the purchase price to the individual assets identified, on a proportional basis in relation to their fair values at the acquisition date. Consequently, the transaction did not give rise to goodwill or gain from a bargain purchase.

D. AGREEMENT FOR THE SALE OF OPERATIONS IN NETHERLANDS AND BELGIUM

On October 7, 2021, Sigma announced an agreement for the sale of its subsidiaries Imperial Meat Products, VOF and Campofrio Food Group Netherlands Holding B.V. The transaction includes six production plants, five in Belgium and one in the Netherlands, as well as the Marcassou, Imperial, Stegeman, Leielander and Bistro brands. As of December 31, 2021, the transaction had not been completed, so the assets and liabilities to be sold are presented under the headings of "Other current assets" and "Other current liabilities", respectively, in the consolidated statement of financial position. Derived from the presentation as held for sale, and the measurement requirements of IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations, Sigma recognized an impairment of $1,325 (€56.1), of which $1,239 (€52.4) are associated to the assets held for sale.

As of December 31, 2021, the assets and liabilities classified as held for sale by this agreement are as follows:

Assets	
Cash and cash equivalents	$ 6
Trade and other accounts receivable, net	649
Inventories	588
Other current assets	44
Property, plant and equipment, net	1,480
Intangible assets, net	187
Other non-current assets	22
Total assets	**$ 2,976**

Liabilities	
Debt	$ 37
Trade and other accounts payable	1,841
Income tax payable	267
Provisions and other current liabilities	391
Debt	97
Provisions and other non-current liabilities	575
Total liabilities	**$ 3,208**

E. ACQUISITION OF A STYRENICS BUSINESS FROM NOVA CHEMICALS

On October 19, 2020, Alpek announced that one of its subsidiaries signed an agreement with NOVA Chemicals Corporation ("NOVA Chemicals") for the purchase of its expanded styrenics business, through the acquisition of a 100% stake in BVPV Styrenics LLC, owner and operator of two plants in the United States. The first plant, located in Monaca, Pennsylvania, has an annual capacity of 123,000 tons of expandable polystyrene ("EPS") and 36,000 tons of ARCEL®, in addition to a world-class research and development (R&D) pilot plant; and a second plant located in Painesville, Ohio, with an annual capacity of 45,000 tons of EPS.

The initial value of the consideration amounted to US$50, which was paid in cash by means of a transfer on the closing date of the transaction, which occurred on October 30, 2020 and which corresponds to the date on which Alpek acquired control of the business. During 2021, net working capital adjustments were made that resulted in a recovery of US$4 on the purchase price, resulting in a final consideration of US$46.

The acquisition of BVPV Styrenics LLC met the criteria of a business combination in accordance with the requirements of IFRS 3, Business Combinations; therefore, Alpek applied the acquisition method to measure the acquired assets and the assumed liabilities in the transaction. The purchase price allocation was determined in 2021, and the adjustments derived from the acquisition method were not material, therefore were recognized in 2021. The fair values of the acquired assets and assumed liabilities as a result of this acquisition are as follows:

Current assets (1)	US$ 56
Non-current assets (2)	15
Intangible assets (3)	2
Current liabilities	(17)
Non-current liabilities	(9)
Acquired net assets	47
Gain on business combination	(1)
Paid consideration	US$ 46

(1) Current assets consist of accounts receivable and inventories of US$18 and US$38, respectively.
(2) Non-current assets consist of fixed assets and right-of-use assets for US$14 and US$1, respectively.
(3) Intangible assets consist of trademarks and patents for US$1 and US$1, respectively.

As a result of this transaction, a gain on business combination of $29 (US$1.3) was recognized in 2021 under other (expenses) income, net (Note 27). In the terms of IFRS 3, the gain on business combination was mainly generated because the disposal was due to strategic plans of the seller.

F. IMPAIRMENT IN UNIVEX

On November, 2021, Alpek decided to close its caprolactam production area (raw material for production of Nylon 6) of Univex, S.A. of C.V. (“Univex”), as well as its affiliate Sales del Bajío, S.A. of C.V., that produces carbonates; the aforementioned, derived from the fall in market prices and profit margins worldwide.

Alpek is in the process of evaluating the future use of the Univex facilities, since they continue to be used for fertilizer production line, which continues in operation. Additionally, Alpek is evaluating the labor impacts in connection to said shutdown.

As a result of the aforementioned, Alpek recognized an impairment of long-lived assets for $936, deferred income tax asset $257, other liabilities for $308 and early insurance cancellation for $8, approximately.

G. IMPAIRMENT IN INVESTMENT IN SHARES AND ACCOUNTS RECEIVABLE

Axtel has a shareholding equivalent to 1.9634% in the capital stock of Altán Redes S.A.P.I. of C.V. (“Altán”) as of December 31, 2021. Likewise, Axtel is a supplier of telecommunications and IT services for Altán.

On November 12, 2021, Altán was declared in concurso mercantil (commercial insolvency) and from the day of publication of the judgment in the Official Federal Gazette, Altán has an initial conciliation period of 185 calendar days that may be extended for two more periods of 90 calendar days.

As a result of the foregoing, Axtel recognized an impairment of $290 against the value of its investment (see Note 27). As of December 31, 2021, 2020, and 2019, the accounts receivable balance amounts to $304, $131 and $106, respectively, before considering value added tax ("VAT"). Additionally, Axtel has a note receivable from Altán for $20.

H. SALE AGREEMENT OF PRODUCTION PLANTS IN EUROPE

On December 31, 2021, Sigma completed the sale to Cooper Arc Atlantique Group of two production plants located in France. The value of the transaction was $132 (€5.6), the same amount corresponding to the carrying amount of the transferred assets. Based on their market value, Sigma recognized an impairment on its fixed assets of $108 (€4.5) in the consolidated statement of income within other (expenses) income, net (Note 27).

I. ANNOUNCEMENT OF CLOSURE OF THE STAPLE FIBERS OPERATIONS IN COOPER RIVER

On May 4, 2021, Alpek announced the closure of its polyester staple fibers operations at its Cooper River site, in Charleston.

As a result of the foregoing, Alpek recognized an impairment of approximately $679 (US$33). The plant ceased operations of staple fiber during the month of December.

2020

J. SPIN-OFF OF ALFA'S SHAREHOLDING IN NEMAK

On August 17, 2020, Alfa SAB's Stockholders' Meeting approved the spin-off of its entire shareholding in Nemak S.A.B. de C.V. ("Nemak SAB") Alfa SAB carried out the process as an original company and formed a stock corporation with variable capital as a new company ("Controladora Nemak"), listed on the Mexican Stock Exchange ("BMV" for its Spanish initials). The process was completed on December 14, 2020, with the registration of Controladora Nemak as a listed issuer on the BMV. Alfa SAB's stockholders received one share of Controladora Nemak for each of the shares they held in Alfa SAB, without this affecting their shareholding in Alfa SAB. With this act and as of this date, Alfa SAB ceased to consolidate Nemak SAB for accounting purposes. The effects of the spin-off are detailed in Note 24.

K. ACQUISITION OF A PET BUSINESS FROM LOTTE CHEMICAL IN THE UNITED KINGDOM

On January 1, 2020, Alpek completed the acquisition of Lotte Chemical UK Limited ("Lotte UK") now called Alpek Polyester UK LTD ("Alpek Polyester UK") (see Note 2x). During May 2020, the final adjustments to the purchase price were made resulting in a recovery of US$1 from the advance payments for a final purchase price of US$68. Such recovery is presented as a cash inflow in the consolidated statement of cash flows within the business acquisitions concept, together with the incorporation of Alpek Polyester UK's cash held at the time of the acquisition.

Alpek's consolidated financial statements include the financial information of Alpek Polyester UK from the acquisition date. The business acquired is included in Alpek's Polyester segment.

The acquisition of Alpek Polyester UK met the criteria of a business combination in accordance with the requirements of IFRS 3, Business Combinations; therefore, Alpek applied the acquisition method to measure the assets acquired and the liabilities assumed in the transaction. The purchase price allocation was determined in 2020, and the adjustments derived from acquisition method accounting were recognized from the date of acquisition. The fair values of the acquired assets and assumed liabilities as a result of this acquisition are as follows:

Inventories	US$ 48
Other current assets [1]	63
Property, plant and equipment and others	43
Current liabilities [2]	(51)
Net assets acquired	103
Gain on business combinations	(35)
Consideration paid	US$ 68

[1] Current assets consist of cash and cash equivalents, trade and other accounts receivable and other current assets for US$6, US $55 and US$2, respectively.
[2] Current liabilities are made up of other current liabilities and provisions of US$47 and US$4, respectively.

As a result of this transaction, a gain associated with the business combination was recognized for an amount of $657 (US$35), recorded in 2020. Under the terms of IFRS 3, the gain associated with the business combination is mainly the result of the disposal being carried out due to strategic issues of the seller.

L. AXTEL DEBT PREPAYMENT

On February 14, 2020, Axtel prepaid the total of the syndicated loan maintained with HSBC as the leader of the participating financial institutions in the amount of $1,320 (US$67). Derived from this prepayment, Axtel immediately recognized in the consolidated income statement, the debt issuance costs that were pending amortization at that date of $8.

M. DEFINITIVE CLOSING OF AGREEMENT WITH EQUINIX

On January 8, 2020, Axtel informed the definitive closing of the strategic agreement with Equinix to strengthen its offering of IT and cloud solutions. As announced on October 3, 2019, Equinix acquired the operations and assets of three data centers from Axtel; two located in Querétaro and one in the metropolitan area of Monterrey. The valuation of this transaction was US $175, which was settled in cash, except for US$13 related to restricted cash, which was released on January 8, 2021. Excluding operating expenses and the balance in custody, resources of approximately US$154 will be used to strengthen the financial structure of Axtel.

Axtel did not have an impact on its cash flow due to tax consequences, since it applied tax losses that were pending amortization for $2,644.

N. COVID-19 IMPACTS

On March 11, 2020, the World Health Organization declared the SARS-COV2 infectious disease (hereinafter referred to as “COVID-19”) a pandemic. COVID-19 had and continues to have a strong impact on health, economic and social systems worldwide. Health actions have been taken in countries in which the Company participates to limit the spread of this virus, including, but not limited to, social distancing and closure of educational facilities (schools and universities), commercial establishments and non-essential businesses.

The following is a breakdown of the main implications for the Company through its subsidiaries:

- Operational and financial performance: Due to the fact that several legislations did not allow non-essential businesses to operate, Nemak proceeded to suspend production in some plants and production lines, which implied that it did not generate income during the months that its production units were not allowed to operate; however, it did incur in the fixed costs that would have been incurred if the operation had not been suspended. For their part, Alpek, Sigma and Axtel, maintained their operations without interruption, focusing their attention on compliance with government regulations and health measures. Accordingly, the main impact was reflected in consolidated sales, with a decrease of 3.2%, with respect to the previous year, generated mainly by a decrease in Nemak's sales in April and May, presented under the heading of discontinued operations (see Note 24), countered by an increase in Sigma sales as a result of social distancing, which generated changes in consumer habits within the countries in which it operates, increasing the demand for its different products offered, and at Axtel by the increase in sales due to the greater demand for products that would allow customers to maintain remote and virtual interactions coming mainly from the business operating segment.

- Due to the temporary closure of operations, and in order to adjust its cost and expense structure to the expected level of operation, Nemak carried out labor terminations that represented 9% of its workforce and an expense for severance payments of US$36, which was recognized under the heading of discontinued operations.

- Liquidity: In order to address the liquidity risk and to optimize cash flows for any unforeseen event during the pandemic, the Company extended the periods for making significant capital investments; in addition, it made reductions to its working capital investment and withdrew committed and uncommitted credit lines, which at the end of the year, were mostly paid, as the Company had the necessary liquidity to meet its obligations and avoid cash excess. Additionally, Nemak received government support from its Western European subsidiaries to fulfill their salary commitments. Moreover, during the second quarter of the year, Alpek and Nemak cancelled the payment of the dividend decreed in February 2020, as a decision to prioritize their financial stability. The Company's financial risk management strategies, including compliance with its obligations and payment needs are detailed in Note 4.

- Financial position: The Company made amendments to some of its credit contracts, for more flexibility in the levels of some of its financial ratios and to comply with the covenants stipulated (see Note 17). Furthermore, operating limitations of certain customers led some of the Company's entities to increases in the allowance for doubtful accounts, mainly due to the request for extension of the payment period by certain customers, which was reflected in the probability of default (see Note 8). In addition, the effects of the pandemic resulted in a detailed assessment of indications of business impairment, as well as in the assumptions used in the impairment tests (see Note 5 and 13).

O. DIVESTMENT IN NEWPEK USA

On August 18, 2020, Newpek significantly divested all its assets located in the United States, which included mainly wells and leases in the Eagle Ford Shale ("EFS") and Edwards Shale ("Edwards"). Newpek transferred its assets in Texas to Ensign Operating LLC ("Ensing") and Reliance Eagleford Upstream Holding LP ("Reliance") in exchange for a complete cancelation of its obligations in the joint venture and operating contracts.

This transaction has an implied value of US$88 for Newpek, resulting from the cancellation of its obligations. The Company recognized a gain of US$58 in the consolidated income statement in the caption "Cost of sales".

In line with Alfa's strategy that contemplates a gradual divestment process of Oil and Gas assets outside Mexico, Newpek also closed its administrative office in Irving, Texas and moved remaining functions to Monterrey, Mexico.

P. APPROVAL OF THE RESTRUCTURING PLAN FOR THE RECOVERY OF FINANCING TO M&G MÉXICO

On September 4, 2020, Alpek announced the final approval of the financial restructuring agreement between M&G Polímeros México, S.A. de C.V. ("M&G México") and the majority of its creditors, including certain subsidiaries of Alpek. In accordance with the agreement, from the end of 2020 Alpek started the recovery of US$160 of debt secured by a lien in the first and second degree on the PET plant of M&G México, in Altamira, by receiving a payment by US$40 in the month of December of 2020. Additionally, during 2021, Alpek continue to receive interest payments related to this debt and principal payments of US$8 in December.

Q. IMPAIRMENT IN CESARE FIORUCCI S.P.A OF SIGMA
In order to increase the efficiency of the operation and adapt the productive capacity to the current demand of the cash-generating units, Alfa's Corporate Management approved to carry out restructuring projects for production plants and distribution centers of Sigma. Derived from these restructuring projects, Sigma recorded an impairment on its fixed assets of $159 and a provision associated with a reorganization expense of $73, in the consolidated statement of income for the year ended December 31, 2020.

R. DETERIORO EN CESARE FIORUCCI S.P.A DE SIGMA
Italy's economic situation has been affected by an economic slowdown that has led to lower growth and higher unemployment. Sales for the year, had a decrease compared to the previous year, mainly generated by political and economic instability. As a result of these factors, Sigma recalculated the recoverable value of the cash generating unit ("CGU") in Italy, recognizing an impairment on its fixed assets of $434 in the consolidated statement of income for the year ended December 31, 2020.

2019

S. ISSUANCE AND PREPAYMENT OF DEBT

Alpek

On September 11, 2019, Alpek issued Senior Notes on the Irish Stock Exchange to qualified institutional investors under Rule 144A, and other investors outside the United States of America under regulation S in the amount of US$500, including issuance costs of US$4, including discounts of US$1. The Senior Notes mature in ten years at a coupon of 4.25%, payable semi-annually. The resources of the transaction were mainly used to prepay short-term debt and for general corporate purposes.

T. SALE OF TWO ELECTRIC POWER COGENERATION PLANTS
On January 6, 2019, Alpek signed an agreement with Contour Global Terra 3, S.a.r.l. ("CG Terra 3") for the sale of all the shares representing the capital stock of Cogeneración Altamira, S. A. de C. V. ("CGA"), and indirectly the sale of Cogeneración de Energía Limpia de Cosoleacaque, S. A. de C. V. ("CELCSA"), as CGA is the holder of 99.99% of the shares of the capital stock of CELCSA.

Alpek, SAB agreed to terms with ContourGlobal Holding de Generación de Energía de México, S. A. de C. V. ("CG México"), subsidiary of ContourGlobal PLC, into call option agreement in which Alpek and its subsidiaries undertake the obligation to sell all of its shares of the capital stock of Tereftalatos Mexicanos Gas, S. A. de C. V., whose assets include gas pipelines used to transport natural gas, in case CG México exercises the purchase option within five years maximum from the date of the signing of the option contract. The option will be subject to compliance with certain precedent conditions established in the contract.

On November 25, 2019, Alpek announced that it had concluded the sale process of its cogeneration power plants for US$801; however, the transaction price is subject to non-significant adjustments of working capital, which are expected to be in favor of Alpek.

The resources of the transaction will be used mainly to pay an extraordinary dividend and to reduce Alpek's debt obligations.

U. ACQUISITION OF PET RECYCLING PLANT PERPETUAL RECYCLING SOLUTIONS

On January 9, 2019, Alpek announced that one of its subsidiaries signed an agreement with Perpetual Recycling Solutions, LLC ("Perpetual"), to acquire a PET recycling plant in Richmond, Indiana. The Perpetual PET recycling plant has an installed capacity to produce approximately 45,000 tons per year of high quality recycled PET flakes. This complements the Company's existing food-grade PET recycling operations in Argentina and its fiber-grade PET recycling joint venture facility in Fayetteville, North Carolina. The operation was closed for the amount of US$34 in January 31, 2019.

The acquisition of Perpetual met the criteria of a business combination in accordance with the requirements of IFRS 3, Business Combinations, whereby Alpek applied the acquisition method to measure the assets acquired and the liabilities assumed in the transaction. Alpek recognized a goodwill for an amount of US$3. The purchase price allocation was determined in 2019 and the adjustments derived from the acquisition method accounting were recognized from the acquisition date.

The consolidated statement of cash flow in 2019 presents the incorporation of Perpetual operations in a single line within the investment activity, net of the cash acquired.

V. SALE OF DATA CENTER

On October 3, 2019, Axtel entered into an agreement with Equinix Inc. ("Equinix") in order to strengthen its co-location, interconnection and cloud solutions by signing two agreements subject to compliance with closing conditions. Equinix will acquire a new Axtel's subsidiary, which will house the operations and assets of three data centers that currently belong to Axtel; two located in Queretaro and another in Monterrey. Axtel maintained a non-controlling shareholding over the new subsidiary entity.

The amount of the transaction is US$175, which will be settled in cash, except US$13 that will be receivable in the short term. The rest of the data centers owned by Axtel, located in Monterrey, Nuevo León; Guadalajara, Jalisco and Tultitlán, Mexico City, are not part of this transaction. At yearend, the transaction had not been completed; therefore, the assets to be sold are presented as available for sale in the consolidated statement of financial position. The transaction was completed on January 8, 2020 (see Note 2m).

W. SALE OF THE REST OF AXTEL'S MASS SEGMENT

On May 1, 2019, Axtel divested the rest of the Mass Segment not contemplated in the transaction completed as of December 31, 2018, through the sale of the residential customers and microbusiness, optic fiber network and other assets to Megacable Holdings, S.A.B. de C.V. and subsidiaries ("Megacable") in the amount of $1,150.

For Alfa, the gain was $519, which was recognized in income for the year ended December 31, 2019 under "Other income, net".

X. SIGN OF AGREEMENT FOR THE ACQUISITION OF PET PLANT OF LOTTE CHEMICAL

On October 29, 2019, Alpek announced that one of its subsidiaries signed an agreement with Lotte Chemical Corporation ("Lotte") for the purchase of all the shares of Lotte Chemical UK Limited ("Lotte UK"), which is owner of a PET production plant located in Wilton, United Kingdom.

During the month of December 2019, Alpek gave advance payments for the acquisition of Lotte UK for a total amount of US$69; however, the final transaction for the acquisition of the business occurred on January 1, 2020, considered as the moment from which Alpek gained control of Lotte UK (see Note 2k).

Y. GRUPO VIGAR ACQUISITION

On August 31, 2019, Sigma acquired the 100% of the shares of Praimint, S. A. de C. V. and Procesadora Laminin S. A. de C. V. (together "Grupo Vigar") for $253. Grupo Vigar is a company dedicated to the processing and commercialization of meat. The acquisition was classified as a business combination in accordance with IFRS 3 requirements; therefore, Sigma applied the purchase method to measure the assets acquired and liabilities assumed in the transaction. Sigma recognized a goodwill of $104, which was recognized in 2019, when the company completed the allocation of fair values of the net assets acquired.

The profit and loss of Grupo Vigar were included in the consolidated financial statements since the acquisition date. The consolidated statement of cash flow in 2019 presents the business acquisition in a single line into the investment activity, net of the cash acquired.

3. Summary of significant accounting policies

The following are the most significant accounting policies followed by Alfa, which have been consistently applied in the preparation of the financial information in the years presented, unless otherwise specified:

a. Basis of preparation

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

The consolidated financial statements have been prepared on a historical cost basis, except for the cash flow hedges, which are measured at fair value and for the financial assets and liabilities at fair value through profit or loss with changes reflected in the consolidated statement of income and for financial assets available for sale.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. Additionally, it requires management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where judgments and estimates are significant to the consolidated financial statements are disclosed in Note 5.

b. Consolidation

I. SUBSIDIARIES

The subsidiaries are all the entities over which the Company has control. The Company controls an entity when it is exposed or has the right to variable returns from its interest in the entity and it is capable of affecting the returns through its power over the entity. When the Company's interest in subsidiaries is less than 100%, the interest attributed to external stockholders is recorded as non-controlling interest. Subsidiaries are fully consolidated from the date on which control is transferred to the Company and up to the date it loses such control.

The accounting method used by the Company for business combinations is the acquisition method. The Company defines a business combination as a transaction through in which it gains control of a business, and through which it is able to direct and manage the relevant activities of the set of assets and liabilities of such business with the purpose of providing a return in the form of dividends, smaller costs or other economic benefits directly to stockholders.

The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable acquired assets and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair values at the acquisition date. The Company recognizes any non-controlling interest in the acquiree based on the share of the non-controlling interest in the net identifiable assets of the acquired entity.

The Company accounts for business combinations using the predecessor method in a jointly controlled entity. The predecessor method involves the incorporation of the carrying amounts of the acquired entity, which includes the goodwill recognized at the consolidated level with respect to the acquiree. Any difference between the transferred consideration and the carrying amount of the net assets acquired at the level of the subsidiary are recognized in equity.

The acquisition-related costs are recognized as expenses when incurred.

Goodwill is initially measured as excess of the sum of the consideration transferred and the fair value of the non-controlling interest over the net identifiable assets and liabilities assured. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the consolidated statement of income.

If the business combination is achieved in stages, the book value at the acquisition date of the interest previously held by the Company in the acquired entity is remeasured at its fair value at the acquisition date. Any loss or gain resulting from such remeasurement is recorded in results of the year.

Transactions and intercompany balances, as well as unrealized gains on transactions between Alfa's companies are eliminated in preparing the consolidated financial statements. In order to ensure consistency with the policies adopted by the Company, the amounts recorded by subsidiaries have been changed where it was deemed necessary.

As of December 31, 2021, 2020 and 2019, the primary subsidiary companies of Alfa were as follows:

		SHAREHOLDING (%) [2]			
	COUNTRY [1]	2021	2020	2019	FUNCTIONAL CURRENCY
Alpek (Petrochemicals and synthetic fibers)					
Alpek, S. A. B. de C. V. (Holding Co.)		**82**	82	82	Mexican peso
Alpek Polyester, S. A. de C. V. [12]		**100**	100	100	U.S. dollar
DAK Americas, L.L.C.	USA	**100**	100	100	U.S. dollar
DAK Resinas Americas México, S. A. de C. V.		**100**	100	100	U.S. dollar
DAK Americas Exterior, S. L. (Holding Co.)	Spain	**100**	100	100	U.S. dollar
DAK Americas Argentina, S. A.	Argentina	**100**	100	100	Argentine peso
Tereftalatos Mexicanos, S. A. de C. V.		**91**	91	91	U.S. dollar
Akra Polyester, S. A. de C. V.		**93**	93	93	U.S. dollar
Companhia Integrada Textil de Pernambuco	Brazil	**100**	100	100	Real
Companhia Petroquímica de Pernambuco	Brazil	**100**	100	100	Real
Alpek Polyester UK LTD [5]	United Kingdom	**100**	100	-	Pound sterling
Indelpro, S. A. de C. V.		**51**	51	51	U.S. dollar

	COUNTRY [1]	SHAREHOLDING (%) [2]			FUNCTIONAL CURRENCY
		2021	2020	2019	
Polioles, S. A. de C. V. [3]		**50**	50	50	U.S. dollar
Unimor, S. A. de C. V. (Holding Co.)		**100**	100	100	Mexican peso
Univex, S. A.		**100**	100	100	Mexican peso
Grupo Styropek, S. A. de C. V. (Holding Co.)		**100**	100	100	Mexican peso
Styropek México, S. A. de C. V.		**100**	100	100	U.S. dollar
Styropek S. A.	Argentina	**100**	100	100	Argentine peso
Aislapol S. A.	Chile	**100**	100	100	Chilean peso
Styropek Do Brasil LTD	Brazil	**100**	100	100	Real
Compagnie Selenis Canada [7]	Canada	**50**	50	50	U.S. dollar
BVPV Styrenics LLC [5]	USA	**100**	100	-	U.S. dollar
Sigma (Refrigerated food)					
Sigma Alimentos, S. A. de C. V. (Holding Co.)		**100**	100	100	U.S. dollar
Alimentos Finos de Occidente, S. A. de C. V.		**100**	100	100	Mexican peso
Grupo Chen, S. de R. L. de C. V.		**100**	100	100	Mexican peso
Sigma Alimentos Lácteos, S. A. de C. V.		**100**	100	100	Mexican peso
Sigma Alimentos Centro, S. A. de C. V.		**100**	100	100	Mexican peso
Sigma Alimentos Noreste, S. A. de C. V.		**100**	100	100	Mexican peso
Sociedad Suizo Peruana Embutidos, S. A.	Peru	**100**	100	100	Peruvian sol
Caroli Foods Group S. R. L.	Romania	**100**	100	100	Roman leu
Praimit, S.A. de C.V. [4]		**100**	100	100	Mexican peso
Procesadora Laminin, S. A. de C. V. [4]		**100**	100	100	Mexican peso
Alfa Subsidiarias Alimentos, S. A. de C. V.		**100**	100	100	Mexican peso
Sigma Alimentos Exterior, S. L.U. (Holding Co.)	Spain	**100**	100	100	Euro
Bar-S Foods Co.	USA	**100**	100	100	U.S. dollar
Mexican Cheese Producers, Inc.	USA	**100**	100	100	U.S. dollar
Braedt, S. A.	Peru	**100**	100	100	Peruvian sol
Elaborados Cárnicos S. A. [13]	Ecuador	**-**	100	100	U.S. dollar
Campofrío Food Group, S. A.	Spain	**100**	100	100	Euro
Sigmaec CIA, LTDA [6]	Ecuador	**100**	100	100	U.S. dollar
Sigma Foodservice Comercial, S. de R.L. de C.V.		**100**	100	100	Mexican peso
Nemak (Aluminum auto parts)					
Nemak, S. A. B. de C. V. (Holding Co.) [9]		**-**	-	75	U.S. dollar
Nemak México, S. A.		**-**	-	100	U.S. dollar
Modellbau Schönheide GmbH	Germany	**-**	-	100	Euro
Corporativo Nemak, S. A. de C. V.		**-**	-	100	Mexican peso

		SHAREHOLDING (%) (2)			
	COUNTRY (1)	2021	2020	2019	FUNCTIONAL CURRENCY
Nemak Canadá, S. A. de C. V. (Holding Co.)		**-**	-	100	Peso mexicano
Nemak of Canada Corporation	Canada	**-**	-	100	Canadian dollar
Camen International Trading, Inc.	USA	**-**	-	100	U.S. dollar
Nemak Europe GmbH	Germany	**-**	-	100	Euro
Nemak Exterior, S. L. (Holding Co.)	Spain	**-**	-	100	Euro
Nemak Dillingen GmbH	Germany	**-**	-	100	Euro
Nemak Wernigerode (GmbH)	Germany	**-**	-	100	Euro
Nemak Linz GmbH	Austria	**-**	-	100	Euro
Nemak Győr Alumíniumöntöde Kft.	Hungary	**-**	-	100	Euro
Nemak Poland Sp. Z.o.o.	Poland	**-**	-	100	Euro
Nemak Nanjing Automotive Components Co., Ltd.	China	**-**	-	100	RenMinBi Yuan
Nemak USA, Inc.	USA	**-**	-	100	U.S. dollar
Nemak Alumínio do Brasil Ltda.	Brazil	**-**	-	100	Real
Nemak Argentina, S. R. L.	Argentina	**-**	-	100	Argentine peso
Nemak Slovakia, S.r.o.	Slovakia	**-**	-	100	Euro
Nemak Czech Republic, S.r.o.	Czech Republic	**-**	-	100	Euro
Nemak Rus, L. L. C.	Rusia	**-**	-	100	Russian ruble
Nemak Aluminum Castings India Private, Ltd.	India	**-**	-	100	Rupee
Nemak Automotive Castings, Inc.	USA	**-**	-	100	U.S. dollar
Nemak Izmir Döküm Sanayii A. Ş.	Turkey	**-**	-	100	Euro
Nemak Izmir Dis Ticaret A. Ş.	Turkey	**-**	-	100	Euro
Axtel (Telecommunications)					
Axtel, S. A. B. de C. V.		**53**	53	53	Mexican peso
Avantel, S. de R. L. de C. V. (8)		**-**	-	-	Mexican peso
Servicios Axtel, S. A. de C. V. (10)		**-**	100	100	Mexican peso
Newpek (Natural gas and hydrocarbons)					
Newpek, S. A. de C. V.		**100**	100	100	Mexican peso
Oil and Gas Holding España, S.L.U. (Holding Co.)	Spain	**100**	100	100	Euro
Newpek, L. L. C.	USA	**100**	100	100	U.S. dollar
Newpek Capital, S. A. de C. V.		**100**	100	100	Mexican peso
Alfasid del Norte, S. A. de C. V.		**100**	100	100	Mexican peso
Newpek Energía Exterior, S. L. (Holding Co.)	Spain	**100**	100	100	Euro
BPZ Exploración & Producción S. R. L.	Peru	**100**	100	100	U.S. dollar
Other companies					
Colombin Bel, S. A. de C. V.		**100**	100	100	U.S. dollar

	SHAREHOLDING (%) [2]			
COUNTRY [1]	2021	2020	2019	FUNCTIONAL CURRENCY
Terza, S. A. de C. V.	**50**	50	50	Mexican peso
Alfa Corporativo, S. A. de C. V. [11]	**-**	100	100	Mexican peso
Alfa Valores Corporativos, S. A. de C. V.	**100**	100	100	Mexican peso

(1) Companies incorporated in Mexico, except those indicated.
(2) Ownership percentage that Alfa SAB has in the holding companies of each business group and ownership percentage that such holding companies have in the companies integrating the groups. Ownership percentages and the right to vote are the same.
(3) Alpek, a subsidiary of the Company, owns 50% plus one share (see Note 5).
(4) Companies acquired in 2019 (see Note 2).
(5) Companies acquired in 2020 (see Note 2).
(6) In 2019, Fabrica Juris CIA, LTDA changed its business name to Sigmaec, CIA LTDA.
(7) The sale and purchase agreement of this entity included a clause for the payment of future benefits (earn-out) for the production of PETG. Under said clause, the selling party kept in deposit the shares not acquired by Alpek, which could be released as Alpek completed the first PETG production run. At the end of 2020, Alpek holds 50% + 1 share of the shareholding.
(8) At the General Extraordinary Stockholders' Meeting held on February 26, 2019, Axtel stockholders agreed to merge Avantel, S. de R.L. of C.V. (as the absorbed company) with Axtel, S. A. B. de C.V. (as the absorbing company); this merger took effect on June 22, 2019.
(9) At the General Stockholders' Meeting held on August 17, 2020, Alfa's Stockholders approved the proposed spin-off of their entire share ownership in Nemak, S.A.B. de C.V., which became effective as of December 14, 2020.
(10) At the General Extraordinary Stockholders' Meeting held on December 1, 2021, Axtel stockholders agreed to merge Servicios Axtel, S. A. de C.V, and other subsidiaries (as the absorbed companies) in Alestra Procesamiento de Pagos. de C. V. (as the absorbing company), without having an impact on Axtel's consolidated financial information.
(11) At the General Extraordinary Stockholders' Meeting held on July 21, 2021, Alfa's SAB Stockholders agreed to merge Alfa Corporativo, S.A. de C.V. (as the absorbed company) in ALFA SAB (as the absorbing company), without impacting the consolidated financial information of the Company.
(12) On July 31, 2021, Grupo Petrotemex S.A. de C.V., changed its business name to Alpek Polyester S. A. de C. V.
(13) During the year ended December 31, 2021, the merger of Elaborados Cárnicos, S.A. was carried out (as the absorbed company) in Sigmaec CIA, LTDA (as the absorbing company), without having an impact on Sigma's consolidated financial information.

As of December 31, 2021, 2020 and 2019, there are no significant restrictions for investment in shares of subsidiaries mentioned above.

II. ABSORPTION (DILUTION) OF CONTROL IN SUBSIDIARIES

The effect of absorption (dilution) of control in subsidiaries, in example, an increase or decrease in the percentage of control, is recorded in stockholders' equity, directly in retained earnings, in the period in which the transactions that cause such effects occur. The effect of absorption (dilution) of control is determined by comparing the book value of the investment in shares before the event of dilution or absorption against the book value after the relevant event. In the case of loss of control, the dilution effect is recognized in income.

When the Company has issued a call option on certain non-controlling interests in a consolidated subsidiary. The exercise price of the option is determined according to a predefined formula based on the financial performance of the subsidiary and can be exercised on a certain date. Put options granted to non-controlling stockholders that hold the risks and benefits on the net assets of the consolidated subsidiary are recognized as financial liabilities at the present value of the amount to be reimbursed of the options, initially recorded with a corresponding reduction in the Equity and subsequently accrue through financial charges in results during the contractual period.

III. SALE OR DISPOSAL OF SUBSIDIARIES

When the Company ceases to have control any retained interest in the entity is remeasured at fair value, and the change in the carrying amount is recognized in the consolidated statement of income. The fair value is the initial carrying amount for the accounting purposes for any subsequent retained interest in the associate, joint venture or financial asset. Any amount previously recognized in comprehensive income in respect of that entity is accounted for as if the Company had directly disposed of the related assets and liabilities. This results in the amounts previously recognized in comprehensive income being reclassified to income for the year.

IV. ASSOCIATES

Associates are all entities over which the Company has significant influence but not control. Generally, an investor must hold between 20% and 50% of the voting rights in an investee for it to be an associate. Investments in associates are accounted for using the equity method and are initially recognized at cost. The Company's investment in associates includes goodwill identified at acquisition, net of any accumulated impairment loss.

If the equity in an associate is reduced but significant influence is maintained, only a portion of the amounts recognized in the comprehensive income are reclassified to income for the year, where appropriate.

The Company's share of profits or losses of associates, post-acquisition, is recognized in the consolidated statement of income and its share in the other comprehensive income of associates is recognized as other comprehensive income. When the Company's share of losses in an associate equals or exceeds its equity in the associate, including unsecured receivables, the Company does not recognize further losses unless it has incurred obligations or made payments on behalf of the associate.

The Company assesses at each reporting date whether there is objective evidence that the investment in the associate is impaired. If so, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes it in "share of profit of associates recognized by the equity method" in the consolidated statement of income.

Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company´s equity in such gains. Unrealized losses are also eliminated unless the transaction provides evidence that the asset transferred is impaired. In order to ensure consistency with the policies adopted by the Company, the accounting policies of associates have been modified. When the Company ceases to have significant influence over an associate, any difference between the fair value of the remaining investment, including any consideration received from the partial disposal of the investment and the book value of the investment is recognized in the consolidated statement of income.

V. JOINT VENTURES

Joint arrangements are those where there is joint control since the decisions over relevant activities require the unanimous consent of each one of the parties sharing control.

Investments in joint arrangements are classified in accordance with the contractual rights and obligations of each investor such as: joint operations or joint ventures. When the Company holds the right over assets and obligations for related assets under a joint arrangement, this is classified as a joint operation. When the Company holds rights over net assets of the joint arrangement, this is classified as a joint venture. The Company has assessed the nature of its joint arrangements and classified them as joint ventures. Joint ventures are accounted for by using the equity method applied to an investment in associates.

c. Foreign currency translation

I. FUNCTIONAL AND PRESENTATION CURRENCY

The amounts included in the financial statements of each of the Company's subsidiaries and associates should be measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). For Alfa, SAB, as legal entity, the functional currency is determined to be the Mexican peso. The consolidated financial statements are presented in millions of Mexican pesos, which is the Company's presentation currency.

When there is a change in the functional currency of one of the subsidiaries, according to the IAS 21 - Effects of changes in foreign exchange rates, this change is accounted for prospectively, translating at the date of the functional

II. TRANSACTIONS AND BALANCES

Transactions in foreign currencies are translated into the functional currency using the foreign exchange rates prevailing at the transaction date or valuation date when the amounts are re-measured. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing exchange rates are recognized as foreign exchange gain or loss in the consolidated statement of income, except for those which are deferred in comprehensive income and qualify as cash flow hedges.

Changes in the fair value of securities or monetary financial assets denominated in foreign currency classified as available for sale are divided between fluctuations resulting from changes in the amortized cost of such securities and other changes in value. Subsequently, currency fluctuations are recognized in income and changes in the carrying amount arising from any other circumstances are recognized as part of comprehensive income.

Translation of subsidiaries with recording currency other than the functional currency.

The financial statements of foreign subsidiaries, having a recording currency different from their functional currency were translated into the functional currency in accordance with the following procedure:

- The balances of monetary assets and liabilities denominated in the recording currency were translated at the closing exchange rate.
- To the historical balances of monetary assets and liabilities and stockholders' equity translated into the functional currency the movements that occurred during the period were added, which were translated at historical exchange rates. In the case of the movements of non-monetary items recognized at fair value, which occurred during the period stated in the recording currency, these were translated using the historical exchange rates in effect on the date when the fair value was determined.
- Revenues, costs and expenses of the periods, expressed in the recording currency, were translated at the historical exchange rate of the date they were accrued and recognized in the consolidated statement of income, except when they arose from non-monetary items, in which case the historical exchange rate of the non-monetary items was used.
- The exchange differences arising in the translation were recognized as income or expense in the consolidated statement of income in the period they arose.

Translation of subsidiaries with functional currency other than the presentation currency.

The results and financial position of all Alfa's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows, depending on whether the functional currency comes from a non-hyperinflationary or hyperinflationary environment:

Non-hyperinflationary environment

- Assets and liabilities for each statement of financial position are translated at the closing exchange rate at the date of the statement of financial position.
- Stockholders' equity of each statement of financial position presented is translated at historical exchange rate.
- Revenues and expenses for each statement of income are translated at average exchange rate (when the average exchange rate is not a reasonable approximation of the cumulative effect of the rates of the transaction, to the exchange rate at the date of the transaction is used); and

- The resulting exchange differences are recognized in the consolidated statement of comprehensive income as translation effect.
- Hyperinflationary environment
- Assets, liabilities and equity in the consolidated statement of financial position, as well as income and expenses in the income statement, are translated at the closing exchange rate of the statement of financial position, after being restated in its functional currency (Note 3d.);
- Assets, liabilities, equity, income and expenses of the comparative period, are maintained according to the amount obtained in the translation of the year in question, that is, the financial statements of the preceding period. These amounts are not adjusted to subsequent exchange rates because the Company presents its financial information in Mexican pesos, which correspond to a currency of a non-hyperinflationary environment.

The main exchange rates in the different translation procedures are listed below:

	LOCAL CURRENCY TO MEXICAN PESOS					
	CLOSING EXCHANGE RATE AT DECEMBER 31,			AVERAGE ANNUAL EXCHANGE RATE		
Currency	**2021**	**2020**	**2019**	**2021**	**2020**	**2019**
U.S. dollar	**20.58**	19.95	18.85	**20.38**	21.49	19.30
Argentine peso	**0.20**	0.24	0.31	**0.21**	0.31	0.32
Real	**3.69**	3.84	4.69	**3.77**	4.16	4.90
Euro	**23.41**	24.41	21.15	**23.99**	24.51	21.60
Pound sterling	**27.88**	27.26	24.95	**28.02**	27.87	24.68

d. Hyperinflationary effects

As of July 1, 2018, the cumulative inflation in Argentina of the prior 3 years exceeded 100%, consequently, the Argentine peso was classified as a currency of a hyperinflationary economic environment. As a result, the financial statements of the subsidiaries located in that country, whose functional currency is the Argentine peso, have been restated and adjusted for inflation in accordance with the requirements of the IAS 29, Financial Information in Hyperinflationary Economies, and they have been consolidated in compliance with the requirements of IAS 21. The purpose of applying these requirements is to consider changes in the general purchasing power of the Argentine peso in order to present the financial statements in the current unit of measurement at the date of the statement of financial position. The financial statements before including any inflation adjustments were prepared using the historical cost method.

The Company determined the inflation adjustments in its consolidated financial statements in the following manner:

- The amounts corresponding to non-monetary items of each statement of financial position, which are not measured at the date of the statement of financial position at their fair value or net realizable value, as the case may be, are restated applying the variation of a general price index, from the date of acquisition or the date of its last measurement at fair value, to the date of the statement of financial position, to the historical cost;
- The amounts corresponding to monetary items of the statement of financial position are not restated;
- The components of stockholders' equity of each statement of financial position are restated:

i. at the beginning of the first period of application of IAS 29, except for retained earnings, by applying the change of a general price index from the dates the components were originated to the date of restatement. Restated retained earnings are derived from all the other balances in the statement of financial position;

ii. at the end of the first period and in subsequent periods, all components of stockholders' equity are restated by applying a general price index from the beginning of the period or the date of contribution, if later.

- Revenues and expenses are restated by applying the variation in the general price index, from the date on which the expenses and revenues were recognized, up to the reporting date.
- Gains or losses arising from the net monetary position are recognized in the consolidated statement of comprehensive income.

As of July 1, 2018, the Company reflects the effects of hyperinflation on the financial information of its subsidiaries in Argentina using price indexes that are considered appropriate in accordance with Resolution 539/19 JG (the "Resolution") of the Argentine Federation of Professional Councils of Economic Sciences. This resolution establishes that a combination of price indices should be used in the calculation of the effects of restatement of financial statements. Therefore, the Company has decided to use the Consumer Price Index ("CPI") to restate balances and transactions.

The effects of the restatement of the financial statements of the subsidiaries located in Argentina, were not material and were included in the "Financial result, net" line item of the year ended December 31, 2021, 2020 and 2019.

e. Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits available for operations and other short-term investments of high liquidity with original maturities of three months or less, all of which are subject to insignificant risk of changes in value and maintain a high credit quality. Bank overdrafts are presented as loans as a part of the current liabilities.

f. Restricted cash

Cash and cash equivalents whose restrictions cause them not to comply with the definition of cash and cash equivalents given above, are presented in a separate line in the consolidated statement of financial position and are excluded from cash and cash equivalents in the consolidated statement cash flows.

g. Financial instruments

FINANCIAL ASSETS

The Company subsequently classifies and measures its financial assets based on the Company's business model to manage financial assets, and on the characteristics of the contractual cash flows of such assets. This way financial assets can be classified at amortized cost, at fair value through other comprehensive income, and at fair value through profit or loss. Management determines the classification of its financial assets upon initial recognition. Purchases and sales of financial assets are recognized at settlement date.

Financial assets are entirely written off when the right to receive the related cash flows expires or is transferred and the Company has also substantially transferred all the risks and rewards of its ownership, as well as control of the financial asset.

i. Financial assets at amortized cost

Financial assets at amortized cost are financial assets that i) are held within a business model whose objective is to hold said assets in order to collect contractual cash flows; and ii) the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the amount of outstanding principal.

ii. Financial assets at fair value through other comprehensive income ("OCI")

Financial assets at fair value through other comprehensive income are financial assets: i) held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and ii) the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the amount of outstanding principal. As of December 31, 2021, 2020 and 2019, the Company does not have financial assets at fair value through other comprehensive income.

iii. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss, in addition to those described in point i in this section, are financial assets that do not meet the characteristics to be measured at amortized cost or fair value through other comprehensive income, since i) they have a business model different to those that seek to collect contractual cash flows, or collect contractual cash flows and sell the financial assets, or otherwise ii) the generated cash flows are not solely payments of principal and interest on the amount of outstanding principal.

Despite the aforementioned classifications, the Company can make the following irrevocable elections in the initial recognition of a financial asset:

- Disclose the subsequent changes in the fair value of an equity instrument in other comprehensive income, only if such investment (in which no significant influence, joint control or control is maintained) is not held for trading purposes, that is, a contingent consideration recognized as a result of a business combination.

- Assign a debt instrument to be measured at fair value in profit or loss, if as a result it eliminates or significantly reduces an accounting mismatch that would arise from the measurement of assets or liabilities or the recognition of profits and losses on them in different bases.

As of December 31, 2021, 2020 and 2019, the Company has not made any of the irrevocable designations described above.

IMPAIRMENT OF FINANCIAL ASSETS

The Company uses an impairment model based on expected credit losses rather than losses incurred, applicable to financial assets subject to such assessment (i.e. financial assets measured at amortized cost and at fair value through other comprehensive income), as well as lease receivables, contract assets, certain written loan commitments, and financial guarantee contracts. The expected credit losses on these financial assets are estimated from the initial recognition of the asset at each reporting date, using as a reference the past experience of the Company's credit losses, adjusted for factors that are specific to the debtors or groups of debtors, the general economic conditions and an assessment of both, the current management and the forecast of future conditions.

i. Trade receivables and contract assets

The Company adopted the simplified expected loss calculation model, through which expected credit losses are recognized during the account receivable's lifetime.

The Company performs an analysis of its portfolio of customer receivables, in order to determine if there are significant customers for whom it requires an individual assessment; meanwhile, customers with similar characteristics that share credit risks (participation in the portfolio of accounts receivable, type of market, sector, geographic area, etc.), are grouped to be evaluated collectively.

In its impairment assessment, the Company may include indications that the debtors or a group of debtors are experiencing significant financial difficulties, and also observable data indicating that there is a significant decrease in the estimated cash flows to be received, including arrears. For purposes of the historical estimate, the Company considers that the following constitutes an event of default, since historical experience indicates that financial assets are not recoverable when they meet any of the following criteria:

- The debtor does not fulfill its financial agreements; or
- Information obtained internally or from external sources indicates that it is unlikely that the debtor will pay its creditors, including the Company, in its entirety (without considering any guarantee held by the Company).

The Company defined the breach threshold as the period from which the recovery of the account receivable subjected to analysis is marginal, considering the internal risk management customers.

ii. Other financial instruments

The Company recognizes credit losses expected during the asset's lifetime of all financial instruments for which credit risk has significantly increased since its initial recognition (assessed on a collective or individual basis), considering all the reasonable and sustainable information, including the one referring to the future. If at the presentation date, the credit risk a financial instrument has not significantly increased since its initial recognition, the Company calculates the loss allowance for that financial instrument as the amount of expected credit losses in the following 12 months.

In measuring the expected credit losses, the Company does not necessarily identify all the possible scenarios. However, it considers the risk or probability that a credit loss occurs, reflecting the possibility that the payment default occurs and does not occur, even if that possibility is very low. In addition, the Company determines the period for the default to occur, and the recoverability rate after default.

Management assesses the impairment model and the inputs used therein at least once every 3 months, in order to ensure that they remain in effect based on the current situation of the portfolio.

FINANCIAL LIABILITIES

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

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

DERECOGNITION OF FINANCIAL LIABILITIES

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

Additionally, when the Company carries out a refinancing transaction and the previous liability qualifies to be derecognized, the costs incurred in the refinancing are recognized immediately in profit or loss at the date of termination of the previous financial liability.

OFFSETTING FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

h. Derivative financial instruments and hedging activities

All derivative financial instruments contracted and identified, classified as fair value hedges or cash flow hedges, for trading or hedging of market risks, are recognized in the consolidated statement of financial position as assets and/or liabilities at fair value and subsequently measured at fair value. The fair value is determined based on recognized market prices and when they are not traded in a market, it is determined using valuation techniques accepted in the financial sector.

The fair value of hedging derivatives is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and as a current asset or liability if the remaining maturity of the hedged item is less than 12 months

Derivative financial instruments classified as hedges are contracted for risk hedging purposes and meet all hedging requirements; their designation at the beginning of the hedging operation is documented, describing the objective, primary position, risks to be hedged and the effectiveness of the hedging relationship, characteristics, accounting recognition and how the effectiveness is to be measured, applicable to that operation.

FAIR VALUE HEDGES

Changes in the fair value of derivative financial instruments are recorded in the consolidated statement of income. The change in fair value hedges and the change in the primary position attributable to the hedged risk are recorded in the consolidated statement of income profit in the same line item as the hedged position. As of December 31, 2021, 2020 and 2019, the Company has no derivative financial instruments classified as fair value hedges.

CASH FLOW HEDGES

The changes in the fair value of derivative instruments associated to cash flow hedges are recorded in stockholders' equity. The effective portion is temporarily recorded in comprehensive income, within stockholders' equity and is reclassified to profit or loss when the hedged position affects them. The ineffective portion is immediately recorded profit or loss.

NET INVESTMENT HEDGE IN A FOREIGN TRANSACTION

The Company applies the hedge accounting to currency risk arising from its investments in foreign transactions for variations in exchange rates arising between the functional currency of such transaction and the functional currency of the holding entity, regardless of whether the investment is maintained directly or through a sub-holding entity. Variation in exchange rates is recognized in the other items of comprehensive income as part of the translation effect, when the foreign transaction is consolidated.

To this end, the Company designates the debt denominated in a foreign currency as a hedging instrument; therefore, the exchange rate effects caused by the debt are recognized in other components of comprehensive income, on the translation effects line item, to the extent that the hedge is effective. When the hedge is not effective, exchange differences are recognized in profit or loss.

SUSPENSION OF HEDGE ACCOUNTING

The Company suspends hedge accounting when the derivative financial instrument or the non-derivative financial instrument has expired, is cancelled or exercised, when the derivative or non-derivative financial instrument is not highly effective to offset the changes in the fair value or cash flows of the hedged item. The replacement or successive renewal of a hedging instrument for another one is not an expiration or resolution if such replacement or renewal is part of the Company's documented risk management objective and it is consistent with this.

On suspending hedge accounting, in the case of fair value hedges, the adjustment to the carrying amount of a hedged amount for which the effective interest rate method is used, is amortized to income over the period to maturity. In the case of cash flow hedges, the amounts accumulated in equity as a part of comprehensive income remain in equity until the effects of the forecasted transaction affect income. In the event the forecasted transaction is not likely to occur, the income or loss accumulated in comprehensive income is immediately recognized in the consolidated statement of income. When the hedge of a forecasted transaction is satisfactory and subsequently does not meet the effectiveness test, the cumulative effects in comprehensive income in stockholders' equity are proportionally transferred to the consolidated statement of income, to the extent the forecasted transaction impacts it.

The fair value of derivative financial instruments reflected in the consolidated financial statements of the Company, is a mathematical approximation of their fair value. It is computed using proprietary models of independent third parties using assumptions based on past and present market conditions and future expectations at the closing date.

i. Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the average cost method. The cost of finished goods and work-in-progress includes cost of product design, raw materials, direct labor, other direct costs and production overheads (based on normal operating capacity). It excludes borrowing costs. The net realizable value is the estimated selling price in the normal course of business, less the applicable variable selling expenses. Costs of inventories include any gain or loss transferred from other comprehensive income corresponding to raw material purchases that qualify as cash flow hedges.

j. Assets and liabilities held for sale

Long-lived assets (and disposal groups) classified as held for sale are valued at the lower of book value and fair value less costs to sell.

Long-lived assets and disposal groups are classified as held for sale if their book value will be recovered through sale and not through continued use. This condition is considered fulfilled only when the sale is highly probable and the asset (or group of assets) is available for immediate sale in its current condition and management must be committed to the sale, it being recognized as a sale completed within a period one year from the date of classification.

When the Company is committed to a sale plan that involves the loss of control in a subsidiary, all assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Company will retain a non-controlling interest in its former subsidiary after the sale.

When the Company is committed to a sale plan that involves the disposal of an investment (or part of an investment) in an associate or joint venture, the investment or the portion of the investment that is subject to disposal is classified as held for sale, when the criteria described above are met, and the Company discontinues the use of the equity method with respect to the part that is classified as held for sale. Any retained interest in an investment in an associate or a joint venture that has not been classified as held for sale continues to be recognized through the equity method.

k. Property, plant and equipment

Items of property, plant and equipment are recorded at cost less the accumulated depreciation and any accrued impairment losses. Costs includes expenses directly attributable to the asset acquisition.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flows to the Company and the cost of the item can be reliably measured. The carrying amount of the replaced part is derecognized. Repairs and maintenance are recognized in the consolidated statement of income during the year they are incurred. Major improvements are depreciated over the remaining useful life of the related asset.

When the Company carries out major repairs or maintenance of its property, plant and equipment assets, and the cost is recognized in the carrying amount of the corresponding asset as a replacement, provided that the recognition criteria are met, the remaining portion of any major repair or maintenance is derecognized. The Company subsequently depreciates the recognized cost in the useful life assigned to it, based on its best estimate of useful life.

Depreciation is calculated using the straight-line method, considering separately each of the asset's components separately, except for land, which is not subject to depreciation. The estimated useful lives of the asset classes are indicated below:

Buildings and constructions	33 a 60 years
Machinery and equipment	10 a 14 years
Vehicles	4 a 8 years
Telecommunications network	6 a 28 years
Lab and IT furniture and equipment	6 a 10 years
Leasehold improvements	3 a 20 years
Other assets	3 a 20 years

The spare parts to be used after one year and attributable to specific machinery are classified as property, plant and equipment in other fixed assets.

Borrowing costs related to financing of property, plant and equipment whose acquisition or construction requires a substantial period (nine months or more), are capitalized as part of the cost of acquiring such qualifying assets, up to the moment when they are suitable for their intended use or sale.

Assets classified as properties, plant and equipment are subject to impairment tests when events or circumstances occur indicating that the carrying amount of the assets may not be recoverable. An impairment loss is recognized in the consolidated statement of income in other expenses, net, for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use.

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

During 2018, the Company reviewed the useful lives of its property, plant and equipment, and determined some changes because it is estimated that these assets will generate future economic benefits for period greater than previously estimated. These changes in the estimated useful life were recognized prospectively and represented a non-significant effect on results for the year ended December 31, 2020, and a decrease in depreciation expense in Nemak, of $327, for the year ended December 31, 2019, with respect to the previous year depreciation, which is presented within the result of the discontinued operation.

Gains and losses on disposal of assets are determined by comparing the sale value with the carrying amount and are recognized in other expenses, net, in the consolidated statement of income.

l. Leases

THE COMPANY AS LESSEE:

The Company evaluates whether a contract is or contains a lease agreement at inception of a contract. A lease is defined as an agreement or part of an agreement that conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. The Company recognizes an asset for right-of-use asset and the corresponding lease liability, for all lease agreements in which it acts as lessee, except in the following cases: short-term leases (defined as leases with a lease term of less than 12 months); leases of low-value assets (defined as leases of assets with an individual market value of less than US$5,000 (five thousand dollars)); and, lease agreements whose payments are variable (without any contractually defined fixed payment). For these agreements, which exempt the recognition of an asset for right-of-use and a lease liability, the Company recognizes the rent payments as an operating expense in a straight-line method over the lease period.

The right-of-use asset comprises all lease payments discounted at present value; the direct costs to obtain a lease; the advance lease payments; and the obligations of dismantling or removal of assets. The Company depreciates the right-of-use asset over the shorter of the lease term and the useful life of the underlying asset; in this sense, when the lessee will exercise a purchase option, the lessee shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Depreciation begins on the lease commencement date.

The lease liability is initially measured at the present value of the future minimum lease payments that are not paid at that date, using a discount rate that reflects the cost of obtaining funds for an amount similar to the value of the lease payments, for the acquisition of the underlying asset, in the same currency and for a similar period to the corresponding contract (incremental borrowing rate). When lease payments contain non-lease components (services), the Company has chosen, for some class of assets, not to separate them and measure all payments as a single lease component; however, for the rest of the class of assets, the Company measures the lease liability only considering lease payments, while all of the services implicit in the payments, are recognized directly in the consolidated statement of income as operating expenses.

To determine the lease term, the Company considers the non-cancellable period, including the probability to exercise any right to extend and/or terminate the lease term.

Subsequently, the lease liability is measured increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and reducing the carrying amount to reflect the lease payments made.

When there is a modification in future lease payments resulting from changes in an index or a rate used to determine those payments, the Company remeasures the lease liability when the adjustment to the lease payments takes effect, without reassessing the discount rate. However, if the modifications are related to the lease term or exercising a purchase option, the Company reassesses the discount rate during the liability's remeasurement. Any increase or decrease in the value of the lease liability subsequent to this remeasurement is recognized as an adjustment to the right-of-use asset to the same extent.

Finally, the lease liability is derecognized when the Company fulfills all lease payments. When the Company determines that it is probable that it will exercise an early termination of the contract that leads to a cash disbursement, such disbursement is accounted as part of the liability's remeasurement mentioned in the previous paragraph; however, in cases in which the early termination does not involve a cash disbursement, the Company cancels the lease liability and the corresponding right-of-use asset, recognizing the difference immediately in the consolidated statement of income.

THE COMPANY AS LESSOR

Leases for which the Company is considered a lessor are classified as financial or operating. As long as the lease terms transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. The other leases are classified as operating leases.

Revenues arising from operating leases are recognized in straight-line over the term of the corresponding lease. The initial direct costs incurred in the negotiation and the organization of an operating lease are added to the book value of the leased asset and are recognized in a straight line over the term of the lease. Revenues arising from financial leases are recognized as accounts receivable for the amount of the net investment of the Company in the leases.

m. Intangible assets

Intangible assets are recognized in the consolidated statement of financial position when they meet the following conditions: they are identifiable, they provide future economic benefits and the Company has control over such benefits.

Intangible assets are classified as follows:

(i) Indefinite useful life

These intangible assets are not amortized and are subject to annual impairment assessment. As of December 31, 2021, 2020 and 2019, no factors have been identified limiting the life of these intangible assets.

(ii) Finite useful life

These assets are recognized at cost less accumulated amortization and accrued impairment losses. They are amortized on a straight-line basis over their estimated useful life, determined based on the expectation of generating future economic benefits, and are subject to impairment tests when triggering events of impairment are identified.

The estimated useful lives of intangible assets with finite useful lives are summarized as follows:

Development costs	5 a 20 years
Exploration costs [1]	
Trademarks	5 a 22 years
Relationships with customers	15 a 17 years
Software and licenses	3 a 11 years
Intellectual property rights	20 a 25 years
Other (patents, concessions, non-competition agreements, among others)	3 a 20 years

[1] Exploration costs are depreciated based on the unit-of-production method based on proven reserves of hydrocarbons.

DEVELOPMENT COSTS

Research costs are recognized in income as incurred. Expenditures on development activities are recognized as intangible assets when such costs can be reliably measured, the product or process is technically and commercially feasible, potential future economic benefits are obtained and the Company intends also has sufficient resources to complete the development and to use or sell the asset. Their amortization is recognized in income using the straight-line method over the estimated useful life of the asset. Costs in development that do not qualify for capitalization are recognized in income as incurred.

EXPLORATION COSTS

The Company uses the successful efforts method of accounting for its oil and gas properties. Under this method, all costs associated with productive and non-productive wells are capitalized while non-productive and geological exploration costs are recognized in the consolidated statement of income as incurred. Net capitalized costs of unproved reserves are reclassified to proven reserves when they are found. The costs of operating the wells and field equipment are recognized in the consolidated statement of income as incurred.

TRADEMARKS

Trademarks acquired in a separate transaction are recorded at acquisition cost. Trademarks acquired in a business combination are recognized at fair value at the acquisition date. Trademarks are amortized based on their useful life according to the Company's evaluation; if in said evaluation it is determined that the useful life of these assets proves to be indefinite, then trademarks are not amortized but are subject to annual impairment tests.

LICENSES

Licenses acquired in a separate transaction are recorded at acquisition cost. Licenses acquired in a business combination are recognized at fair value at acquisition date.

Licenses that have a defined useful life are presented at cost less accumulated amortization. Amortization is recorded by the straight-line method over its estimated useful life.

The acquisition of software licenses is capitalized based on the costs incurred to acquire and use the specific software.

SOFTWARE DEVELOPMENT

Costs associated with the maintenance of software are recorded as expenses are incurred.

Development costs directly related with the design and tests of unique and identifiable software products controlled by the Company are recorded as intangible assets when they fulfill the following criteria:

- Technically, it is possible to complete the intangible asset so that it may be available for its use or sale;
- The intangible asset is to be completed for use or sale;
- The ability to use or sell the intangible asset;
- The way in which the intangible asset is to generate probable future economic benefits;
- The availability of adequate technical, financial or other type of resources, to complete the development and use or sell the intangible asset; and
- The ability to reliably calculate the disbursement attributable to the intangible asset during its development.

The amount initially recognized for an intangible asset generated internally will be the sum of disbursements incurred from the moment the element fulfills the conditions for recording, as established above. When no intangible asset internally generated may be recognized, the disbursements for development are charged to income in the period they are incurred.

n. Goodwill

Goodwill represents the excess of the acquisition cost of a subsidiary over the Company's interest in the fair value of the identifiable net assets acquired, determined at the date of acquisition, and is not subject to amortization. Goodwill is shown under goodwill and intangible assets and is recognized at cost less accumulated impairment losses, which are not reversed. Gains or losses on the disposal of an entity or CGU include the carrying amount of goodwill related to the entity or CGU sold.

o. Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not depreciable or amortizable and are subject to annual impairment tests. Assets that are subject to amortization are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels at which there are separately identifiable cash flows (cash generating units). Non-financial long-term assets other than goodwill that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

When an impairment loss is reversed, the carrying amount of the asset or cash generating unit, is increased to the revised estimated value of its recoverable amount, in such a way that the adjusted carrying amount does not exceed the carrying amount that would have been determined if an impairment loss had not been recognized for that asset or cash generating unit in previous years. The reversal of an impairment loss is recognized immediately in the consolidated statement of income.

p. Income tax

The amount of income taxes in the consolidated statement of income represents the sum of the current and deferred income taxes.

The amount of income taxes included in the consolidated statement of income represents the current tax of the year and the effects of deferred income tax assets determined in each subsidiary by the assets and liabilities method, applying the rate established by the legislation enacted or substantially enacted at the consolidated statement of financial position date, wherever the Company operates and generates taxable income. The applicable rates are applied to the total temporary differences resulting from comparing the accounting and tax bases of assets and liabilities, and that are expected to be applied when the deferred tax asset is realized or the deferred tax liability is expected to be settled, considering, when applicable, any tax-loss carryforwards, prior to the recovery analysis. The effect of the change in current tax rates is recognized in current income of the period in which the rate change is determined.

Management periodically evaluates positions taken in tax returns with respect to situations in which the applicable law is subject to interpretation. Provisions are recognized when appropriate based on the amounts expected to be paid to the tax authorities.

Deferred tax assets are recognized only when it is probable that future taxable profits will exist against which the deductions for temporary differences can be taken.

Deferred income tax on temporary differences arising from investments in subsidiaries, associates, and joint agreements is recognized, unless the period of reversal of temporary differences is controlled by Alfa and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset only when a legal

q. Employee benefits

I. PENSION PLANS

Defined contribution plans:

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to their service in the current and past periods. Contributions are recognized as employee benefit expense on the date the contribution is required.

Defined benefit plans:

A defined benefit plan is a plan, which specifies the amount of the pension an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the consolidated statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the consolidated statement of financial position date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent third parties using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using discount rates in conformity with IAS 19, Employee Benefits, that are denominated in the currency in which the benefits will be paid, and have maturities that approximate the terms of the pension liability.

Actuarial remeasurements arising from adjustments and changes in actuarial assumptions are recognized directly in stockholders' equity in other items of the comprehensive income in the year they occur and will not be reclassified to profit or loss of the period.

Past-service costs are recognized immediately in the consolidated statement of income.

Post-employment medical benefits

The Company provides medical benefits to retired employees after termination of employment. Eligibility for these benefits usually depends on the employee´s having worked up to the retirement age and having completed a minimum of years of service. The expected costs of these benefits are accrued over the period of employment using the same criteria as those described for defined benefit pension plans.

II. TERMINATION BENEFITS

Termination benefits are payable when the Company terminates the employment contract before the normal retirement date or when the employee accepts voluntary severance in exchange for these benefits. The Company recognizes termination benefits in the following dates, whichever occurs first: (a) when the Company can no longer withdraw the offer of these benefits, and (b) when the Company recognizes the costs from restructuring within the scope of the IAS 37, Provisions, Contingent Liabilities and Contingent Assets, and it involves the payment of termination benefits. If there is an offer that promotes the termination of the employment relationship voluntarily by employees, termination benefits are valued based on the number of employees expected to accept the offer. Benefits that will be paid in the long term are discounted at their present value.

III. SHORT-TERM BENEFITS

The Company provides benefits to employees in the short term, which may include wages, salaries, annual compensation and bonuses payable within 12 months. Alfa recognizes an undiscounted provision when it is contractually obligated or when past practice has created an obligation.

IV. STATUTORY EMPLOYEE PROFIT SHARING (PTU IN SPANISH) AND BONUSES

The Company recognizes a liability and an expense for bonuses and statutory employee profit sharing when it has a legal or assumed obligation to pay these benefits and determines the amount to be recognized based on the profit for the year after certain adjustments.

r. Provisions

Provisions represent a present legal obligation or a constructive obligation as a result of past events where an outflow of resources to meet the obligation is likely and where the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the value of money over time and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

When there is a number of similar obligations, the likelihood that an outflow will be required for settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of a cash outflow with respect to any one item included in the same class of obligations may be remote.

A restructuring provision is recorded when the Company has developed a formal detailed plan for the restructure, and a valid expectation of the restructure has been created between the people affected, possibly for having started the plan implementation or for having announced its main characteristics to them.

s. Share based payment

As of December 31, 2021 and 2020, the Company has compensation plans that are based on the market value of shares of Alfa SAB, Alpek and Axtel and as of December 31, 2019, it included compensation plans based on Nemak shares, granted to certain senior executives of the Company and its subsidiaries. The conditions for granting such compensation to the eligible executives includes compliance with certain financial metrics such as the level of profit achieved and remaining in the Company for up to 5 years, among other requirements. The Board of Directors has appointed a Technical Committee to manage the plan, and it reviews the estimated cash settlement of this compensation at the end of the year. The payment plan is always subject to the discretion of the senior management of Alfa. Adjustments to this estimate are charged or credited to the consolidated statement of income.

Fair value of the amount payable to employees in respect of share-based payments, which are settled in cash, is recognized as an administrative expense in the consolidated statement of income, with a corresponding increase in liabilities, over the period of service required. The liability is included within other liabilities and is adjusted at each reporting date and settlement date. Any change in the fair value of the liability is recognized as an expense in the consolidated statement of income.

t. Treasury shares

Alfa SAB Stockholders' periodically authorize a maximum amount for the acquisition of the Company's own shares. Upon the occurrence of a repurchase of its own shares, they become treasury shares and the amount is presented as a reduction to stockholders' equity at the purchase price. These amounts are stated at their historical value.

u. Capital stock

Alfa SAB's common shares are classified as capital stock within stockholders' equity. Incremental costs directly attributable to the issuance of new shares are included in equity as a reduction from the consideration received, net of tax.

v. Comprehensive income

Comprehensive income is comprised of net income (loss), plus the annual effects of their capital reserves, net of taxes, which are comprised of the translation of foreign subsidiaries, the effects of derivative cash flow hedges, actuarial remeasurements, net investment hedges, the effects of the change in the fair value of financial instruments available for sale, the equity in other items of comprehensive income or losses of associates, and other items specifically required to be reflected in stockholders' equity, and which do not constitute capital contributions, reductions and distributions.

w. Segment reporting

Segment information is presented consistently with the internal reporting provided to the Chief Executive Officer who is the highest authority in operational decision-making, resource allocation and assessment of operating segment performance.

x. Revenue recognition

Revenues comprise the fair value of the consideration received or to receive for the sale of goods and services in the ordinary course of the transactions, and are presented in the consolidated statement of income, net of the amount of variable considerations, which comprise the estimated amount of returns from customers, rebates and similar discounts and payments made to customers with the objective that goods are accommodated in attractive and favorable spaces at their facilities.
To recognize revenues from contracts with customers, the comprehensive model for revenue recognition is used, which is based on a five-step approach consisting of the following: (1) identify the contract; (2) identify performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to each performance obligation in the contract; and (5) recognize revenue when the Company satisfies a performance obligation.

Contracts with customers are formalized by commercial agreements complemented by purchase orders, whose costs comprise the promises to produce, distribute and deliver goods based on the contractual terms and conditions set forth, which do not imply a significant judgment to be determined. When there are payments related to obtaining contracts, they are capitalized and amortized over the term of the contract.

For Nemak, the Company evaluates whether agreements signed conjunction with a manufacturing contract must be combined as a single contract. In cases where the two contracts meet the characteristics to be combined, management evaluates the performance obligations identified in the contract. Therefore, when determining the existence of separable performance obligations in a contract with clients, management evaluates the transfer of control of the good or service to the client, with the purpose of determining the moment to recognize the revenue corresponding to each performance obligation. Nemak's income for the years ended December 2020 and 2019, is presented under discontinued operations in the consolidated statement of income.

Additionally, for Axtel, the Company evaluates certain contracts in which more than one separable performance obligation is identified, which consists of the equipment used to provide the service that is installed in the customer's locations. In addition to the equipment, telecommunications and information technology services are identified as another separable performance obligation. In the event that the equipment delivered to the customer is a separate performance obligation for the performance of the service, the Company assigns the price of the service contracts administered to the performance obligations identified according to their independent values in the market and relative discounts.

Performance obligations from the sale of goods and products are not separable, and are not partially met, so they are satisfied at a point in time, when the control of the products sold has been transferred to the customer which is given at the time of the delivery of the goods promised to the customer in accordance with the contractual terms negotiated. The Company recognizes an account receivable when the performance obligations have been met, recognizing the corresponding revenue.

The payment terms identified in most sources of revenue are short-term, with variable considerations including discounts and product rebates that are granted to customers, without financial components or significant guarantees. These discounts and incentives to customers are recognized as a reduction in revenue. Therefore, the allocation of the price is direct on the performance obligations of production, distribution and delivery, including the effects of variable consideration.

When the Company identifies separable performance obligations, it allocates the price of the transaction to each item, in order to recognize the corresponding revenue, either at a point in time, or over time. Specifically, for Axtel, the Company recognizes the revenue derived from managed service contracts as follows:

- Revenues for equipment installed in customer locations are recognized at the time control is transferred or the right to use them, that is, at a point in time. This performance obligation has a significant financial component, so that revenues are recognized in accordance with the effective interest rate method during the term of the contract.

- Revenues from services are recognized as they are provided, that is, as the customer is consuming them in relation to voice, data and telecommunications services.

Dividend income from investments is recognized once the stockholders' rights to receive this payment has been established (provided that it is probable that the economic benefits will flow to the Company and that the income can be reliably determined)

y. Earnings per share

Earnings per share are calculated by dividing the income attributable to the owners of the controlling entity by the weighted average of outstanding common shares during the year. As of December 31, 2021, 2020 and 2019, there are no dilutive effects for instruments potentially convertible to shares.

z. Changes in accounting policies and disclosures

i. New standards adopted by the Company.

In the current year, the Company has applied a series of modified interpretations, issued by the IASB that are mandatory for an accounting period beginning on or after January 1, 2021. The conclusions related to their adoption are described below:

Amendments to IFRS 16, Rent Concessions Related to COVID-19

The amendments to IFRS 16 extend the amendment issued in May 2020 for an additional year, which introduces a practical expedient that provides lessees the option not to assess whether a rent concession that meets certain conditions is a lease modification. The practical expedient is applicable to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- The change in the lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

- Any reduction in lease payments affects only payments due on or before June 30, 2022 (originally due on or before June 30, 2021); and

- There is no substantive change to other terms and conditions of the lease.

Additionally, the modifications include the following changes:

- That the lessee applies such modifications for annual periods beginning on or after April 1, 2021.
- That the lessees who apply such modifications do so retrospectively, recognizing the cumulative effect of having applied the modifications initially as an adjustment to the initial balance of retained earnings at the beginning of the annual period in which the lessee applies these modifications.

The Company evaluated the modifications to IFRS 16 and determined that the implementation of these modifications did not have a significant effect in profit or loss, because the benefits from rental concessions derived from the COVID-19 pandemic were not material.

Phase 2 of the benchmark interest rate reform (IBOR- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS4 and IFRS 16)

Interbank benchmark rates such as LIBOR, EURIBOR and TIBOR, which represent the cost of obtaining unsecured funds, have been questioned about their viability as long-term financing benchmarks. The changes in the reform to the benchmark interest rates in its phase 2 refer to the modifications of financial assets, financial liabilities and lease liabilities, requirements for accounting coverage and disclosure of financial instruments. These improvements are effective as of January 1, 2021 with retrospective application, without the need to redo the comparative periods.

Regarding the modification of financial assets, financial liabilities and lease liabilities, the IASB introduced a practical expedient that involves updating the effective interest rate.

On the other hand, regarding hedge accounting, the hedge relationships and documentation must reflect the modifications to the hedged item, the hedging instrument and the risk to be hedged. Hedging relationships must meet all criteria for applying hedge accounting, including effectiveness requirements.

Finally, regarding disclosures, entities should disclose how they are managing the transition to alternative benchmark rates and the risks that may arise from the transition; in addition, they must include quantitative information on financial assets and non-derivative financial liabilities, as well as non-derivative financial instruments, that continue under the benchmark rates subject to the reform and the changes that have arisen to the risk management strategy.

During 2021, the Company, through its subsidiaries, formalized changes in their unused committed credit lines, linked to the LIBOR rate, using the SOFR rate as a new benchmark; therefore, these changes did not represent a financial impact in the year. On the other hand, the Company maintains insignificant debt contracts that include a reserve clause. Additionally, the Company does not have derivative financial instruments that cover the risk of the variability of benchmark rates (LIBOR), therefore it did not have significant impacts on its consolidated financial statements from the adoption of these modifications.

ii. New standards and interpretation, not in force in the reporting period

As of the authorization date of these financial statements, the Company has not applied the following new and revised IFRS issued, but not yet effective. The Company does not expect that the adoption of the following standards will have a material impact on the financial statements in future periods, considering that they are not of significant applicability:

Amendments to IAS 16 – Proceeds before Intended Use of Property, Plant and Equipment (1)
Amendments to IAS 37 – Costs of Fulfilling an Onerous contract (1)
Amendments to IAS 41, Agriculture (1)
Amendments to IFRS 1, First Time Adoption of IFRS (1)
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current (1)
Amendments to IAS 1 and Practice Statement 2 - Disclosure of accounting policies (2)
Amendments to IAS 8 - Definition of accounting estimates (2)
Amendment to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction (2)
IFRS 17, Insurance Contracts (2)

(1) Effective for annual periods beginning January 1, 2022
(2) Effective for annual periods beginning January 1, 2023

4. Financial instruments and financial risk management

The Company's activities expose it to various financial risks; market risk (including exchange rate risk, price risk, and interest rate variation risk), credit risk and liquidity risk.

The Company has a general risk management program focused on the unpredictability of financial markets and seeks to minimize the potential adverse effects on its financial performance.

The objective of the risk management program is to protect the financial health of its business, taking into account the volatility associated with foreign exchange and interest rates. Sometimes, the Company uses derivative financial instruments to hedge certain exposures to risks. In addition, due to the nature of the industries in which it participates, the Company has performed hedges of input prices with derivative financial instruments.

Alfa has a Risk Management Committee ("RMC"), comprised of the Board's Chairman, the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and the Chief Executive Officer of the corresponding business unit. The RMC reviews derivative transactions proposed by the subsidiaries of Alfa, in which a potential loss analysis surpasses US$1. This Committee supports both the CEO and the Company's Board President. All new derivative transactions, which the Company proposes to enter into, as well as the renewal or cancellation of derivative arrangements, must be approved by both Alfa's CEO and the corresponding subsidiary, according to the following schedule of authorizations:

	MAXIMUM POSSIBLE LOSS US$1	
	INDIVIDUAL TRANSACTION	ANNUAL CUMULATIVE TRANSACTIONS
Chief Executive Officer of Alfa	1	5
Risk Management Committee of Alfa	30	100
Finance Committee	100	300
Board of Directors of Alfa	>100	>300

The proposed transactions must meet certain criteria, including that the hedges are lower than established risk parameters, and that they are the result of a detailed analysis and properly documented. Sensitivity analysis and other risk analyses should be performed before the operation is entered into.

The Company's risk management policy indicates that hedge positions must always be less than the projected exposure to allow for an acceptable margin of uncertainty. Exposed transactions are expressly prohibited. The Company's policy indicates that the farther the exposure is, the lower the coverage, based on the following table:

	MAXIMUM COVERAGE (AS A PERCENTAGE OF THE PROJECTED EXPOSURE)
	CURRENT YEAR
Commodities	100
Energy costs	75
Exchange rate for operating transactions	80
Exchange rate for financial transactions	100
Interest rates	100

Capital management

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns to stockholders and benefits to other stakeholders, as well as maintaining an optimal capital structure to reduce the cost of capital.

To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to stockholders, return equity to stockholders, issue new shares or sell assets to reduce debt.

Alfa monitors capital based on a leverage ratio. This percentage is calculated by dividing total liabilities by total equity.

The financial ratio of total liabilities/total equity was 3.91, 3.80 and 2.58 as of December 31, 2021, 2020 and 2019, respectively, resulting in a leverage ratio that meets the Company's management and risk policies.

Financial instruments by category

Below are the Company's financial instruments by category:

As of December 31, 2021, 2020 and 2019, financial assets and liabilities consist of the following:

		AS OF DECEMBER 31,	
	2021	**2020**	**2019**
Cash and cash equivalents	**$ 30,979**	$ 32,144	$ 25,195
Restricted cash	**46**	331	558
Financial assets measured at amortized cost:			
Trade and other accounts receivable	**33,987**	25,806	33,460
Accounts receivable - affiliates	**1,764**	1,665	2,189
Other non-current assets	**2,645**	3,153	3,423
Financial assets measured at fair value through profit or loss:			
Derivative financial instruments [(1)]	**1,354**	1,122	403
	$ 70,775	**$ 64,221**	**$ 65,228**
Financial liabilities measured at amortized cost:			
Debt	**$120,293**	$119,298	$134,620
Lease liability	**6,389**	6,250	8,381
Trade and other accounts payable	**56,700**	46,700	65,521
Accounts payable - affiliates	**2,224**	2,759	2,644
Dividend payable	**107**	605	112
Financial liabilities measured at fair value:			
Derivative financial instruments [(1)]	**565**	1,399	1,087
	$186,278	**$177,011**	**$212,365**

(1) The Company designated the derivative financial instruments that comprise this balance, as hedges for accounting purposes, in accordance with what is described later in this Note.

Fair value of financial assets and liabilities valued at amortized cost

The amount of cash and cash equivalents, restricted cash, customers and other accounts receivable, other current assets, trade and other accounts payable, current debt, other current liabilities approximate their fair value, because their maturity date is less than twelve months. The net carrying amount of these accounts represents the expected cash flows to be received as of December 31, 2021, 2020 and 2019.

The carrying amount and estimated fair value of assets and liabilities valued at amortized cost is presented below:

	AS OF DECEMBER 31, 2021		AS OF DECEMBER 31, 2020		AS OF DECEMBER 31, 2019	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Financial assets:						
Non-current accounts receivable	$ 2,645	$ 2,643	$ 3,153	$ 3,152	$ 3,423	$ 3,423
Financial liabilities:						
Non-current debt [1]	119,464	127,858	117,977	129,771	131,597	139,718

[1] The book value of the debt, for purposes of calculating its fair value, is presented gross of interest payable and issuance costs.

The estimated fair values as of December 31, 2021, 2020 and 2019 were determined based on discounted cash flows and with reference to the yields at the closing of the debt securities, using rates reflecting a similar credit risk, depending on the currency, maturity period and country where the debt was acquired. The primary rates used are the Interbank Equilibrium Interest Rate ("TIIE" for its acronym in Spanish) for instruments in Mexican pesos, London Interbank Offer Rate ("LIBOR") for instruments in U.S. dollars and Euro Interbank Offer Rate ("EURIBOR") for instruments in Euro. Measurement at fair value for non-current accounts receivable is deemed within Level 3 of the fair value hierarchy, while for the financial debt, the measurement at fair value is deemed within Levels 1 and 2 of the hierarchy, as described herein below.

Market risks

EXCHANGE RATE RISK

The Company operates internationally, and is exposed to foreign exchange risk, primarily derived from the transactions and balances that the subsidiaries conduct and have in foreign currency, respectively. A foreign currency is that which is different from the functional currency of an entity. In addition, the Company is exposed to changes in the value of financial instruments arising from foreign exchange variations (subsidiary entities that have a functional currency other than that of the last holding); therefore, the Company applies hedge accounting to the differences in foreign currency originated between the functional currency of the foreign operation and the functional currency of the holding company (pesos), regardless of whether the net investment is maintained directly or indirectly through a sub-holding.

The behavior of the exchange rates fluctuations between the Mexican peso, U.S. dollar and the euro represents a very important factor for the Company due to the effect that such currencies have on its consolidated results and because, in addition, Alfa has no interference in its determination. Historically, in times when the Mexican peso has appreciated in against other currencies such as the U.S. dollar, Alfa's profit margins have been reduced. On the other hand, when the Mexican peso has lost value, Alfa's profit margins have increased. However, although this factor correlation has arisen several times in the recent past, there is no assurance that it will be repeated in the event the exchange rate between the Mexican peso and any other currency fluctuates again, because it also depends on the foreign currency monetary position of its subsidiaries.

Accordingly, the Company sometimes enters into transactions with derivative financial instruments on exchange rates in order to hedge the risk associated with exchange rates. However, as most of the Company' revenues are in U.S. dollars, there is a natural hedge against its obligations in U.S. dollars.

Based on the above, the Company has the following assets and liabilities in foreign currency in relation to the functional currency of the subsidiary entities, translated to millions of Mexican pesos at the closing exchange rate as of December 31, 2021:

	MXN	USD	EUR
Financial assets	$ 28,768	$ 44,824	$ 1,734
Financial liabilities	(38,994)	(86,867)	(25,855)
Foreign exchange monetary position	**$(10,226)**	**$(42,043)**	**$(24,121)**

The exchange rates used to translate the foreign currency monetary positions to Mexican pesos are those described in Note 3.

Based on the financial positions in foreign currency maintained by the Company, a hypothetical variation of 10% in the MXN/USD and MXN/EUR exchange rate and keeping all other variables constant would result in a profit or loss of $7,639 in the consolidated statement of income and stockholders' equity as of December 31, 2021.

FINANCIAL INSTRUMENTS TO HEDGE NET INVESTMENTS IN FOREIGN TRANSACTIONS

The Company designated certain non-current debt instruments as hedges to net investments in foreign transactions in order to mitigate the variations in exchange rates arising between the functional currency for such transactions and the functional currency of the Holding ("Alfa") or Sub-holding company that maintains these investments.

The Company formally designated and documented each hedging relationship establishing objectives, management's strategy to hedge the risk, the identification of the hedging instrument, the hedged item, the nature of the risk to be hedged, and the methodology to assess the effectiveness. Given that the exchange rate hedging relationship is clear, the method that the Company used to assess the effectiveness consisted of a qualitative effectiveness test by comparing the critical terms between the hedging instruments and the hedged items. The results of the effectiveness of the hedges confirm that hedging relationships are highly effective due to the economic relationship between the hedging instruments and the hedged items.

The hedge will be effective as long as the notional debt instrument designated as a hedging instrument is equal to or less than the value of the net assets of the hedged foreign transaction. When the value of the net assets of the foreign transaction is less than the notional value of the designated debt, the Company rebalances the hedging relationship and recognizes the ineffectiveness in the consolidated income statement.

The Company maintains the following hedging relationships:

AS OF DECEMBER 31, 2021					
HOLDING	FUNCTIONAL CURRENCY	HEDGING INSTRUMENT	NOTIONAL VALUE	HEDGED ITEM	CHANGE IN NET ASSETS OF HEDGED ITEM
Alfa, S.A.B de C.V.	MXN	Senior Notes Fixed Rate	US$ 500	Compagnie Selenis Canadá	US$ (1)
		Senior Notes Fixed Rate	500	Polioles, S. A. de C. V.	15
		Bank loan	50	Styropek México, S. A. de C. V.	114
		Bank loan	200	Dak Americas, LLC	712
				Alestra USA, Inc.	1
			US$ 1,250		**US$ 841**

AS OF DECEMBER 31, 2020					
HOLDING	FUNCTIONAL CURRENCY	HEDGING INSTRUMENT	NOTIONAL VALUE	HEDGED ITEM	CHANGE IN NET ASSETS OF HEDGED ITEM
Alfa, S.A.B de C.V.	MXN	Senior Notes Fixed Rate	US$ 500	Compagnie Selenis Canadá	US$ (2)
		Senior Notes Fixed Rate	500	Polioles, S. A. de C. V.	13
		Bank loan	50	Styropek México, S. A. de C. V.	94
		Bank loan	200	Dak Americas, LLC	679
				Alestra USA, Inc.	1
			US$ 1,250		**US$ 785**

AS OF DECEMBER 31, 2019					
HOLDING	FUNCTIONAL CURRENCY	HEDGING INSTRUMENT	NOTIONAL VALUE	HEDGED ITEM	CHANGE IN NET ASSETS OF HEDGED ITEM
Alfa, S.A.B de C.V.	MXN	Senior Notes Fixed Rate	US$ 500	Compagnie Selenis Canadá	US$ 1
		Senior Notes Fixed Rate	500	Polioles, S. A. de C. V.	12
		Bank loan	-	Styropek México, S. A. de C. V.	110
				Dak Americas, LLC	689
				Nemak México, S. A.	228
				Nemak USA, Inc.	370
				Nemak Automotive S. A. de C. V.	32
				Alestra USA, Inc.	1
			US$1,000		**US$ 1,443**

The average hedging ratio of the Company for the years ended December 31, 2021 and 2020, and from the designation date until December 31, 2019 amounted to 148.7%, 94.9% and 72.2%, respectively. Therefore, the exchange fluctuation generated by the hedging instrument for the years ended December 31, 2021 and 2020, and from the date of designation until December 31, 2019 amounted to a net (loss) gain of $(486), $(365) and $853, respectively, which was recognized in other comprehensive income, offsetting the translation effect generated by each foreign subsidiary. As of December 31, 2020, the Company recognized under discontinued operations a net loss of $427, corresponding to the exchange rate fluctuation generated by the accrued hedging instruments from the designation date to December 14, 2020, the date on which the Company ceased to consolidate Nemak for accounting purposes, as a result of the spin-off of its entire shareholding in Nemak, and which offset the translation effect generated by each foreign investment of Nemak.

The hedging effectiveness results confirm that the hedging relationships are highly effective due to the economic relationship between the hedging instrument and the hedged items; however, the ineffectiveness effects that arose from the partial spin-off of the shareholding in Nemak, were recognized in the consolidated statements of income as an exchange (loss) gain, net of $(309) and $46 for the years ended December 31, 2021 and 2020, respectively.

Additionally, the Sub-holding companies of Alfa maintain the hedge relationships described below:

SUB-HOLDING	FUNCTIONAL CURRENCY	HEDGING INSTRUMENT	NATIONAL VALUE	HEDGED ITEM	CHANGE IN NET ASSETS OF HEDGED ITEM
AS OF DECEMBER 31, 2021					
Alpek, S. A. B de C. V.[2]	MXN	Senior Notes and bank loans	US$ 438	Subsidiaries of Alpek, S. A. B de C. V.	US$ 823
Sigma Alimentos, S.A. de C.V. [3]	USD	Fixed rate 144A Bond	€ 600	Subsidiaries of Sigma Alimentos, S. A. de C. V.	€ 548
Sigma Alimentos Exterior, S. L.[5]	EUR	Fixed rate 144A Bond	US$ 495	Subsidiaries of Sigma Alimentos Exterior, S. L	US$ 625
Sigma Alimentos, S. A. de C. V.[7]	USD	Bank loans	$ 3,500	Subsidiarias de Sigma Alimentos, S. A. de C. V.	$ 4,631

SUB-HOLDING	FUNCTIONAL CURRENCY	HEDGING INSTRUMENT	NATIONAL VALUE	HEDGED ITEM	CHANGE IN NET ASSETS OF HEDGED ITEM
AS OF DECEMBER 31, 2020					
Alpek, S. A. B de C. V.[2]	MXN	Senior Notes and bank loans	US$ 361	Subsidiaries of Alpek, S. A. B de C. V.	US$ 781
Sigma Alimentos, S.A. de C.V. [3]	USD	Fixed rate 144A Bond	€ 600	Subsidiaries of Sigma Alimentos, S. A. de C. V.	€ 510
Campofrío Food Group, S.A.U.[4]	EUR	Fixed rate 144A Bond	US$ 106	Subsidiaries of Campofrío Food Group, S. A. U.	US$ 106
Sigma Alimentos Exterior, S. L.[5]	EUR	Fixed rate 144A Bond	US$ 390	Subsidiaries of Sigma Alimentos Exterior, S. L.	US$ 507
Sigma Alimentos, S.A. de C.V. [6]	USD	Bank loans	$ 2,350	Subsidiarias de Sigma Alimentos, S. A. de C. V.	$ 4,132
Sigma Alimentos, S. A. de C. V. [7]	USD	Bank loans	$ 3,500	Subsidiarias de Sigma Alimentos, S. A. de C. V.	$ 4,674

SUB-HOLDING	FUNCTIONAL CURRENCY	HEDGING INSTRUMENT	NATIONAL VALUE	HEDGED ITEM	CHANGE IN NET ASSETS OF HEDGED ITEM
AS OF DECEMBER 31, 2019					
Nemak, S. A. B de C. V. (1)	USD	Senior Notes and bank loans	€ 215	Subsidiaries of Nemak, S. A. B de C.V.	€ 565
Alpek, S. A. B de C. V. (2)	MXN	Senior Notes and bank loans	US$ 304	Subsidiaries of Alpek, S. A. B de C. V.	US$ 821
Sigma Alimentos, S. A. de C. V. (3)	USD	Fixed rate 144A Bond	€ 600	Subsidiaries of Sigma Alimentos, S. A. de C. V.	€ 529
Campofrío Food Group, S.A.U.(4)	EUR	Fixed rate 144A Bond	US$ 100	Subsidiaries of Campofrío Food Group, S. A. U.	US$ 100
Sigma Alimentos Exterior, S. L.(5)	EUR	Fixed rate 144A Bond	US$ 396	Subsidiaries of Sigma Alimentos Exterior, S. L.	US$ 420

(1) The average hedging ratio of Nemak for the period from January 1, 2020 to December 14, 2020 and for the year ended December 31, 2019, amounted to 49.4% and 35.4%, respectively. Therefore, the exchange fluctuation generated by the hedging instruments for the period from January 1, 2020 to December 14, 2020 and for the year ended December 31, 2019 amounted to a net (loss) gain of $(531) and $84, respectively, which was recognized in the other comprehensive income items, offsetting the translation effect generated by foreign investment. The exchange fluctuation of $(143) recorded and accumulated within the translation effect in the other comprehensive income, was reclassified to discontinued operations as of December 14, 2020.

(2) The average hedging ratio of Alpek for the years ended December 31, 2021 and 2020 and from the date of designation until December 31, 2019, amounted to 54.9%, 49.5% and 59.3%, respectively. Therefore, the exchange fluctuation generated by the hedging instruments for the years ended December 31, 2021 and 2020 and from the date of designation until December 31, 2019 amounted to a net (loss) gain of $(329), $(403) and $264, respectively, which was recognized in the other comprehensive income items, offsetting the translation effect generated by foreign investment. The hedging effectiveness results confirm that the hedging relationship is highly effective due to the economic relationship between the hedging instruments and the hedged items.

(3) The average hedging ratio of Sigma Alimentos for the years ended December 31, 2021 and 2020 and from the date of designation until December 31, 2019, amounted to 102.4%, 104.1% and 116.4%, respectively. Therefore, the exchange fluctuation generated by the hedging instruments for the years ended December 31, 2021 and 2020 and from the date of designation until December 31, 2019, amounted to a net gain (loss) of $927, $(1,315) and $191, respectively, which was recognized in the other comprehensive income items, offsetting the translation effect generated by foreign investment. The hedging effectiveness results confirm that the hedging relationship is highly effective due to the economic relationship between the hedging instruments and the hedged items; however, the effects of ineffectiveness that caused the need to rebalance the hedging relationship during the period were recognized immediately in profit or loss as a net gain (loss) of $132, $(47) and $41 for the years ended December 31, 2021, 2020 and 2019, respectively.

(4) The average hedging ratio of Campofrio Food Group for the years ended December 31, 2021 and 2020 and from the date of designation until December 31, 2019, amounted to 100%, because the Company maintains a bond for US$495, of which it designated only US$105, US$105 and US$100 as of December 31, 2021, 2020 and 2019, respectively, as an instrument to hedge the value of the net assets of its foreign investment with dollar as its functional currency. The exchange fluctuation generated by the hedging instrument for the years ended December 31, 2021 and 2020 and from the date of designation until December 31, 2019, amounted to a net gain (loss) of $199 and $(30), respectively, which was recognized in the other comprehensive income items, offsetting the translation effect generated by the foreign investment. The hedging effectiveness results confirm that the hedging relationship is highly effective due to the economic relationship between the hedging instruments and the hedged items. .

(5) The average hedging ratio of Sigma Alimentos Exterior for the years ended December 31, 2021 and 2020 and from the date of designation until December 31, 2019, amounted to 81.3%, 84.2% and 100%, respectively, the Company maintains a bond of US$495, of which it designated only US$495, US$390 and US$395 as of December 31, 2021, 2020 and 2019, respectively, as an instrument to hedge the value of the net assets of the net assets of its foreign investment with dollar as its functional currency. The exchange fluctuation generated by the hedging instrument for the years ended December 31, 2021 and 2020 and from the date of designation until December 31, 2019, amounted to a net gain (loss) of $727, $756 and $(139), which was recognized in the other comprehensive income items, offsetting the translation effect generated by each foreign investment. The hedging effectiveness results confirm that the hedging relationship is highly effective due to the economic relationship between the hedging instruments and the hedged items; however, the effects of ineffectiveness that caused the need to rebalance the hedging relationship during the period were recognized immediately in profit or loss as a net loss of $7 for the year ended December 31, 2019.

(6) Sigma Alimentos, S.A. de C.V, designated the bank loan as a hedging instrument for its net investments in foreign operations from April 1, 2020 to August 31, 2020, the date on which the bank loan was settled. The average coverage ratio from the date of designation to August 31, 2020, amounted to 63.8%. Therefore, the exchange rate fluctuation generated by the hedging instrument from the date of designation to August 31, 2020, amounted to a net loss of $(222), which was recognized in other comprehensive income items, offsetting the translation effect generated by each foreign investment. The results of the hedge effectiveness confirm that hedging relationships are highly effective due to the economic relationship between the hedging instruments and the hedged items.

(7) The average coverage ratio of Sigma Alimentos S.A. de C.V. amounted to 73.9% and 74.5% for the year ended December 31, 2021 and from January 1, 2021 (designation date) to December 31, 2021, respectively. Therefore, the exchange rate fluctuation generated by the hedging instrument for the years ended December 31, 2021 and 2020, amounted to a net gain of $107 and $218, respectively, which was recognized in other comprehensive income items, offsetting the translation effect generated by each foreign investment. The results of the hedge effectiveness confirm that hedging relationships are highly effective due to the economic relationship between the hedging instruments and the hedged items.

The effectiveness results of the hedges confirm that the hedging relationships are highly effective due to the economic relationship between the hedging instruments and the hedged items.

Derivative financial instruments to hedge the exchange rate risk

Axtel, a subsidiary of the Company, has the Mexican peso ("MXN") as its functional currency and maintains accounts payable in US dollars ("USD"), and is exposed to foreign exchange risk. Therefore, as of December 31, 2019, it has designated forward contracts as accounting hedges, where the hedged item is represented by the payments of the USD debt. As of December 31, 2021 and 2020, Axtel has no outstanding forward contracts.

As of December 31, 2021, 2020 and 2019, Alpek, a subsidiary of the Company, maintains forwards (EUR/USD) to cover different needs. For its part, in 2019, the EUR/USD ratio is used because part of Alpek's revenues are received in euros, for which a highly probable forecast transaction related to budgeted revenues has been documented as a hedged item. that foreign currency. For 2021 and 2020, a similar strategy was carried out with these instruments, but now these forwards are mirrored to a subsidiary with the functional currency Pound Sterling ("GBP"), because part of its income is received in euros and part of its purchases are made in US dollars. Therefore, a highly probable forecast transaction related to budgeted sales and purchases in each corresponding currency has been documented as a hedged item.

Sigma, subsidiary of the Company, maintains two currency swaps ("CCS") of hedge accounting with the objective of mitigating the risk of exposure to the USD/MXN exchange rate derived from the operations of its subsidiaries with peso functional currency. As of December 31, 2021, 2020 and 2019, Sigma had fifty-one, sixty-nine and twenty-seven exchange rate forwards, respectively, for the same strategy described above. Therefore, Sigma has documented an accounting cash flow hedge relationship, considering as a hedged item a highly probable forecasted transaction related to a revolving liability denominated in U.S. dollars.

The conditions of the derivative financial instruments and the considerations of their valuation as hedging instruments are mentioned below:

CHARACTERISTICS	FORWARDS USD/MXN	FORWARDS EUR/USD	CCS USD/MXN	CCS USD/MXN
AS OF DECEMBER 31, 2021				
Notional amount	US$ 510	€ 8.1	US$ 125	US$ 95
Currency	USD	EUR	USD	USD
Average strike / Coupon	$ 21.13	$1.2421 EUR/USD	4.125%	4.125%
Notional amount	$ -	$ -	$ 2,280	$ 1,732
Currency	-	-	MXN	MXN
Average strike / Coupon	-	-	8.88%	8.9%
Maturity (MM/DD/YYYY)	15/09/2022	30/12/2022	02/05/2026	02/05/2026
Net position of the carrying amount of the Forward / CCS (1) (2)	$ (70)	$ 16	$ 459	$ 339
Change in the fair value of the Forward / CCS, to measure ineffectiveness	$ (29)	$ 16	$ 451	$ 334
Recognized in OCI net of reclassifications	$ 29	$ 16	$ 94	$ 1

CHARACTERISTICS	FORWARDS USD/MXN	FORWARDS EUR/USD	CCS USD/MXN	CCS USD/MXN
AS OF DECEMBER 31, 2021				
Ineffectiveness recognized in profit or loss	$ -	$ -	$ -	$ -
Reclassification from OCI to profit or loss	$ 152	$ -	$ 79	$ 60
Carrying amount of the liability in USD	$ -	$ -	$ -	$ -
Change in the fair value of the hedged item to measure ineffectiveness	$ 29	$ (16)	$ (809)	$ (809)
Change in the fair value of the DFI vs. 2020	$ 886	$ 28	$ 213	$ 155

(1) The carrying amount of the CCS of USD/MXN as of December 31, 2021 consists of an asset position of $955 and a liability position of $(157)
(2) The carrying amount of the forward of USD/MXN as of December 31, 2021 consists of an asset position of $50 and a liability position of $(120).

CHARACTERISTICS	FORWARDS USD/MXN	FORWARDS EUR/USD	CCS USD/MXN	CCS USD/MXN
AS OF DECEMBER 31, 2020				
Notional amount	US$ 700	€ 40	US$ 125	US$ 95
Currency	USD	EUR	USD	USD
Average strike / Coupon	$ 21.66	$1.2169 EUR/USD	4.125%	4.125%
Notional amount	$ -	$ -	$ 2,280	$ 1,732
Currency	-	-	MXN	MXN
Average strike / Coupon	-	-	8.88%	8.9%
Maturity (MM/DD/YYYY)	23/12/2021	30/12/2022	02/05/2026	02/05/2026
Net position of the carrying amount of the Forward / CCS (1) (2)	$ (958)	$ (12)	$ 246	$ 184
Change in the fair value of the Forward / CCS, to measure ineffectiveness	$ (950)	$ (12)	$ 222	$ 159
Recognized in OCI net of reclassifications	$ (706)	$ (12)	$ (39)	$ (95)
Ineffectiveness recognized in profit or loss	$ -	$ -	$ -	$ -
Reclassification from OCI to profit or loss	$ (187)	$ -	$ 138	$ 105
Carrying amount of the liability in USD	$ -	$ -	$ -	$ -
Change in the fair value of the hedged item to measure ineffectiveness	$ 953	$ 12	$ (397)	$ (397)
Change in the fair value of the DFI vs.2019	$ (738)	$ (13)	$ 148	$ 134

(3) The carrying amount of the CCS of USD/MXN as of December 31, 2020 consists of an asset position of $596 and a liability position of $(166).
(4) The carrying amount of the forward of USD/MXN as of December 31, 2020 consists of an asset position of $2 and a liability position of $(960).

CHARACTERISTICS	FORWARDS MXN/USD	FORWARDS USD/MXN	FORWARDS EUR/USD	CCS USD/MXN
AS OF DECEMBER 31, 2019				
Notional amount	US$ 16	US$ 410	€ 2	US$ 220
Currency	USD	USD	EUR	USD
Average strike / Coupon	19.6560 MXN/USD	19.6589 MXN/USD	1.1756 EUR/USD	4.125%
Notional amount	-	-	-	US$ 4,013
Currency	-	-	-	MXN
Average strike / Coupon	-	-	-	8.88%-8.90%
Maturity (MM/DD/YYYY)	12/05/2020	11/06/2020	31/03/2020	02/05/2026
Net position of the carrying amount of the Forward / CCS [(1)]	$ (7)	$ (220)	$ 1	$ 148
Change in the fair value of the Forward / CCS, to measure ineffectiveness	$ (7)	$ (235)	$ 1	$ 63
Recognized in OCI net of reclassifications	$ (4)	$ (155)	$ 2	$ (173)
Ineffectiveness recognized in profit or loss	$ -	$ -	$ -	$ -
Reclassification from OCI to profit or loss	$ (3)	$ (65)	$ -	$ (270)
Carrying amount of the liability in USD	$ -	$ -	$ -	$ (758)
Change in the fair value of the hedged item to measure ineffectiveness	$ 7	$ (123)	$ (1)	$ 111
Change in the fair value of the DFI vs. 2018	$ 32	$ -	$ -	$ (615)

(1) The carrying amount of the CCS of USD/MXN as of December 31, 2019 consists of an asset position of $326 and a liability position of $(178).

In measuring the effectiveness of these hedges, the Company determined that they are highly effective because changes in the fair value and cash flows of each hedged items are compensated within the range of effectiveness established by management. The method used by the Company is the offset of cash flows using a hypothetical derivative, which consists in comparing the changes in the fair value of the hedging instrument with the changes in the fair value of the hypothetical derivative that would result in an identical hedge.

In accordance with the notional amounts described and the way in which the flows of the derivatives are exchanged, the average coverage ratio as of December 31, 2021, 2020 and 2019, for the USD/MXN exchange rate is 10%, 12% and 97 %, of 55%, 100% and 100% for the EUR/USD ratio; while, for CCS USD/MXN, the average coverage ratio is 44%, 44% and 27%, respectively. The average hedging ratio as of December 31, 2019, for the MXN/USD exchange rate is 100%.

The source of the ineffectiveness may be mainly caused by the difference in the settlement date of the hedging instruments and the hedged items, and that the budget became a lower amount than the hedging instruments, credit risk and derivatives modeling synthetics. For the years ended December 31, 2021, 2020 and 2019, no ineffectiveness was recognized in profit or loss.

PRICE RISK

In carrying out its activities, the Company depends on the supply of raw materials provided by its suppliers, both in Mexico and abroad, among which are intermediate petrochemicals, beef products, pork and poultry, dairy products and aluminum scrap, principally.

In recent years, the price of some inputs have shown volatility, especially those related to oil, natural gas, food, such as meat, cereals and milk, and metals.

In order to fix the selling prices of certain of its products, the Company has entered into agreements with certain customers. At the same time, it has entered into transactions involving derivatives on natural gas that seek to reduce price volatility of the prices of this input.

Additionally, it has entered into derivative financial instruments transactions to hedge purchases of certain raw materials, since these inputs have a direct or indirect relationship with the prices of its products.

The derivative financial operations have been privately contracted with various financial institutions, whose financial strength was highly rated at the time by rating agencies. The documentation used to formalize the contract operations is that based generally on the "Master Agreement", generated by the "International Swaps & Derivatives Association" ("ISDA"), which is accompanied by various accessory documents known in generic terms as "Schedule", "Credit Support Annex" and "Confirmation".

Regarding natural gas, the selling price of natural gas is determined by the price of that product on the "spot" market in South Texas, USA, which has experienced volatility. For its part, the Mexican Electric Commission is a decentralized public company in charge of producing and distributing electricity in Mexico.

The Company entered into various derivative agreements with various counterparties to protect it against increases in prices of natural gas and other raw materials. In the case of natural gas derivatives, hedging strategies for products were designed to mitigate the impact of potential increases in prices. The purpose is to hedge the price from volatility by taking positions that provide stable cash flow expectations, and thus avoid price uncertainty. The reference market price for natural gas is the Henry Hub New York Mercantile Exchange (NYMEX). The average price per MMBTU for 2021, 2020 and 2019 was US$3.8, US$2.0 and US$2.6, respectively.

As of December 31, 2021, 2020 and 2019, the Company, through Alpek, had hedges of natural gas prices, through Alpek, for a portion expected of consumption needs in Mexico and the United States.

DERIVATIVE FINANCIAL INSTRUMENTS TO HEDGE THE PRICE RISK

Alfa's subsidiaries use natural gas and WTI crude derivatives to carry out their operating processes and within the polyester chain some of their main raw materials are paraxylene, ethylene, mono ethylene glycol ("MEG"), ethane, purified terephthalic acid ("PTA"), and polyethylene ("PET"), which causes an increase in the prices of natural gas, crude WTI, paraxylene, ethylene, ethane, MEG, PTA or PET have negative effects on the cash flow of the operation. The objective of the hedge designated by the Company's subsidiaries is to hedge against the exposure in the price increase of the aforementioned commodities, for future purchases by contracting swaps where variable prices are received and a fixed price is paid. In the case of PET, the Company's subsidiaries use these derivatives to hedge against sales related to this commodity. A strategy called roll-over has been implemented, through which it is analyzed each month if more derivatives are contracted to expand the time or the amount of coverage. Currently, the Company is hedged until January 2023.

As of December 31, 2019, Sigma, a subsidiary of the Company, is a producer of sausages; therefore, a drop in pork leg prices negatively affects cash flows. The objective of the hedging is to mitigate the risk of exposure to pork leg price variability. Accounting hedges contracted remained until April 2020.

These derivative instruments have been classified as cash flow hedges for accounting purposes. In this sense, the administration has documented, as a hedged item, a highly probable transaction in relation to the budget for purchases of these generic goods. The conditions of the derivative financial instruments and the considerations of their valuation as hedging instruments are mentioned below:

AS OF DECEMBER 31, 2021				
CHARACTERISTICS OF THE SWAPS (2)	NATURAL GAS	PARAXYLENE	ETHYLENE	MEG
Notional amount	57,025,808	274,000	2,000,000	174,400
Units	MMBtu	MT	Lb	MT
Price received	Mercado	Mercado	Mercado	Mercado
Price paid (average)	$1.69/MMBtu	$821/MT	$0.1544/lb	$658/MT
Maturity (monthly)	June 2024	January 2023	January 2022	January 2023
Net position of the swap (1)	$ (155)	$ 317	$ 6	$ (89)
Change in the fair value to measure ineffectiveness	$ (147)	$ 364	$ 8	$ (97)
Recognized in OCI, net of reclassifications	$ (155)	$ 229	$ -	$ (121)
Reclassification from OCI to profit or loss	$ -	$ 88	$ 6	$ 32
Change in the fair value of the hedged item to measure ineffectiveness	$ 147	$ (364)	$ (8)	$ 97
Efficiency test results	100%	99%	100%	99%

AS OF DECEMBER 31, 2020							
CHARACTERISTICS OF THE SWAPS (2)	NATURAL GAS	PARAXYLENE	PTA	ETHYLENE	MEG	ETHANE	PET
Notional amount	3,474,000	338,750	2,000	37,500,000	184,500	600,000	220
Units	MMBtu	MT	MT	Lb	MT	gal	MT
Price received	Mercado	Mercado	Mercado	Mercado	Mercado	Mercado	Mercado
Price paid (average)	2.73/MMBtu	$635/MT	$627/MT	$0.1567/lb	$501/MT	$0.21/gal	$910/lb
Maturity (monthly)	Feb-2022	Jan-2023	Jan-2021	Jan-2022	Jan-2023	Jan-2021	Jan-2021
Net position of the swap (1)	$ (6)	$ 122	$ (6)	$ 98	$ 261	$ -	$ 1
Change in the fair value to measure ineffectiveness	$ (4)	$ 133	$ (6)	$ 104	$ 273	$ -	$ 1
Recognized in OCI, net of reclassifications	$ (6)	$ 231	$ -	$ 58	$ 258	$ -	-
Reclassification from OCI to profit or loss	-	$ (110)	$ (6)	$ 40	$ 2	$ -	$ 1
Change in the fair value of the hedged item to measure ineffectiveness	$ 4	$ (133)	$ 6	$ (104)	$ (273)	$ 1	$ (1)
Efficiency test results	99.91%	99.95%	99.96%	99.95%	99.94%	99.96%	99.96%

AS OF DECEMBER 31, 2019							
CHARACTERISTICS OF THE SWAPS	**NATURAL GAS**	**PARAXYLENE**	**PTA**	**ETHYLENE**	**MEG**	**ETHANE**	**PET**
Notional amount	7,800,000	327,250	22,500	110,000,000	58,000	9,400,000	9,980,000
Units	MMBtu	MT	MT	lb	MT	gal	lb
Price received	Mercado	Mercado	Mercado	Mercado	Mercado	Mercado	Mercado
Price paid (average)	$4.35/MMBtu	$856/MT	$627/MT	$0.17/lb	$564/MT	$0.22/gal	81.99 c/lb
Maturity (monthly)	Dic-2020	Dic-2020	Dic-2020	Dic-2020	Dic-2020	Dic-2020	15/04/2020
Net position of the swap [1]	$(302)	$(154)	$8	$(4)	$5	$(9)	$(12)
Change in the fair value to measure ineffectiveness	$(302)	$(181)	$38	$(14)	$2	$(8)	$(12)
Recognized in OCI, net of reclassifications	$(302)	$(34)	$8	$2	$8	$(7)	$(12)
Efficiency test results	99%	99%	99%	99%	99%	99%	114%

[1] Due to the high volume of operations, the net position of derivative financial instruments is presented; however, since these instruments do not meet the criteria for offsetting financial instruments, they are presented grossly in the consolidated statement of financial position.
[2] As of December 31, 2020, Alpek maintains an additional balance in other comprehensive income items for an amount of $(31), due to the fact that there were derivatives contracted for a gasoline hedge that were settled in advance. Given that future purchases are still expected to occur, a forecasted transaction that was being hedged, it will be recognized in the consolidated statement of income as the transaction occurs.

The fair value of the financial instruments as of December 31, 2021, 2020 and 2019 is presented below:

AS OF DECEMBER 31, 2021			
SWAPS	**ASSET**	**LIABILITY**	**TOTAL**
Natural Gas	$ -	$ (155)	**$ (155)**
Paraxylene	322	(5)	**317**
MEG	5	(94)	**(89)**
Ethane	6	-	**6**

AS OF DECEMBER 31, 2020			
SWAPS	**ASSET**	**LIABILITY**	**TOTAL**
Natural Gas	$ -	$ (6)	**$ (6)**
Paraxylene	164	(42)	**122**
PTA	-	(6)	**(6)**
Ethylene	98	-	**98**
MEG	261	-	**261**
Ethane	-	-	**-**
PET	1	-	**1**

AS OF DECEMBER 31, 2019			
SWAPS	**ASSET**	**LIABILITY**	**TOTAL**
Natural Gas	$ 29	$(331)	**$(302)**
Paraxylene	30	(184)	**(154)**
PTA	8	-	**8**
Ethylene	4	(8)	**(4)**
MEG	5	-	**5**
Ethane	-	(9)	**(9)**
Lean hog	-	(12)	**(12)**

For commodity hedging relationships, management is designating as a hedged item a specific risk, which is defined by the underlying assets that are clearly identified in the corresponding invoices of the purchases. The designated risk components cover most of the changes in the fair value of the hedged item as a whole.

On the other hand, in the measurement of the effectiveness of these hedges, the Company determined that they are highly effective because the changes in the fair value and cash flows of each hedged item are compensated within the range of effectiveness established by management. The method used by the Company is to offset cash flows using a hypothetical derivative, which consists of comparing the changes in the fair value of the hedging instrument with the changes in the fair value of the hypothetical derivative that would result in a perfect hedge of the hedged item.

According to the notional amounts described and the way in which the flows of the derivatives are exchanged, the average coverage ratio as of December 31, 2021, 2020 and 2019 for the natural gas ratio is 21%, 6% and 40%, 44%, 54% and 79% for the paraxylene, 47%, 58% and 54% for the ethylene and MEG, 0%, 2% and 2% for ethane, respectively. As of December 31, 2021, 2020 and 2019, the average coverage ratio for the PTA is 0%, 5% and 5%, respectively. As of December 31, 2020, the average hedging ratio for the PET is 0%. As of December 31, 2019, the average hedging ratio for the Lean Hogs is 50%. If necessary, a rebalancing will be performed to maintain this relationship for the strategy.

The source of ineffectiveness can be caused mainly by the difference in the settlement date of the hedging instruments and the hedged items, and that the budget becomes less than the hedging instruments. For the years ended December 31, 2021, 2020 and 2019, there was no ineffectiveness recognized in profit or loss.

INTEREST RATE RISK

The Company is exposed to interest rate variation risk mainly for long-term loans bearing interest at variable rates. Fixed-interest loans expose the Company to interest rate risk at fair value, which implies that Alfa might be paying interest at rates significantly different from those of an observable market.

As of December 31, 2021, 89% of the financings are denominated at a fixed rate and 11% at a variable rate.

As of December 31, 2021, if interest rates on variable rate are increased or decreased by 100 basis points in relation to the rate in effect, the income and stockholders' equity of the Company would change by $136.

DERIVATIVE FINANCIAL INSTRUMENTS TO HEDGE INTEREST RATE RISKS

In order to maintain good control over the total cost of its financing and the volatility associated with interest rates, the Company contracted interest rate swaps ("IRS") to convert the interest payment of certain variable rate loans at a fixed rate; and designated the interest payments derived from the debts it maintains as a hedged item. On December 26, 2019, Alpek performed the interest rate swap unwind in USD, due to advance payments of the covered debt.

The conditions of the derivative financial instrument and the considerations of its valuation as a hedging instrument are mentioned below::

AS OF DECEMBER 31, 2021	
CHARACTERISTICS OF THE SWAP	**INTEREST RATE SWAP**
Currency	MXN
Notional	$2,880
Coupon received	TIIE28
Coupon paid	8.355%
Maturity (MM/DD/YYYY)	15/12/2022
Carrying value of the swap	$(34)
Change in the fair value to measure ineffectiveness	$(34)
Recognized in OCI, net of reclassifications	$30
Reclassification from OCI to profit or loss	$4
Change in the fair value of the hedged item to measure ineffectiveness	$41
Change in fair value of DFI vs. 2020	$173

AS OF DECEMBER 31, 2020	
CHARACTERISTICS OF THE SWAP	**INTEREST RATE SWAP**
Currency	MXN
Notional	$3,380
Coupon received	TIIE28
Coupon paid	8.355%
Maturity (MM/DD/YYYY)	15/12/2022
Carrying value of the swap	$(207)
Change in the fair value to measure ineffectiveness	$(206)
Recognized in OCI, net of reclassifications	$201
Reclassification from OCI to profit or loss	$6
Change in the fair value of the hedged item to measure ineffectiveness	$211
Change in fair value of DFI vs. 2019	$(70)

AS OF DECEMBER 31, 2019	
CHARACTERISTICS OF THE SWAP	INTEREST RATE SWAP
Currency	MXN
Notional	$3,380
Coupon received	TIIE28
Coupon paid	8.355%
Maturity (MM/DD/YYYY)	15/12/2022
Carrying value of the swap	$(137)
Change in the fair value to measure ineffectiveness	$(135)
Recognized in OCI, net of reclassifications	$(137)
Reclassification from OCI to profit or loss	$1
Change in the fair value of the hedged item to measure ineffectiveness	$147
Change in fair value of DFI vs. 2018	$(161)

As of December 31, 2021, 2020 and 2019, this hedge is highly effective given that the critical terms of the derivative and the loan are perfectly matched, so it is confirmed that there is an economic relationship. In addition, both the credit profile of the Company and the counterparty are good and are not expected to change in the medium term; therefore, the credit risk component is not considered to be significant to the hedging relationship. The method used to evaluate effectiveness is through a quantitative evaluation comparing the critical terms between the hedging instrument and the hedged instrument.

The prospective effectiveness test as of December 31, 2021, 2020 and 2019, resulted in 119%, 96.7% and 100%, respectively, confirming that there is an economic relationship between the hedging instruments and the hedged instrument.

In accordance with the notionals described and the way in which the flows of derivative financial instruments are exchanged, the average coverage ratio for the interest rate ratio as of December 31, 2021, 2020 and 2019, is 51%, 73% and 93%, respectively. If necessary, a rebalancing will be performed to maintain this relationship for the strategy. In this hedge relationship, the source of ineffectiveness is mainly credit risk; for the years ended December 31, 2021, 2020 and 2019, there were no ineffectiveness recognized in profit or loss.

As of December 31, 2021, 2020 and 2019, the net position of the fair value of the aforementioned financial derivative instruments amounts to $789, $(277) and $(684), respectively.

CREDIT RISK

Credit risk represents the potential loss due to non-compliance with the counterparties of their payment obligations. Credit risk is generated from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions as well as credit exposure to customers, including receivables and committed transactions.

The Company denominates, from a business point of view and credit risk profile, the significant customers with which it has an account receivable, distinguishing those that require an assessment of the credit risk individually.

Each subsidiary is responsible for managing and analyzing the credit risk for each of its new clients before setting the terms and conditions of payment. If the wholesale customers are independently qualified, these are the ratings used. If there is no independent rating, the Company's risk control evaluates the client's credit quality, taking into account its financial position, prior experience and other factors. The maximum exposure to credit risk is given by the balances of these items, as presented in the consolidated statement of financial position.

Individual risk limits are determined based on internal and external ratings in accordance with limits set by the RMC. The use of credit risk is monitored regularly. Sales to retail customers are in cash or by credit card. During the years ended December 31, 2021, 2020 and 2019, credit limits were not exceeded.

Additionally, the Company performs a qualitative evaluation of economic projections, in order to determine the possible impact on probabilities of default and the recovery rate assigned to its customers.

During the year ended December 31, 2021, there have been no changes in estimation techniques or assumptions.

LIQUIDITY RISK

Projected cash flows are determined at each operating entity of the Company and subsequently the finance department consolidates this information. The finance department of the Company continuously monitors the cash flow projections and liquidity requirements of the Company ensuring that sufficient cash and highly liquid investments are maintained to meet operating needs, and it's that some flexibility is maintained through open and committed credit lines. The Company regularly monitors and makes decisions ensuring that the limits or covenants set forth in debt contracts are not violated. The projections consider the financing plans of the Company, compliance with covenants, compliance with minimum liquidity ratios and internal legal or regulatory requirements.

The Company's treasury department invests those funds in time deposits and marketable securities whose maturities or liquidity allow flexibility to meet the cash needs of the Company.

The following table analyzes the derivative and non-derivative, grouped according to their maturity, from the date of the consolidated statement of financial position to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are required to understand the timing of the Company's cash flows. The amounts disclosed in the table are contractual undiscounted cash flows.

	LESS THAN A YEAR	FROM 1 TO 5 YEARS	MORE THAN 5 YEARS
AS OF DECEMBER 31, 2021			
Trade and other accounts payable	$ 56,700	$ -	$ -
Current and non-current debt (excluding debt issuance costs)	4,055	71,769	45,069
Lease liabilities	1,572	3,115	1,702
Derivative financial instruments	559	6	-
Dividends payable	107	-	-
Accounts payable - affiliates	2,224	-	-

	LESS THAN A YEAR	FROM 1 TO 5 YEARS	MORE THAN 5 YEARS
AS OF DECEMBER 31, 2020			
Trade and other accounts payable	$ 46,700	$ -	$ -
Current and non-current debt (excluding debt issuance costs)	3,301	64,406	52,258
Lease liabilities	1,559	3,261	1,430
Derivative financial instruments	1,346	53	-
Dividends payable	605	-	-
Accounts payable - affiliates	2,759	-	-

	LESS THAN A YEAR	FROM 1 TO 5 YEARS	MORE THAN 5 YEARS
AS OF DECEMBER 31, 2019			
Trade and other accounts payable	$ 65,521	$ -	$ -
Current and non-current debt (excluding debt issuance costs)	4,283	64,989	66,402
Lease liabilities	2,186	4,490	1,705
Derivative financial instruments	991	96	-
Dividends payable	112	-	-
Accounts payable - affiliates	2,644	-	-

As of December 31, 2021, the Company has uncommitted short-term credit lines, unused for $31,742 (US$1,542). Additionally, as of December 31, 2021, the Company has committed medium-term credit lines, unused for $26,963 (US$1,310).

FAIR VALUE HIERARCHY

The following is an analysis of financial instruments measured in accordance with the fair value hierarchy. The 3 different levels used are presented below:

- Level 1: Quoted prices for identical instruments in active markets.
- Level 2: Other valuations including quoted prices for similar instruments in active markets, which are directly or indirectly observable.
- Level 3: Valuations made through techniques where one or more of their significant data inputs are unobservable.

The derivative financial instruments of the Company that are measured at fair value as of December 31, 2021, 2020 and 2019 are located within level 2 of the fair value hierarchy.

There were no transfers between level 1 and 2 or between level 2 and 3.

The specific valuation techniques used to value financial instruments include:

- Market quotations or quotations for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of estimated future cash flows based on observable yield curves.
- The fair value of forward exchange agreements is determined using exchange rates at the closing balance date, with the resulting value discounted at present value.
- Other techniques such as the analysis of discounted cash flows, which are used to determine fair value of the remaining financial instruments.

5. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

5.1 Critical accounting estimates and judgments

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

A. ESTIMATED IMPAIRMENT OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE LIVES

The Company annually performs tests to determine whether goodwill and intangible assets with indefinite live have suffered any impairment (see Note 13). For impairment testing purposes, goodwill and intangible assets with indefinites lives is allocated to the groups of cash generating units ("CGUs") of which the Company has considered that economic and operating synergies of the business combinations are generated. The recoverable amounts of the groups of CGUs were determined based on the calculations of their value in use, which require the use of estimates, within which, the most significant are the following:

- Estimate of gross margins and future operations according to the historical performance, considering the effects of COVID-19, and expectations of the industry for each CGU group.
- Discount rate based on the weighted cost of capital (WACC) of each CGU or group of CGUs.
- Long-term growth rates

B. CONTINGENT LOSSES

Management also makes judgments and estimates in recording provisions for matters relating to claims and litigation. Actual costs may vary from estimates for several reasons, such as changes in cost estimates for resolution of complaints and disputes based on different interpretations of the law, opinions and evaluations concerning the amount of loss.

Contingencies are recorded as provisions when it is likely that a liability has been incurred and the amount of the loss is reasonably estimable. It is not practical to estimate sensitivity to potential losses if other assumptions were used to record these provisions, due to the number of underlying assumptions and the range of possible reasonable outcomes regarding potential actions by third parties, such as regulators, both in terms of loss probability and estimates of such loss.

C. RECOVERABILITY OF DEFERRED TAX ASSETS

Alfa has tax loss carryforwards, which can be used in the following years until maturity expires. Based on the projections of taxable income that Alfa will generate in the subsequent years through a structured and robust business plan, which includes the sale of non-strategic assets, new services to be provided to its subsidiaries, among others, management has determined that current tax losses will be used before they expire and, therefore, it was considered probable that the deferred tax assets for such losses will be recovered.

D. LONG-LIVED ASSETS

The Company estimates the useful lives of long-lived assets in order to determine the depreciation and amortization expenses to be recorded during the reporting period. The useful life of an asset is calculated when the asset is acquired and is based on past experience with similar assets, considering anticipated technological changes or any other type of changes. When technological changes to occur faster than estimated, or differently than anticipated, the useful lives assigned to these assets could have to be reduced. This would lead to the recognition of a greater depreciation and amortization expense in future periods. Alternatively, these types of technological changes could result in the recognition of a charge for impairment to reflect the reduction in the expected future economic benefits associated with the assets.

The Company reviews depreciable and amortizable assets on an annual basis for signs of impairment, or when certain events or circumstances indicate that the book value may not be recovered during the remaining useful life of the assets. For intangible assets with an indefinite useful life, the Company performs impairment tests annually and at any time that there is an indication that the asset may be impaired.

To test for impairment, the Company uses projected cash flows, which consider the estimates of future transactions, considering the conditions at the time of evaluation, including estimates of revenues, costs, operating expenses, capital expenditures and debt service. In accordance with IFRS, discounted future cash flows associated with an asset or CGU are compared to the book value of the asset or CGU being tested to determine if impairment exists or a reversal of impairment recorded in previous periods.

E. DEFAULT PROBABILITY AND RECOVERY RATE TO APPLY THE EXPECTED CREDIT LOSSES MODEL IN THE IMPAIRMENT MEASUREMENT OF FINANCIAL ASSETS

The Company assigns to customers with whom it has an account receivable at each reporting date, either individually or as a group, an allowance for the probability of default in the account receivable and the estimated recovery rate, in order to reflect the cash flows expected to be received from the outstanding balances as of that date. .

F. BUSINESS COMBINATIONS

When business combinations are concluded, the acquisition method is required to recognize the identifiable net assets acquired at fair value, at the date of acquisition; any excess of the consideration paid on the identified net assets is recognized as goodwill, which is subject to impairment tests at least once a year. On the other hand, any excess of the net assets acquired over the consideration paid is recognized as a gain in profit or loss.

To estimate the fair value of the assets acquired and liabilities assumed, the Company uses observable market data to the extent in which this is available. When the input data of Level 1 is not available, the Company hires an independent qualified appraiser to perform the valuation. Management works closely with the independent qualified appraiser to establish the valuation techniques, the premises, the appropriate input data and the criteria to be used in the valuation models.

G. ESTIMATION OF THE DISCOUNT RATE TO CALCULATE THE PRESENT VALUE OF FUTURE MINIMUM LEASE PAYMENTS

The Company estimates the discount rate to use in the determination of the lease liability, based on the incremental borrowing rate ("IBR").

The Company uses a three-tier model, with which it determines the three elements that comprises the discount rate: (i) reference rate, (ii) credit risk component and (iii) adjustment for characteristics of the underlying asset. In this model, management also considers its policies and practices to obtain financing, distinguishing between the one obtained at the corporate level (that is, the holding company), or at the level of each subsidiary. Finally, for real estate leases, or in which there is significant and observable evidence of their residual value, the Company estimates and evaluates an adjustment for characteristics of the underlying asset, based on the possibility that such asset is granted as collateral or guarantee against the risk of default.

H. ESTIMATION OF THE LEASE TERM

The Company defines the lease term as the period for which there is a contractual payment commitment, considering the non-cancelable period of the contract, as well as the renewal and early termination options that are probable to be exercised. The Company participates in lease contracts that do not have a defined non-cancellable term, a defined renewal period (in case it contains a renewal clause), or automatic annual renewals, so, to measure the lease liability, it estimates the contracts term considering their contractual rights and limitations, their business plan, as well as management's intentions for the use of the underlying asset.

Additionally, the Company considers the clauses of early termination of its contracts and the probability of exercising them, as part of its estimate of the lease term.

5.2 Critical judgments in applying the Company's accounting policies

BASIS OF CONSOLIDATION

The financial statements include the assets, liabilities and results of all entities in which the Company has a controlling interest. The outstanding balances and significant intercompany transactions have been eliminated in consolidation. To determine control, the Company analyzes whether it has substantive rights that affect the variable returns from its participation in the entity and considers whether it has the power to govern the financial and operational strategy of the respective entity and not just the power of the capital held by the Company.

As a result of this analysis, the Company has exercised critical judgment to decide whether to consolidate the financial statements of Axtel, where the determination of control is not clear. Based on the principal substantive right of Alfa in accordance with the by-laws of Axtel by appointing the General Director, who has control over the relevant decision making and based on the by-laws of Axtel and supported in the General Law of Mercantile Organizations, which allow Alfa to control the decisions over relevant activities by a simple majority through an Ordinary Stockholders' Meeting, where it holds 52.78% of Axtel. Management has concluded that there are circumstances and factors described in the by-laws of Axtel and applicable standards that allow the Company to conduct the daily operations of Axtel, which therefore demonstrate control.

Additionally, the Company has evaluated critical control factors and has concluded it should consolidate the financial statements of its subsidiaries Polioles and Indelpro. The analysis performed by the Company included the assessment of the substantive decision making rights of the respective stockholders set forth in their bylaws, resulting in management's conclusion that it has the power to govern their relevant activities.

The Company will continue to evaluate these circumstances at the date of each consolidated statements of financial position to determine whether these critical judgments will continue to be appropriate.

6. Cash and cash equivalents

Cash and cash equivalents presented in the consolidated statements of financial position consist of the following:

			DECEMBER 31,
	2021	**2020**	**2019**
Cash on hand and in banks	**$26,275**	$25,072	$17,612
Short-term bank deposits	**4,704**	7,072	7,583
Total cash and cash equivalents	**$30,979**	**$32,144**	**$25,195**

7. Restricted cash and cash equivalents

The value of restricted cash is composed as follows:

			DECEMBER 31,
	2021	**2020**	**2019**
Current [1] [2]	**$ 13**	$ 297	$ 347
Non-current (Note 14)	**33**	34	211
Total restricted cash	**$ 46**	**$ 331**	**$ 558**

[1] As of December 31, 2019, it corresponds mainly to the agreement on which Alpek entered into, on which it undertakes to maintain restricted cash for the acquisition of machinery and equipment; during 2020 these fixed assets were acquired and most of the funds were released.
[2] As of December 31, 2020, it corresponds mainly to the funds that were restricted as part of the transaction between Axtel and Equinix (see Note 2); said balance was released in the first quarter of 2021.

8. Trade and other accounts receivable, net

			DECEMBER 31,
	2021	**2020**	**2019**
Trade accounts receivable	**$ 29,891**	$20,982	$27,627
Recoverable taxes	**2,220**	2,812	2,078
Interest receivable	**1**	2	200
Other debtors:			
Sundry debtors	**6,842**	7,906	9,318
Notes receivable	**3,509**	3,695	4,042
Allowance for impairment of trade and other accounts receivable	**(3,611)**	(3,626)	(4,304)
	38,852	31,771	38,961
Less: non-current portion [1]	**2,645**	3,153	3,423
Current portion	**$ 36,207**	**$28,618**	**$35,538**

[1] The non-current accounts receivable represents long-term receivables and other non-current assets, which are presented in the consolidated statement of financial position in other non-current assets (see Note 14).

As of December 31, 2021, 2020 and 2019, trade and other accounts receivable of $36,207, $28,618 and $35,538, respectively have an impairment provision. The amount of the impairment provision as of December 31, 2021, 2020 and 2019 amounts to $3,611, $3,626 and $4,304, respectively.

Movements in the provision for impairment during 2021, 2020 and 2019 of customers and other receivables, with the impairment model used by the Company, are analyzed as follows:

			DECEMBER 31,
	2021	2020	2019
Opening balance as of January 1	**$3,626**	$4,304	$ 5,817
Increase in allowance of trade and other accounts receivable	**272**	285	387
Receivables written off during the year	**(287)**	(918)	(1,900)
Effect of subsidiary spin-off	**-**	(45)	-
Ending balance as of December 31	**$3,611**	**$3,626**	**$ 4,304**

The net change in the estimate of impairment of accounts receivable of $15, $678 and $1,513 for the years ended December 31, 2021, 2020 and 2019, respectively, was mainly due to changes in the estimate of probabilities of default and of the recovery percentage, assigned to the different customer groups of the segments in which the Company operates, which reflected a decrease in 2021, 2020 and 2019, of the credit risk on financial assets.

Increases in the allowance for impairment of trade and other accounts receivable and cancellations, when they do not imply the derecognition of an account receivable, are recognized in the consolidated statement of income under sales expenses.

As of December 31, 2021, the Company has guaranteed accounts receivable of $4,813 that mitigate the exposure to credit risk of financial assets.

9. Inventories

			DECEMBER 31,
	2021	2020	2019
Finished goods	**$17,616**	$12,562	$16,945
Raw material and other consumables	**19,958**	14,673	19,412
Work in process	**5,213**	5,849	9,469
Total inventories	**$42,787**	**$33,084**	**$45,826**

An expense for (reversal of) impairment for damaged, slow-moving and obsolete inventory was recognized in cost of sales for $86, $64 and $36, and $-, $78 and $65 in discontinued operations for the years ended December 31, 2021, 2020 and 2019, respectively.

As of December 31, 2021, 2020 and 2019, there were no inventories pledged as collateral.

10. Other current assets

Other current assets consist of the following:

			DECEMBER 31,
	2021	**2020**	**2019**
Prepayments [1]	**$ 1,766**	$1,645	$ 3,177
Accounts receivable – affiliates (Note 30)	**1,764**	1,665	2,189
Assets held for sale and others [2]	**2,989**	98	1,315
Total other current assets	**$ 6,519**	**$3,408**	**$ 6,681**

[1] This item comprises mainly of materials and insurance paid in advance; for 2019, it includes an advance payment made by Alpek for the purchase of Alpek Polyester UK shares (see Note 2).
[2] As of December 31, 2021, corresponds mainly to assets that were classified as held for sale by Sigma (see Note 2). As of December 31, 2019, it corresponds mainly to the data centers that were classified as held for sale by Axtel (see Note 2).

11. Property, plant and equipment

	LAND	BUILDINGS AND CONSTRUCTIONS	MACHINERY AND EQUIPMENT	VEHICULES	TELECOMUNICATION NETWORK	LAB AND IT FURNITURE AND EQUIPMENT	TOOLING AND SPARE PARTS	CONSTRUCTIONS IN PROGRESS	LEASEHOLD IMPROVEMENTS	OTHERS FIXED ASSETS	TOTAL
For the year ended December 31, 2019											
Opening balance, net	$ 11,696	$ 27,447	$ 76,811	$ 1,827	$ 13,544	$ 2,305	$ 890	$ 18,128	$ 571	$ 170	$ 153,389
Translation effect	(346)	(1,171)	(3,259)	(22)	(3)	(131)	(178)	(520)	2	26	(5,602)
Additions	253	326	2,112	373	9	174	18	11,360	42	42	14,709
Additions from business acquisitions	35	37	415	162	-	1	-	76	-	292	1,018
Disposals	(123)	(1,193)	(8,844)	(31)	(291)	(41)	(11)	(833)	(131)	(3)	(11,501)
Impairment charges and reversals recognized in the year	-	(111)	(637)	(1)	-	-	-	-	-	(9)	(758)
Depreciation charge recognized in the year	-	(1,348)	(7,983)	(508)	(3,278)	(700)	(402)	-	(77)	(79)	(14,375)
Transfers	5	1,424	15,352	253	1,590	291	267	(19,288)	90	16	-
Transfers available for sale	(21)	(761)	-	-	(338)	(5)	-	-	-	-	(1,125)
Final balance as of December 31, 2019	**$11,499**	**$ 24,200**	**$ 73,815**	**$ 1,887**	**$ 11,233**	**$ 1,894**	**$ 584**	**$ 8,923**	**$ 497**	**$ 163**	**$ 134,695**
As of December 31, 2019											
Cost	$ 11,499	$ 51,745	$190,804	$ 5,355	$ 55,996	$ 11,290	$ 2,350	$ 8,923	$ 1,447	$ 594	$ 340,003
Accumulated depreciation	-	(27,545)	(116,989)	(3,468)	(44,763)	(9,396)	(1,766)	-	(950)	(431)	(205,308)
Net carrying amount as of December 31, 2019	**$11,499**	**$ 24,200**	**$ 73,815**	**$ 1,887**	**$ 11,233**	**$ 1,894**	**$ 584**	**$ 8,923**	**$ 497**	**$ 163**	**$ 134,695**

Continue in next page.

	LAND	BUILDINGS AND CONSTRUCTIONS	MACHINERY AND EQUIPMENT	VEHICULES	TELECOMU-NICATION NETWORK	LAB AND IT FURNITURE AND EQUIPMENT	TOOLING AND SPARE PARTS	CONSTRUC-TIONS IN PROGRESS	LEASEHOLD IMPROVEMENTS	OTHERS FIXED ASSETS	TOTAL
For the year ended December 31, 2020											
Opening balance, net	$ 11,499	$ 24,200	$ 73,815	$ 1,887	$ 11,233	$ 1,894	$ 584	$ 8,923	$ 497	$ 163	$ 134,695
Translation effect	333	805	2,247	27	(4)	82	(7)	(16)	5	16	3,488
Additions	15	131	394	178	-	140	-	6,162	20	30	7,070
Additions from business acquisitions	176	27	1,120	1	5	3	-	153	-	-	1,485
Effect of subsidiary spin-off	(1,607)	(7,901)	(28,147)	(27)	-	(453)	(161)	(5,057)	-	(42)	(43,395)
Disposals	(62)	(22)	(16)	(17)	(36)	(1)	-	(298)	(125)	(5)	(582)
Impairment changes and reversals recognized in the year	(2)	(145)	(477)	(48)	(73)	(11)	-	(170)	-	(4)	(930)
Depreciation charge recognized in the year	-	(1,418)	(8,514)	(495)	(2,580)	(610)	(383)	-	(69)	(53)	(14,122)
Transfers	-	311	2,779	175	1,315	210	1	(4,952)	76	46	(39)
Final balance as of December 31, 2020	**$10,352**	**$ 15,988**	**$ 43,201**	**$ 1,681**	**$ 9,860**	**$ 1,254**	**$ 34**	**$ 4,745**	**$ 404**	**$ 151**	**$ 87,670**
As of December 31, 2020											
Cost	$ 10,352	$ 38,936	$125,224	$ 5,230	$ 51,086	$ 8,948	$ 149	$ 4,745	$ 1,461	$ 453	$ 246,584
Accumulated depreciation	-	(22,948)	(82,023)	(3,549)	(41,226)	(7,694)	(115)	-	(1,057)	(302)	(158,914)
Net carrying amount as of December 31, 2020	**$10,352**	**$ 15,988**	**$ 43,201**	**$ 1,681**	**$ 9,860**	**$ 1,254**	**$ 34**	**$ 4,745**	**$ 404**	**$ 151**	**$ 87,670**
For the year ended December 31, 2021											
Opening balance, net	$ 10,352	$ 15,988	$ 43,201	$ 1,681	$ 9,860	$ 1,254	$ 34	$ 4,745	$ 404	$ 151	$ 87,670
Translation effect	-	(196)	192	(2)	-	2	(5)	155	(13)	(13)	120
Additions	8	135	760	1,008	-	199	-	7,353	21	35	9,519
Additions from business acquisitions	8	294	305	-	-	8	-	2,022	-	-	2,637
Disposals	(89)	(419)	(599)	(780)	(27)	(26)	-	(610)	-	-	(2,550)
Impairment charges and reversals recognized in the year	2	(207)	(890)	(2)	-	(6)	(5)	(120)	-	(9)	(1,237)
Depreciation charge recognized in the year	-	(896)	(4,575)	(450)	(2,378)	(402)	(7)	-	(101)	(28)	(8,837)
Transfers	5	569	2,523	86	1,493	288	8	(5,314)	298	44	-
Transfers to held for sale	(462)	(856)	(1,200)	-	-	(39)	-	(31)	-	(3)	(2,591)
Final balance as of December 31, 2021	**$ 9,824**	**$ 14,412**	**$ 39,717**	**$ 1,541**	**$ 8,948**	**$ 1,278**	**$ 25**	**$ 8,200**	**$ 609**	**$ 177**	**$ 84,731**

Continue in next page.

	LAND	BUILDINGS AND CONSTRUCTIONS	MACHINERY AND EQUIPMENT	VEHICULES	TELECOMU-NICATION NETWORK	LAB AND IT FURNITURE AND EQUIPMENT	TOOLING AND SPARE PARTS	CONSTRUC-TIONS IN PROGRESS	LEASEHOLD IMPROVEMENTS	OTHERS FIXED ASSETS	TOTAL
As of December 31, 2021											
Cost	$ 9,824	$ 35,997	$119,444	$ 4,104	$ 49,087	$ 8,922	$ 127	$ 8,200	$ 1,704	$ 548	$ 237,957
Accumulated depreciation	-	(21,585)	(79,727)	(2,563)	(40,139)	(7,644)	(102)	-	(1,095)	(371)	(153,226)
Net carrying amount as of December 31, 2021	**$ 9,824**	**$ 14,412**	**$ 39,717**	**$ 1,541**	**$ 8,948**	**$ 1,278**	**$ 25**	**$ 8,200**	**$ 609**	**$ 177**	**$ 84,731**

Of the total depreciation expense, $7,738, $8,068 and $8,290 have been recorded in cost of sales, $379, $717 and $762 in selling expenses, $720, $593 and $563 in administrative expenses for the years ended December 31, 2021, 2020 and 2019, respectively. On the other hand, $4,744 and $4,760 were recorded in discontinued operations, for the years ended December 31, 2020 and 2019, respectively. As of December 31, 2021, 2020 and 2019, there were no property, plant and equipment assets pledged as collateral, except as mentioned in Note 17.

12. Right-of-use asset

The Company leases a different set of fixed assets including, buildings, machinery and equipment, vehicles, and computer equipment. The average term of the lease contracts as of December 31, 2021, 2020 and 2019 is 6 years.

The right of use recognized in the consolidated statement of financial position as of December 31, 2021, 2020 and 2019, is integrated as follows:

	LAND	BUILDINGS	MACHINERY AND EQUIPMENT	TRANSPORTA-TION EQUIP-MENT	RAILCARS	OTHER FIXED ASSETS	TOTAL
Final balance as of December 31, 2019	$ 111	$ 3,479	$ 1,243	$ 841	$ 1,975	$ 425	$ 8,074
Final balance as of December 31, 2020	117	2,354	1,153	273	1,924	235	6,056
Final balance as of December 31, 2021	116	2,206	1,221	264	1,666	706	6,179
Depreciation expense 2020 [(1)]	$ 8	$ 639	$ 331	$ 175	$ 409	$ 174	$ 1,736
Depreciation expense 2020 [(1)]	11	674	326	206	470	209	1,896
Depreciation expense 2021	12	553	334	233	437	206	1,775

[(1)] The depreciation expense recognized within discontinued operations was $548 and $442, for the years ended December 31, 2020 and 2019, respectively.

During the years ended December 31, 2021, 2020 and 2019, the Company recognized rent expenses of $1,547, $1,882 and $2,406, respectively, associated with expenses from low-value asset leases and short-term lease, of which $255 and $319 were recognized under discontinued operations for the years ended December 31, 2020 and 2019, respectively.

Additions to the net book value of the right-of-use asset for leases as of December 31, 2021, 2020 and 2019 amounted to $2,632, $1,334 and $2,549, respectively.

As of December 31, 2021, 2020, and 2019, the Company has commitments arisen from short-term lease agreements for an amount of $97, $75 and $43.

The Company has signed transportation equipment lease contracts for an average term of 6.5 years, respectively, which as of the date of these consolidated financial statements have not started.

During the year the Company made extensions to the terms of its building lease contracts, which increased the average term to 3.9 years.

13. Goodwill and intangible assets

	FINITE LIFE							INDEFINITE LIFE			
	DEVELOPMENT COSTS	EXPLORATION COSTS	TRADEMARKS	CUSTOMERS RELATIONSHIPS	SOFTWARE AND LICENSES	INTELLECTUAL PROPERTY RIGHTS	OTHERS	GOODWILL	TRADEMARKS	OTHERS	TOTAL
As of January 1, 2019	$ 9,371	$ 6,195	$ 2,853	$ 8,681	$ 6,007	$ 3,995	$ 4,103	$ 22,798	$ 12,170	$ 30	$ 76,203
Translation effect	(614)	(256)	28	(274)	(327)	(157)	(78)	(1,135)	(753)	-	(3,566)
Additions	1,574	226	6	35	444	1	75	157	-	4	2,522
Additions and movements from business acquisitions	-	-	69	-	-	-	-	-	31	-	100
Impairment charges recognized in the year	-	(18)	-	-	-	-	-	-	-	-	(18)
Transfers	(361)	-	(7)	367	16	8	(110)	-	-	(22)	(109)
Disposals	(12)	(64)	-	(53)	(49)	(296)	(2)	-	-	-	(476)
As of December 31, 2019	$ 9,958	$ 6,083	$ 2,949	$ 8,756	$ 6,091	$ 3,551	$ 3,988	$ 21,820	$ 11,448	$ 12	$ 74,656
Translation effect	53	1,079	(16)	4	471	114	146	1,880	1,409	1	5,141
Additions	35	104	-	-	477	-	509	-	-	-	1,125
Impairment charges recognized in the year	-	(736)	-	-	-	-	-	(182)	-	-	(918)
Effect of subsidiary spin-off	(9,272)	-	(102)	(2,185)	(338)	-	(633)	(5,587)	-	-	(18,117)
Disposals	(8)	(6,171)	(179)	(326)	(475)	(1)	(1,617)	-	-	-	(8,777)
As of December 31, 2020	$ 766	$ 359	$ 2,652	$ 6,249	$ 6,226	$ 3,664	$ 2,393	$ 17,931	$ 12,857	$ 13	$ 53,110
Translation effect	32	2	63	64	(146)	138	(6)	(411)	(296)	-	(560)

Continue in next page.

	FINITE LIFE							INDEFINITE LIFE			
	DEVELOPMENT COSTS	EXPLORATION COSTS	TRADEMARKS	CUSTOMERS RELATIONSHIPS	SOFTWARE AND LICENSES	INTELLECTUAL PROPERTY RIGHTS	OTHERS	GOODWILL	TRADEMARKS	OTHERS	TOTAL
Additions	19	-	10	-	885	2	226	-	-	-	1,142
Additions for business combinations	-	-	41	-	-	-	-	-	1		42
Impairment charges recognized in the year	-	(8)	-	-	(222)	-	-	-	(88)	-	(318)
Transfers to held for sale	-	-	-	-	(248)	-	-	-	(107)	-	(355)
Disposals	-	-	(76)	-	(382)	(1)	(273)	-	-	-	(732)
As of December 31, 2021	**$ 817**	**$ 353**	**$2,690**	**$6,313**	**$ 6,113**	**$ 3,803**	**$ 2,340**	**$ 17,520**	**$ 12,367**	**$ 13**	**$ 52,329**
Net carrying amount											
Cost	$ 9,958	$ 6,083	$ 2,949	$ 8,756	$ 6,091	$ 3,551	$ 3,988	$ 21,820	$ 11,448	$ 12	$ 74,657
Accumulated amortization	(5,363)	(4,762)	(924)	(4,993)	(4,900)	(1,334)	(3,268)	-	-	-	(25,546)
As of December 31, 2019	**$ 4,595**	**$ 1,321**	**$ 2,025**	**$ 3,763**	**$ 1,191**	**$ 2,217**	**$ 720**	**$ 21,820**	**$ 11,448**	**$ 12**	**$ 49,112**
Cost	$ 766	$ 359	$ 2,652	$ 6,249	$ 6,226	$ 3,664	$ 2,393	$ 17,931	$ 12,857	$ 13	$ 53,110
Accumulated amortization	(673)	(41)	(697)	(4,224)	(5,026)	(1,618)	(1,426)	-	-	-	(13,705)
As of December 31, 2020	**$ 93**	**$ 318**	**$ 1,955**	**$ 2,025**	**$ 1,200**	**$ 2,046**	**$ 967**	**$ 17,931**	**$ 12,857**	**$ 13**	**$ 39,405**
Cost	$ 817	$ 353	$ 2,690	$ 6,313	$ 6,113	$ 3,803	$ 2,340	$ 17,520	$ 12,367	$ 13	$ 52,329
Accumulated amortization	(724)	(46)	(698)	(5,197)	(4,654)	(1,885)	(1,276)	-	-	-	(14,480)
As of December 31, 2021	**$ 93**	**$ 307**	**$ 1,992**	**$ 1,116**	**$ 1,459**	**$ 1,918**	**$ 1,064**	**$ 17,520**	**$ 12,367**	**$ 13**	**$ 37,849**

Other intangible assets consist mainly of patents, licenses, concessions and non-compete agreements.

The Company has concessions of public telecommunications networks granted by the federal government since 1995 and 1996, to offer local and long distance telephony services for periods of 30 years that, given certain conditions, are renewable for equal periods. In addition, the Company has concessions of various radio spectrum frequencies with a duration of 20 years, which are renewable for additional periods of 20 years more under the terms of applicable laws and regulations.

Of the amortization expense, $399, $441 and $550, have been recorded in cost of sales, $363, $388 and $224 in selling expenses, $1,126, $1,076 and $1,286 in administrative expenses for the years ended December 31, 2021, 2020 and 2019, respectively. On the other hand, $967 and $836 were recorded in the discontinued operation, for the years ended December 31, 2020 and 2019, respectively.

Research expenses incurred and recorded in the consolidated statements of income of 2021, 2020 and 2019 were $67, $74 and $40, respectively.

IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLE ASSETS OF INDEFINITE LIFE

As mentioned in Note 5, goodwill is allocated to groups of cash generating units ("CGUs") that are associated with the operating segments, from which are expected to benefit from the synergies of the business combination, irrespective of whether other assets or liabilities of the acquirer are assigned to those units or groups of units, as follows:

			DECEMBER 31,
	2021	2020	2019
Alpek	**$ 412**	$ 399	$ 377
Sigma [2]	**14,443**	14,868	13,095
Nemak [1]	**-**	-	5,587
Axtel	**2,591**	2,591	2,687
Other	**74**	73	74
	$17,520	**$17,931**	**$21,820**

[1] As part of Nemak's impairment analysis, in the Asia region, an impairment of goodwill was recognized for an amount of $91 during 2019, which is presented in the line of discontinued operations in the consolidated statement of income.
[2] As part of Sigma's impairment analysis, in its CGUs in Ecuador and Mexico, an impairment of goodwill was recognized in the amount of $85 during 2020, which is presented in "Other income, net" of the consolidated statement of income.

The recoverable value from each group of CGUs has been determined based on calculations of values in use, which consist of cash flow projections after on pre-tax financial budgets approved by management covering a period of 5 years.

The gross and operating margins included in the estimates of value in use have been estimated based on the historical performance and the growth expectations of the market in which each group of CGUs operates. The long-term growth rate used in estimating value in use is consistent with the projections included in industry reports. The present value of the cash flows was discounted using a specific discount rate after taxes for each group of CGUs and reflects the specific risks associated with each of them.

The key assumptions used in calculating the value in use in 2021, 2020 and 2019, were as follows:

			2021
	ALPEK	SIGMA	AXTEL
Long-term perpetual growth rate	2.5%	1.6%	5.3%
Discount rate	7.8%	9.9%	11.9%

2020	ALPEK	SIGMA	NEMAK	AXTEL
Long-term perpetual growth rate	2.5%	2.1%	1.6%	2.9%
Discount rate	8.4%	10.8%	10.7%	10.2%

2019	ALPEK	SIGMA	NEMAK	AXTEL
Long-term perpetual growth rate	1.8%	2.4%	1.6%	3.6%
Discount rate	8.9%	10.6%	9.1%	10.5%

In relation to the calculation of the value in use of groups of cash-generating units, the Alfa Management performed a sensibility analysis that considers a possible increase in the discount rate in 100 basis points and a possible decrease in the long-term growth rate. The result of this sensibility analysis did not reflect impairment losses in goodwill in the cash-generating units.

14. Investments accounted for using the equity method and other non-current assets

	DECEMBER31,		
	2021	2020	2019
Portion of trade and other non-current accounts receivable [1] (Note 8)	**$ 2,645**	$ 3,153	$ 3,423
Other capital instruments	**227**	514	504
Other assets	**2,162**	1,954	2,833
Restricted cash (Note 7)	**33**	34	211
Other non-current assets	**5,067**	5,655	6,971
Investments in associates	**508**	433	1,134
Joint ventures [2]	**8,582**	8,433	8,044
Total other non-current assets	**$14,157**	**$14,521**	**$16,149**

[1] As of December 31, 2021, 2020 and 2019, this item mainly includes financing granted by Alpek, a subsidiary of the Company, to M&G Polímeros México S.A de C.V.
[2] The main effects come from Alpek's joint venture of Corpus Christi Polymers L. L. C.

OTHER PERMANENT INVESTMENTS

These permanent investments correspond to investments in shares of companies that are not listed on the market that represent less than 1% of their capital stock and investments in shares of social clubs. As of December 31, 2021, an impairment loss was recognized on the investment in shares of Altán (see Note 2). No impairment loss has been recognized as of December 31, 2020 and 2019.

Other capital investments are denominated in Mexican pesos.

INVESTMENT IN ASSOCIATES

The following includes the investments in associates that the Company has as of December 31, 2021, 2020 and 2019:

NAME	SEGMENT	PERCENTAGE OF OWNERSHIP
Starcam sro [1]	Nemak	- %
Nanjing Loncin Nemak Precision Machinery Co., Ltd. [2]	Nemak	- %
Clear Path Recycling LLC	Alpek	49.9%
Terminal Petroquímica de Altamira, S. A. de C. V.	Alpek	42.0%
Agua Industrial del Poniente, S. A. de C. V.	Alpek	47.6%
Desarrollos Porcinos Castileón, S. L.	Sigma	42.0%
Cogenedora Burgalesa, S. A.	Sigma	50.0%
Nuova Mondial S. p. A.	Sigma	50.0%
Servicios Integrales de Salud Nova, S. A. de C. V.	Alfa	22.5%

[1] As of December 31, 2019, the percentage of ownership was 49%.
[2] As of December 31, 2019, the percentage of ownership was 35%.

There are no contingent liabilities related to the investment of Alfa in investments in associates. The Company has no commitments in relation with investments in associates as of December 31, 2021, 2020 and 2019.

JOINT VENTURES

The following includes the joint ventures that the Company has as of December 31, 2021, 2020 and 2019:

NAME	SEGMENT	PERCENTAGE OF POSSESSION
Petroalfa Servicios Integrados de Energía S. A. P. I. de C. V.	Newpek	50.0%
Oilserv, S.A.P.I. de C. V.	Newpek	50.0%
Petroliferos Tierra Blanca S. A. de C. V.	Newpek	50.0%
Galpek, LDA [1]	Alpek	- %
Corpus Christi Polymers L. L. C.	Alpek	33.3%

[1] As of December 31,2019, the percentage of ownership was 50%.

There are no contingent liabilities related to the investment of Alfa in joint agreements. As of December 31, 2021, 2020 and 2019, the Company has a commitment to conclude the construction of the plant of the joint venture of Corpus Christi Polymers L. L. C.

15. Subsidiaries with significant non-controlling interest

The non-controlling interest is comprised as follows:

	PERCENTAGE OF NON- CONTROLLING INTEREST	INCOME (LOSS) OF THE NON-CONTROLLING INTEREST OF THE YEAR			NON-CONTROLLING INTEREST AS OF DECEMBER 31,		
		2021	2020	2019	2021	2020	2019
Axtel, S. A. B. de C. V.	47%	**$ (501)**	$ 12	$ (334)	**$ 2,152**	$ 2,571	$ 2,690
Alpek, S. A. B. de C. V.	18%	**3,832**	1,563	2,153	**13,696**	12,356	11,887
Nemak, S. A. B. de C. V. [1]	-%	**-**	2,682	715	**-**	-	8,675
Otros		**(8)**	(166)	423	**(112)**	(74)	(88)
		$ 3,323	**$ 4,091**	**$ 2,957**	**$15,736**	**$ 14,853**	**$ 23,164**

[1] The percentage of non-controlling interest of Nemak, S.A.B. de C.V. amounted to 25% as of December 31, 2019.

The summarized financial information as of December 31, 2021, 2020 and 2019 and for the year then ended, corresponding to each subsidiary with a significant non-controlling interest as of December 31, 2021, is shown below:

	AXTEL, S. A. B. DE C. V.			ALPEK, S. A. B. DE C. V.		
	2021	2020	2019	2021	2020	2019
Statements of financial position						
Current assets	**$ 4,827**	$ 7,080	$ 6,035	**$61,780**	$45,549	$43,575
Non-current assets	**15,148**	16,624	18,296	**62,165**	60,804	59,219
Current liabilities	**3,510**	6,044	5,178	**35,670**	21,352	20,321
Non-current liabilities	**13,595**	14,165	15,742	**38,689**	39,489	37,415
Stockholders' equity	**2,870**	3,495	3,411	**49,586**	45,512	45,058
Statements of income						
Revenues	**11,389**	12,356	12,784	**156,224**	113,989	119,685
Net income (loss)	**(797)**	361	(14)	**10,196**	4,121	7,524
Comprehensive income (loss) of the year	**(616)**	298	(155)	**10,218**	3,941	6,357
Comprehensive income attributable to non-controlling interest	**-**	-	-	**2,632**	1,278	735
Cash flows						
Dividends paid to non-controlling interest	**-**	-	-	**(1,889)**	(730)	(1,182)
Net cash flows generated by operating activities	**3,292**	4,208	2,957	**13,230**	11,934	10,001
Net cash flows generated by (used in) investing activities	(1,268)	729	(528)	(3,860)	(2,088)	10,948
Net cash flows used in financing activities	**(3,602)**	(2,601)	(3,821)	**(8,986)**	(6,030)	(17,701)

The information above does not include the elimination of intercompany balances and transactions.

16. Trade and other accounts payable

			DECEMBER 31,
	2021	**2020**	**2019**
Trade accounts payable	**$49,742**	$39,321	$55,479
Short-term employee benefits	**1,170**	987	1,824
Customer advance payments	**291**	174	602
Other payable taxes	**3,049**	3,720	4,554
Other accounts and accrued expenses payable	**6,958**	7,379	10,042
	$61,210	**$51,581**	**$72,501**

17. Debt

			AS OF DECEMBER 31,
	2021	**2020**	**2019**
Current:			
Bank loans [1][2]	**$ 286**	$ 418	$ 2,350
Current portion of non-current debt	**3,603**	2,714	1,800
Notes payable [1][2]	**170**	169	133
Current debt	**$ 4,059**	**$ 3,301**	**$ 4,283**
Non-current:			
In U.S. dollars:			
Senior Notes	**$ 91,667**	$ 89,066	$ 93,490
Unsecured bank loans	**6,519**	7,444	6,082
Other	**464**	210	240
In Mexican pesos:			
Secured bank loans	**7**	21	25
Unsecured bank loans	**6,790**	6,873	8,172
Other	**25**	141	-
In euros:			
Senior Notes	**14,351**	14,931	23,460
Unsecured bank loans	**-**	-	624
Other	**14**	25	30
Other currencies:			
Unsecured bank loans	**-**	-	5
Secured bank loans	**-**	-	9
	119,837	118,711	132,137
Less: current portion of non-current debt	**(3,603)**	(2,714)	(1,800)
Non-current debt	**$ 116,234**	**$ 115,997**	**$ 130,337**

[1] As of December 31, 2021, 2020 and 2019, short-term bank loans and notes payable cause interest at an average rate of 1.40%, 3.78% and 4.22%, respectively.
[2] The fair value of bank loans and notes payable approximates their current book value, due to their short maturity.

The carrying amounts, terms and conditions of long-term debt were as follows:

DESCRIPTION	CONTRACTUAL CURRENCY	VALUE IN MX PESOS	DEBT ISSUANCE COSTS (1)	INTEREST PAYABLE(1)	BALANCE AS OF DECEMBER 31,2021	BALANCE AS OF DECEMBER 31,2020	BALANCE AS OF DECEMBER 31,2019	MATURITY DATE MM/DD/YYYY	INTEREST RATE %
Bilateral	MXN	$ 7	$ -	$ -	**$ 7**	$ 21	$ 25	23/08/2022	10.28%
Banking	BRL	-	-	-	**-**	-	9	20/01/2025	6.00%
Total secured bank loans					**7**	21	34		
Bilateral	ARS	-	-	-	**-**	-	2	01/04/2020	45.69%
Bilateral	ARS	-	-	-	**-**	-	3	08/12/2020	25.00%
Banking	USD	-	-	-	**-**	-	831	15/12/2022	3.34%
Banking	USD	-	-	-	**-**	-	87	20/04/2024	1.42%
Banking	USD	-	-	-	**-**	-	289	21/12/2025	1.14%
Banking	USD	-	-	-	**-**	-	163	21/12/2025	1.35%
Bilateral	USD	-	-	-	**-**	-	3,563	23/12/2029	4.66%
Bilateral	MXN	3,155	11	21	**3,165**	3,250	3,277	31/08/2028	7.96%
Bilateral	MXN	-	-	-	**-**	-	79	29/11/2020	10.84%
Bilateral	USD	-	-	-	**-**	-	80	29/11/2020	6.35%
Bilateral	MXN	-	-	-	**-**	-	1,318	15/12/2022	10.27%
Bilateral	EUR	-	-	-	**-**	-	530	29/10/2024	1.06%
Banking	EUR	-	-	-	**-**	-	15	10/03/2022	0.30%
Banking	EUR	-	-	-	**-**	-	11	31/07/2026	-
Banking	EUR	-	-	-	**-**	-	68	01/03/2020	1.50%
Bilateral	USD	103	-	-	**103**	120	122	04/10/2023	2.96%
Banking	MXN	3,500	16	14	**3,498**	3,494	3,498	20/10/2025	6.23%
Banking	USD	-	-	-	**-**	-	947	19/01/2023	2.93%
Bilateral	USD	618	-	1	**619**	800	-	03/12/2024	2.77%
Bilateral	USD	-	-	-	**-**	500	-	11/12/2024	2.27%
Bilateral	MXN	50	-	-	**50**	50	-	24/06/2024	7.47%
Bilateral	USD	556	2	-	**554**	938	-	24/06/2024	2.10%
Bilateral	USD	85	-	-	**85**	85	-	27/11/2023	4.59%
Bilateral	MXN	77	-	-	**77**	79	-	27/11/2023	7.74%
Banking	USD	1,028	-	2	**1,030**	999	-	19/01/2023	1.24%
Banking	USD	4,117	-	11	**4,128**	4,002	-	19/01/2023	1.22%
Total unsecured bank loans					**13,309**	14,317	14,883		

Continue in next page.

DESCRIPTION	CONTRAC-TUAL CU-RRENCY	VALUE IN MX PESOS	DEBT ISSUANCE COSTS (1)	INTEREST PAYABLE(1)	BALANCE AS OF DECEMBER 31,2021	BALANCE AS OF DECEMBER 31,2020	BALANCE AS OF DECEMBER 31,2019	MATURITY DATE MM/DD/YYYY	INTEREST RATE %
Senior Notes - Fixed rate	USD	1,934	3	10	**1,941**	12,976	12,247	20/11/2022	4.50%
Senior Notes - Fixed rate	USD	6,175	16	131	**6,290**	6,091	5,749	08/08/2023	5.38%
Senior Notes - Fixed rate	USD	10,287	27	143	**10,403**	10,068	9,500	25/03/2024	5.25%
Senior Notes - Fixed rate	USD	10,253	103	187	**10,337**	10,014	9,455	25/03/2044	6.88%
Senior Notes - Fixed rate	USD	10,269	69	124	**10,324**	9,994	9,431	18/09/2029	4.25%
Senior Notes - Fixed rate	EUR	-	-	-	**-**	-	10,565	15/03/2024	3.25%
Senior Notes - Fixed rate	USD	9,057	69	79	**9,067**	9,954	9,374	14/11/2024	6.38%
Senior Notes - Fixed rate	EUR	14,028	34	357	**14,351**	14,931	12,895	07/02/2024	2.63%
Senior Notes - Fixed rate	USD	20,563	77	146	**20,632**	19,969	18,828	02/05/2026	4.13%
Senior Notes - Fixed rate	USD	-	-	-	**-**	-	9,467	25/01/2025	4.75%
Senior Notes - Fixed rate	USD	10,292	90	131	**10,333**	10,000	9,439	27/03/2028	4.88%
Senior Notes - Fixed rate	USD	12,285	84	139	**12,340**	-	-	25/02/2031	3.25%
Total Senior Notes - Fixe rate					**106,018**	103,997	116,950		
Other loans	USD	307	-	-	**307**	59	240	Various	Various
Other loans	EUR	14	-	-	**14**	25	30	Various	Various
Other loans	USD	103	-	1	**104**	100	-	26/11/2049	1.26%
Other loans	USD	52	-	1	**53**	51	-	26/11/2049	1.22%
Other loans	MXN	21	-	-	**21**	103	-	05/02/2022	5.00%
Other loans	MXN	2	-	-	**2**	4	-	01/03/2023	9.35%
Other loans	MXN	2	-	-	**2**	34	-	01/09/2021	4.62%
Total other loans					**503**	376	270		
Total		**$118,940**	**$ 601**	**$ 1,498**	**$ 119,837**	**$ 118,711**	**$ 132,137**		

(1) For the years ended December 31, 2021, 2020 and 2019, the debt issuance costs were $601, $667 and $1,054, respectively.

Maturities:

As of December 31, 2021, the annual maturities of long-term debt, including the current portion and interest payable and gross of issuance costs, are as follows:

	2022	2023	2024	2025	2026 AND THEREAFTER	TOTAL
Bank and other loans	$ 219	$ 5,482	$ 1,687	$ 3,997	$ 2,464	$ 13,849
Senior Notes	3,380	6,175	33,371	-	63,663	106,589
Non accrued future interests	4,617	5,270	4,646	3,312	18,424	36,269
	$ 8,216	**$ 16,927**	**$ 39,704**	**$ 7,309**	**$ 84,551**	**$ 156,707**

Covenants:

Loan contracts and debt agreements contain restrictions, primarily relating to compliance with financial ratios, incurring additional debt or making loans that require granting real guarantees, dividend payments and submission of financial information, which if not met or remedied within a specified period to the satisfaction of creditors may cause the debt to become payable immediately.

Financial ratios to be fulfilled include the following:

a. Interest coverage ratio: which is defined as adjusted EBITDA (see Note 31) for the period of the last four complete quarters divided by financial expenses, net or gross as appropriate, for the last four quarters, which shall not be less than 3.0 times.

b. Leverage ratio: which is defined as consolidated debt at that date, being the gross debt or net debt, depending on the case, divided by adjusted EBITDA (see Note 31) for the period of the last four complete quarters, which shall not be more than 3.5 times.

c. In June 2020, Alfa SAB made an amendment to raise the leverage ratio temporarily due to the effects of COVID-19, which led to setting the threshold at 4.0 times as of June 30, 2020, and going up to 5.25 times as of March 31, 2021, and then going down again to 3.5 times as of March 31, 2022, and staying at that threshold.

During 2021, 2020 and 2019, the financial ratios were calculated according to the formulas set out in the loan agreements.

Covenants contained in the credit agreements of the subsidiaries establish certain obligations, conditions and certain exceptions that require or limit the capacity of the subsidiaries; the main ones are listed below:

- Provide certain financial information;
- Maintain books and records;
- Maintain assets in appropriate conditions;
- Comply with applicable laws, rules and regulations;
- Incur additional indebtedness;
- Pay dividends;
- Grant liens on assets;
- Enter into transactions with affiliates;
- Perform a consolidation, merger or sale of assets, and
- Carry out sale and lease-back operations

As of December 31, 2021, 2020 and 2019, and the date of issuance of these consolidated financial statements, the Company and its subsidiaries complied satisfactorily with such covenants and restrictions.

Pledged assets

Colombin, a subsidiary entity of the Company, has assets given as collateral under a long-term financing granted by a financial institution. The outstanding balance of the loan as of December 31, 2021, as well as the value of the pledged assets is approximately $7 (US$0.3) and $15 (US$0.7), respectively. As of December 31, 2020, as well as the value of the pledged assets, it is approximately $21 (US$1.1) and $42 (US$2.1), respectively. As of December 31, 2019, as well as the value of the pledged assets, it is approximately $25 (US$1.3) and $49 (US$2.6), respectively.

Additionally, Nemak maintained assets given as collateral under a long-term financing granted by a Brazilian government entity for investment promotion. The outstanding balance of the loan as of December 31, 2019, as well as the value of the pledged assets is approximately $8.8 (US$0.5) and $11 (US$0.6), respectively.

SIGNIFICANT DEBT ISSUANCES AND PAYMENTS IN 2021

a. On February 18, 2021, Alpek issued Senior Notes, on the Irish Stock Exchange, to qualified institutional investors under Rule 144A and other investors outside the United States of America under Regulation S, in the amount of US$600, gross of issuance costs of US$5 and discounts of US$2. The Senior Notes have a ten-year maturity and a 3.25% coupon payable semi-annually. Proceeds from the transaction were used primarily to prepay debt, including accrued and unpaid interest.

b. On March 3, 2021, Axtel prepaid US$60 of the principal of the Senior Notes due in 2024 and a coupon of 6.375%, in order to strengthen its financial structure and reduce financial expenses. After prepayment, the principal of the remaining Senior Notes is US$440. The partial prepayment was made with cash funds obtained in the data center transaction with Equinix carried out in 2020. Derived from this prepayment, Axtel immediately recognized in the consolidated statement of income the costs of obtaining debt that were pending amortization. to that date for $14.

c. On May 25, 2021, Axtel entered into an agreement with Export Development Canada for the renewal of bilateral committed revolving loan agreement for up to US$50, or its equivalent in pesos, extending the maturity from June 2021 to June 2024. After this renewal, US$27 and $50 of said credit had been drawn. For the portion in pesos, interests are payable monthly at a rate of TIIE at 28 days + 1.75%, while for the portion in dollars they are payable monthly at a rate of Libor 1M + 2.00%.

d. On September 27, 2021, Axtel prepaid $401 (US$20) of the principal of the loan in US dollars held with Export Development Canada maturing in 2024 and interest rate of Libor 1M + 2.00%. After the prepayment, the amount outstanding of the loan in US dollar portion is US$27. Derived from this prepayment, Axtel immediately recognized the unamortized transaction costs in the consolidated statement of income for $0.5.

SIGNIFICANT DEBT ISSUANCES AND PAYMENTS IN 2020.

e. On February 14, 2020, Axtel prepaid the total of the syndicated loan maintained with HSBC as the leader of the participating financial institutions in the amount of $1,320 (US$67). Derived from this prepayment, the Axtel immediately recognized in the consolidated income statement, the debt issuance costs that were pending amortization at that date of $8.

f. During the year ended December 31, 2020, Sigma obtained short-term bank loans in the amounts of $2,350, US$300 and €135; which were paid in full during the same period. The withdrawals and payments of the bank loans represented cash inflows and outflows in the amount of $13,074 and $12,787, respectively.

SIGNIFICANT DEBT ISSUANCES AND PAYMENTS IN 2019

g. On May 7, 2019, Axtel prepaid a portion of the syndicated loan of $250 held with HSBC as the leader of the participating financial institutions, and the disposed portion of the Committed Line with Export Development Canada of $300. It also made payments to Alfa SAB of $917 and $320, for principal and interest, respectively. As a result of this prepayment, Axtel immediately recognized in the consolidated income statement the outstanding debt costs as of that date of $8.

h. On May 10, 2019, Alpek entered into an agreement to obtain an unsecured loan in the amount of up to US$250 with Export Development Canada. The term of the loan is 5 years and has a disposal period maturing in May 2021. The loan bears interest at a variable rate of LIBOR plus a spread based on the leverage levels, and can be prepaid at any time, in whole or in part, without penalty.

i. On September 11, 2019, Alpek issued Senior Notes on the Irish Stock Exchange to institutional investors qualified under Rule 144A, and other investors outside the United States of America under regulation S in the amount of US$500, gross from issuance costs of US$4 and discounts of US$1. The Senior Notes mature in ten years at a coupon of 4.25%. The transaction resources were mainly used to prepay short-term debt and for general corporate purposes.

j. On December 16, 2019, Sigma paid the entire Senior Notes maturing on that date in the amount of US$250. The Senior Notes were issued in 2009 in accordance with Rule 144A and Regulation S at an annual coupon of 6.875%.

k. On December 23, 2019, Nemak obtained financing with Bancomext for an amount of US$190 at a rate LIBOR +2.70% with a 10-year maturity; the resources were used to prepay the existing debt held with Bancomext for US$115 and with NAFIN for US$77.

18. Lease liability

			DECEMBER 31,
	2021	**2020**	**2019**
Current portion			
USD	**$ 646**	$ 647	$ 882
MXP	**442**	451	695
EUR	**325**	332	402
Other currencies	**159**	129	207
Current lease liability	**$ 1,572**	**$1,559**	**$2,186**
Non-current portion:			
USD	**$ 2,852**	$2,494	$2,269
MXP	**938**	1,154	1,592
EUR	**494**	726	1,443
Other currencies	**533**	317	891
Non-current lease liability	**$ 4,817**	**$4,691**	**$6,195**

As of December 31, 2021, 2020 and 2019, changes in the lease liability related to the finance activities in accordance with the consolidated statement of cash flows are integrated as follows:

	2021	2020	2019
Effect on adoption of IFRS 16	**$ -**	$ -	$ 6,962
Reclassification of finance leases	**-**	-	1,558
Beginning balance as of January 1, 2019	**6,250**	8,381	8,520
New contracts	**2,033**	1,405	2,468
Write-offs	**(273)**	(58)	(197)
Effect of subsidiary spin-off	**-**	(1,853)	-
Adjustments to the liability balance	**80**	91	112
Interest expense of lease payments	**404**	422	586
Lease payments	**(2,142)**	(2,432)	(2,764)
Exchange differences	**37**	294	(344)
End balance	**$ 6,389**	**$ 6,250**	**$ 8,381**

The total of future fixed payments of leases that include un-accrued interest is analyzed as follows:

			DECEMBER 31,
	2021	2020	2019
- Less than 1 year	**$ 1,572**	$ 1,575	$ 2,208
- Over 1 year and less than 3 years	**1,923**	2,048	3,107
- Over 3 year and less than 5 years	**1,192**	1,197	1,361
- Over 5 years	**1,702**	1,430	1,705
Total	**$ 6,389**	**$ 6,250**	**$ 8,381**

19. Income taxes

The Company is subject to income tax, whose rate is 30% in Mexico. The statutory income tax rates applicable to the countries where the main foreign subsidiaries are located were as follows as of December 31, 2021, 2020 and 2019:

	%
Germany	30.0%
Unites States	21.0%
Spain	25.0%

INCOME TAX UNDER TAX CONSOLIDATION REGIME IN MEXICO

The Company incurred income tax in a consolidated manner through 2013 with its Mexican subsidiaries. Since the Mexican income tax law in effect through 2013 was repealed, the tax consolidation regime was eliminated. Therefore, Alfa has the obligation to pay long-term deferred tax determined as of that date during the following ten periods beginning in 2014, as shown below.

In accordance with paragraph a) of section XVIII of the ninth transition article of the 2014 Mexican Tax Law, and provided that the Company at December 31, 2013 was acting as the controlling company and was subject, at that date, to the payment system contained in section VI of the fourth article of the transition provisions of the Mexican Income Tax Law published in the federal official gazette on December 7, 2009, or article 70-A of the 2013 Mexican Income Tax Law that was revoked, shall continue paying the tax consolidation deferred tax in fiscal years 2013 and prior years in conformity with the abovementioned provisions, until payment is concluded.

Income tax from deferred tax consolidation at as of December 31, 2021, 2020 and 2019 amounts to $233, $565 and $997, respectively, and will be paid off in installments in accordance with the table shown below:

					PAYMENT YEAR
	2022	2023	2024	2025 AND SUBSEQUENT	TOTAL
Total deferred tax consolidation	$ 180	$ 53	$ -	$ -	**$ 233**

OPTIONAL REGIME FOR CONSOLIDATED GROUPS IN MEXICO (INCORPORATION REGIME)

As a result of the elimination of the tax consolidation regime in Mexico, the Company chose to adopt the new optional regime for consolidated groups beginning in 2014, which consists in grouping companies with specific characteristics and allows for the deferral of part of the income tax to the next three years; the deferral percentage is calculated using a factor determined in accordance to the amount of tax profit and losses of the year by which the tax deferral is determined.

a. Income taxes recognized in the consolidated statement of income:

	2021	2020	2019
Current tax expense	**$ (7,311)**	$ (5,129)	$(5,255)
Deferred income tax benefit	**(900)**	(5,472)	814
Income taxes expense	**$ (8,211)**	**$(10,601)**	**$(4,441)**

b. The reconciliation between the statutory and effective income tax rates was as follows:

	2021	2020	2019
Income before taxes	$ 15,640	$ 9,497	$ 10,319
Equity in results of associates recognized through the equity method	(24)	(75)	313
Income before interest in associates	15,616	9,422	10,632
Statutory rate	30%	30%	30%
Taxes at statutory rate	(4,685)	(2,827)	(3,190)

Continue in next page.

	2021	2020	2019
(Add) less tax effect on:			
Reserve for asset valuation for deferred income tax for investment in shares	-	(7,632)	-
Differences based on comprehensive financial cost	1,397	(2,871)	(2,313)
Effect of difference of tax rates and other differences, net	(4,923)	2,729	1,178
Total provision for income taxes charged to income	**$ (8,211)**	**$ (10,601)**	**$ (4,441)**
Effective rate	53%	112%	43%

c. The detail of deferred income tax asset and liability is as follows:

			DECEMBER 31,
	2021	2020	2019
Inventories	$ 83	$ 71	$ 140
Intangible assets	5,402	4,588	6,237
Property, plant and equipment	9,239	7,660	10,823
Provisions	(684)	(671)	(1,603)
Other temporary differences, net	(5,022)	(2,119)	(4,684)
Deferred income tax liability	**$ 9,018**	**$ 9,529**	**$10,913**
Inventories	$ 80	$ 51	$ 71
Property, plant and equipment	1,418	484	(595)
Intangible assets	(902)	(1,206)	(1,304)
Valuation of derivative instruments	46	2	-
Provisions	1,353	1,603	1,422
Investment in shares [1]	-	-	7,527
Tax loss carryforwards	5,123	6,843	6,523
Other temporary differences, net	1,214	2,054	4,045
Deferred income tax assets	**$ 8,332**	**$ 9,831**	**$ 17,689**

[1] During the year ended December 31, 2020, the Company recognized a reserve for deferred income tax asset of $7,632 associated with an investment in shares of a subsidiary. This item was expected to be applied in part, or in its entirety, in a transaction with third parties, which has not been carried out in recent years.

Deferred income tax assets are recognized on tax loss carryforwards to the extent the realization of the related tax benefit through future tax income is likely.

Tax losses as of December 31, 2021, expire in the following years

LOSS YEAR	TAX LOSSES TO BE AMORTIZED [(1)]	EXPIRATION YEAR
2012	$ 146	2022
2013	704	2023
2014	1,208	2024
2015	973	2025
2016	8,370	2026
2017 and later	9,341	2027and later
No maturity	25,288	
	$ 46,030	

[(1)] The Company has decided to reserve tax losses for $22,897, in accordance with management's estimate of future reversals of temporary differences, therefore, as of December 31, 2021, they do not generate a deferred income tax asset.

d. The tax charge (credit) related to comprehensive income is as follows

	2021			2020			2019		
	BEFORE TAXES	TAX CHARGED (CREDITED)	AFTER TAXES	BEFORE TAXES	TAX CHARGED (CREDITED)	AFTER TAXES	BEFORE TAXES	TAX CHARGED (CREDITED)	AFTER TAXES
Effect of derivative financial instruments contracted as cash flow hedge	**$ 518**	**$ (155)**	**$ 363**	$ 324	$ (102)	$ 221	$ 797	$ (168)	$ 629
Remeasurement of employee benefit obligations	**697**	**(210)**	**487**	102	(35)	67	(692)	252	(440)
Translation effect of foreign entities	**(1,740)**	**-**	**(1,740)**	(178)	-	(178)	(2,804)	-	(2,804)
Discontinued operations	**-**	**-**	**-**	2,950	(70)	2,881	(1,983)	22	(1,961)
Other comprehensive income	**$ (525)**	**$ (365)**	**$ (890)**	**$ 3,198**	**$ (207)**	**$ 2,991**	**$(4,682)**	**$ 106**	**$(4,576)**

e. Income tax payable consists of the following:

	2021	2020	DECEMBER 31, 2019
Current income tax	**$3,015**	$2,666	$3,640
Income tax from tax consolidation (regime in effect through 2013)	**233**	565	997
Income tax from optional regime for group of entities in Mexico	**1,268**	742	577
Total income tax payable	**$4,516**	**$3,973**	**$5,214**
Current portion	**$3,015**	$2,470	$3,643
Non-current portion	**1,501**	1,503	1,571
Total income tax payable	**$4,516**	**$3,973**	**$5,214**

20. Provisions

	DISPUTES	RESTRUCTURING AND DEMOLITION (1)	CONTINGENCIES (3)	GUARANTEES (2)	OTHER	TOTAL
At January 1, 2019	$ 197	$ 459	$ 1,269	$ -	$ 667	**$ 2,592**
Business acquisitions	26	86	105	-	12	**229**
Additions	54	-	-	544	15	**613**
Exchange effects	(33)	(3)	(86)	-	5	**(117)**
Cancelation of provisions	(4)	(11)	(20)	-	(56)	**(91)**
Payments	(69)	(229)	(9)	-	(10)	**(317)**
At December 31, 2019	171	302	1,259	544	633	2,909
Business acquisitions	2	183	-	-	43	**228**
Additions	61	80	264	-	(238)	**167**
Exchange effects	10	9	(99)	124	(12)	**32**
Cancelation of provisions	(28)	(205)	-	(67)	(294)	**(594)**
Payments	(4)	(35)	-	(563)	(12)	**(614)**
At December 31, 2020	212	334	1,424	38	120	2,128
Additions	294	131	69	-	248	**742**
Exchange effects	(2)	-	6	-	(9)	**(5)**
Cancelation of provisions	-	-	(203)	-	(181)	**(384)**
Payments	(65)	(34)	(3)	(38)	(62)	**(202)**
At December 31, 2021	**$ 439**	**$ 431**	**$ 1,293**	**$ -**	**$ 116**	**$ 2,279**

(1) This provision comes from a strategic redefinition process to obtain, among others, efficiencies and a higher level of specialization in the production and logistics centers, as well as strengthening existing synergies in a subsidiary of Sigma. As of December 31, 2019 the provisions for restructuring include compensation to obtain efficiencies from Axtel.
(2) As of December 31, 2020 and 2019, it corresponds to a provision for guarantees related to the transaction of two cogeneration plants sold by Alpek (see Note 2).
(3) Includes labor, civil and tax contingencies of Alpek derived from the acquisition of PQS and Citepe, for which there is an account receivable in compensation under the item of other non-current assets.

	2021	2020	DECEMBER 31, 2019
Short-term provisions	**$ 1,298**	$ 894	$1,502
Long-term provisions	**981**	1,234	1,407
	$ 2,279	**$2,128**	**$2,909**

21. Other liabilities

	2021	2020	DECEMBER 31, 2019
Share-based employee benefits (Note 25)	**$ 332**	$ 301	$ 286
Dividends payable	**107**	605	112
Deferred credits	**247**	248	292
Accounts payable - affiliates (Note 30)	**2,224**	2,759	2,644
Liabilities held for sale [1]	**3,208**	-	-
Total other liabilities	**$ 6,118**	**$ 3,913**	**$ 3,334**
Current portion	**$ 5,646**	$ 3,454	$ 2,840
Non-current portion	**472**	459	494
Total other liabilities	**$ 6,118**	**$ 3,913**	**$ 3,334**

[1] As of December 31, 2021, corresponds mainly to liabilities that were classified as held for sale by Sigma (see Note 2).

22. Employee benefits

The valuation of employee benefits for retirement plans is based primarily on their years of service, current age and estimated salary at retirement date.

The Company has established funds for the payment of retirement benefits through irrevocable trusts.

The employee benefits recognized in the consolidated statement of financial position are shown below:

	2021	2020	DECEMBER 31, 2019
Country			
Mexico	**$2,670**	$3,083	$ 3,615
United States	**405**	788	1,005
Others	**823**	862	1,204
Total	**$3,898**	**$4,733**	**$ 5,824**

Below is a summary of the primary financial data of these employee benefits:

			DECEMBER 31,
	2021	**2020**	**2019**
Obligations in the consolidated statement of financial position:			
Pension benefits	**$ 3,286**	$4,064	$ 5,010
Post-employment medical benefits	**612**	669	814
Liability recognized in the consolidated statement of financial position	**$ 3,898**	**$4,733**	**$ 5,824**
Charge in the statement of income for:			
Pension benefits	**$ (340)**	$ (500)	$ (383)
Post-employment medical benefits	**(52)**	(52)	(52)
	$ (392)	**$ (552)**	**$ (435)**
Remeasurements for employee benefit obligations recognized in other comprehensive income for the year from continuing operations	**$ 697**	$ 102	$ (692)
Remeasurements for accrued employee benefit obligations recognized in other comprehensive income	**$ (277)**	**$(765)**	**$ (832)**

Post-employment pension and medical benefits

The Company operates defined benefit pension plans based on employees' pensionable remuneration and length of service. Most plans are externally funded. Plan assets are held in trusts, foundations or similar entities, governed by local regulations and practice in each country, as is the nature of the relationship between the Company and the respective trustees (or equivalent). The Company operates post-employment medical benefit schemes in Mexico and the United States. The accounting method, assumptions and frequency of the valuations are similar to those used for defined benefits in pension schemes. Most of these plans are not funded.

The amounts recognized in the consolidated statement of financial position are determined as follows:

			DECEMBER 31,
	2021	**2020**	**2019**
Present value of obligations	**$ 7,839**	$ 10,179	$11,178
Fair value of plan assets	**(5,326)**	(6,635)	(6,394)
Present value of defined benefit obligations	**2,513**	3,544	4,784
Liability for defined contributions	**1,385**	1,189	1,040
Liabilities in the consolidated statement of financial position	**$ 3,898**	**$ 4,733**	**$ 5,824**

The movement in the defined benefit obligation during the year was as follows:

	2021	2020	2019
As of January 1	**$ 10,179**	$11,178	$10,048
Current service cost	**310**	355	233
Interest cost	**327**	338	467
Contributions from plan participants	**6**	6	22
Actuarial remeasurements	**(275)**	626	1,226
Exchange differences	**47**	263	(344)
Benefits paid	**(648)**	(777)	(404)
Acquired in business combinations	**-**	195	-
Reorganization effects	**20**	-	-
Effects of subsidiary spin-off	**-**	(1,938)	-
Transfer to liabilities held for sale	**(1,985)**	-	-
Curtailments	**(142)**	(67)	(70)
As of December 31,	**$ 7,839**	**$10,179**	**$11,178**

The movement in the fair value of plan assets for the year was as follows:

	2021	2020	2019
As of January 1	**$ (6,635)**	$ (6,394)	$ (6,049)
Remeasurements – expected return on plan assets, excluding interest in income	**(422)**	(728)	(397)
Exchange differences	**(471)**	(348)	(246)
Contributions from plan participants	**(1)**	(1)	49
Employee contributions	**(23)**	(97)	(56)
Effects of subsidiary spin-off	**-**	669	-
Benefits paid	**293**	264	305
Transfer to liabilities held for sale	**1,933**	-	-
As of December 31,	**$ (5,326)**	**$ (6,635)**	**$ (6,394)**

The primary actuarial assumptions were as follows:

			DECEMBER 31,
	2021	2020	2019
Discount rate	**MX7.75%**	MX6.75%	MX7.00%
Discount rate	**US2.64%**	US2.30%	US3.10%
Inflation rate	**3.50%**	3.50%	3.50%
Wage increase rate	**4.50%**	4.50%	4.50%
Future wage increase	**3.50%**	3.50%	3.50%
Medical inflation rate	**4.50%**	6.50%	6.50%

The sensitivity analysis of the discount rate was as follows:

		EFFECT ON DEFINED BENEFIT OBLIGATIONS	
	CHANGE IN ASSUMPTIONS	INCREASE IN ASSUMPTIONS	DECREASE IN ASSUMPTIONS
Discount rate	+1%	Decrease by $317	Increase by $359

Pension benefit assets

Plan assets are comprised of the following:

			AS OF DECEMEBER 31,
	2021	2020	2019
Equity instruments	**$ 2,405**	$ 3,208	$ 3,171
Short and long-term fixed-income securities	**2,921**	3,427	3,223
	$ 5,326	**$ 6,635**	**$ 6,394**

23. Stockholders' equity

As of December 31, 2021, 2020 and 2019, the capital stock is variable, with a fixed minimum of $169, $169, and $209, respectively, represented by 4,905,698,020, 4,909,211,020 and 5,055,111,020, respectively, registered shares "Class I" of Series " A", without expression of nominal value, fully subscribed and paid. The variable capital with the right to withdrawal will be represented, where appropriate, with nominative shares without expression of nominal value, "Class II" of Series "A".

For the year ended December 31, 2021, 2020 and 2019, Alfa SAB repurchased 3,513,000, 105,830,000 and 40,070,000 shares equivalent to $53, $1,060 and $713, respectively, which were held in treasury. As of December 31, 2021, 2020 and 2019, Alfa SAB holds 3,513,000, 145,900,000 and 40,070,000 shares in treasury, respectively, and the market value of the shares was $15.02, $14.38 and $15.68, respectively. In the Extraordinary

Meeting of January 26, 2021, the Shareholders approved the cancellation of 145,900,000 shares that Alfa SAB had in the treasury. As of December 31, 2021, Alpek and Axtel, subsidiaries of the Company, repurchased and repositioned their shares for a total of $65, which were recognized by reducing retained earnings and non-controlling interest by $50 and $15, respectively. As of December 31, 2020, Alpek and Axtel, subsidiaries of the Company, repurchased and repositioned their shares for a total of $266, which were recognized by reducing retained earnings and non-controlling interest by $157 and $109, respectively. As of December 31, 2019, Nemak, Alpek and Axtel, subsidiaries of the Company, repurchased and repositioned their shares for a total of $117, which were recognized by reducing retained earnings and non-controlling interest by $79 and $38, respectively.

The consolidated net profit for the year is subject to the legal provision that requires that at least 5% of the profit for each year be used to increase the legal reserve until it is equal to one-fifth of the amount of paid-in capital stock. As of December 31, 2021, 2020 and 2019, the amount of the legal reserve amounts to $60, which is included in retained earnings.

On March 11, 2021, the Ordinary General Shareholders' Meeting of Alfa SAB approved the payment of an ordinary cash dividend of $0.020 US dollars for each of the outstanding shares, which is equivalent to approximately $2,087 (US$98). On January 5, 2021, the Company made a partial cash payment of $497 (US$25), of the ordinary dividend approved by the Board of Directors of Alfa SAB on December 15, 2020.

On February 27, 2020, the Ordinary General Shareholders' Meeting of Alfa SAB approved the payment of an ordinary cash dividend of $0.020 US dollars for each of the outstanding shares, which is equivalent to approximately $1,914 (US$100). Additionally, on December 15, 2020, the Alfa SAB Board of Directors, exercising the powers delegated to it at the Alfa SAB Ordinary General Shareholders' Meeting on February 27, 2020, and given the favorable recovery of the results of Alfa approved the payment of an ordinary cash dividend of $0.0051 US dollars for each of the outstanding shares, which is equivalent to approximately $503 (US$25).

Likewise, on February 28, 2019, the Ordinary General Assembly of Shareholders of Alfa SAB approved the payment of an ordinary cash dividend of $0.040 US dollars for each of the outstanding shares, which is equivalent to approximately $3,949 (US$202).

On August 17, 2020, at the Extraordinary Shareholders' Meeting of Alfa SAB, a reduction in the capital stock of Alfa SAB was approved for $36, as a consequence of the partial spin-off of Alfa SAB and the transfer to a new company of the shareholding in Nemak.

Dividends paid will be free of ISR tax if they come from the Net Tax Profit Account ("CUFIN"). Dividends that exceed CUFIN will cause income tax at the rate applicable to the period in which they are paid. The tax incurred will be borne by the Company and may be credited against the ISR of the fiscal year or that of the two immediately following fiscal years. The dividends paid that come from profits previously taxed by ISR will not be subject to any withholding or additional payment of taxes. As of December 31, 2021, the tax value of the CUFIN and the tax value of the Contribution Capital Single Account ("CUCA") amounted to $33,585 ($28,620 in 2020 and $41,596 in 2019) and $28,686 ($27,653 in 2020 and $43,373 in 2019), respectively.

In the event of a capital reduction, the procedures established by the LISR provide that any excess of stockholders' equity over the balances of the tax accounts of contributed capital be given the same tax treatment as that applicable to dividends.

24. Discontinued operation

Split of Nemak Segment

The resolution of the Extraordinary Stockholders' Meeting of Alfa SAB to approve the spin-off of its entire shareholding in Nemak S.A.B. de C.V., requires qualifying for accounting purposes, as a discontinued operation in the consolidated financial statements, because it represented an operating segment of Alfa in accordance with IFRS 5, Non-current assets held for sale and discontinued operations. Therefore, Nemak's income and cash flows are presented as discontinued operations in the consolidated financial statements for the years ended December 31, 2021 and 2020, adjusting the comparative amounts for the years ended December 31, 2019.

At the time the listing of Controladora Nemak as an issuer on the BMV was completed, as well as the delivery of the shares to the corresponding Stockholders (in the proportion of one share for each share held in Alfa SAB), on December 14, 2020, these effects were recognized, ceasing to consolidate Nemak and derecognizing its net assets against an effect on the stockholders' equity of Alfa SAB for an amount of $35,860.

Condensed information related to the consolidated income statement of discontinued operations for the year ended December 31, 2019, and for the period from January 1, 2020 to December 14, 2020:

	2020	2019
Revenues	**$ 63,296**	$ 77,349
Cost of sales	**(55,560)**	(66,164)
Gross profit	**7,736**	11,185
Selling and administrative expenses	**(4,313)**	(5,017)
Other (expenses) income, net	**(857)**	(794)
Operating income	**2,566**	5,374
Financial expenses, net	**(1,668)**	(1,378)
Foreign exchange loss, net	**(785)**	(7)
Results of associates recognized through the equity method	**(31)**	41
Income before taxes	**82**	4,030
Income taxes	**(29)**	(1,144)
Net income	**53**	2,886
Income tax from spin-off [1]	**(2,530)**	-
Reclassification of comprehensive income from spin-off [2]	**11,601**	-
Income from discontinued operations, net of income tax	**$ 9,124**	**$ 2,886**

[1] The tax effect generated by the transaction was $2,530, of which $1,747 tax losses were applied, and the remainder of $783 is presented within the current income tax payable in the consolidated statement of financial position.

[2] Corresponds to the translation effect of $12,028 generated by Nemak, which in compliance with IAS 21, the accumulated amount of exchange rate differences related to the foreign business, recognized in "Other Comprehensive Income" and accumulated in a component separated from equity, it must be reclassified to income, as a reclassification adjustment, when the gain or loss of the disposal is recognized at the time of loss of effective control. Additionally, it includes an accumulated loss for $(427) within the translation effect in "Other Comprehensive Income", and which was reclassified to profit or loss as a reclassification adjustment, in compliance with the requirements of IFRS 9, at the time of the disposal of the business on which it had been designated as hedging on its debt denominated in foreign currency.

The spin-off of the Nemak shares that Alfa SAB held is considered an alienation in tax terms. In this sense, the Company determined the tax effects of the transaction, which mainly correspond to the income tax that was generated by the tax profit that arose when comparing the market price of the shares of Nemak S.A.B. de C.V. of $6.04 with its tax cost of $2.40 determined on the date of approval of the aforementioned Stockholders' Meeting resolution.

25. Share-based payments

The Company has a compensation scheme referenced to the value of Alfa SAB shares and the value of the shares of its subsidiaries for senior executives of the Company. According to the terms of the plan, eligible executives will receive a cash payment conditional on the achievement of certain quantitative and qualitative metrics based on the following financial measures:

- Improved share price of Alfa SAB, Alpek and Axtel
- Improvement in consolidated net income
- Permanence of the executives in the Company

The bonus will be paid in cash over five years after the grant date, i.e. 20% each year and will be paid with reference to the average price of the shares for the month of December at the end of each year. The average price of the shares in pesos to measure the executive incentive in 2021, 2020 and 2019 is $15.26, $15.39 and $15.72, respectively. These payments are measured at the fair value of the consideration, so, because they are based on the price of Alfa SAB shares, the measurement is considered to be within level 1 of the fair value hierarchy.

As of December 31, 2021, 2020 and 2019, the liability for share-based payments amounted to $332, $301 and $286, respectively.

The short-term and long-term liability is as follows:

			DECEMBER 31,
	2021	**2020**	**2019**
Short term	**$ 107**	$ 89	$ 83
Long term	**225**	212	203
Total carrying amount	**$ 332**	**$ 301**	**$ 286**

26. Expenses and costs classified by their nature

The total cost of sales, selling and administrative expenses, classified by nature of the expense, were as follows:

	2021	2020	2019
Raw material and service costs	**$191,713**	$158,346	$167,530
Maquila (production outsourcing)	**52**	-	-
Employee benefit expenses	**37,107**	36,682	33,968
Maintenance	**7,203**	6,357	6,629
Depreciation and amortization	**12,500**	13,179	13,370
Freight charges	**4,593**	8,790	7,573
Advertising expenses	**3,756**	2,475	2,552
Lease expenses	**1,547**	2,152	2,087
Consumption of energy and fuel	**7,405**	6,954	1,835
Travel expenses	**1,097**	477	874
Technical assistance, professional fees and administrative services	**4,337**	5,402	2,616
Other items	**8,999**	7,229	7,993
Total	**$280,309**	**$248,043**	**$247,027**

27. Other (expenses) income, net

	2021	2020	2019
Gain on sale of property, plant and equipment [(4)]	**$ 81**	$1,968	$ 100
Gain on sale of business [(1)]	**-**	89	4,372
Gain on business combinations [(2)]	**29**	657	-
Other income, net	**689**	878	697
	799	3,592	5,169
Impairment of long-lived assets [(3)]	**(3,268)**	(1,850)	(323)
Total other (expenses) income, net	**$ (2,469)**	**$1,742**	**$4,846**

[(1)] For 2019, corresponds to the gain generated from the sale of the cogeneration plants by Alpek and the sale of the remaining mass segment by Axtel (see Note 2).
[(2)] For 2021, corresponds to the gain generated in the business combination of Nova Chemicals by Alpek (see Note 2). For 2020, it corresponds to the profit generated in the business combination of Alpek Polyester UK by Alpek (see Note 2).
[(3)] For 2021, comprised mainly from $1,460 of impairment of Alpek's fixed and intangible asset, mainly due to the shutdown of Univex and the Cooper River site; $1,466 of impairment of Sigma's fixed and intangible assets, mainly due to the sale process of the production plants in Europe; $339 of impairment mainly from Axtel's investment in shares in Altán; $3 impairment from other subsidiaries. For 2020, comprised mainly from $830 of impairment of Sigma's intangible assets and fixed assets, for the restructuring of its production plants and distribution centers in France, and for the decrease in the recoverable value of the CGUs in Italy, Ecuador and Mexico; $751 impairment of Newpek's intangible assets for the divestiture of Newpek LLC and an impairment of fixed assets in Newpek Exterior.
[(4)] For 2020, it corresponds mainly to the profit generated by Axtel in the sale of the assets of three data centers to Equinix (see Note 2).

28. Financial income and expenses

	2021	2020	2019
Financial income:			
Interest income on short-term bank deposits	**$ 282**	$ 321	$ 425
Other financial income	**419**	545	1,075
Valuation effect of derivative financial instruments	**196**	84	33
Total financial income	**$ 897**	**$ 950**	**$ 1,533**
Financial expenses:			
Interest expense on bank loans	**$ (1,388)**	$ (1,734)	$ (2,520)
Interest expense on debt securities	**(5,433)**	(5,056)	(3,976)
Interest expense on portfolio sale	**(204)**	(440)	(578)
Financial cost of employee benefits	**(327)**	(266)	(317)
Supplier interest expense	**(49)**	(69)	(87)
Other financial expenses	**(916)**	(815)	(924)
Total financial expenses and other financial expenses	**$ (8,317)**	**$ (8,380)**	**$ (8,402)**
Exchange fluctuation (loss) gain, net:			
Exchange fluctuation gain	**$ 2,835**	$ 12,526	$ 9,457
Exchange fluctuation loss	**(5,081)**	(13,240)	(10,176)
Exchange fluctuation loss, net:	**$ (2,246)**	$ (714)	$ (719)
Financial result, net	**$ (9,666)**	**$ (8,144)**	**$ (7,588)**

29. Employee benefit expenses

	2021	2020	2019
Salaries, wages and benefits	**$33,549**	$33,380	$30,544
Social security fees	**2,583**	2,558	2,663
Employee benefits	**820**	620	712
Other fees	**155**	124	49
Total	**$37,107**	**$36,682**	**$33,968**

30. Transactions with related parties

Transactions with related parties during the years ended December 31, 2021, 2020 and 2019, which were carried out in terms similar to those of arm's-length transactions with independent third parties, were as follows:

	2021	2020	2019
Sale of goods and services:			
Affiliates	**$ 587**	$ 708	$ 420
Stockholders with significant influence over subsidiaries [1]	**1,841**	1,408	1,683
Purchase of goods and services:			
Affiliates	**$ 787**	$ 662	$ 1,153
Stockholders with significant influence over subsidiaries [1]	**2,134**	1,473	849

[1] Includes the effects of the agreements between Alpek and BASF y BASELL on the polyurethane (PU) businesses.

For the years ended December 31, 2021, 2020 and 2019, wages and benefits received by top officials of the Company were $794, $855 and $886, respectively, an amount comprising base salary and legal benefits, supplemented by a variable compensation program primarily based on the results of the Company and the market value of its shares.

At December 31, 2021, 2020 and 2019, the balances with related parties were as follows:

	NATURE OF THE TRANSACTION	2021	2020	2019
Receivables:				
Affiliates	Sale of goods	**$ 1,294**	$ 1,212	$ 1,753
Affiliates	Loans	**470**	453	436
Payable:				
Affiliates	Purchase of raw materials	**$ 2,042**	$ 2,539	$ 2,516
Affiliates	Loans	**182**	220	128

Balances payable to related parties at December 31, 2021 are payable in 2022. As of December 31, 2021, a loan is maintained with an affiliate that bear interest at a rate of 6.42%.

The Company and its subsidiaries did not have significant transactions with related parties or significant conflicts of interest to be disclosed.

31. Financial information by segments

Segment information is presented consistently with the internal reporting provided to the chief executive officer who is the highest authority in operational decision-making, resource allocation and assessment of operating segment performance.

An operating segment is defined as a component of an entity over which there is separate financial information that is evaluated regularly.

The Company manages and evaluates its operation through five primary operating segments, which are:

Alpek: This segment operates in the petrochemical and synthetic fibers industry, and its revenues are derived from sales of its main products: polyester, plastics and chemicals.

Sigma: This segment operates in the refrigerated food sector and its revenues are derived from sales of its main products: deli meats, dairy and other processed foods.

Axtel: This segment operates in the telecommunications sector and its revenues are derived from the provision of data transmission services, Internet and long distance phone service.

Newpek: This segment is dedicated to the exploration and exploitation of natural gas and oil fields.

Other segments: includes all other companies operating in business services and others which are non-reportable segments and do not meet the quantitative limits in the years presented and, therefore, are presented in aggregate, besides the eliminations of consolidation.

Derived from the modification of the internal structure of the Company, due to the spin-off of Alfa's shareholding in Nemak, described in Note 2a, the condensed financial information of the operating segments included in the consolidated statements of income for the year ended December 31, 2019 was restated to consider the operating segments that were presented to the CEO as of and for the year ended December 31, 2020.

These operating segments are managed and controlled independently because the products and the markets they serve are different. Their activities are performed through various subsidiaries.

The transactions between operating segments are performed at market value and the accounting policies with which the financial information by segments is prepared, are consistent with those described in Note 3.

The Company evaluates the performance of each of the operating segments based on income before financial result, income taxes, depreciation and amortization ("EBITDA"), considering that this indicator is a good metric to evaluate operating performance and the ability to meet principal and interest obligations with respect to indebtedness, and the ability to fund capital expenditures and working capital requirements. Nevertheless, EBITDA is not a measure of financial performance under IFRS and should not be considered as an alternative to net income as a measure of operating performance or cash flows as a measure of liquidity.

During the year ended December 31, 2019 the EBITDA had a benefit of $2,570, derived from the rent expense, which in compliance with the requirements of IFRS 16, Leases, is part of the depreciation and interest expense of the right of use asset and lease liability, respectively, items that do not decrease such indicator.

The Company has defined the Adjusted EBITDA by also adjusting EBITDA by the impacts of asset impairment. Below is the condensed financial information of the operating segments to be reported as of and for the years ended December 31, 2021, 2020 and 2019:

	AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2021					
	ALPEK	SIGMA	AXTEL	NEWPEK	OTHER SEGMENTS AND ELIMINATIONS	TOTAL
Consolidated statement of income						
Income by segment	$156,224	$ 138,314	$ 11,390	$ 337	$ 446	**$306,711**
Inter-segment income	(135)	-	(132)	(10)	1,626	**1,349**
Income from external customers	**$156,089**	**$ 138,314**	**$ 11,258**	**$ 327**	**$ 2,072**	**$308,060**
Adjusted EBITDA	$ 23,234	$ 15,050	$ 3,792	$ (171)	$ (855)	**$ 41,050**
Depreciation and amortization	(4,280)	(4,511)	(3,179)	(19)	(511)	**(12,500)**
Impairment of assets	(1,460)	(1,467)	(321)	(9)	(11)	**(3,268)**
Operating income	17,494	9,072	292	(199)	(1,377)	**25,282**
Financial result, net	(3,144)	(3,361)	(1,441)	810	(2,530)	**(9,666)**
Equity in results of associates	(39)	21	-	30	12	**24**
Income before taxes	**$ 14,311**	**$ 5,732**	**$ (1,149)**	**$ 641**	**$ (3,895)**	**$ 15,640**
Consolidated statement of financial position						
Investment in associates	$ 9,045	$ 96	$ -	$ 515	$ (566)	**$ 9,090**
Other assets	114,900	110,519	22,384	11,297	917	**260,017**
Total assets	123,945	110,615	22,384	11,812	351	**269,107**
Total liabilities	74,360	83,265	17,827	4,014	34,820	**214,286**
Net assets	**$ 49,585**	**$ 27,350**	**$ 4,557**	**$7,798**	**$ (34,469)**	**$ 54,821**
Capital investment (Capex)	$ (4,431)	$ (4,561)	$ (1,532)	$ (72)	$ 35	**$ (10,561)**

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

	ALPEK	SIGMA	AXTEL	NEWPEK	OTHER SEGMENTS AND ELIMINATIONS	TOTAL
Consolidated statement of income						
Income by segment	$113,989	$135,983	$12,356	$ 499	$ 3,252	**$ 266,079**
Inter-segment income	(118)	-	(157)	(10)	(1,927)	**(2,212)**
Income from external customers	**$113,871**	**$135,983**	**$12,199**	**$ 489**	**$ 1,325**	**$ 263,867**
Adjusted EBITDA	$ 11,993	$ 14,707	$ 6,327	$ 853	$ (1,285)	**$ 32,595**
Depreciation and amortization	(4,486)	(4,610)	(3,384)	(46)	(653)	**(13,179)**
Impairment of assets	(14)	(830)	(170)	(751)	(85)	**(1,850)**
Operating income	7,493	9,267	2,773	56	(2,023)	**17,566**
Financial result, net	(2,084)	(2,465)	(1,619)	401	(2,377)	**(8,144)**
Equity in results of associates	(86)	12	-	32	117	**75**
Income before taxes	**$ 5,323**	**$ 6,814**	**$ 1,154**	**$ 489**	**$ (4,283)**	**$ 9,497**
Consolidated statement of financial position						
Investment in associates	$ 8,586	$ 87	$ -	$ 477	$ (284)	**$ 8,866**
Other assets	97,767	109,784	23,704	10,832	5,203	**247,290**
Total assets	106,353	109,871	23,704	11,309	4,919	**256,156**
Total liabilities	60,841	86,567	20,209	4,431	30,756	**202,804**
Net assets	**$ 45,512**	**$ 23,304**	**$ 3,495**	**$ 6,878**	**$ (25,837)**	**$ 53,352**
Capital investment (Capex)	$ (2,570)	$ (2,617)	$ 1,002	$ (264)	$ (30)	**$ (4,480)**

FOR THE YEAR ENDED DECEMBER 31, 2019	ALPEK	SIGMA	AXTEL	NEWPEK	OTHER SEGMENTS AND ELIMINATIONS	TOTAL
Consolidated statement of income						
Income by segment	$119,685	$ 124,498	$ 13,086	$ 1,472	$ 4,594	**$ 263,335**
Inter-segment income	(346)	-	(163)	-	(2,425)	**(2,934)**
Income from external customers	**$119,339**	**$ 124,498**	**$ 12,923**	**$ 1,472**	**$ 2,169**	**$ 260,401**
Adjusted EBITDA	$ 16,395	$ 13,543	$ 5,092	$(1,745)	$ (1,331)	**$ 31,954**
Depreciation and amortization	(4,005)	(4,271)	(4,739)	(187)	(209)	**(13,411)**
Impairment of assets	(29)	(124)	(105)	(45)	(20)	**(323)**
Operating income	12,361	9,148	248	(1,977)	(1,560)	**18,220**
Financial result, net	(2,635)	(2,629)	(1,127)	420	(1,617)	**(7,588)**
Equity in results of associates	(313)	10	-	64	(74)	**(313)**
Income (loss) before taxes	**$ 9,413**	**$ 6,529**	**$ (879)**	**$(1,493)**	**$ (3,251)**	**$ 10,319**

AS OF DECEMBER 31, 2019	ALPEK	SIGMA	NEMAK	AXTEL	NEWPEK	OTHER SEGMENTS AND ELIMINATIONS	TOTAL
Consolidated statement of financial position							
Investment in associates	$ 8,197	$ 66	$ 544	$ -	$ 603	$ (232)	**$ 9,178**
Other assets	94,597	98,863	88,200	27,598	11,854	9,419	**330,531**
Total assets	102,794	98,929	88,744	27,598	12,457	9,187	**339,709**
Total liabilities	57,736	81,728	54,800	21,900	5,893	22,726	**244,783**
Net assets	**$45,058**	**$17,201**	**$33,944**	**$ 5,698**	**$ 6,564**	**$ (13,539)**	**$ 94,926**
Capital investment (Capex)	$ (3,062)	$ (3,351)	$ (6,616)	$ (602)	$ (278)	$ (140)	**$(14,049)**

The consolidated statement of financial position as of December 31, 2019, include the condensed financial information of Nemak, segment which operates in the automotive industry and its revenues are derived from sales of its main products: aluminum engine heads and blocks.

Below are the sales to external customers, as well as property, plant and equipment, goodwill and intangible assets by geographic area. Sales to external customers were classified based on their origin:

	FOR THE YEAR ENDED DECEMBER 31, 2021			
	SALES TO EXTERNAL CUSTOMERS	PROPERTY, PLANT AND EQUIPMENT	GOODWILL	INTANGIBLE ASSETS
Mexico	$ 128,446	$ 48,349	$ 5,539	$ 8,730
United States	72,002	12,444	119	1,582
Canada	3,143	775	-	20
Central and South America	47,903	7,610	41	236
Europe and other countries	56,566	15,553	11,821	9,761
Total	**$ 308,060**	**$ 84,731**	**$ 17,520**	**$ 20,329**

	FOR THE YEAR ENDED DECEMBER 31, 2020			
	SALES TO EXTERNAL CUSTOMERS	PROPERTY, PLANT AND EQUIPMENT	GOODWILL	INTANGIBLE ASSETS
Mexico	$ 79,826	$ 49,522	$ 5,433	$ 9,012
United States	78,272	10,531	106	1,751
Canada	2,661	865	-	22
Central and South America	41,439	6,849	14	513
Europe and other countries	61,669	19,903	12,378	10,176
Total	**$263,867**	**$ 87,670**	**$17,931**	**$ 21,474**

	FOR THE YEAR ENDED DECEMBER 31, 2019			
	SALES TO EXTERNAL CUSTOMERS	PROPERTY, PLANT AND EQUIPMENT	GOODWILL	INTANGIBLE ASSETS
Mexico	$ 87,775	$ 69,447	$ 7,477	$ 11,659
United States	74,930	15,001	84	3,476
Canada	2,978	1,258	-	51
Central and South America	44,798	9,743	-	805
Europe and other countries	49,920	39,246	14,259	11,301
Total	**$260,401**	**$ 134,695**	**$ 21,820**	**$ 27,292**

32. Commitments and contingencies

In the normal course of its business, the Company is involved in disputes and litigations. While the results of the disputes cannot be predicted, as of December 31, 2021, the Company does not believe that there are current or threatened actions, claims or legal proceedings against or affecting the Company, which, if determined adversely to it, would damage significantly its individual or overall results of operations or financial position.

As of December 31, 2021, the Company and its subsidiaries had the following commitments:

a. The subsidiaries have entered into various contracts with suppliers and customers for the purchase of raw material used for the production and sale of finished products, respectively. These agreements, are effective between one and five years, generally contain price adjustment clauses.

b. Alpek, a subsidiary of the Company, entered into contracts to cover the supply of propylene, these contracts establish the obligation to buy the product at a price referenced to market values for a given period.

c. Alpek, a subsidiary of the Company, is in a tax litigation process in one of its subsidiaries in Brazil, in relation to the demand for payment of the Tax on the Circulation of Merchandise and Services ("ICMS") that the Ministry of Finance of the State of Sao Paulo ("SFSP", for its acronym in Portuguese) has filed an action against Alpek, due to differences in the criteria for calculating and accrediting said tax. Considering all the circumstances and case law available as of such date, management and its advisors have determined that it is likely that the Superior Court of Justice of Brazil will issue a ruling in favor of Alpek for the amount related to differences in the calculation, which would exempt her from paying $370 in taxes, penalties and interest that the SFSP requires; therefore, as of December 31, 2021, Alpek has not recognized any provision related to this concept.

   On the other hand, for ICMS crediting, the demanded amount is $74, and management and its directors consider that an unfavorable resolution for Alpek is not likely to proceed, for which no provision has been recognized as of December 31 of 2021.

d. Newpek, a subsidiary of the Company, was the winner in areas 2 and 3 auctioned on July 12, 2017, corresponding to the third tender of Round 2 carried out by the National Hydrocarbons Commission ("CNH"). In order to comply with the provisions of the contract for the exploration and extraction of hydrocarbons in conventional land deposits under the license modality, the Company has granted the CNH with a corporate guarantee issued from one of its indirect subsidiaries: Newpek Capital, S.A. de C.V. The guarantor must maintain a stockholders' equity equal to or greater than US$250 or the shareholding that is maintained must be equivalent to said amount, which covers the part that corresponds to Newpek. The contract establishes that said guarantee will be executed to demand the fulfillment of the obligations in the event those obligations were to be not paid and/or satisfied in full by Newpek.

33. Subsequent events

In the preparation of the consolidated financial statements, the Company has evaluated the events and transactions for their recognition or disclosure subsequent to December 31, 2021 and until January 31, 2022 (date of issuance of the consolidated financial statements), and except for the matters mentioned in the following paragraph, no additional significant subsequent events have been identified:

On January 31, 2022, Alpek signed an agreement to acquire 100% of OCTAL Holding SAOC ("Octal") shares for US$620, free of debt. This acquisition forward-integrates Alpek into the high-value PET sheet business. Octal is a globally major PET sheet producer through a strategically focused logistics position in Oman. The acquisition adds more than one million tons of installed capacity to Alpek. The transaction is subject to customary closing conditions, including approval by the corresponding regulatory authorities. Closing is expected to occur in the first half of 2022.

34. Authorization to issue the consolidated financial statements

On January 31, 2022, the issuance of the accompanying consolidated financial statements was authorized by Álvaro Fernández Garza, Chief Executive Officer, and Eduardo A. Escalante Castillo, Chief Financial Officer. These consolidated financial statements will be subject to the approval of the Company's Ordinary Stockholders' Meeting.

About this Report

GRI 102-48, 102-49, 102-50, 102-51, 102-52, 102-54, 102-56

ALFA's 2021 Annual Report presents the operating, corporate governance, labor, social, environmental (ESG) and financial results for the period from January 1st to December 31st, 2021. It includes the operations of Alpek, Sigma, Axtel, Newpek and ALFA Corporativo.

This report has been prepared in accordance with the Core option of the GRI Standards. This year 22 indicators were added due to the fact that, in 2021, the Business Units established medium and long-term goals for these topics. In total, 119 performance and management indicators for ESG issues are being reported, compared to 97 reported in 2020. Our reports are prepared annually, with the last one before this one published in March 2021 covering 2020 operations. This report has not been verified by a third party.

As a result of the spin-off of Nemak and the change in Alpek's measurement methodology in preparation for the definition of its Science-Based Target (SBT) for the climate change strategy, in this report a restatement of information was made with respect to previous years on various topics, which is indicated in each case.

The Sustainability Accounting Standards Board (SASB) indicators applicable to the industries to which the Business Units belong and which are linked to the GRI requirements were also considered in the preparation of this report.

SASB CODE	SASB INDUSTRY CLASSIFICATION	BUSINESS UNIT
FB-MP	Meat, Poultry and Dairy	Sigma
FB-FR	Food Retailers and Distributors	Sigma
FB-PF	Processed foods	Sigma
RT-CH	Chemicals	Alpek
TC-SI	Software and information technology services	Axtel

In addition, information is reported based on the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) around the thematic areas of Governance, Strategy, Risk Management, Metrics and Targets. The main advances in 2021 were in the dimension of Metrics and Targets, due to the definition made in the Business Units. The ESG indices table specifies the recommendations of this methodology that are being reported.

Below is a summary of the TCFD recommendations.

TCFD DIMENSION	TCFD RECOMENDATIONS	MAIN ADVANCES
Governance	a) Management's role in assessing and managing risks and opportunities related to climate change. b) Describe management's role in assessing and managing climate-related risks and opportunities.	It was determined that the Audit Committee periodically reports ESG issues to ALFA's Board of Directors.
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term. b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning. c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Alpek defined its goals aligned with the Paris Agreement. Sigma advanced in its Climate Change goals for 2025.
Risk management	a) Describe the organization's processes for identifying and assessing climate-related risks. b) Describe the organization's processes for managing climate-related risks. c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	It was determined that the Audit Committee periodically reports ESG issues to ALFA's Board of Directors. The Business Units strengthened their environmental management process within their business strategies.
Metrics and Targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process. b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Alpek, Sigma and Axtel have established specific goals for aspects of environmental care, as well as timeframes for achieving them. Alpek and Sigma have measured and set targets for their Scope 1 and 2 emissions. Alpek has measured part of its Scope 3 emissions. Sigma has measured its scope 3 emissions for the operations in Europe.

Likewise, in accordance with the 10 principles of the Global Compact defined by the United Nations, this report represents ALFA's Communication on Progress (CoP) 2021.

ESG Content Index

GRI 102-55

In this index, indicators of the GRI, SASB and TCFD methodologies are reported in accordance with their respective nomenclatures. Additionally, the link of these indicators with the 10 Principles of the Global Compact (GC) and the 17 Sustainable Development Goals (SDGs) in which ALFA has the most impact is presented.

GRI STANDARDS			PAGE OR ANSWER	MATERIAL ASPECTS	LINK TO SASB OR TCFD	CONTRIBUTION TO THE SDGS AND GLOBAL COMPACT	GRI STATUS
GRI 101: Foundational aspects							
ORGANIZATIONAL PROFILE							
1. Strategy							
GRI 102: General Disclosures	102-14	Statement from senior decision-maker.	Pages 4-9	Operational and risks strategy	TCFD: a) Governance		Fully
	102-15	Key impacts, risks, and opportunities.	Pages 4-9	Operational and risks strategy	TCFD: a) Governance c) Risk Management		Fully
2. Organizational profile							
GRI 102: General Disclosures	102-1	Name of the organization.	ALFA, S.A.B. de C.V				Fully
	102-2	Activities, brands, products, and services.	Pages 2 and 5.				Fully
	102-3	Location of headquarters.	Av. Gómez Morín 1111 Sur, Col. Carrizalejo, San Pedro Garza García, N.L., C.P. 66254, México.				Fully
	102-4	Location of operations.	Page 6.				Fully
	102-5	Ownership and legal form.	ALFA is a Variable Capital Stock Company .				Fully
	102-6	Markets served.	Page 5.				Fully
	102-7	Scale of the organization.	Page 6.				Fully
	102-8	Information on employees and other workers.	Page 41.			SDG 8: Decent Work and Economic Growth SDG 10: Reduced Inequalities	Fully
	102-9	Supply chain.	Pages 30 to 39. Due to the diverse natures of its businesses, ALFA's supply chains are very different. For more information about these, please visit: **SIGMA:** https://sustainability.sigma-alimentos.com/es/nuestros-reportes **ALPEK:** https://www.alpek.com/wp-content/uploads/2022/03/Alpek-Annual-Report-2021-1.pdf **AXTEL:** https://www.axtelcorp.mx/repositorio/informe-desustentabilidad/ INFORME-ANUAL-INTEGRADO-AXTEL-2021.pdf	Relations with customers and suppliers		SDG 12: Responsible Production and Consumption	Fully

GRI STANDARDS			PAGE OR ANSWER	MATERIAL ASPECTS	LINK TO SASB OR TCFD	CONTRIBUTION TO THE SDGS AND GLOBAL COMPACT	GRI STATUS
GRI 102: General Disclosures	102-10	Significant changes to the organization and its supply chain.	Page 10.				Fully
	102-11	Precautionary Principle or approach.	Pages 36 to 38.	Operational and risks strategy	TCFD: c) Risk Management		Fully
	102-12	External initiatives.	The company also subscribes to different international and local initiatives such as the UN Global Compact, United Way and ANSPAC, among others.	Relations with NGOs and regulatory agencies		SDG 17: Partnerships for the SDGs	Fully
	102-13	Membership of associations.	"Page 50. For more information, please visit: **SIGMA:** https://sustainability.sigma-alimentos.com/es/nuestros-reportes **ALPEK:** https://www.alpek.com/wp-content/uploads/2022/03/Alpek-Annual-Report-2021-1.pdf"	Relations with NGOs and regulatory agencies		SDG 17: Partnerships for the SDGs	
3. Ethics and Integrity							
GRI 102: General Disclosure	102-16	Values, principles, standards, and norms of behavior.	Page. 28, 36-39.			SDG 16: Peace, justice and strong institutions	Fully
	102-17	Internal and external pro ethics mechanisms related to enhance the integrity of the organization.				SDG 16: Peace, justice and strong institutions	Fully
4. Governance							
GRI 102: General Disclosure	102-18	Governance structure .	Pages 67 to 70.	Corporate Governance			Fully
	102-19	Delegating authority.		Corporate Governance			Fully
	102-20	Executive-level responsibility for economic, environmental, and social topics.	Pages 36-38 and 71-72. The Internal Audit area is the one that executes a process to report and follow-up of the main risks and reports them to our Audit Committee. This year, ESG risks were included in the Committee's periodic reviews. For more information on the responsibility of the subsidiaries' governing bodies for social, environmental and governance issues, please refer to: **SIGMA:** https://sustainability.sigma-alimentos.com/es/nuestros-reportes **ALPEK:** https://www.alpek.com/wp-content/uploads/2022/03/Alpek-Annual-Report-2021-1.pdf **AXTEL:** https://www.axtelcorp.mx/repositorio/informe-desustentabilidad/ INFORME-ANUAL-INTEGRADO-AXTEL-2021.pdf	Corporate Governance	TCFD: a) Governance		Fully
	102-21	Consulting stakeholders on economic, environmental, and social topics.	Starting in 2021, the subsidiaries began to integrate environmental, social and governance environmental, social and governance issues into the Board and senior management agenda.	Corporate Governance Relations with shareholders		SDG 16: Peace, justice and strong institutions	Fully

GRI STANDARDS			PAGE OR ANSWER	MATERIAL ASPECTS	LINK TO SASB OR TCFD	CONTRIBUTION TO THE SDGS AND GLOBAL COMPACT	GRI STATUS
GRI 102: General Disclosure	102-22	Composition of the highest governance body and its committees.	Pages 67 to 70.	Corporate Governance Relations with shareholders		SDG 5: Gender equality SDG 16: Peace, justice and strong institutions	Fully
	102-23	Chair of the highest governance body.		Corporate Governance		ODS 16: Paz, justicia e instituciones sólidas	Fully
	102-24	Nominating and selecting the highest governance body.		Corporate Governance		ODS 5: Igualdad de género ODS 16: Paz, justicia e instituciones sólidas	Fully
	102-25	Conflicts of interest.	Pages 67, 71 and 72. ALFA has a Conflict of Interest Policy for the members of the Board of Directors and for its employees. This establishes that the responsibilities and duties of the members of the Board are governed under the Mexican Securities Market Law (LMV), applicable in Mexico to issuers of securities, taking into account the Code of Professional Ethics of the Mexican Stock Market Community, the Code of Best Corporate Practices and the internal regulations of the Mexican Stock Exchange. In accordance with the LMV, the members of the Board have a duty of diligence, so they must always act in good faith in the best interest of society. They must keep confidentiality with respect to the information and / or matters of a public nature of the company, as well as refrain from participating and be present in the deliberation and voting of matters that represent a conflict of interest. By policy, those members of the Board who may have a conflict of interest in the decision on any matter, must inform the President and the other members, as well as refrain from participating in the discussion and exercising their vote in the meetings. In the case of employees, ALFA's policy states that they should avoid any situation in which their interests differ from those of the company. All employees who may have interests or relationships with current or potential suppliers or clients should inform their immediate boss.	Corporate Governance Relations with shareholders		SDG 16: Peace, justice and strong institutions	Fully
	102-27	Collective knowledge of highest governance body.	Every year, learning is promoted in all areas of the company, including the management team. In 2021, thanks to the materiality processes involving the management teams of the subsidiaries, as well as the presentation of results to ALFA's management team, the company's overall sustainability strategy has been strengthened. sustainability strategy of the company has been strengthened.	Corporate Governance			Fully
	102-30	Effectiveness of risk management processes.	Pages 36-38 and 71-72.	Corporate Governance Relations with shareholders Operations and Risks Strategy	TCFD: c) Risk Management		Fully
	102-31	Review of economic, environmental, and social topics.	ESG impacts and risks are continously reviewed.	Corporate Governance	TCFD: a) Governance c) Risk Management		Fully
	102-32	Highest governance body's role in sustainability reporting.	ALFA's communication department.	Corporate Governance Relations with shareholders			Fully

GRI STANDARDS			PAGE OR ANSWER	MATERIAL ASPECTS	LINK TO SASB OR TCFD	CONTRIBUTION TO THE SDGS AND GLOBAL COMPACT	GRI STATUS
GRI 102: General Disclosure	102-33	Process to communicate relevant concerns to highest governance body.	Page 38.	Corporate governance			Fully
5. Stakeholder Engagement							
GRI 102: General Disclosure	102-40	List of stakeholder groups	Page 31.	Relationship with NGOs and regulatory agencies Community Engagement		SDG 17: Partnerships for the goals	Fully
	102-42	Identifying and selecting stakeholders		Relationship with NGOs and regulatory agencies		SDG 17: Partnerships for the goals	Fully
	102-43	Approach to stakeholder engagement		Relationship with NGOs and regulatory agencies		SDG 17: Partnerships for the goals	Fully
	102-44	Key topics and concerns raised		Relationship with NGOs and regulatory agencies		SDG 17: Partnerships for the goals	Fully
6. Reporting Practices							
GRI 102: General Disclosure	102-45	Entities included in the consolidated financial statements.	ALFA reports its financial statements and sustainability progress in a single integrated report. ALFA's consolidated financial statements can be consulted starting on page 73 of this report.				Fully
	102-46	Defining report content and topic Boundaries.	Pages 29 and 30.				Fully
	102-47	List of material topics.					Fully
	102-48	Reestatements of information.	There are restatements of information in figures due to the spin-off of NEMAK in 2020.				Fully
	102-49	Changes in reporting.	None.				Fully
	102-50	Reporting period.	Jan 1st to Dec 31st, 2021.				Fully
	102-51	Date of most recent report.	March, 2021.				Fully
	102-52	Reporting cycle.	Annual.				Fully
	102-53	Contact point for questions regarding the report.	comunicación@alfa.com.mx				Fully
	102-54	Claims of reporting in accordance with the GRI Standards.	The reporting option chosen for 2021 is CORE, according to GRI standards.				Fully
	102-55	GRI content index.	Present.				Fully
	102-56	External assurance.	This report does not have external verification.				Fully

GRI STANDARDS			PAGE OR ANSWER	MATERIAL ASPECTS	LINK TO SASB OR TCFD	CONTRIBUTION TO THE SDGS AND GLOBAL COMPACT	GRI STATUS
ECONOMIC PERFORMANCE							
201: Economic Performance							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary.	Pages 4, 7-11 and 74-89.	Wealth distribution Climate change and emissions strategy Labor practices Relationship with NGOs and regulatory agencies		SDG 8: Decent work and economic growth SDG 9: Industy, innovation and infrastructure SDG 13: Climate Action	Fully
	103-2	The management approach and its components.					
	103-3	Evaluation of the management approach.					
	201-1	Direct economic value generated and distributed.	Page 4.	Wealth distribution Operational and risks strategy		SDG 8: Decent work and economic growth SDG 9: Industy, innovation and infrastructure	Fully
	201-2	Financial implications and other risks and opportunities due to climate change.	Pages 58 to 65.	Operational and risks strategy Wealth distribution Climate change and emissions strategy	TCFD: a) Governance c) Risk Management d) Metrics and Targets	SDG 13: Climate action	Fully
	201-3	Defined benefit plan obligations and other retirement plans.	Pension plans, education supports and medical assistance are available to 100% of ALFA plant employees. The pension system is a fixed contribution plan to which the company and employees contribute the same amount, which ranges from 4 to 17% of the employee's total salary and varies according to applicable labor regulations. The resources to cover these benefits are contributed 100% by the company.	Labor practices		SDG 8: Decent work and economic growth	Fully
	201-4	Financial assistance received from government.	ALFA does not receive significant financial assistance from government agencies.	Relationship with NGOs and regulatory agencies			Fully
202: Market Presence							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary.	Pages 50-57.	Wealth distribution Community Engagement		SDG 1: End poverty SDG 5: Gender equality SDG 8: Decent work and economic growth SDG 10: Reduced inequalities	Fully
	103-2	The management approach and its components.					
	103-3	Evaluation of the management approach.					

GRI STANDARDS			PAGE OR ANSWER	MATERIAL ASPECTS	LINK TO SASB OR TCFD	CONTRIBUTION TO THE SDGS AND GLOBAL COMPACT	GRI STATUS
203: Indirect Economic Impacts							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary.	Page 56.	Wealth distribution		SDG 11: Sustainable cities and communities	Fully
	103-2	The management approach and its components.					
	103-3	Evaluation of the management approach.					
	203-1	Infrastructure investments and services supported.					
	203-2	Significant indirect economic impacts.					
204: Procurement Practices							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary.	Página 39.	Relations with customers and suppliers		SDG 12: Responsible consumption and production	Fully
	103-2	The management approach and its components.					
	103-3	Evaluation of the management approach.					
	204-1	Proportion of spending on local suppliers.	In 2021, ALFA's subsidiaries dedicated an average of 63.3% of their purchases to local suppliers. However, in some plants the percentage was higher. In conditions of equal price, quality and availability, priority is given to local suppliers.	Relations with customers and suppliers		SDG 12: Responsible consumption and production	Fully
205: Anti-corruption							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary.	Pages 50-57.	Corporate Governance		SDG 16: Peace, justice and strong institutions	Fully
	103-2	The management approach and its components.					
	103-3	Evaluation of the management approach.					
	205-1	Operations assessed for risks related to corruption.		Corporate Governance		SDG 16: Peace, justice and strong institutions	Fully
	205-2	Communication and training about anti-corruption policies and procedures.		Corporate Governance		SDG 16: Peace, justice and strong institutions	Fully
	205-3	Confirmed incidents of corruption and actions taken.		Corporate Governance		SDG 16: Peace, justice and strong institutions	Fully

GRI STANDARDS			PAGE OR ANSWER	MATERIAL ASPECTS	LINK TO SASB OR TCFD	CONTRIBUTION TO THE SDGS AND GLOBAL COMPACT	GRI STATUS
206: Anti-competitive Behaviour							
GRI 103: Management Approach 2016	103-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices.	In 2021 there were no fines or legal actions against ALFA related to this issue.	Relationship with NGOs and regulatory agencies		SDG 16: Peace, justice and strong institutions	Fully
ENVIRONMENT							
301: Materials							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary.	Pages 65 and 66.	Climate change and emissions strategy		SDG 8: Decent work and economic growth SDG 12: Responsible consumption and production	Fully
	103-2	The management approach and its components.					
	103-3	Evaluation of the management approach.					
	301-2	Recycled input materials used.		Climate change and emissions strategy	FB-PF-410a.1	SDG 8: Decent work and economic growth SDG 12: Responsible consumption and production **PM:** 7 and 8	Fully
	301-3	Reclaimed products and their packaging materials.		Climate change and emissions strategy	FB-PF-410a.1	SDG 8: Decent work and economic growth SDG 12: Responsible consumption and production **PM:** 7 and 8	Fully
302: Energy							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary.	Pages 61-63.	Energy efficiency		SDG 7: Affordable and clean energy SDG 8: Decent work and economic growth SDG 12: Responsible consumption and production SDG 13: Climate action	Fully
	103-2	The management approach and its components.					
	103-3	Evaluation of the management approach.					
	302-1	Energy consumption within the organization.		Energy efficiency	FB-PF-130a.1 FB-MP-130a.1 FB-FR-130a.1 TC-SI-130a.1 TC-TL-130a.1	SDG 7: Affordable and clean energy SDG 8: Decent work and economic growth SDG 12: Responsible consumption and production SDG 13: Climate action	Fully
	302-2	Energy consumption outside of the organization.		Energy efficiency		SDG 7: Affordable and clean energy SDG 8: Decent work and economic growth SDG 12: Responsible consumption and production SDG 13: Climate action	Fully

GRI STANDARDS			PAGE OR ANSWER	MATERIAL ASPECTS	LINK TO SASB OR TCFD	CONTRIBUTION TO THE SDGS AND GLOBAL COMPACT	GRI STATUS
GRI 103: Management Approach 2016	302-3	Energy intensity.	The average energy consumption intensity per ton of product for 2021 was 4.80 GJ for Alpek and Sigma. Axtel measures its energy intensity per revenue, which was 35.15 GJ/MMDP.	Energy efficiency		SDG 7: Affordable and clean energy SDG 8: Decent work and economic growth SDG 12: Responsible consumption and production SDG 13: Climate action	Fully
	302-4	Reduction of energy consumption.	Pages 61-63.	Energy efficiency	TCFD: a) Governance c) Risk Management d) Metrics and Targets	SDG 7: Affordable and clean energy SDG 8: Decent work and economic growth SDG 12: Responsible consumption and production SDG 13: Climate action	Fully
303: Water							
GRI 303: Management Approach 2018	303-1	Interactions with water as a shared resource.	Page 64.	Water management		SDG 6: Clean water and sanitation SDG 8: Decent work and economic growth SDG 12: Responsible consumption and production SDG 16: Life below water	Fully
	303-2	Management of water discharge-related impacts.					
	303-3	Water withdrawal.		Water management	RT-CH-140a.1 FB-MP-140a.1 FB-PF-140a.1	SDG 6: Clean water and sanitation SDG 8: Decent work and economic growth SDG 12: Responsible consumption and production SDG 16: Life below water	Fully
	303-4	Water discharge.		Water management	RT-CH-140a.1 FB-MP-140a.3 FB-PF-140a.3	SDG 6: Clean water and sanitation SDG 8: Decent work and economic growth SDG 12: Responsible consumption and production SDG 16: Life below water	Fully
	303-5	Water consumption.		Water management	RT-CH-140a.1 TC-SI-130a.2	SDG 6: Clean water and sanitation SDG 8: Decent work and economic growth SDG 12: Responsible consumption and production SDG 16: Life below water	Fully
304: Biodiversity							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary.	Page 63.			SDG 6: Clean water or sanitation SDG 14: Life below water SDG 15: Life on land	Fully
	103-2	The management approach and its components.					
	103-3	Evaluation of the management approach.					

GRI STANDARDS			PAGE OR ANSWER	MATERIAL ASPECTS	LINK TO SASB OR TCFD	CONTRIBUTION TO THE SDGS AND GLOBAL COMPACT	GRI STATUS
GRI 103: Management Approach 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Page 63.			SDG 6: Clean water or sanitation SDG 14: Life below water SDG 15: Life on land	Fully
	304-2	Significant impacts of activities, products, and services on biodiversity.				SDG 6: Clean water or sanitation SDG 14: Life below water SDG 15: Life on land	Fully
	304-3	Habitats protected or restored.				SDG 6: Clean water or sanitation SDG 14: Life below water SDG 15: Life on land	Fully
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations.	ALFA operations do not affect these species.			SDG 6: Clean water or sanitation SDG 14: Life below water SDG 15: Life on land	Fully
305: Emissions							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary.	Page 61-63.	Climate change and emissions strategy		SDG 3: Good health and well-being SDG 12: Responsible consumption and production SDG 13: Climate action SDG 14: Life below water SDG 15: Life on land	Fully
	103-2	The management approach and its components.					
	103-3	Evaluation of the management approach.					
	305-1	Direct (Scope 1) GHG emissions.		Climate change and emissions strategy	RT-CH-110a.1 RT-CH-120a.1 FB-MP-110a.1 TCFD: a) Governance b) Strategy d) Metrics and Targets	SDG 3: Good health and well-being SDG 12: Responsible consumption and production SDG 13: Climate action SDG 14: Life below water SDG 15: Life on land PM: 8	Fully
	305-2	Energy indirect (Scope 2) GHG emissions.		Climate change and emissions strategy	RT-CH-110a.1 RT-CH-120a.1 TCFD: d) Objetivos y métricas	SDG 3: Good health and well-being SDG 12: Responsible consumption and production SDG 13: Climate action SDG 14: Life below water SDG 15: Life on land PM: 8	Fully
	305-3	Other indirect (Scope 3) GHG emissions.		Climate change and emissions strategy	TCFD: d) Metrics and Targets	SDG 3: Good health and well-being SDG 12: Responsible consumption and production SDG 13: Climate action SDG 14: Life below water SDG 15: Life on land	Fully

GRI STANDARDS			PAGE OR ANSWER	MATERIAL ASPECTS	LINK TO SASB OR TCFD	CONTRIBUTION TO THE SDGS AND GLOBAL COMPACT	GRI STATUS
GRI 103: Management Approach 2016	305-4	GHG emissions intensity.	The intensity of GHG emissions was 0.67 tons of CO_2e.	Climate change and emissions strategy		SDG 3: Good health and well-being SDG 12: Responsible consumption and production SDG 13: Climate action SDG 14: Life below water SDG 15: Life on land PM: 8 and 9	Fully
	305-5	Reduction of GHG emissions.	Page 63.	Climate change and emissions strategy	FB-MP-110a.2 TCFD: b) Strategy d) Metrics and Targets	SDG 3: Good health and well-being SDG 12: Responsible consumption and production SDG 13: Climate action SDG 14: Life below water SDG 15: Life on land PM: 7 and 8	Fully
	305-6	Emissions of ozone-depleting substances (ODS).	ALFA's operations do not launch this type of emissions.	Climate change and emissions strategy		SDG 3: Good health and well-being SDG 12: Responsible consumption and production SDG 13: Climate action SDG 14: Life below water SDG 15: Life on land	Fully
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions.	Alpek is the only subsidiary that launches this type of emissions. Please refer to: https://www.alpek.com/wp-content/uploads/2022/03/Alpek-ESG-Booklet-2021.pdf, page 24.	Climate change and emissions strategy		SDG 3: Good health and well-being SDG 12: Responsible consumption and production SDG 13: Climate action SDG 14: Life below water SDG 15: Life on land	Fully
306: Effluents and Waste							
GRI 103: Management Approach 2016	306-3	Significant spills.	In 2021 there were no significant spills form our operations.			SDG 3: Good health and well-being SDG 6: Clean water or sanitation SDG 12: Responsible consumption and production SDG 14: Life below water	Fully
	306-5	Water bodies affected by water discharges and/or runoff.	ALFA's operations do not affect water bodies or habitats due to spills or runoff from the organization.			SDG 6: Clean water or sanitation SDG 12: Responsible consumption and production SDG 14: Life below water	Fully
307: Environmental Compliance							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary.	Pages 29, 60 and 61.	Environmental management		SDG 12: Responsible consumption and production SDG 16: Peace, justice and strong institutions	Fully
	103-2	The management approach and its components.					
	103-3	Evaluation of the management approach.					

GRI STANDARDS			PAGE OR ANSWER	MATERIAL ASPECTS	LINK TO SASB OR TCFD	CONTRIBUTION TO THE SDGS AND GLOBAL COMPACT	GRI STATUS
GRI 103: Management Approach 2016	307-1	Significant environmental sanctions or fines.	In 2021 there were no sanctions nor fines regarding environmental compliance.	Environmental management		SDG 12: Responsible consumption and production SDG 16: Peace, justice and strong institutions PM: 8	Fully
308: Supplier Environmental Assesment							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary.	Page 39.	Relations with customers and suppliers		SDG 8: Decent work and economic growth SDG 12: Responsible consumption and production	Fully
	103-2	The management approach and its components.					
	103-3	Evaluation of the management approach.					
	308-1	New suppliers that were screened using environmental criteria.					Fully
	308-2	Negative environmental impacts in the supply chain and actions taken.					Fully
SOCIAL							
401: Employment							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary.	Pages 40 to 48.	Labor practices		SDG 5: Gender equality SDG 8: Decent work and economic growth	Fully
	103-2	The management approach and its components.					
	103-3	Evaluation of the management approach.					
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees.		Labor practices		SDG 8: Decent work and economic growth PM: 6	Fully
402: Labor / management relations							
GRI 103: Management Approach 2016	402-1	Minimum notice periods regarding operational changes.	The minimum period of general notice is two weeks in advance.	Labor practices		SDG 8: Decent work and economic growth	Fully
403: Occupational Health and Safety							
GRI 403: Management Approach 2018	403-1	Occupational health and safety management system.	Pages 45 and 46.	Health and safety		SDG 8: Decent work and economic growth	
	403-2	Hazard identification, risk assessment, and incident investigation.		Health and safety		SDG 3: Good health and well-being SDG 8: Decent work and economic growth	

GRI STANDARDS			PAGE OR ANSWER	MATERIAL ASPECTS	LINK TO SASB OR TCFD	CONTRIBUTION TO THE SDGS AND GLOBAL COMPACT	GRI STATUS
GRI 403: Management Approach 2018	403-3	Occupational health and safety management system.	Pages 45 and 46.	Health and safety	RT-CH-320a.1	SDG 3: Good health and well-being SDG 8: Decent work and economic growth	Fully
	403-4	Hazard identification, risk assessment, and incident investigation.		Health and safety		SDG 8: Decent work and economic growth	Fully
	403-5	Occupational health services.		Health and safety		SDG 3: Good health and well-being SDG 8: Decent work and economic growth	Fully
	403-6	Worker participation, consultation, and communication on occupational health and safety.					Fully
	403-7	Worker training on occupational health and safety.		Health and safety		SDG 3: Good health and well-being SDG 8: Decent work and economic growth	Fully
	403-8	Workers covered by an occupational health and safety management system.	All of ALFA companies have a health and safety management system, such as OSHAS, ISO 45001, etc., and / or according to the regulations of the country where they operate. 100% of workers are covered by these health and safety management systems.				Fully
	403-9	Work-related injuries.	Pages 45 and 46.	Health and safety	FB-MP-320a.1 RT-CH-320a.1	SDG 3: Good health and well-being SDG 8: Decent work and economic growth	Fully
	403-10	Work-related ill health.					Fully
404: Training and Education							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary.	Pages 45, 46 and 48.	Labor practices		SDG 4: Quality education SDG 5: Gender equality SDG 8: Decent work and economic growth	Fully
	103-2	The management approach and its components.					
	103-3	Evaluation of the management approach.					
	404-1	Average hours of training per year per employee.	Page 45.	Labor practices		SDG 4: Quality education SDG 5: Gender equality SDG 8: Decent work and economic growth	Fully
	404-2	Programs for upgrading employee skills and transition assistance programs.	Pages 45, 46 and 48.	Labor practices		SDG 8: Decent work and economic growth	Fully
	404-3	Percentage of employees receiving regular performance and career development reviews.	Pages 45, 46 and 48.	Labor practices		SDG 4: Quality education SDG 5: Gender equality SDG 8: Decent work and economic growth	Fully

GRI STANDARDS			PAGE OR ANSWER	MATERIAL ASPECTS	LINK TO SASB OR TCFD	CONTRIBUTION TO THE SDGS AND GLOBAL COMPACT	GRI STATUS
405: Diversity and Equal Opportunities							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary.	Pages 41 to 44, 47.	Labor practices		SDG 5: Gender equality SDG 8: Decent work and economic growth SDG 10: Reduced inequalities	Partially
	103-2	The management approach and its components.					
	103-3	Evaluation of the management approach.					
	405-1	Diversity of governance bodies and employees.	Pages 41 and 47.	Labor practices		SDG 5: Gender equality SDG 8: Decent work and economic growth SDG 10: Reduced inequalities	Fully
	405-2	Ratio of basic salary and remuneration of women to men.	Page 44.	Labor practices			Partially
406: Non-discrimination							
	406-1	Incidents of discrimination and corrective actions taken.	Page 37.	Labor practices		SDG 5: Gender equality SDG 8: Decent work and economic growth SDG 16: Peace, justice and strong institutions PM 1, 2, 4 and 5	Fully
407: Freedom of associations and collective bargaining							
	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk.	In 2021 this type of risks in operations and suppliers were not identified.	Relations with customers and suppliers		SDG 8: Decent work and economic growth	Fully
408: Child Labor							
	408-1	Operations and suppliers at significant risk for incidents of child labor.	In 2021 this type of risks in operations and suppliers were not identified.	Relations with customers and suppliers		SDG 8: Decent work and economic growth SDG 16: Peace, justice and strong institutions PM 1, 2, 4 and 5	Fully
409: Forced or Compulsory Labor							
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor.	In 2021 this type of risks in operations and suppliers were not identified.	Relations with customers and suppliers		SDG 8: Decent work and economic growth PM 1, 2, 4 and 5	Fully
411: Rights of Indigenous People							
	411-1	Incidents of violations involving rights of indigenous peoples.	In 2021 these types of cases were not identified.			SDG 2: Zero Hunger	Fully

GRI STANDARDS			PAGE OR ANSWER	MATERIAL ASPECTS	LINK TO SASB OR TCFD	CONTRIBUTION TO THE SDGS AND GLOBAL COMPACT	GRI STATUS
412: Human Rights Assesments							
	412-2	Employee training on human rights policies or procedures.	In 2021 more than 44,000 employees were trained in human rights.				Fully
413: Local Communities							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary.	Pages 50 to 57.	Community Engagement		SDG 1: No poverty SDG 2: Zero Hunger SDG 10: Reduced inequalities	Fully
	103-2	The management approach and its components.					
	103-3	Evaluation of the management approach.					
	413-1	Operations with local community engagement, impact assessments, and development programs.		Community Engagement		SDG 1: No poverty SDG 2: Zero Hunger SDG 10: Reduced inequalities	Fully
	413-2	Operations with significant actual and potential negative impacts on local communities.		Community Engagement		SDG 1: No poverty SDG 2: Zero Hunger SDG 10: Reduced inequalities	Fully
414: Supplier Social Assesment							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary.	Pages 10 and 39.	Relations with customers and suppliers		SDG 5: Gender equality SDG 8: Decent work and economic growth SDG 16: Peace, justice and strong institutions	Fully
	103-2	The management approach and its components.					
	103-3	Evaluation of the management approach.					
	414-1	New suppliers that were screened using social criteria.					
	414-2	Negative social impacts in the supply chain and actions taken.					
415: Public Policy							
GRI 103: Management Approach 2016	415-1	Political contributions.	ALFA does not grant contributions of any kind to political parties and / or representatives.			SDG 16: Peace, justice and strong institutions	Fully
416: Customer Health and Safety							
	416-1	Assessment of the health and safety impacts of product and service categories.	All ALFA products and services are regularly evaluated to identify opportunities for improvement.	Relations with customers and suppliers			Fully

GRI STANDARDS			PAGE OR ANSWER	MATERIAL ASPECTS	LINK TO SASB OR TCFD	CONTRIBUTION TO THE SDGS AND GLOBAL COMPACT	GRI STATUS
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services.	In 2021 these types of cases were not identified.	Relations with customers and suppliers		SDG 16: Peace, justice and strong institutions	Fully
417: Marketing and Labeling							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary.	Page 34.			SDG 12: Responsible consumption and production SDG 16: Peace, justice and strong institutions	Fully
	103-2	The management approach and its components.					
	103-3	Evaluation of the management approach.					
	417-1	Requirements for product and service information and labeling.	Sigma is the subsidiary to which this indicator applies. Sigma complies with all national and international regulations regarding this issue.			SDG 12: Responsible consumption and production SDG 16: Peace, justice and strong institutions	Fully
	417-2	Incidents of non-compliance concerning product and service information and labeling.	In 2021 no such cases were identified.		FB-FR-270a.1	SDG 16: Peace, justice and strong institutions	Fully
	417-3	Incidents of non-compliance concerning marketing communications.	In 2021 there were no cases of non-compliance with marketing communications.				Fully
418: Customer Privacy							
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data.	In 2021 there were no such claims.	Relations with customers and suppliers	FB-FR-230a.1 TC-SI-220a.3 TC-TL-220a.3	SDG 16: Peace, justice and strong institutions	Fully
419: Social-economic compliance							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary.				SDG 16: Peace, justice and strong institutions	Fully
	103-2	The management approach and its components.					
	103-3	Evaluation of the management approach.					
	419-1	Non-compliance with laws and regulations in the social and economic area.	In 2021 there were no cases of regulatory non-compliance in the social and economic fields.			SDG 16: Peace, justice and strong institutions	Fully

GLOSSARY

CAPROLACTAM
Raw material derived from petroleum used for the production of nylon.

CLOUD SERVICES
Business model where applications are accessed via the Internet and are not physically at the customer's premises.

EXPANDED POLYSTYRENE
Thermoplastic used for thermal insulation and packaging.

INDEPENDENT BOARD MEMBER
Does not own shares of a company and is not related to the day-to-day administration of the company.

INDEPENDENT PROPRIETARY BOARD MEMBER
Owns shares of a company, but is not related to the day-to-day administration of the company.

PET (POLYETHYLENE TEREPHTHALATE)
Plastic resin used mainly in the production of packaging.

POLYESTER
Plastic resin that is used in the manufacture of textile fibers, films and packaging.

EXPANDABLE POLYSTYRENE
Thermoplastic used for thermal insulation and packaging.

POLYPROPYLENE
Derived from the propylene used in the production of plastics and fibers, among others.

PTA
(Purified Terephtalic Acid) Raw material used for the manufacture of polyester.

rPET
Recycled PET.

SCALEUPS
Companies that started their activity as startups but that intend to expand, reach new markets, new customers and improve their products to make them modern and innovative.

SYSTEMS INTEGRATION
Service practice that consists of designing and building custom computing solutions, combining and connecting hardware and/or software products from one or more manufacturers.

STARTUPS
Newly created and technology-based company.

INVESTOR RELATIONS

GRI 102-1, 102-3, 102-53

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