ANNUAL REPORT

GRUPO BIMBO, S.A.B. DE C.V.

NOURISHING A BETTER WORLD

Annual Report filed pursuant to the general provisions applicable to Securities Issuers and Other Participants in the Securities' Market (*Disposiciones de Carácter General Aplicables a las Emisoras de Valores y a Otros Participantes del Mercado de Valores*) for the fiscal year ended on December 31, 2021.

Name of the issuer: Grupo Bimbo, S.A.B. de C.V.

Headquarters: Prolongación Paseo de la Reforma No. 1000, Colonia Peña Blanca Santa Fe, C.P. 01210, Mexico City. The address of Grupo Bimbo, S.A.B. de C.V.'s Internet website is www.grupobimbo.com, provided, however, that the information contained therein is not part of this Annual Report.

Outstanding shares: the authorized capital stock of Grupo Bimbo, S.A.B. de C.V. consists of ordinary nominative, Series "A" common shares, ordinary, nominative, with no par value, registered under the Securities Section of the National Securities Registry ("RNV") and listed on the Mexican Stock Exchange (Bolsa Mexicana de Valores, S.A.B. de C.V.). Also, Grupo Bimbo, S.A.B. de C.V. has outstanding notes registered in the RNV, which are described below.

Ticker symbol: "BIMBO".

The registration with in the RNV does not constitute a certification as to the investment quality of the securities, the solvency of the issuer, or the accuracy or veracity of the information contained in this Annual Report, nor does it validate the acts, if any, that were carried out in violation of the laws.

Mexico City, April 29, 2022

KEY INFORMATION WITH RESPECT TO THE NOTES (*CERTIFICADOS BURSATILES*) ISSUED BY GRUPO BIMBO, S.A.B. DE C.V.

AS OF DECEMBER 31, 2021

Ticker Symbol	BIMBO 16	BIMBO 17
Amount	$8,000,000,000	$10,000,000,000
Number of series in which the issuance is divided	N.A.	
Issuance date	September 14, 2016	October 6, 2017
Maturity date	September 2, 2026	September 24, 2027
Issuance period	3,640 days, approximately 10 years	3,640 days, approximately 10 years
Interest rate	Fixed interest rate of 7.56%	Fixed interest rate of 8.18%
Periodicity in payment of interest	Every 182 days beginning on March 15, 2017	Every 182 days beginning on April 6, 2018
Place and manner of payment of principal and interests	The principal and interests due will be paid on their maturity date, by electronic funds transfer, at the registered office of S.D. Indeval Institución para el Depósito de Valores, S.A. de C.V., or at the registered office of the Issuer.	
Subordination	Lien limitations / Pari Passu status	
Maturity and acceleration	A single payment on the relevant maturity date. The Company shall have the right to prepay all (but not less) than all of the Certificados Bursátiles on any date before the Maturity Date.	
Guarantee	The *Certificados Bursátiles* will be unsecured and will be guaranteed (*avalados*) by Bimbo, S.A. de C.V., Barcel, S.A. de C.V. and Bimbo Bakeries USA, Inc.	
Trustee	N.A.	
Rating	Fitch México, S.A. de C.V. "AA+(mex)" Standard & Poor's, S.A. de C.V. "mxAA+"	Fitch México, S.A. de C.V. "AA+(mex)" S&P Global Ratings, S.A. de C.V. "mxAA+"
Common Representative	Monex Casa de Bolsa, S.A. de C.V., Monex Grupo Financiero	
Depositary	S.D. Indeval Institución para el Depósito de Valores S.A. de C.V.	
Tax treatment	The withholding rate of the income tax applicable, as of the date of the Supplement, to the interest paid in accordance with the *Certificados Bursátiles* is subject to: (i) for individuals and entities considered as residents of Mexico for tax purposes, to the provisions of articles 54, 134, 135 and other applicable provisions of the Income Tax Law (*Ley del Impuesto Sobre la Renta*) in effect; and (ii) for individuals and entities considered as non-Mexican residents for tax purposes, to the provisions of articles 153, 166, 175 and other applicable provisions of the Income Tax Law in effect. Potential investors shall consult their tax advisors with respect to the tax consequences of their investment in the *Certificados Bursátiles*, including the application of specific rules applicable to their particular situation. The current fiscal regime may be amended during the term of the Program and while the Issuance is in effect.	

Change of control: In accordance with the terms of the Notes, in the event of a "change of control", which means a change of control resulting in the decrease of the rating of the Notes, Grupo Bimbo will be obliged to make an offer in order to repurchase all of the Notes at a purchase price equal to 100% of the par value of such Notes plus the unpaid accrued ordinary interest on the principal of the Notes outstanding on the date of the repurchase.

Corporate Restructuring: In case of a corporate restructuring, Grupo Bimbo will distribute to the investors the applicable disclosure document and other information required under applicable laws. In accordance with the terms of the Notes, Grupo Bimbo shall not merge or sell its "material assets" (as such term is defined in the Notes), except under certain circumstances.

Essential Assets: In accordance with the terms of the Notes, Grupo Bimbo shall not create liens on its assets, except for "permitted liens" (as such term is defined in the Notes). In case Grupo Bimbo decides to create a lien on its essential assets in order to carry out its operations, Grupo Bimbo shall obtain the necessary corporate consents and, if so required by the applicable law, will disclose such event to investors.

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No underwriter, person appointed as an attorney-in-fact to carry out operations with the public, or any other person, has been authorized to disclose any information or make any representation that is not contained in this Annual Report. As a consequence of the above, any information or representation that is not contained in this Annual Report must be understood as not authorized by Grupo Bimbo, S.A.B. de C.V.

In addition, unless otherwise indicated, the Company's information contained in this Annual Report is shown as of December 31, 2021.

1) GENERAL INFORMATION

a) Summary of Terms and Definitions

Unless otherwise indicated by the context, for the purposes of this Annual Report, the following terms shall have the meaning specifed below, which shall apply equally to the singular and plural forms of the terms defined:

Terms	Definitions
“Adghal”	Groupe Adghal.
“Adjusted EBITDA”	Operating income plus depreciation, amortization, impairments and provision of multiemployer pension plans and other non-cash items. The Group’s administration uses this measure as an indicator of its operating results and of its financial condition; however you should consider it in isolation, as an alternative to net income, as an indicator of the operating performance or as a substitute for the analysis of results reported in accordance with IFRS, because, among others: (i) it does not reflect cash expenditures, or future requirements for capital expenditures or contractual commitments, (ii) it does not reflect changes in, or cash requirements for working capital needs, (iii) it does not reflect interest expenses, and (iv) it does not reflect any cash income tax to be paid by the Group. Due to the foregoing, the Group’s Adjusted EBITDA shall not be considered as a discretionary measure of cash available to invest in the Group’s growth or as a measure of cash that will be available in order for the Group to fulfill its obligations. Adjusted EBITDA is not a financial measure recognized in accordance with IFRS and may not be compared with similar official measures presented by other companies in the industry, since not all companies use the same definition. Consequently, the focus shall mainly be on results in accordance with IFRS, and Adjusted EBITDA only as a supplementary measure.
“ADR’s”	American Depositary Receipts
“Annual Report”	This Issuer’s Annual Report, prepared in accordance with the General Provisions Applicable to Securities Issuers and Other Securities Market Participants Issued by CNBV.
“Audited Financial Statements”	The Company’s audited consolidated financial statements, audited as of and for the years ended December 31, 2021, 2020 and 2019, which were prepared in accordance with the IFRS, as well as the respective notes, which are attached to this Annual Report.
“Barcel”	Barcel, S.A. de C.V.
“BIMBO”, “Company”, “Issuer”, “Group”, “Grupo Bimbo” or "Entity"	Grupo Bimbo, S.A.B. de C.V., and, whenever the context requires so, together jointly with its consolidated subsidiaries.
“Bimbo”	Bimbo, S.A. de C.V.
“Bimbo Bakeries USA”	Bimbo Bakeries USA, Inc., an operating subsidiary of BBU.
“Bimbo Iberia”	Bimbo, S.A.U.
“BIMBO XXI”	Project for the implementation of a system to streamline ERP (Enterprise Resource Planning) resources, database and support systems.

Terms	Definitions
“BMV”	Mexican Stock Exchange (*Bolsa Mexicana de Valores, S.A.B. de C.V.*).
“Board of Directors” or “Board”	Board of Directors of BIMBO.
“BBU”	Bimbo Bakeries, Inc.
“BCG”	Boston Consulting Group
“Cakes”	Cakes sold individually.
“Canada Bread”	Canada Bread Company, Limited.
“CDOR”	Canadian Dealer Offered Rate.
“CDP”	Carbon Disclosure Project
“China”	People’s Republic of China.
“CNBV”	National Banking and Securities Commission.
“Corporate Bylaws”	Corporate Bylaws of BIMBO as amended from time to time.
“Dollars” or “dollars”	Currency of legal tender in the USA.
“EAA”	Europe, Asia and Africa
“Earthgrains”	Earthgrains Bakery Group, Inc.
“East Balt” o “Bimbo QSR”	East Balt Bakeries
“El Globo”	Tradición en Pastelerías, S.A. de C.V.
“ERP”	Enterprise Resource Planning.
“Europe”	United Kingdom and countries of the European Union where BIMBO carries out operations.
“Fast Food”	Food ready to be eaten.
“FDA”	Food and Drug Administration, a USA governmental agency.
“George Weston”	George Weston Bakeries, Inc., Entenmann’s Products Inc., Entenmann’s, Inc. and Entenmann’s Sales Company, Inc. (TSX: WN)
“Gruma”	Gruma, S.A.B. de C.V., Mexican Company engaged in the production of corn flour, tortillas, wheat flour and similar products.
“IASB”	International Accounting Standards Board.
“IEPS”	Special tax over production and services.
“IFBA”	International Food and Beverage Alliance
“IETU”	Business Flat Tax (*Impuesto Empresarial a Tasa Única*).
“IFRS”	International Financial Reporting Standards issued by the IASB.
“Indeval”	S.D. Indeval Institución para el Depósito de Valores, S.A. de C.V.
“INPC”	National Consumer Price Index (*Índice Nacional de Precios al Consumidor).*
“IRI”	Information Resources Inc.

Terms	Definitions
"ISCAM"	Systematized Information of Channels and Markets *(Información Sistematizada de Canales y Mercados)*, Mexican company dedicated to market measurement and analysis.
"ISO"	International Organization for Standardization.
"ISR"	Income Tax (*Impuesto sobre la Renta*).
"IVA"	Value Added Tax (*Impuesto al Valor Agregado*).
"Latin America"	Central and South America; comprises the countries of this geographical area where BIMBO carries out transactions.
"LIBOR"	London Interbank Offered Rate.
"LMV"	Securities Market Law (*Ley del Mercado de Valores*).
"Mexico"	United Mexican States.
"MEPPs"	Multiemployer Pension Plans.
"Nielsen"	The Nielsen Company.
"NOM"	Mexican Official Standard (*Norma Oficial Mexicana*).
"Notes"	Negotiable instruments issued by the Company in accordance with the Securities Market Law, under the Notes Program (*Programa de Certificados Bursátiles*) and which are outstanding.
"Packaged Bread"	Sliced and packaged bread.
"Panrico"	Panrico S.A.U.
"Pesos", "pesos" or "$"	Currency of legal tender in Mexico.
"PTU"	Employee Profit Sharing (*Participación de los Trabajadores en las Utilidades).*
"Ready Roti"	Ready Roti India Private Limited
"RNV"	National Securities Registry (*Registro Nacional de Valores*).
"SEC"	U.S. Securities and Exchange Commission.
"Stonemill Bakehouse"	Stonemill Bakehouse Ltd.
"Supan"	Supan, S.A.
"Syndicated Revolving Credit Facility"	Multicurrency revolving credit facility for an amount of USD$1,750 million dollars that has been contracted with a syndicate of banks.
"TIIE"	Interbanking Equilibrium Interest Rate (*Tasa de Interés Interbancaria de Equilibrio)*.
"USA"	United States of America.
"WFI"	Weston Foods, Inc., baking business in the USA that was owned by George Weston Limited and which BIMBO acquired on January 21, 2009.
"WHO"	World Health Organization.

Unless otherwise specified, the financial information contained in this document is expressed in millions of Mexican pesos and was prepared in accordance with IFRS.

b) EXECUTIVE SUMMARY

This chapter contains a brief summary of the information provided in this Annual Report. Since it is a summary, it is not intended to contain all substantial information included in the Annual Report.

1) The Company

The global headquarters of the Company are located at Prolongación Paseo de la Reforma No. 1000, Colonia Peña Blanca Santa Fe, Álvaro Obregón, Mexico City, 01210, Mexico, and its telephone number is (55) 5268-6600. The Company was established under the laws of Mexico on June 15, 1966. The number of its commercial registry *(folio mercantil)* with the Public Registry of Property and Commerce of Mexico City (*Registro Público de la Propiedad y de Comercio de la Ciudad de México*), or the Mexican Registry, is 9,506 and its taxpayer identification number is GBI 810615 RI8.

Grupo Bimbo is a global food company, the leader in the global baking industry and a relevant participant in the snack industry, according to information from IBISWorld. Grupo Bimbo operates in 33 countries, including Mexico, the United States, Canada, most of Latin America, Spain, Portugal, France, Italy, the United Kingdom, Turkey, Switzerland, Ukraine, Kazakhstan, China, South Korea, Russia, India, Morocco and South Africa. The Company has a balanced and diversified portfolio of over 10,000 products covering different categories sold under iconic, strategic or renowned brands. By means of its wide range of bakery and snack products, the Company serves from premium and value categories to all consumption occasions.

The Group produces, distributes and commercializes baking products in each of its categories: sliced bread, buns & rolls, pastries, cakes, cookies, toasted bread, English muffins, bagels, tortillas & flat breads, salty snacks and confectionery and other food products. The brand portfolio of the Company includes iconic brands with a value of over a billion dollars in retail sales, such as Bimbo®, Marinela®, Oroweat®, Barcel®, Thomas'®,Sara Lee®, Entenmann's® and Takis®; brands with a value of over $500 million dollars such as Little Bites®; brands with a value of over $250 million dollars such as Ricolino®, Tia Rosa®, Dempster's®, Artesano® and Ball Park®; and brands with a value of over $100 million dollars such as Villaggio®, Donuts®, Pullman®, POM®, Vachon®, Ideal®, Mankattan and Mrs. Baird's®.

Through development of iconic brands that have been in the minds of consumers for generations, strategic brands with deep regional relevance and high consumer recognition, and continuous innovation in its portfolio, Grupo Bimbo has achieved leadership in the baking industry in most of the countries in which it operates. In 2021, according to the edition of Brand Footprint Ranking, prepared by the consulting firm Kantar, the "Bimbo" brand was recognized within the 10 brands with the highest penetration in Mexican households, occupying the first position. Moreover, the brand "Bimbo", held the first position as the most chosen brand by consumers in the food category in Mexico and Latin America, and the tenth across the world. In addition, in the ninth edition of the report prepared by BCG and IRI, published in 2021, Grupo Bimbo was recognized as the fastest growing company in the consumer packaged goods (CPG's) in 2020 in the United States.

Since its foundation in 1945, Grupo Bimbo has built a reliable and integrated commercial platform of significant scale through a combination of organic growth and strategic acquisitions. Organic growth has been driven by continuos market penetration supported by an extensive distribution network, the development of lasting and emblematic brands with the opportunity of being replicated in new markets and/or categories, the quality and innovation of its products and its efficient operations. In the past 10 years, it has successfully integrated 36 companies into its portfolio, through which it has expanded its footprint into new markets, product categories and sales channels. The Group became the largest packaged bread market participant in the United States following the acquisitions of Weston Foods Inc., in 2009, and Earthgrains, Sara Lee Corporation's North American fresh baking business, in 2011, according to information from IRI. Also in 2011, it accessed the European market with the acquisition of Sara'Lee's baking business in Europe. In 2014, it entered the Canadian and United Kingdom markets with the acquisition of Canada Bread, producer of Dempster's®, the leading bread brand in Canada. In 2017, it entered in new countries with the acquisition of Adghal in Morocco, Ready Roti in India and East Balt Bakeries in eleven countries of Europe and Asia. In 2018, Grupo Bimbo completed the acquisition of Mankattan, a major player in the Chinese baking industry. In 2020, it expanded its operations to Kazakhstan through a strategic alliance in the QSR business, expanding its global leadership to 33 countries. These and other acquisitions, together with its organic growth in Mexico and Latin America, have consolidated Grupo Bimbo as the world's largest and leading baking company. As of 2011 and until December 31, 2021, its Adjusted EBITDA increased from $14,719 million to $49,178 million at a CAGR of 12.8%. Moreover, during said period, its net sales grew at a CAGR of 10.1%, driven by a CAGR of 12.6% in North America, 6.3% in Mexico and 5.5% in Latin America.

Currently, it operates 206 bakeries and other plants located in 33 countries with an extensive distribution network, which is believed to comprise one of the largest sales' fleets in the Americas. As of December 31, 2021, its direct-distribution network consisted of more than 54,000 distribution routes, spread on more than 1,600 sales centers and reaching more than 3 million points of sale to ensure the freshness of its products and meet the needs of the consumer.

The following table shows certain financial information of Grupo Bimbo as of the closing of each of the years indicated:

	For the years ended December 31,		
	2021	2020	2019
Net Sales	348,887	331,051	291,926
Operating Profit	34,126	25,408	20,419
Adjusted EBITDA	49,178	45,193	37,874
Net Majority Income	15,916	9,111	6,319

Note: figures in millions of Mexican pesos

2) Financial Information

In accordance with the General Provisions Applicable to Securities Issuers and to Other Participants in the Securities Market as of January 1, 2012, the Mexican corporations with securities listed in the BMV, including the Company, shall prepare and submit their financial information in accordance with IFRS. Therefore, consolidated financial statements were prepared under IFRS. Unless otherwise indicated, all information contained in the audited financial statements included in this Annual Report has been expressed in millions of pesos.

The Mexican peso is the functional currency of the Company's Mexican operations and is used to report the Company's consolidated financial statements. Figures corresponding to 2021, 2020 and 2019 are shown in pesos in nominal terms as of the date on which they were registered.

Company's consolidated financial statements were prepared with an historic base cost, except for certain financial instruments (assets and liabilities), which are measured at its fair value at the closing of each period, and for non-monetary assets of subsidiaries in hyperinflationary economies, which are adjusted for inflation, as explained in accounting policies.

Consolidated Income Statement			
For the years ended December 31:	2021	2020	2019
Net sales [(1)]	**348,887**	**331,051**	**291,926**
Costs of sales	163,575	152,608	138,184
Gross profit	**185,312**	**178,443**	**153,742**
General expenes:			
Distribution and selling	126,923	123,511	110,234

Administrative	23,339	22,383	16,641
Integration costs	724	1,968	2,435
Profit (loss) before other income and expenses, net	**34,326**	**30,581**	**24,432**
Other (Expenses) Income net	200	5,173	4,013
Operating profit	**34,126**	**25,408**	**20,419**
Interest expense	7,884	9,424	8,561
Interest income	(373)	(387)	(560)
Foreign exchange (gain)/loss, net	534	(108)	445
(Gain)/Loss from monetary position	(25)	(70)	114
Comprehensive Financial Result	**8,020**	**8,859**	**8,560**
Share of profit of associates	247	194	249
Profit before income tax	**26,353**	**16,743**	**12,108**
Current Income Tax	8,096	5,215	3,926
Deferred Income Tax	588	781	723
Income Tax(2)	**8,971**	**6,192**	**4,733**
Consolidated net profit	**17,382**	**10,551**	**7,375**
Controlling interest	15,916	9,111	6,319
Non-controlling interest	1,466	1,440	1,056
Basic earnings per ordinary share	3.55	2.00	1.36
Dividend per share	1.00	0.50	0.45
Earnings before interest, tax, depreciation and amortization	**49,178**	**45,193**	**37,874**

Notes to the Consolidated Income Statements:

(1) During 2021, 2020 and 2019, net sales of the subsidiaries located in the Mexico segment represented approximately 31%, 29% and 32%, respectively, of the Company's consolidated net sales. During the same periods, the net sales of the North America segment represented approximately 53%, 49% and 50%, respectively, of the Company's consolidated net sales.

(2) For more information on the income tax, see note 16 of the audited consolidated financial statements including the ISR of uncertain positions.

Consolidated Balance Sheet

As of December 31:	2021	2020	2019
Cash and cash equivalents	8,748	9,268	6,251
Trade receivables and other account receivable, net	27,170	27,487	26,198
Inventories	13,710	10,893	9,819
Prepaid expenses	2,296	1,944	1,188
Derivative financial instruments	1,293	871	143
Guarantee deposits for derivative financial instruments	-	-	325
Assets held for sale	194	140	273
Total Current Assets	53,411	50,603	44,197
Property, plant and equipment, net	103,891	91,248	84,341
Right-of-use asset, net	30,754	29,163	25,550

Investments in associates	4,452	3,143	2,871
Derivative financial instruments	1,962	267	1,533
Deferred income tax	7,861	8,733	4,590
Intangible assets, net	56,965	55,007	51,318
Goodwill, net	74,565	66,904	62,794
Other sssets net	3,779	2,583	1,887
Total Assets	**337,640**	**307,651**	**279,081**
Current portion of non current debt	10,625	600	5,408
Trade accounts payables	35,752	26,679	22,972
Other Accounts Payable and accrued liabilities	24,102	24,901	18,473
Current lease liabilities	5,793	5,153	4,599
Accounts payable to related parties	1,527	1,334	1,197
Current Income Tax	708	-	115
Statutory employee profit sharing	1,692	1,017	1,183
Derivative Financial Instruments	169	1,183	673
Other current liabilities	392	398	
Total current liabilities	80,760	61,265	54,620
Long-Term Debt (1)	82,230	84,629	81,264
Long-term lease liabilities	25,356	23,936	20,741
Derivative financial instruments	67	214	437
Employee benefits	30,712	33,832	30,426
Deferred income tax (2)	7,087	6,766	5,241
Other long-term liabilities	9,822	8,998	8,041
Total Liabilities	**236,034**	**219,640**	**200,770**
Controlling interest	97,100	83,713	73,736
Non-controlling interests	4,506	4,298	4,575
Total Equity	**101,606**	**88,011**	**78,311**

Consolidated Balance Sheet Notes:

(1) Some financial liabilities provide certain restrictions and obligations to the Company's financial structure (see Note 13 of the Audited Financial Statements).
(2) See Note 16 of the Audited Financial Statements.

Additional Financial Information

(millions of Mexican pesos)

As of December 31:	2021	2020	2019
Depreciation and amortization	16,375	16,251	14,373
Net cash flows from operating activities	45,776	43,877	28,520
Net cash flows used in investing activities	(32,459)	(16,688)	(12,642)
Net cash flows used in financing activities	(14,116)	(24,163)	(16,833)
Cash and cash equivalents at end of year	8,748	9,268	6,251
Operating Margin	9.8%	7.7%	7.0%

Adjusted EBITDA Margin	14.1%	13.7%	13.0%
Net Majority Income Margin	4.6%	2.8%	2.2%
Return on Assets	4.5%	2.8%	2.2%
Return on Equity	15.6%	10.9%	8.1%
Adjusted EBITDA	49,178	45,193	37,874
Total Debt / Adjusted EBITDA (1)	2.1	2.1	2.6
Net Debt / Adjusted EBITDA (1)	1.9	1.9	2.4

Notes to the Additional Financial information:

(1) For the calculation of the financial ratio, Adjusted EBITDA does not consider the effect of the implementation of IFRS 16.

3) Capital Markets

The authorized capital stock of Grupo Bimbo consists of Series “A” common shares, nominative, with no par value, registered in the RNV.

These shares are publicly traded in Mexico, listed on the BMV under the ticker symbol "BIMBO" and registered in the RNV. As of December 31, 2021, its market capitalization was approximately Ps.281,795 billion.

BIMBO shares started to trade on the BMV on February 1980, when the Company carried out its initial public offering. Since February 1, 1999 BIMBO is part of the Price and Quotation Index (*Índice de Precios y Cotizaciones*) of the BMV.

The trading of BIMBO shares has not been suspended in the past four years.

As of the date of this Annual Report, the BIMBO share is classified as high trading volume, in accordance with the Trading Activity Index published by the BMV.

Since 2011, BIMBO is included in the Sustainable IPC Index of the BMV. This index allows investors to follow companies’ performance on environmental, social responsibility and corporate governance matters.

On the date of the present annual report, the Company does not have a market maker agreement.

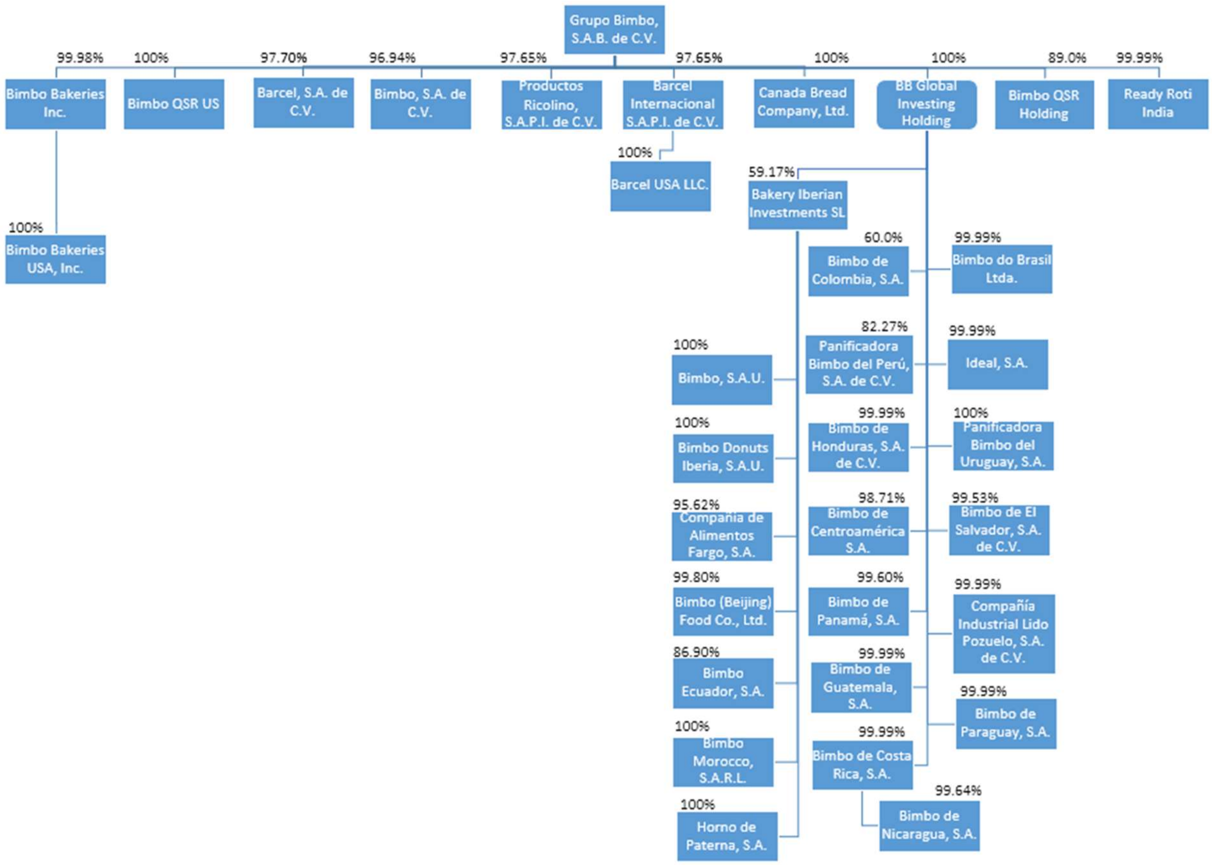
The following table shows the maximum, minimum and closing adjusted quoted prices in nominal pesos as well as the transaction volume of BIMBO Series “A” shares in the BMV, during the indicated periods.

Year ended December 31	Mexican Pesos per Share “A”			Shares “A” Transaction Volume
	Maximum	Minimum	Closing	
2011	28.47	28.47	28.47	577,729,900
2012	33.47	28.44	33.47	557,993,449
2013	45.80	31.72	40.20	597,627,669
2014	43.17	32.53	40.70	521,029,420
2015	49.04	37.81	45.95	481,273,569
2016	59.86	44.43	47.01	621,595,607
2017	48.51	42.19	43.51	532,853,721
2018	46.46	35.07	39.15	592,951,520

2019	43.04	32.83	34.43	635,679,042
2020	45.09	26.95	43.24	768,815,635
2021	63.40	37.10	62.97	689,926,743

4. Corporate Structure

The following table shows the main subsidiaries comprised in the Group's corporate structure as of December 31, 2021:



3) RISK FACTORS

The following risks factors described may adversely affect the Company's development, financial status and/or operating results, as well as affect the price of any securities of the Company.

Risks Related to the Business, Industry and Supply

Increases in prices and shortages of raw materials, fuels and utilities could cause costs to increase

Grupo Bimbo purchases large quantities of raw materials, including wheat flour, edible oils and fats, sugar, eggs and plastic to package its products, the prices of which are volatile. The Group is also exposed to changes in oil prices, which impact both its packaging and transportation costs. Prices for commodities, other supplies and energy fluctuate due to conditions that are difficult to predict, including global competition for resources, currency fluctuations, severe weather conditions (including the effects of global climate change), consumer, industrial or commodity investment demand, changes in governmental regulation and trade, alternative energy sources and government-sponsored agricultural programs. The prices of the Group's raw materials normally fluctuate due to market conditions and currency fluctuations. Grupo Bimbo cannot assure that these fluctuations will not have an adverse effect on its financial performance or that it will be able to pass along the effect of increased costs to consumers.

The Group also relies on fuels and utilities to operate its business. For example, its bakeries and other facilities use natural gas, liquefied petroleum gas and electricity to operate. In addition, its distribution operations use gasoline and diesel fuel and electricity to deliver the products. These fuels and utilities are subject to price volatility. For these reasons, substantial future increases in prices for, or shortages of, these fuels or electricity could adversely affect Grupo Bimbo. Rising raw materials, energy and other input costs could materially and adversely affect the Group's cost of operations, including the production, transportation, and distribution of its products, which could adversely and materially affect its business, financial condition, results of operations and prospects.

To ensure the supply, Grupo Bimbo enters into wheat, natural gas and other hedging arrangements to mitigate its exposure against price volatility. These contracts could cause the Group to pay higher prices for raw materials than those available in the spot markets, materially and adversely affecting it.

The Group may not achieve its targeted cost savings and efficiencies from cost reduction initiatives

The Group's success depends in part on its ability to be a low-cost producer in a highly competitive industry. Grupo Bimbo periodically makes investments in its operations to improve its production facilities and reduce operating costs. The Group may experience operational issues when carrying out major production, procurement, or logistic changes and these, as well as any failure to achieve its planned cost savings and efficiencies, could have a material adverse effect on the business, financial condition, results of operations and prospects.

Competition could adversely affect the Group's business, financial condition, results of operations and prospects

The baking industry is highly competitive and increased competition could reduce the Group's market share or force it to reduce prices or increase promotional spending in response to competitive pressures, all of which would adversely affect its business, financial condition, results of operations and prospects. Competitive pressures may also restrict the Group's ability to increase prices, including in response to commodity and other cost increases. Competition is based on product quality, price, customer service, brand recognition and loyalty, effective promotional activities, access to retail outlets and sufficient shelf space and the ability to identify and satisfy consumer preferences.

Any reduction in sales revenue as a result of competitive pressures would negatively affect the profit margins and, if the Group's sales volumes fail to offset any reduction in margins, it will be materially and adversely affected.

Grupo Bimbo competes with large national and transnational companies, local traditional bakeries, smaller regional operators, small family-owned bakeries, supermarket chains with their own bakeries and brands, grocery stores with their own in-store baking departments or private label products and diversified food companies. To varying degrees, the Group's competitors may have strengths in particular product lines and regions as well as greater financial resources. Grupo Bimbo expects that it will continue to face strong competition in all of the markets and anticipate that existing or new competitors may broaden their product lines and extend their geographic scope. Grupo Bimbo may not be able to successfully compete with these companies.

Grupo Bimbo competes with large national and transnational companies, local traditional consumer foods producers, smaller regional operators, small family-owned businesses, supermarket chains with their own products and brands, grocery stores with their own in-store bakery departments or private label products and diversified food companies. In particular, competition against private label products could negatively impact the Group's business. In most of its product categories, the Group faces branded and price-based competition. Its products must provide higher value and/or quality to its consumers than alternatives, particularly during periods of economic uncertainty. Consumers may not buy its products if relative differences in value and/or quality between its products and private label products change in favor of the Group's competitors' products or if consumers perceive such a change. If consumer preferences shift to private label products, then the Group could lose market share, experience lower sales volumes or need to shift its product mix to lower margin offerings, which could have a material effect on its business, financial condition, results of operations and prospects.

To varying degrees, its competitors may have strengths in particular product lines and regions as well as greater financial resources. The Group expect that it will continue to face strong competition in all of its markets and anticipate that existing or new competitors may broaden their product lines and extend their geographic scope. The Group may not be able to successfully compete with these companies.

In particular, from time to time, the Group experiences price pressure in certain of its markets as a result of its competitors' promotional pricing practices, which could be exacerbated by excess industry capacity. As a result, the Group may need to reduce the prices for some of its products to respond to competitive and customer pressures and to maintain market share. Such pressures also may restrict its ability to increase prices in response to raw material and other cost increases. The Group's competitors may also improve its competitive position by introducing competing or new products, improving production processes or expanding the capacity of production facilities. If Grupo Bimbo is unable to maintain its pricing structure and keep pace with its competitors' initiatives, its business, financial condition, results of operations and prospects could be materially adversely affected.

The reputation of the Group's brands and its intellectual property rights are key to its business

Most of Grupo Bimbo net sales derive from sales of products offered under brands that the Group owns. Its brand names and other intellectual property rights are key assets of its business. Maintaining the reputation of its brands is essential to the Group's ability to attract and retain retailers, consumers and associates and is critical to the Group's future success. Failure to maintain the reputation of its brands could materially and adversely affect its business, financial condition, results of operations and prospects. These issues include, but are not limited to, appropriately dealing with potential conflicts of interest, non-compliance with legal and regulatory requirements, safety conditions in the Group's operations, ethical issues, money-laundering, antitrust and other governmental investigations affectinf the Group or its business partners, privacy, record-keeping, sales and trading practices and the proper identification of the legal, reputational, credit, liquidity and market risks inherent in its business.

Grupo Bimbo main trademarks are registered in the countries in which the Group uses such trademarks. While Grupo Bimbo intends to enforce its trademark rights against infringement by third parties, its actions to establish and protect its trademark rights may not be adequate to prevent imitation of its products by others or to prevent others from seeking to block sales of the Group's products on grounds that its products violate their trademarks and proprietary rights. In addition, the authorities in certain jurisdictions in which the Group operates may not timely and efficiently recognize and enforce Group's rights in time (which could result in the reputation of its brands being affected). If a competitor were to infringe on the Group's trademarks, enforcing its rights would likely be costly and would divert resources that would otherwise be used to operate and develop the business. Although Grupo Bimbo intends to actively defend its brands and trademark rights, it may not be successful in enforcing its intellectual property rights, which could materially and adversely affect the Group's business, financial condition, results of operations and prospects. The Group's failure to obtain or adequately protect its intellectual property rights, or any change in law or other changes that serve to lessen or remove the current legal protections of its intellectual property, may diminish the Group's competitiveness and could materially harm its business, financial condition, results of operations and prospects.

See Section “2. The Company – b) Business Description – vi) Patents, Trademarks, Licenses and other Contracts”.

Grupo Bimbo must leverage its brand value to compete against lower-priced alternative brands

In nearly all of its product categories, the Group competes with lower-priced alternative products. The Group’s products must provide higher value and/or quality to its consumers than alternative brands, particularly during periods of economic uncertainty. Consumers may not purchase the Group’s products if the difference in value or quality between the Group's products and the products of other brands changes in favor of the Group's competitors, or if consumers perceive this type of change. If consumers choose the lower-priced brands, then the Group may lose market share or sales volumes, which could materially and adversely affect its product sales, financial condition, and operating results.

Existing or future regulations on product labelling

The legislation of some countries in which the Group operates, including the United States, requires the Group's products to include labels with certain warnings and nutritional information. During the third quarter of 2020, rules regarding labelling in Mexico came into force, which established a front warning labelling system and applied to practically all the Group's products. The purpose of these rules is to inform the consumer if the products exceed certain maximum nutritional limits. The labelling rules will be implemented in three stages, from October 2020 until October 2025. These rules establish that food products may not include within their labels pictures of characters, drawings, celebrities, gifts, offers, toys or contests that aim to promote their consumption, which could affect sales, financial situation and results of operations of the Group.

Inability to anticipate changes in consumer preferences or enhance the Group’s product portfolio may result in decreased demand for its products

Consumer preferences change over time and Grupo Bimbo success depends on its ability to maintain consumer demand for its products by identifying and satisfying the evolving needs, tastes, trends and health habits of consumers in order to respond in a timely manner and offer products that appeal to these needs, tastes, trends and habits. Changes in consumer preferences combined with the Group’s failure to anticipate, identify or react to these changes could result in reduced demand for its products, which could in turn adversely affect its business, financial condition, results of operations and prospects. In particular, demand for the Group’s products could be impacted by the popularity of trends such as low carbohydrate diets and by concerns regarding the health effects of trans fats, sugar content and processed wheat. Furthermore, Grupo Bimbo may not be able to quickly introduce substitute products, as a means to satisfy consumer demands. Consumer preferences may shift in the future due to several factors that are difficult to predict such as changes in demographic trends, governmental regulations (including current or future regulations related to labeling requirements), weather conditions, concerns over nutritional or food safety aspects or changes in economic conditions. Even though the Group's experience has given it a solid understanding of the markets in which it operates, the Group cannot predict the preferences and needs of its current or potential consumers with absolute certainty. The Group commercializes its products in several different countries and the consumers in each country have their own tastes and preferences (which the Group may be unable to rapidly identify).

The Group’s success depends in part on its ability to enhance its product portfolio by adding innovative new products in fast growing, profitable categories as well as increasing market share in its existing product categories. Introduction of new products and product extensions requires significant research and development as well as marketing initiatives. If the Group’s new products fail to meet consumers’ preferences, the return on its investment in such new product will be less than the anticipated and the Group’s strategy to grow net sales and profits may not be successful, which could in turn materially and adversely affect the Group’s business, financial condition, results of operations and prospects.

A decrease in consumer confidence and changes in consumer habits may adversely affect the Group's business, financial condition, results of operations and prospects

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

Grupo Bimbo may be unable to drive revenue growth in its key products or add new products that are faster-growing and more profitable

The Group's future results will depend, in part, on its ability to drive revenue growth in its key products. Because a significant portion of the Group's operations are concentrated in North America, where growth in the sweet baked goods industry has been moderate in recent years, the Group's success also depends in part on its ability to enhance its portfolio by adding innovative new products rapidly responding to new consumer demands. There can be no assurance that new products will find widespread acceptance among consumers. The Group's failure to drive revenue growth in its key products or develop innovative new products could materially and adversely affect its profitability, financial condition and operating results.

Grupo Bimbo relies on a limited number of customers for sales through certain of its distribution channels

The Group's Sales under certain distribution channels, in particular those made under traditional and quick service restaurants channels, rely on a limited number of customers with whom the Group does not have written contracts in place, instead, purchases and sales are made on a purchase order basis. Usually the Group has long-standing relationships with its customers, however, such customers may stop purchasing the Group's products at any time. The loss of key customers could materially and adversely affect the Group's business, financial condition or operating results.

Grupo Bimbo would be adversely affected by any significant or prolonged disruption to its bakeries and production facilities

Any prolonged and/or significant disruption to the Group's production facilities, whether due to repair, maintenance or servicing, industrial accidents, mechanical equipment failure, human error, authority supervision, natural disaster or other, would disrupt and adversely affect the Group's operations. In particular, any major disruption to its production facilities may have an adverse impact on its ability to comply with its obligations under its contracts with its customers, which could result in sanctions or penalties under such contracts, including early termination by the Group's customers. Under such circumstances, the Group cannot assure that it will be able to negotiate an amendment to the respective contracts or the termination thereof, which could materially or adversely affect the Group's business, financial situation, results of operations and prospects.

Grupo Bimbo is a holding company that does not generate profits directly, rather it depends on dividends and, to a lesser extent, royalties, lease payments and other financial resources from its subsidiaries to fund its operations and pay dividends, if the Group determine to do so

Grupo Bimbo is a holding company and conducts all of its operations through its subsidiaries. Grupo Bimbo has no independent operations or material assets other than the shares of its subsidiaries and certain intellectual property. Consequently, the Group's ability to fund its operations, pay interest on its debt and, to the extent that the Group decides to do so, pay dividends, primarily depends on its subsidiaries' ability to generate revenue and pay dividends and, to a lesser extent, pay certain royalties and make certain lease payments to the Group. The Group's subsidiaries are separate and distinct legal entities. Any dividend payment, distribution, credit or advance from its subsidiaries is limited by the general provisions of Mexican legislation regarding the distribution of corporate earnings, including those regarding legally required employee profit sharing payments and, in certain circumstances, contractual restrictions, such as those derived from financing contracts of its subsidiaries, which could limit the Group's capacity to obtain dividends from its subsidiaries. In addition, under Mexican law, the Group's Mexican subsidiaries may only pay dividends (i) out of retained earnings included in financial statements that have been approved by their respective shareholders' meetings, (ii) after all losses from prior fiscal years have been satisfied and (iii) if the corresponding subsidiary has allocated 5.0% of its net profit for such fiscal year to its legal reserve, which allocation must be made on an annual basis until its legal reserve represents at least 20.0% of such entity's capital stock. If a shareholder initiates legal action against Grupo Bimbo, the enforcement of any judgment would be limited to the Group's subsidiaries' available assets. The payment of dividends by the Group's subsidiaries also depends on their earnings and business considerations. In addition, the Group's right to receive any assets from any subsidiary upon its reorganization or liquidation, in its capacity as a shareholder of such subsidiary, will be effectively subordinated to the rights of such subsidiary's creditors, including trade creditors. Any adverse change in the financial situation or in the result of operations of the Group's subsidiaries could affect its business, financial condition, results of operations and prospects.

Health and product liability risks related to the food industry could adversely affect the Group's business, financial condition, results of operations and prospects

The Group is exposed to risks generally affecting the food industry, including risks posed by contamination or food spoilage, evolving nutritional and health related concerns, consumer product liability claims, product tampering, the cost and availability of insurance against civil liability and the possible interruption of the business, potential costs and damages for the collection of defective products. The Group may also become involved in lawsuits and legal proceedings if it is alleged that the consumption of any of its products causes injury, illness or death. A product recall or an adverse resolution against the Group in any of said legal procedures could adversely affect its business, financial situation, results of operations and prospects.

The Group is subject to risks affecting the food industry generally, including risks posed by contamination or food spoilage, evolving nutritional and health-related concerns, consumer product liability claims, product tampering, the availability and expense of liability insurance and the potential cost and disruption of product recalls. The Group may also become involved in lawsuits and legal proceedings if it is alleged that the consumption of any of its products causes injury, illness, or death. A product recall or an adverse result in any such litigation could adversely affect its business, financial condition, results of operations and prospects. In addition, food safety events involving the Group or its QSR customers could negatively impact its business.

The use of social media to post complaints against companies engaged in the food industry, including the Group, as well as the use of mobile devices to capture any deviation from their processes, products or facilities, could adversely affect the Group's business. As a global consumer food company, the Group depends on consumer confidence in the quality and safety of the Group's products. Any illness or death related to its products, or any deviation or perceived deviation in the Group's processes, products, or faciities, could substantially damage its operations. The spread of food-borne illnesses is often beyond the Group's control and the Group cannot assure that new illnesses will not develop in the future.

Any actual or perceived health risks associated with the Group's products, including any adverse publicity concerning these risks, could cause consumers and customers (including the Group's customers in the foodservice industry) to lose confidence in the safety and quality of its products. In recent years, governments in many jurisdictions have negatively referred to products in the industries in which Grupo Bimbo participates and have threatened or imposed taxes that may negatively impact demand for its products. Even if the Group's own products are not affected by contamination, its industry may face adverse publicity if the products of other producers become contaminated, which could result in reduced consumer demand for the Group's products in the affected category. In addition, adverse publicity about the safety and quality of certain food products, such as the publicity about foods containing genetically modified ingredients, whether or not true, may discourage consumers from buying the Group's products or cause production and delivery disruptions.

Grupo Bimbo maintains systems and internal policies designed to monitor food safety risks throughout all stages of the production process. However, the Group's systems and internal policies may not be fully effective in mitigating risks related to food safety. Any product contamination could have a material adverse impact on the business, financial condition, results of operations and prospects of the Group. Furthermore, the Group's customers in the foodservice industry may have claims against it if any of the foregoing events materializes, and if the Group is found liable with respect to any such claim, its business, financial condition, results of operations and prospects may be materially and adversely affected.

The Group's operations are subject to extensive food quality and safety regulations

The Group's operations, including its manufacturing facilities and other assets and products, are subject to extensive regional and national laws, rules, regulations and standards of hygiene and quality regulation in the food safety area and oversight by authorities in each of the countries where the Group operates regarding the processing, packaging, labeling, storage, distribution and advertising of its products. These authorities enact and enforce regulations with respect to the Group's operations by, among other things, licensing its plants, enforcing federal and state standards for selected food products, grading food products, inspecting plants and warehouses. Consequently, Grupo Bimbo is required to maintain various registries, licenses and permits in order to operate its business.

The Group's operations in Mexico are subject to extensive laws, rules, regulations and standards of hygiene and quality regulation and oversight by designated authorities such as the Mexican Ministry of Health (*Secretaría de Salud*), the Ministry of Agriculture, Farming, Rural Growth, Fish and Food (*Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación*), the Federal Commission for Protection from Sanitary Risks (*Comisión Federal para la Protección contra Riesgos Sanitarios*) and the Ministry of Economy (*Secretaría de Economía*) and other authorities regarding the processing, packaging, labeling, storage, distribution and advertising of the Group's products.

The Group's U.S. products and packaging materials are regulated by the U.S. Food and Drug Administration, or FDA. This agency enacts and enforces regulations relating to the production, distribution and labeling of food products in the United States. In addition, various states regulate the Group's U.S. operations by licensing plants, enforcing federal and state standards for selected food products, grading food products, inspecting plants and warehouses, regulating trade practices related to the sale of food products and imposing their own labeling requirements on food products.

The Group's operations in Europe are subject to extensive food safety regulations and are subject to governmental food processing controls in each of the European countries in which Grupo Bimbo conducts its business. Regulation EC/178/2002, as amended, provides the framework for a unified approach to food safety in the European Union and all member states have implemented the requirements into law. Among the other major requirements of Regulation EC/178/2002 Article 17, which imposes on food business operators a general obligation to ensure that the operations under their control satisfy the relevant food law requirements and an obligation to verify that such requirements are met, and Article 18, which imposes a mandatory traceability requirement along the food chain. In addition to the general requirements of Regulation EC/178/2002, Grupo Bimbo is subject to specific food hygiene legislation. Further, the Group is regularly inspected by various national and local regulatory authorities. In addition, Grupo Bimbo is subject to extensive consumer-protection and product liability regulations.

Grupo Bimbo is subject to comparable health, hygiene and quality-related local laws and regulations in other countries where it operates. Government policies and regulations in the United States, Mexico and its other markets may adversely affect the supply demand and prices of its products, restrict its ability to do business in existing and target local and export markets and could adversely affect its business, financial condition, results of operations and prospects.

The laws and regulations to which the Group is subject, as well as their interpretations, may change, sometimes dramatically, as a result of a multiplicity of factors beyond the Group's control, including political, economic, regulatory or social.

In addition, if the Group is required to comply with future material changes in food safety or health-related regulations, it could be subject to material increases in operating costs and also be required to implement regulatory changes on schedules that cannot be met without interruptions in its operations. Increased governmental regulation of the food industry, such as proposed requirements designed to enhance food safety, impose health-related requirements or to regulate imported ingredients, could increase the Group's costs and adversely affect its business, financial condition, results of operations and prospects.

If the Group is found to be out of compliance with applicable laws and regulations, the Group may be subject to civil remedies, including fines, injunctions, termination of necessary licenses or permits, or recalls, as well as potential criminal sanctions, any of which could have an adverse and material effect on the Group's business. Even if a regulatory review of the Group's operations does not result in such outomes, it could potentially create negative publicity or a negative perception of the Group which could damage its business or reputation and might adversely affect the results of the Group's operations.

The Group relies on third parties to sell its products to its consumers, and if they perform poorly or give preference to competing products, Grupo Bimbo could be negatively affected

Grupo Bimbo derives a portion of its operating revenues from sales to retailers. Grupo Bimbo sells its products to non-traditional retailers and quick service restaurants, such as supermarkets, hypermarkets and hard discounters, and to traditional retailers, such as small convenience stores and small family-owned stores. These third parties, in turn, sell the Group's products to final consumers. A portion of its revenues comes from the foodservice distribution channel which includes operators such as restaurants and the on-the-go channel including vending machines. Any significant deterioration in the business performance of the Group's customers could adversely affect the performance of its products. In addition, shelf and retail space for sweet baked goods is limited and subject to a competitive environment and other industry pressures. Therefore, traditional and non-traditional retailers also carry products that directly compete with the Group's products for consumer purchases, retail space and marketing efforts. There is a risk that such retailers may give preference to products of, or form alliances with, the Group's competitors or give preference to their own private label products, different from the products that Grupo Bimbo produces for such private labels. Private label products represent an alternative for value-conscious consumers. These products allow retailers to increase their sales and margins, which incentivizes retailers to take advantage of their platform to give preference to such private label products at the expense of branded products. There can be no assurance that retailers will provide the Group sufficient shelf space for its products to enable Grupo Bimbo to meet its growth objectives. If retailers put pressure on Grupo Bimbo's margins, fail to purchase the Company's products or fail to provide the Company's products with adequate marketing efforts, the Group's business, financial condition, results of operations and prospects could be adversely affected.

Additionally, alternative retail channels, such as internet-based retailers, mobile applications, subscription services, discount stores and club stores, have become more prevalent in recent years. This trend, away from retail grocery, and towards such channels, is expected to continue in the future. If the Group is not successful in expanding its channel sales in alternative retailer channels, its business or financial resuts could be affected adversely. In addition, these alternative retail channels may create price deflation to the customer, which could affect retail customer relationships and present additional challenges to its ability to increase prices in response to the increase of product costs. Moreover, if these alternative retail channels had a significant market share away from traditional retailers, it may impact the Group's business and financial results.

Further consolidation in the supermarke and retail food industries and growth of hard discounters may adversely impact the Group

The growth of and consolidation in the supermarket industry has changed the grocery retail landscape in recent years. Originally, supermarkets stood out by selling numerous types of goods under one roof, largely replacing small grocery stores and other retailers that only sold one particular type of product. In order to increase efficiency and maintain competitiveness, supermarket chains have begun consolidating, a trend that has led to a reduction in the number of retailers. In addition, the accelerated growth of hard discount grocers in Europe and the United States is creating a new competitive landscape for traditional supermarkets and large retailers. As a result, the Group and other producers are becoming increasingly dependent on a small number of customers for sales volume and the channels to make its products available to consumers are becoming more limited. As the retail grocery trade continues to grow and consolidate and retailers become larger, the Group's large retail customers have sought, and may continue to seek in the future, to use their position to improve their profitability through improved efficiency, lower pricing, increased promotional programs funded by their suppliers and more favorable terms. Sales to the Group's larger customers on less favorable terms could adversely affect the Group's business, financial condition, results of operations and prospects. In addition, to the extent that hard discounters continue to expand, price-based competition is likely to put additional pressure on the Group's margins. If the Group is unable to use its scale, marketing expertise, product innovation and category leadership positions to respond, its profitability or volume growth could be negatively affected.

In addition, consolidation among the Group's competitors in the baked goods and retail food industry may cause its competitors to gain in size and competitive strength, adversely affecting its business, financial condition, results of operations and prospects.

Disruption of the Group's supply chain and distribution network could adversely affect its business, financial condition, results of operations and prospects

The Group's operations depend on the continuous operation of its supply chain and distribution network. Damage or disruption to the Group's production or distribution capabilities due to weather, natural disaster, fire, electricity shortages, terrorism, pandemics, strikes, disputes with, or the financial and/or operational instability of, key suppliers, distributors, warehousing and transportation providers, changes in the transport regulations, or other reasons could impair the Group's ability to manufacture or distribute the Group's products or to timely comply with its commitments.

To the extent that Grupo Bimbo is unable, or if it is not financially feasible for the Company, to mitigate interruptions in its supply chain or its potential consequences, whether through contracts, insurance arrangements or otherwise, there could be an adverse effect on its business, financial condition, results of operations and prospects, and additional resources could be required to restore the Group's supply chain.

Natural disasters and other events could adversely affect the Group's operations

Natural disasters, such as storms, hurricanes, earthquakes, and floods (including those events resulting from climate change and extreme weather) could disrupt operations, damage infrastructure or adversely affect the Group's production plants and distribution processes. Any of these events could increase its expenses or investments, result in a *force majeure* event under certain contracts and/or impact the economies of the markets affected by such disasters or events and consequently affect the business, financial condition, results of operations and prospects of the Group.

The COVID-19 pandemic has had, and will likely continue to have, certain negative impact on the Group's business, revenues, expenses, costs and overall results of operations and financial condition.

The COVID-19 pandemic has had, and will continue to have, certain negative impact on the Group's business, revenues, expenses, costs and overall results of operation and financial condition. Furthermore, the spread of COVID-19 and the resulting regulatory measures implemented by the governments of the countries in which the Group operates has caused the Group to modify its business activities, including changes in distribution and manufacturing procedures, limiting travel, temporarily closing offices and facilities and implementing remote work capabilities. In addition, the impact of COVID-19 in the financial markets has adversely affected the cost of borrowing, hedging activities and access to capital in general which could limit the Group's ability to obtain financing in favorable terms or at all.

The negative economic effects caused by the COVID-19 pandemic have exceeded the Group's initial estimates. Although it is likely that the recovery of the economy will benefit from the application of the vaccines, there is no certainty as to when social mobility will be reestablished and with this there is no certainty as to when the consumption of some of the Group's products will recover. The COVID-19 pandemic may not be fully contained for the foreseeable future and certain regions may be subject to an increase in the number of infected people and deaths. Although Mexico and most of the countries in which the Group operates, continue their vaccination campaign, manufacturing and logistic challenges persist. Therefore, a prolonged health crisis could continue to reduce economic activity in Mexico and the other countries in which the Group operates, resulting in a further decline in employment, as well as in confidence among businesses and consumers. For some sectors uncertainty still prevails and the strong increase in unemployment rates will affect the expected recovery of consumption. Furthermore, it is unclear how the macroeconomic business environment or social norms may be impacted after the pandemic. The post-COVID-19 environment may undergo unexpected developments or changes in financial markets, fiscal, tax, labor and regulatory environments and customer and consumer behavior. These developments and changes could have an adverse impact on the Group's results of operations and financial condition. Ongoing business and regulatory uncertainties and changes may make the Group's longer-term business, balance sheet and budget planning more difficult or costly. To the extent that the Group is not able to adapt to the new business environment, it could experience business loss and its results of operations and financial condition could materially suffer.

The extent to which COVID-19 may impact the Group's operations, liquidity, financial condition, and results of operations will depend on future developments, including, but not limited to, the duration and spread of the pandemic, its severity, the actions to contain the disease or treat its impact, and the duration, timing and severity of the impact on financial markets and the financial condition of its customers and consumers and the availability of a vaccine, all of which are highly uncertain and cannot be predicted. The Group will continue to closely monitor and evaluate the nature and extent of the impact of COVID-19 on its operations, liquidity, financial condition, results of operations and prospects. The Group may also take further actions that alter its business operations, as may be required by federal, state or local authorities, of the countries in which the Group operates, or that it determines are in the best interests of its associates, suppliers, customers and consumers.

The operations of the Quick Service Restaurant of the Group are subject to high operating standards, which may require the Group to make significant capital investments.

The operations of the QSR channel are subject to extremely high operational quality standards by the Group's customers, which include standards related to cleanliness, product consistency, delivery times, practice of manufacturing recognized worldwide, compliance with food regulations, health and control, at the local level (e.g., a systematic method of product safety that emphasizes prevention within the production plant through analysis, inspection and monitoring). In addition, the approval processes for customers and potential customers in the Group's QSR branch are thorough and lengthy in order to ensure compliance with their high quality standards. The Group may be required to make significant investments to achieve compliance with those standards; however, there is no certainty that the Group will ever become a supplier to such customers, that will develop close relationships with such customers and that will refrain from acquiring competing products.

Grupo Bimbo operations could be adversely affected if its suppliers fail to perform in a satisfactory manner

The Group's production depends on the availability of raw materials such as wheat flour, edible oils and fats, sugar and eggs, which the Group obtains from several third party suppliers in different countries. Although Grupo Bimbo believes any of its suppliers could be replaced, if for any reason any of its major suppliers is unable or unwilling to continue providing the Group with raw materials due to production delays, increased competition for their products, failure to meet its quality or hygienic standards or any other reason, the Group may face delays in obtaining alternate suppliers, and such suppliers may be unwilling to supply its raw material needs on terms as favorable, or by satisfying the same quality, as those provided by the Group's current suppliers. In addition, in the event of severe shortages, the Group's suppliers may be directed by government agencies to supply certain consumers directly, with preference over Grupo Bimbo. Any such event could result in delays in the Group's operations, deterioration of its brands (and, as a result, reduced demand for its products) and diminished financial results.

Grupo Bimbo may be subject to unknown or contingent liabilities related to its recent and future acquisitions

The Group's recent and future acquisitions of assets and entities may be subject to unknown or contingent liabilities (including violations of antitrust, anticorruption, anti-bribery and anti-money laundering laws, and tax and labor disputes) or breaches of representations and warranties for which the Group may have no recourse, or only limited recourse, against the former owners. In some of the Group's acquisitions the former owners agreed, or may agree, to indemnify the Group for certain of these matters. However, such indemnification obligations are often subject to materiality thresholds and guaranty limits, and such obligations are generally time limited. For certain acquisitions, Grupo Bimbo may not be able to successfully negotiate for such indemnification obligations. As a result, the Group may not recover any amounts with respect to losses due to unknown or contingent liabilities or breaches by the sellers of their representations and warranties. In addition, the total amount of costs and expenses that may be incurred with respect to liabilities associated with the acquired assets and entities may exceed the Group's expectations, and the Group may experience other unanticipated adverse effects, all of which may adversely affect its business, financial condition, results of operations and prospects.

The Group's growth opportunities through acquisitions, mergers or joint ventures may be limited by antitrust laws, access to capital resources and other claims related to the integration of significant acquisitions.

The Group may pursue further acquisitions in the future. The Group does not know if it will be able to successfully complete such acquisitions or whether it will be able to successfully integrate any acquired business into its business or retain key associates, suppliers or distributors. Furthermore, there is no guarantee that no claim will be made regarding antitrust provisions, in connection with its existing operations or any acquisition that the Group may pursue in the future. If any such claim arises, the Group may be required to sell or divest itself of significant assets, or be unable to consummate any acquisition.

The Group's ability to successfully grow through acquisitions depends upon its ability to identify, negotiate, complete and integrate suitable acquisitions and to obtain the required financing on terms acceptable to Grupo Bimbo. These efforts could be expensive and time consuming, disrupt its ongoing business and distract management. If Grupo Bimbo is unable to integrate any acquired businesses effectively, its business, financial condition, results of operations and prospects could be materially affected.

The Group may be unable to successfully expand its operations into new markets

If the opportunity arises, The Group may expand its operations into new markets. Each of the risks applicable to the Group's ability to successfully operate in its current markets is also applicable to its ability to successfully operate in new markets. In addition to these risks, the Group may not possess the same level of familiarity with the dynamics and market conditions of any new markets that it may enter, which could adversely affect its ability to expand into or operate in those markets. Grupo Bimbo may be unable to create similar demand for its products in these new markets, which could adversely affect its profitability. If Grupo Bimbo is unsuccessful in expanding its operations into new markets, its business, financial condition, results of operations and prospects could be materially and adversely affected.

Currency fluctuations may adversely affect the Group

Grupo Bimbo generates revenues and incur operating expenses and indebtedness in local currencies in the countries where it operates. The amount of its revenues denominated in a particular currency in a specific country typically varies from the amount of expenses or indebtedness incurred by its operations in that country given that certain costs may be incurred in a currency different from the local currency of that country, such as the U.S. dollar. This situation exposes the Group to potential losses and reductions in its margins resulting from currency fluctuations, which may materially and adversely affect its business, financial condition, results of operations and prospects.

As of December 31, 2021, 79% of its consolidated debt and a significant portion of its income, operating costs and taxes were denominated in U.S. dollars. However, other significant portions of the Group's income, operating costs and taxes were denominated in Mexican pesos and certain other currencies. As a result, the appreciation or depreciation of the Mexican peso and other currencies against the U.S. dollar affects the Group's results of operations and financial condition. Significant fluctuations of the Mexican peso and other currencies relative to the U.S. dollar have occurred in the past, negatively affecting the Group's results. For example, according to the Mexican Central Bank, the Mexican peso depreciated by 3.2% in 2021, and 5.9% in 2020, while it was appreciated by 4.3% in 2019, 0.5% in 2018, and 4.6% in 2017 and depreciated by 20.5% in 2016**,** all in nominal terms. The Mexican Central Bank may from time to time participate in the foreign exchange market to minimize volatility and support an orderly market. The Mexican Central Bank and the Mexican government have also promoted market-based mechanisms for stabilizing foreign exchange rates and providing liquidity to the exchange market. However, the peso is currently subject to significant fluctuations against the U.S. dollar and may be subject to such fluctuations in the future.

Currency fluctuations could also affect the Group's ability to import raw materials and finished products denominated in dollars to businesses outside the United States. If such fluctuations were significant without the possibility of implementing economic strategies and effective financial measures, including local manufacturing measures, the Group could be forced to radically change its business model or to suspend or cease its operations in the affected countries.

The Group selectively hedges its exposure to the U.S. dollar with respect to the Mexican peso and other currencies, its U.S. dollar-denominated debt obligations and the purchase of certain U.S. dollar-denominated raw materials. A severe depreciation of the Mexican peso or any currency of the countries where the Group operates may result in a disruption of the international foreign exchange markets and may limit its ability to transfer or to convert Mexican pesos or such other currencies into U.S. dollars for the purpose of making timely payments of interest and principal on its U.S. dollar-denominated indebtedness or obligations in other currencies. While the Mexican government does not currently restrict, and since 1982 has not restricted, the right or ability of Mexican or foreign persons or entities to convert Mexican pesos into U.S. dollars or to transfer other currencies out of Mexico, the Mexican government could establish restrictive exchange rate policies in the future. Any change in the monetary policy, policies related to the transferability of funds, the exchange rate regime or in the exchange rate itself, as a result of market conditions over which the Group has no control, could have an adverse effect on its business, financial condition, results of operations and prospects. Restrictions on the Group's right to convert pesos into U.S. dollars or make payments outside of Mexico could affect its ability to make timely payment of its obligations due to be paid outside Mexico or in a currency other than Mexican pesos. Furthermore, there can be no guarantee that any hedging transactions Grupo Bimbo enters into will sufficiently protect it against any such impacts.

The Group's business operations could be disrupted due to interruptions or failures in its information technology systems

Grupo Bimbo relies on sophisticated information technology systems and infrastructure to support its business, including process control technology. For example, its production, distribution and inventory management of the Group uses technologies of the information to increase efficiency and optimize costs. These systems are also fundamental for the management and reporting of the results of its operations. In addition, an important part of the communications between, and storrage of personal data of, its associates, customers and suppliers depend on information technology.

The information and operational technology systems of the Group, and the systems of the parties it communicate and collaborate with, may be vulnerable to a variety of interruptions, as a result of updating its enterprise platform or due to events beyond its or their control, including, but not limited to, power, network, software or hardware failures, malicious or disruptive software, unintentional or malicious actions of associates or contractors, cyberattacks by hackers, criminal groups or nation-state organizations or social-activist (hacktivist) organizations, geopolitical events, commercial restrictions, fiscal policy changes, natural or man-made disasters, failures or impairments of telecommunications networks, pandemics (such as de COVID-19 pandemic) or other catastrophic events.

On the other hand, the Group's computer systems have been subject to, and possibly will continue, subject of attacks by viruses, malware, ransomware and other malicious code, social engineering attacks, unauthorized access attempts, theft of passwords, money and information, security system failures, internal errors, attacks and cybernetic crimes of known and unknown natures. Cyber threats are constantly evolving, are becoming more sophisticated and are being made by organizations, groups and/or individuals with a wide range of expertise and motives, which increases the difficulty of detecting and successfully minimizing the impact of these events and/or defending against them. These events have and may continue to compromise the Group's confidential information, impede or interrupt its business operations, and may result in other negative consequences, including remediation costs, loss of revenue or market share, litigation and reputational damage. Furthermore, if a breach or other breakdown results in disclosure of confidential or personal information, the Group may suffer reputational, competitive and/or business harm. To date, the Group has not experienced a material breach of cybersecurity; however, it may be unable to prevent physical and electronic break-ins, cyber-attacks or other material security breaches to its computer, information or operational systems in the future.

Grupo Bimbo currently utilizes third party e-commerce providers and request that they have the appropriate cybersecurity controls and meet regulatory requirements. However, the cybersecurity and compliance controls the Group or its third party providers implement might not be effective. In particular, continuity of business applications and services may be disrupted by errors in systems' maintenance, migration of applications to the cloud, power outages, hardware or software failures, viruses or malware, denial of service and other cyber security attacks, telecommunication failures, natural disasters, terrorist attacks and other catastrophic events.

Should any of these risks materialize, the need to coordinate with various third party service providers might complicate the Group's efforts to resolve the related issues. If the Group's controls, disaster recovery and business continuity plans do not effectively resolve the issues in a timely manner, its business, financial condition, results of operations and prospects may be materially and adversely affected.

In addition, the Group must comply with increasingly complex and rigorous regulatory standards issued for the purpose of protecting personal or business information in the European Union, the United States, and other jurisdictions regarding privacy, protection of personal data and data security, including those related to the collection, storage, handling, use, disclosure, transfer and securing of personal data. There may be significant uncertainty regarding compliance with these laws and regulations, including those relating to the General Data Protection Regulations of the European Union ("GDPR") (which impose additional obligations to companies regarding the handling of personal data and grant rights of personal privacy to the persons whose data is stored), thus they evolve constantly and can be interpreted and applied differently in each country, situation that may result in inconsistent and contradictory requirements. In addition, the Group's efforts to comply with these laws, including the GDPR, may result in significant costs and challenges that are likely to increase over time.

In addition, should confidential information belonging to the Group or its associates, customers, consumers, partners, suppliers, or governmental or regulatory authorities be misused or breached, the Group may suffer financial losses relating to remediation, damage to its reputation or brands, loss of intellectual property, or penalties or litigation related to violation of data privacy laws and regulations.

If the Group is unable to maintain relationships with labor unions it may have an adverse effect on its business, financial condition, results of operations and prospects

Around 60% of the Group's workforce are affiliated to a union, guild or labor representation. The Group has a good relationship with all the groups that represent the interests of its members and works every day to maintain and strengthen it.

However, labor relations always have a risk and unforeseen component, in which the Group could be exposed to labor contingencies. The Group cannot assure that it or its subsidiaries will not experience labor disruptions or strikes in the future, which could result in a material adverse effect on its business and returns. The Group also cannot assure that it will be able to negotiate new collective bargaining agreements on the same terms as those currently in force or that it will not be subject to strikes or labor interruptions before or during the negotiation process of such agreements. These labor disputes may be motivated by changing social and economic conditions in the countries in which the Group operates. Labor disputes that result in strikes or other disruptions could also cause increases in operating costs, which could damage the Group's relationships with its customers and adversely affect its business, financial condition, results of operations and prospects. For example, in 2017 the Group suffered two separate strikes each in different plants located in Canada, which resulted in the interruption of its operations in such plants for several weeks. The Group cannot assure that similar strikes will not occur in the future and any such strikes may have a material negative impact on its operations. In addition, if any significant differences exist or arise during the negotiations with labor unions or associates, its business, financial condition, results of operations and prospects may be materially and adversely affected.

In addition, increases in labor costs may materially and adversely impact the Group's business, financial condition, results of operations and prospects. A shortage in labour or other general inflationary pressures or changes in applicable laws and regulations could increase labor cost, which could have a material adverse effect on Grupo Bimbo.

The Group's labor costs include the cost of providing benefits for associates. Grupo Bimbo sponsors a number of defined benefit plans for associates in most of the regions where it operates, including pension, retiree health and welfare, active health care, severance and other post-employment benefits. Grupo Bimbo also participates in a number of MEPPs for certain production facilities in United States and Canada, where the Group makes periodic contributions to these plans to allow its workforce meet their pension benefit obligations. Grupo Bimbo required contributions to these funds could increase because of a shrinking contribution base as a result of the insolvency or withdrawal of other companies that currently contribute to these funds, inability or failure of withdrawing companies to pay their withdrawal liability, lower than expected returns on pension fund assets or other funding deficiencies. In addition, the annual cost of benefits and MEPP provisions can vary significantly from year to year and is materially affected by such factors as changes in the weighted-average discount rate used to measure obligations, the rate or trend of health care cost inflation, the provisions of collectively bargained wage and benefit agreements or material adjustments in the MEPP sponsors. For example, a minor decrease in reference interest rates would result in a lower weighted-average discount rate used to determine the net present value of future obligations under MEPPs and therefore the amount of the provisions.

The Group enters into significant transactions with affiliates and related parties, whether individuals or legal entities, and this may create potential conflicts of interest and result in less favorable terms for the Group

The Group participates in transactions with individuals and companies affiliated or related to the Group. Even when its Audit and Corporate Practices Committee is in charge of analyzing these operations, operations with related parties could create potential conflicts of interest that could result in less favorable terms for the Group than those obtained from an unaffiliated third party.

See Section "4. GOVERNANCE - b) Operations with Related Parties and Conflicts of Interest ".

The Group depends on the expertise and capability of its senior management and associates, and its business may be disrupted if it loses their services

The Group's senior management team possesses extensive operating experience and industry knowledge. Grupo Bimbo depends on its senior management to set its strategic direction and manage its business and believes that their involvement in it is crucial for its success. Furthermore, its continued success also depends upon its ability to attract, hire or retain experienced and talented professionals. The loss of the services of its senior management or its inability to recruit, train or retain a sufficient number of experienced and talented associates could have an adverse effect on the Group's business, financial condition, results of operations and prospects. Grupo Bimbo does not maintain any key person insurance on any of its senior management or associates for these purposes. Its ability to retain senior management as well as experienced and talented associates will in part depend on the Group having in place appropriate staff remuneration and incentive schemes. The remuneration and incentive schemes Grupo Bimbo has in place may not be sufficient in retaining the services of its experienced and talented associates.

Compliance with environmental and other governmental laws and regulations could result in added expenditures or liabilities

The Group's operations are subject to federal, state and municipal laws, rules, regulations and official standards, relating to the protection of the environment and natural resources in all the markets in which it operates. In general, environmental laws impose liability and clean-up responsibility for releases of hazardous substances into the environment and set out the requirements to obtain and maintain environmental permits for the Group's facilities.

In the United States, Grupo Bimbo is subject to federal, state and local laws and regulations relating to the protection of the environment. These laws and regulations include the Clean Air Act, the Clean Water Act, the Resource Conservation and Recovery Act and the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA or Superfund).

In Mexico, the Group is subject to various Mexican federal, state and municipal environmental laws and regulations that govern discharges into the environment, as well as the handling and disposal of hazardous substances and wastes. Grupo Bimbo is subject to strict regulation in Mexico by, among other agencies, the Environmental and National Resources Ministry (*Secretaría de Medio Ambiente y Recursos Naturales*), the Labor and Social Security Ministry (*Secretaría del Trabajo y Previsión Social*), the Federal Environmental Protection Bureau (*Procuraduría Federal de Protección al Ambiente*) and the National Water Commission (*Comisión Nacional del Agua*). These agencies may initiate administrative proceedings for violations of environmental and safety ordinances and impose economic penalties on violators.

Although the Group has specific programs across its business units designed to meet applicable environmental compliance requirements, modifications of existing environmental laws and regulations or the adoption of more stringent environmental laws and regulations in the jurisdictions in which the Group operates may result in the need for investments that are not currently provided for in its capital expenditures program and may otherwise result in a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group is subject to anti-trust, anti-corruption and anti-money laundering laws in different countries where it has operations. Failure to comply with these laws could result in penalties, which could harm the Group's reputation and have an adverse effect on its business

The Group operates in multiple jurisdictions and is subject to complex regulatory frameworks with increased enforcement activities worldwide. Grupo Bimbo is subject to anti-trust, anti-corruption and anti-money laundering laws. Although the Group maintains policies and processes intended to comply with these laws, including a review of its internal control over financial reporting, the Group cannot ensure that these compliance policies and processes will prevent intentional, reckless or negligent acts committed by its officers or associates. If the Group's officers or associates fail to comply with any applicable anti-trust, anti-corruption, anti-bribery or anti-money laundering laws, they may be subject to criminal, administrative or civil penalties and other remedial measures, which could have material adverse effects on the business, financial condition, results of operations and prospects of the Group. Furthermore, the entities or businesses the Group acquires may not comply with the same control standards and procedures as Grupo Bimbo. Any investigation of potential violations of anti-trust, anti-corruption, anti-bribery or anti-money laundering laws by governmental authorities in any jurisdiction where the Group operates could materially and adversely affect its business, financial condition, results of operations and prospects. This could also adversely impact the Group's reputation and ability to, when applicable, obtain contracts, assignments, permits and other government authorizations.

In 2017 Canada's Competition Bureau commenced an investigation over allegations relating to an industry collusion among several bread suppliers, including Canada Bread from 2001 to 2017. As of the date of this report investigations by Canada's Competition Bureau are ongoing and certain parties involved have admitted to inappropriate conduct. Canada Bread has not been charged with any offenses. Both the Group and Canada Bread are fully cooperating with Canada's Competition Bureau as it conducts its inquiry. In addition, the Group was notified of twelve class actions initiated by groups of consumers and/or consumer associations against all the parties allegedly involved in Canada's Competition Bureau investigation. The Group cannot guarantee that the result of this investigation or the class action will not have an adverse effect on its business, financial situation, results of operations and prospects.

In addition, Grupo Bimbo is subject to economic sanctions regulations that restrict its dealings with certain sanctioned countries, individuals and entities. There can be no assurance that the Group's internal policies and procedures will be sufficient to prevent or detect all inappropriate practices, fraud or violations of law by its affiliates, associates, directors, officers, partners, agents and service providers or that any such persons will not take actions in violation of Group's policies and procedures. Any violations by Grupo Bimbo of anti-bribery and anti-corruption laws or sanctions regulations could have a material adverse effect on its reputation, business, financial condition, results of operations and prospects.

An impairment in the recoverable value of goodwill or intangibles could affect the Group's consolidated operating results and net worth

The carrying value of goodwill represents the fair value of acquired businesses in excess of identifiable assets and assumed liabilities as of the acquisition date. The carrying value of the intangibles represents the fair value of trademarks, trade names, and the acquired intangibles as of the acquisition date. Goodwill and acquired intangibles that are expected to contribute indefinitely to the Group's cash flows are not amortized, but must be evaluated by management at least annually for impairment. If carrying value exceeds current recoverable value, the intangible asset is considered impaired and is reduced to recoverable value via a charge to earnings. Events and conditions which could result in an impairment include changes in the industries in which Grupo Bimbo operates, including competition and advances in technology; a significant product liability or intellectual property claim; or other factors leading to reduction in expected sales or profitability. Should the value of one or more of the acquired intangibles become impaired, the Group's consolidated operating results and net worth may be materially and adversely affected.

Financing to meet the Group's future capital needs may not be available or sufficient on terms acceptable to it and/or at all

Grupo Bimbo may need additional financing to build new facilities, expand existing ones, undertake mergers and acquisitions, refinance its debt or for other purposes. Some of the financing agreements entered by the Group and by its subsidiaries contain financial ratios and other customary covenants for transactions of this type which may limit its ability to incur in additional debt.

The global market and economic conditions are unpredictable and may continue to be so in the future. Debt capital markets have been affected in the past by significant losses in the international financial services industry and economic events in certain countries, among other factors. In the future, the cost of fundraising in debt capital markets may increase significantly, while funds available from these markets may materially decrease. The Group's growth strategy may require financing by public or commercial banks and loans from other public or private financial institutions. In case that there are no funds available from public or private banks, or if such funds are provided on less favorable terms, the Group may not be able to meet its capital needs, or these needs may be limited or hampered, and the Group may not be able to (i) take advantage of certain business opportunities, (ii) respond to competitive pressures, (iii) fund needed capital expenditures or working capital or (iv) fund required debt payments, margin calls or margin deposits in connection with hedging transactions, which may adversely affect its business, financial condition, results of operations and prospects.

Grupo Bimbo may incur additional indebtedness in the future that could adversely affect its financial condition and its ability to satisfy its total outstanding debt obligations from its cash flow

In the future, the Group could incur in additional debt, situation which could have the following effects:

- limit its ability to pay its debt;
- limit its ability to pay dividends;
- increase its vulnerability to adverse general economic and industry conditions;
- require the Group to dedicate a portion of its cash flow from operations to servicing and repaying its indebtedness, which may place the Group at a competitive disadvantage with respect to its competitors with less debt;
- limit its flexibility in planning for or reacting to changes in its business and the industry in which it operates;
- limit, along with the financial and other restrictive covenants of its indebtedness, its ability to borrow additional funds; and
- increase the cost of additional financing.

The Group's ability to generate sufficient cash to satisfy its outstanding and future debt obligations will depend on its future operating performance, which will be affected by prevailing economic conditions and financial, business and other factors, many of which are not controlled by the Group. If the Group is unable to service its indebtedness, it will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditure, selling assets, restructuring or refinancing its indebtedness, or seeking equity capital. These strategies may not be instituted on satisfactory terms, if at all.

In addition, certain of the Group's financing arrangements impose operating and financial restrictions on its business, such as limitations on its ability to incur liens, consummate mergers, sell substantially all of its assets and enter into similar transactions, and requirements to maintain certain financial ratios. These provisions may negatively affect its ability to react to changes in market conditions, take advantage of business opportunities the Group believes to be desirable, obtain future financing, fund needed capital expenditures, or overcome existing or future downturns in its business.

In the future, the Group may from time to time incur in substantial additional indebtedness. If the Group or its subsidiaries incur additional debt, the risks that it faces as a result of its existing indebtedness could further intensify.

Applicable law could adversely affect the Group.

The Group is subject to regulation in each of the countries where it operates. The main areas in which Grupo Bimbo is subject to regulation are water, environment (including regulation relating to single use plastic), labor, transportation, taxation, health and antitrust. The adoption of new laws or regulations or a stricter interpretation or enforcement thereof in the countries where the Group operates, including the imposition of taxes directed to products that the Group sells or requirements for the packaging that the Group uses for its products, may increase its operating costs or impose restrictions on its operations which, in turn, may adversely affect its business, financial condition, results of operations and prospects. In particular, environmental standards are becoming more stringent in several of the countries where the Group operates, and the Group is in the process of complying with these standards, although it cannot assure that it will be able to meet the timelines for compliance established by the relevant regulatory authorities. Further changes in current regulations may result in an increase in compliance costs, which may have an adverse effect on the Group's future results or financial condition.

The Group is affected by governmental regulations and guidelines imposing health, food safety and nutritional standards. Grupo Bimbo may also be affected by labeling requirements for its products in order to comply with such health, food safety and nutritional standards. The Group's compliance with such standards may require it to incur in substantial costs for research and development and use costlier ingredients in its products. Grupo Bimbo may not be able to make corresponding increases in the prices it charges consumers for its products, which would adversely affect the business, financial condition, results of operations and prospects of the Group.

Voluntary price restraints or statutory price controls have been imposed historically in several of the countries where the Group operates. Currently, price controls on the Group's products exist in certain of the territories in which it has operations. The imposition of these restrictions or voluntary price restraints in other territories may have an adverse effect on its business, financial condition, results of operations and prospects. Grupo Bimbo cannot assure that governmental authorities in any country where it operates will not impose statutory price controls or that it will not need to implement voluntary price restraints in the future.

In addition, the governments of the countries where the Group operates, particularly in Mexico and the United States, may approve amendments to tax regulations, including changes in tax rates. As a result of such amendments, the Group would not be able to predict with certainty the magnitude of the impact on its business, financial condition or results of operations.

The Group's operations are subject to the general risks of litigation

The Group is involved in litigation arising from the ordinary course of its business or for other causes, which could lead to unfavorable decisions or financial sanctions against it. Such litigation could include class actions involving consumers, shareholders, associates or affected persons, as well as lawsuits related to commercial, labor, economic competition, administrative, intellectual property, liability for damages, contractual, fiscal or environmental matters. Class actions were recently recognized in Mexico. Moreover, the process of litigating requires substantial time, which may distract the Group's management. Even if the Group is successful, any litigation may be costly, and may approximate the cost of damages sought. Furthermore, there may be claims or expenses which are denied insurance coverage by the Group's insurance carriers, not fully covered by its insurance, in excess of the amount of its insurance coverage or not insurable at all. Litigation trends and expenses and the outcomes of litigation cannot be predicted with certainty and adverse litigations, trends, expenses and outcomes could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

In addition, the Group's operations have from time to time been subject to investigations and proceedings by antitrust authorities and litigation relating to alleged anticompetitive practices (including related class actions and other proceedings). During the period from 2001 to 2017, Canada's Competition Bureau commenced an investigation over allegations relating to an industry wide conspiracy among several bread suppliers (including the business the Group acquired from by Maple Leaf Foods in Canada in 2014) and retailers in connection with pricing conduct dating back to 2001. As of the date of this report investigations by Canada's Competition Bureau are ongoing and certain parties involved, have admitted inappropriate conduct. Neither Grupo Bimbo nor any of its associates have been charged with any offenses as of the date of this report. The group is cooperating fully with Canada's Competition Bureau as it conducts its inquiry. In addition, shortly after the commencement of such investigation, Grupo Bimbo was notified of certain class actions in most of Canadian provinces initiated by groups of consumers and/or consumer associations filed against all the parties allegedly involved in Canada's Competition Bureau investigation relating to the facts and subject matter of such investigation. The Group cannot assure that the outcomes of this investigation will not have a material adverse effect on its business, financial condition, results of operations and prospects.

The Group will continue to be subject to legal proceedings and investigations. The Group cannot assure that these investigations and proceedings will not have an adverse effect on its business, financial condition, results of operations and prospects. Moreover, adverse publicity about regulatory or legal actions or investigations and allegations by other parties involved in regulatory or legal actions against the Group could damage its reputation and brand image, undermine the confidence of the Group's customers and reduce long-term demand for the Group's products, even if the regulatory or legal action is unfounded or not material to the Group's operations.

Recent amendments to Mexican tax regulation.

In December 2019, the Mexican government published several amendments to the Income Tax Law, the Value Added Tax Law, the Excise Tax Law and the Federal Tax Code, most of which became effective on January 1, 2020. This set of tax reforms is one of the most important in recent years and its main objective is to address tax evasion by strengthening the control mechanisms available to the tax authorities. Among the principal modifications contemplated by the tax reforms that could affect the Group's results of operations are strict restrictions on the deductibility of certain expenses, such as a new limitation on the deduction of net interest that exceeds 30% of taxpayers' adjusted income, the non-deductibility of certain payments to related parties or through structured agreements with respect to income that is considered subject to preferential tax regimes, or that is subject to hybrid mechanisms. Likewise, important amendments were introduced with respect to the tax regime applicable to foreign entities or legal entities that are transparent for tax purposes, as well as to foreign entities or legal entities whose income is considered subject to preferential tax regimes.

The 2020 tax reform also introduced a new mandatory disclosure regime for transactions that are considered reportable transactions in terms of the provisions of Title VI, Sole Chapter of the Federal Tax Code, mainly directed to tax advisors of taxpayers.

On September 1, 2021, a reform regarding the subcontracting of personnel entered into force, which introduced various modifications in tax and labor matters that could affect the Group's operating flows and results. Among the main modifications contained in the reform, is the prohibition of subcontracting of personnel for the performance of activities of the corporate purpose or predominant economic activity of the contracting party, the need to have authoritzation of outsourcing services providers with the Mexican Ministry of Labor, deem payments made under non-permitted outsourcing schemes as non-deductible and significantly increase the statutory profit sharing payments that employers are required to pay to associates.

Due to the tax reform that will come into force as of January 1, 2022, various modifications will be introduced that could affect the Group's operating results; among them, changes in the order of priority for crediting income tax, changes in the parameters for determining foreign exchange gains or losses, limitations on the application of preferential withholding rates in the context of financing entered into with related parties, additional obligations regarding transfer prices and the establishment of additional requirements for crediting the value added tax.

Recent amendments to Mexico's labor legislation, and the eventual incapacity of the Group maintaining its relationships with labor unions can have an adverse effect in its business, financial condition and results of operations and prospects

In May 2019, the Federal Labor Law and other related regulations were reformed and abolished in the area of labor justice and workers' rights to organize and carry out the negotiation of collective agreements. At the same time as these reforms, among other things, new labor authorities and courts, new labor and conciliation processes, provisions relating to the freedoms of association and organization of workers were created, and negotiation of collective agreements and the rules against employment discrimination were issued or reformed. The Group cannot ensure that these changes will not adversely affect its business, financial situation, and results of the operation and prospects.

The approval of the amendments introduced by the Federal Executive regarding subcontracting, with labor, social security and tax scope, could result in a modification of its hiring scheme.

On November 12, 2020, the Federal Executive introduced an initiative to amend several labor, social security and tax laws to the House of Representatives (*Cámara de Diputados*), with the purpose of, among others (i) prohibit the subcontracting of personnel, both through outsourcing and insourcing schemes, except in the case of specialized services or the execution of specialized work, which are not part of the corporate purpose or the main economic activity of the contracting beneficiary, (ii) establish the records that companies providing specialized services must obtain for the rendering of such services, and (iii) establish labor and tax penalties for companies that use or benefit from the subcontracting of personnel in breach of law, with tax implications in terms of deductibility and transfer of certain taxes.

The initiative introduced by the Federal Executive last November, as well as the agreements mentioned above, were approved by decree in the Official Gazette of the Federation on April 23, 2021 and entered into force the day after its publication, that is, on April 24 subcontracting was prohibited in Mexico. In general terms, the Group's associates are hired through authorized and regulated service providers, where appropriate, in accordance with the special legislation in force. Regarding the tax, social security and deadlines to carry out employer substitutions to internalize subcontracted personnel, they finally became effective as of September 1, 2021, after having been granted an extension.

On the other hand, the labor subcontracting reform imposes certain obligations on service providers, including registration in the Specialized Works or Specialized Services Providers Registry (REPSE) of Ministry of Labor and providing quarterly reports to the social security institutions regarding specialized service agreements entered into during the respective period, their purpose and the workers involved in the execution of such activities. Additionally, labor and tax sanctions are established for companies that use or benefit from the subcontracting of personnel in violation of the law, or provide specialized services without the corresponding registration, with tax implications in terms of deductibility and transfer of certain taxes. The fines under the Federal Labor Law for breaches of the labor subcontracting reform can reach, as of the date of this Annual Report, up to $4.9 million, in addition to joint and several liability and even prison sentences.

It is important to point out that, as a result of the labor subcontracting reform, a cap was established on the amount of workers' participation in company profits (PTU) equivalent to the greater of: (i) 3 months salary, or (ii) the average participation received by the worker in the last 3 years.

As of July 2021, the Group has a basic staff of 12 associates, with this it is intended to mitigate the risk, improve the opportunities and reduce the negative impact or probability of occurrence, while avoiding an economic impact due to sanctions or fines by the authorities of the Ministry of Labor.

As of the date of this Annual Report, various changes have been implemented in the hiring schemes, labor structure and employee transfers in order to comply with the reform in terms of labor subcontracting in the required terms. 2022 is expected to be a year in which the competent labor, social security and tax authorities verify compliance with the abovementioned reform through inspections and audits.

The approval of the amendments proposed by the Federal Executive relating to subcontracting, with a labor, social security and tax scope, may have as a consequence the modification of the Group's contracting scheme

On November 12, 2020, the Federal Executive presented before the House of Representatives (*Cámara de Diputados*) an initiative to amend different laws on labor, social security and tax matters, in order to, among others (i) prohibit the subcontracting of personnel, both through outsourcing and insourcing schemes, except in the case of specialized services or the execution of specialized works, which are not part of the corporate purpose or the preponderant economic activity of the contracting beneficiary, (ii) establish the records that the providers of specialized services companies must obtain for the provision of such services, and (iii) establish labor and tax penalties for companies that use or benefit from the subcontracting of personnel in contravention of the law, with tax implications in terms of deductibility and transfer of certain taxes.

On the other hand, on April 5, 2021, the Federal Government, union leaders and private initiative announced the agreements reached between the various sectors, after months of negotiations in relation to the amendment in the field of subcontracting, announcing, among others, (i) the cap of the participation of associates' statutory profits sharing of the companies (PTU) in three months of salary or the average of the participation received by the worker in the last 3 years, whichever is greater, (ii) recognize and allow the figure of specialized subcontracting and subcontracting of shared services between companies of the same economic group, and (iii) establish a period of three months for companies to carry out modifications to their contracting scheme in terms of labor reforms that, where appropriate, are approved by the Congress.

The initiative presented by the Federal Executive last November, as well as the agreements mentioned above, were approved by decree on April 20, 2021 and entered into force the day after its publication. In general terms, the Group's associates are hired through authorized and regulated service providers, where appropriate, in accordance with the special legislation in force. As a consequence of the approval of the aforementioned initiative, the Group is evaluating the possible modifications that its contracting scheme may require. That said, it is currently not possible to predict with certainty the magnitude of the impact that the approval of this reform initiative may have on the Group in Mexico, on its business, financial condition or results of operations.

The Group is subject to different disclosure and accounting standards than companies in other countries

A main objective of the securities laws of Mexico and other countries is to promote full and fair disclosure of all material corporate information, including the financial information of the issuers. However, it is possible that issuers of securities in Mexico do not disclose the same information or disclose different information from what would be mandatory for them to disclose in other countries. The Group is subject to obligations consisting of the submission of periodic reports with respect to shares listed on the Mexican Stock Exchange. The disclosure standards imposed by the CNBV and the Mexican Stock Exchange could be different than those required in other countries or regions. In addition, the standards of accounting and disclosure requirements of Mexican public bodies are different from those of the United States of America. In particular, the financial statements are prepared in accordance with IFRS, which differ from US GAAP by several aspects. Items in a company's financial statements prepared in accordance with IFRS may not reflect its financial position or results of operations in the way they should be reflected if such financial statements had been prepared in accordance with US GAAP.

A decrease in consumer confidence and changes in consumer habits may adversely affect the business, financial condition or Income Statement of the Group

The Group is exposed to certain political, economic and social factors in Mexico and in the other countries in which it operates that are beyond its control and could adversely impact the confidence and habits of consumers. Changes in employment and salary levels, interest rates and other economic indicators, among other factors, have a direct impact on consumers' incomes and their purchasing power and an indirect impact on their confidence and consumption habits, which could have an adverse effect on the sales and Income Statement of the Group.

It may be difficult to enforce civil liabilities against the Group's directors, executive officers and controlling shareholders

The Company is a listed variable stock corporation (*sociedad anónima bursátil de capital variable*) organized under the laws of Mexico, with its registered address in Mexico, and most of its directors, executive officers, and controlling shareholders are residents in Mexico. Moreover, a significant portion of its assets and a significant portion or all of the assets of such resident persons are located in Mexico.

As a result, it may be difficult for foreign investors to bring legal processes outside Mexico against such persons or the Group, or to enforce judgments against them or the Group in courts of any jurisdiction outside of Mexico, including any judgment predicated upon the civil liability provisions of such persons in those countries. There is doubt as to the enforceability in Mexican courts of civil liabilities arising under the federal laws of the United States, by means of judgments carried out in Mexico or enforcement processes of judgments from US courts. There is currently no treaty between the United States and Mexico covering the reciprocal enforcement of the judgements of the foreign country. In the past, Mexican judges have executed sentences handed down in United States for reasons of reciprocity and courtesy. The above, consisting of the review of decisions issued outside of Mexico to verify compliance with the principles of due process and public order of Mexican law, without entering into a subjective analysis of each individual case.

Increased electricity and fuel expenses

The Group's operations consume significant amounts of electricity and fuel. Although the Group has taken several measures to mitigate the volatility of energy costs, such measures may not be sufficient. Increases in energy and fuel expenses that the Group is unable to transfer to the price of its products would have an adverse effect on its financial condition and results of operations.

In Mexico, the Federal Government issued several regulatory amendments in the electric energy sector in order to (i) increase the costs for transmission service for holders of legacy interconnection agreements with renewable or efficient cogeneration sources, as well as conventional sources, (ii) establish certain restrictions on the modification of self-supply and cogeneration permits to incorporate new partners and load centers to such self-supply and cogeneration schemes, and (iii) propose the modification of rules on the granting and modification of electricity generation permits, interconnection and dispatch processes (especially for intermittent renewable power plants), among others. In addition, the Mexican Congress recently approved an amendment of several provisions of the Electricity Industry Law of which the following stand out: (i) rules were established for the revocation of self-supply permits that have been granted for a purpose other than the production of electricity for own consumption (i.e., provision for the needs of third parties); and (ii) amendments to the order of dispatch of power plants interconnected to the National Electric System, specifically, assigning dispatch priority (without being subject to economic efficiency criteria) to power plants owned by or at the service of the Federal Electricity Commission for the provision of basic supply.

Grupo Bimbo has entered into electricity supply agreements with several suppliers. In the event that, as a result of such amendment, the corresponding generators are unable to comply with their obligations under such agreements, the Group would have to pay, at least temporarily, the regulated rate for basic supply determined by the Energy Regulatory Commission, which could represent a significant increase in its electricity costs and, therefore, affect its results of operations. Currently the Group is unable to predict with certainty the magnitude of the impact that the approval of this initiative could have on its business, financial condition or results of operations.

Risks Related to Countries in Which the Group Operates

The Group's business and financial performance may be adversely affected by risks inherent in international operations

Grupo Bimbo currently maintains production facilities and operations in Mexico, the United States, Argentina, Brazil, Canada, Chile, China, Colombia, Costa Rica, Ecuador, El Salvador, France, Honduras, Guatemala, India, Italy, Kazakhstan, Morocco, Nicaragua, Panama, Paraguay, Peru, Portugal, Russia, Spain, South Africa, South Korea, Switzerland, Ukraine, Uruguay, Turkey, the United Kingdom and Venezuela. The Group's ability to conduct and expand its business and its financial performance is subject to the risks inherent in international operations. The Group's liquidity, results of operations and financial condition may be adversely affected by trade barriers, currency fluctuations and exchange controls, political unrest, high levels of inflation and increases in tariffs, taxes and governmental royalties, as well as changes in local laws and policies of the countries in which the Group conducts business, including changes to environmental laws that could affect its production facilities or to health safety laws that could affect its products. The governments of the countries where the Group operates, or may operate in the future, could take actions that affect the Group materially and adversely, including the taking, expropriation or condemnation of its assets or subsidiaries.

Any limitation on foreign trade in any of the countries where the Group operates could affect its business, financial condition, results of operations and prospects. Individual governments could impose trade restrictions for a variety of reasons, either tariff or non-tariff, restricting, limiting or prohibiting international trade of goods. Such measures would adversely affect the Group's business, financial condition, results of operations and prospects since Grupo Bimbo imports a significant portion of its raw materials.

Global economic conditions may adversely affect the Group's business and financial performance

The Group's business, financial condition, results of operations and prospects may be affected by the general conditions of the economies, rates of inflation, interest rates or exchange rates for the currencies of the countries where Grupo Bimbo operates. These conditions vary by region and may not be correlated to conditions in the Group's operations in other regions. Decreases in the growth rate of these countries' economies, periods of negative growth and/or increases in inflation or interest rates in these countries may result in lower demand for the Group's products, lower real pricing of its products or a shift to lower margin products.

Consumer demand, preferences, real prices and the costs of raw materials are heavily influenced by macroeconomic and political conditions in the other countries where the Group operates. When economic conditions deteriorate, the final markets for the Group's products may experience declines, and the Group may suffer reductions in the Group's sales and profitability. In addition, the financial stability of the Group's customers and suppliers may be affected, which could result in decreased, delayed or canceled purchases of the Group's products, increases in uncollectable accounts receivable or non-performance by suppliers.

The global economy may continue to experience periods of slowdown and volatility which in turn may further diminish expectations and consumer spending in the economies in which the Group operates and may be adversely affected by a significant lack of liquidity, loss of confidence in the financial sector, currency fluctuations, disruptions in the credit markets, difficulty in obtaining financing, reduced business activity, rising unemployment, uncertainty in the level of interest rates, erosion of consumer confidence and reduced consumer spending. Although the Group's strategy is targeted at offsetting or taking advantage of market trends as appropriate, a worsening of the global economic downturn in general has had, and may continue to have, a negative impact on the business, financial condition, results of operations and prospects of Grupo Bimbo.

Furthermore, on June 23, 2016, the United Kingdom held an in-or-out referendum on the United Kingdom's membership within the European Union, the result of which favored the exit of the United Kingdom from the European Union, or "Brexit." On March 29, 2017, the country formally notified the European Union of its intention to withdraw pursuant to Article 50 of the Lisbon Treaty, which triggered a two-year negotiation to define the terms of the relationship between the United Kingdom and the European Union. The referendum agreement to which the European Union and the United Kingdom arrived was rejected three times by the Parliament of the United Kingdom, and a new deadline was set for the ratification of the treaty by which the United Kingdom would leave the European Union on 31 October 2019. On July 23, 2019, Boris Johnson, who had openly supported the United Kingdom's exit from the European Union and swore to leave on 31 October of the same year, was elected as Prime Minister of the United Kingdom. On January 31, 2020, the withdrawal agreement became effective, subject to a transition period until the end of 2020. During such transition period, the United Kingdom and European Union's commercial agreement remained the same, allowing the European Union and the United Kingdom to agree upon and implement a new commercial agreement. As of January 1, 2021, the United Kingdom and the European Union's commercial relations are regulated by the EU-UK Trade and Cooperation Agreement, which brings upon a significant change for the citizens, companies and governments of the European Union and the United Kingdom. The potential impact of the terms and conditions of the EU-UK Trade and Cooperation Agreement as a consequence of Brexit on the results of the Group's operations cotinues to be unclear. Currently, the results of the EU-UK Trade and Cooperation Agreement, economic conditions in the United Kingdom, the European Union and global markets continue to be uncertain as the new terms and conditions negotiated between the European Union and the United Kingdom continue to be implemented. The continued uncertainty related to Brexit could have a negative operational or economic impact and increase volatility in the financial markets, particularly in Europe. Such volatility and negative economic impact could, in turn, adversely affect the Group's business.

Political or social developments in any of the countries in which Grupo Bimbo has operations, over which it has no control, may have an adverse effect on the global market or on the business, financial condition, results of operations and prospects of the Group.

Adverse economic conditions in North America in particular may negatively affect the Group's business, financial condition, results of operations and prospects

Grupo Bimbo was founded in Mexico, and a significant portion of its operations are conducted in Mexico, the United States and Canada. For the year ended December 31, 2021, 85% and 92% of its Net Sales and Adjusted EBITDA (giving effect to the amortization of losses from its operations in Europe), respectively, were attributable to its operations in Mexico, the United States and Canada. As a result, the Group's business, financial condition, results of operations and prospects may be affected by the general condition of the economies in the United States, Canada and Mexico, including price instability, inflation, interest rates, regulation, taxation, increasing crime rates and other political, social and economic developments over which Grupo Bimbo has no control. In addition, the Mexican economy continues to be heavily influenced by the U.S. economy, and therefore, deterioration in the conditions of the U.S. economy or in the U.S.-Mexico relationships may affect the Mexican economy. In the past, Mexico has also experienced prolonged periods of economic crisis caused by internal and external factors over which the Group has no control. These periods have been characterized by exchange rate instability, high inflation, economic contraction, a reduction of international capital flows, a reduction of liquidity in the banking sector and high unemployment rates. Such conditions may return and could have a material and adverse effect on the Group's business, financial condition, results of operations and prospects.

To a certain degree, the market value of the securities of Mexican companies are affected by economic and market conditions in other emerging market countries. Although economic conditions in these countries may differ significantly from economic conditions in Mexico, investors' reactions to developments in any of these other countries may have an adverse effect on the market value of securities of Mexican issuers, including Grupo Bimbo.

In addition, the direct relationship between economic conditions in Mexico and the United States has narrowed in other years as a result of the North America Free Trade Agreement and the increase in economic activity between the two countries. On October 1, 2018, the United States, Canada and Mexico announced that they had reached an agreement, the T-MEC, aimed to modernize and update their free trade relationship and replace NAFTA. The T-MEC entered into force on July 1, 2020. The Group considers that, throughout the year 2021, both Mexico and the United States and Canada have viewed the initial results of the T-MEC positively, despite, even of the recent reforms to the Hydrocarbons Law. However, precisely because of the terms and commitments acquired under the Treaty, the United States has expressed serious concerns regarding possible non-compliance by Mexico with what was agreed in the Treaty itself, as well as the possibility of triggering a dispute resolution panel. differences between the two countries if legal or constitutional reforms continue to the detriment of foreign investment in the energy sector in Mexico.

It is important to remember that, once the sanction is defined in a dispute settlement panel, the party that implemented the measure is bound to withdraw it or modify it so that it complies with the Treaty's commitments, and may even go so far as to impose retaliation through the elimination of tariff preferences against the party that fails to withdraw or modify the measure found to be in violation of the Treaty.

In this regard, on October 11, 2021, the President of Mexico presented an electricity reform initiative to congress, of which the following points stand out:

- Strengthens the Federal Electricity Commission (CFE), where it would have a 54% market share, while the private sector would have a 46% share.

- Only the Mexican State may carry out the exploitation and production of lithium.
- Disappearance of the Energy Regulatory Commission (CRE); and the National Hydrocarbons Commission (CNH). While the National Center for Energy Control (Cenace) will become part of the CFE.
- Self-supply contracts will disappear. Commercial chains and self-service stores must purchase energy directly from the CFE.

The congress indicated that a debate on the approval of said reform will be held until April 2022. If such reform is approved, multiple violations of various free trade and investment protection treaties that Mexico maintains, mainly T- MEC and the Comprehensive Progressive Agreement for Trans-Pacific Partnership (TIPAT), by giving greater weight and control to the productive state company in the electricity market at the expense of the private sector, mainly because Mexico did not make any reservations within these Treaties in regarding the generation and commercialization of electricity, as it did for the hydrocarbon sector.

On the other hand, and regarding the relationship between Mexico and the United States, on August 20, 2021, the government of Mexico, through the Ministry of Economy, formally requested the start of consultations with the Government of the United States in matter of rules of origin of the automotive sector according to Article 31.4 (Consultations) of the T-MEC.

Both governments have a period of 75 days to resolve the dispute during that stage, so that, if an agreement is not reached on the correct application and interpretation of the aforementioned rules of origin, Mexico may request the establishment of a panel dispute settlement.

It should be noted that the Mexican government expressed its willingness to resolve the dispute during the consultation stage, seeking to have a better understanding of the application of said provisions by the United States in the automotive trade and, in turn, reaffirmed its commitment to defend the interests of the national vehicle export industry to the North American market.

The Group cannot assure that the implementation of the T-MEC could not affect the Mexican economy and have an adverse and significant effect on the business, financial situation and results of operations of the Group.

On November 3, 2020, the presidential election took place in the United States in which Joseph R. Biden Jr. was elected President of the United States. Mr. Biden took office on January 20, 2021. The full scope of Mr. Biden's legislative agenda, the relationship between the executive and legislative branches, and future US policies regarding issues of importance to Mexico and its economy , in particular trade and migration, remain uncertain. The Group cannot guarantee that the future political environment in Mexico and the United States, over which the Group has no control, will not have a material adverse effect on its business, results of operations, financial condition or projections. Moreover, the Group cannot assure that the changes in policies and legislation by the administrations in office in the United States and Mexico and the rest of the countries in which the Group operates, may not affect the economies in said countries, causing a significant adverse effect on its business, financial condition and results of operations.

The conflict between Russia and Ukraine could negatively affect the world economy and, in turn, the business, financial situation, results of operations and prospects of the Group

On February 21, 2022, Russia recognized the independence of the Donetsk People's Republic and the Luhansk People's Republic, two self-proclaimed independent states in the Donbass region of eastern Ukraine. The next day, the Russian Federation Council unanimously authorized President Putin to use military force outside Russia's borders. As a consequence, diplomatic relations between Russia and Ukraine broke down and a military confrontation between the two countries began.

In response to the recognition of the two breakaway republics and the Russian military invasion of Ukraine, Western countries began to implement sanctions against Russia, including sanctions against financial institutions, against individuals involved in the invasion of Ukraine, airspace restrictions, and other government sanctions such as prohibition of the sale, supply, transfer or export of certain goods and technology. In addition, it is uncertain the measures and reactions that Russia could have in face of the sanctions imposed.

Although at this time it is not possible to predict the magnitude of the economic, political and social consequences that will result from the conflict, the Group has presence in Ukraine and Russia. Due to the current international situation, and in line with the Group's values, on February 23, 2022 the Company reported the temporary suspension of operations at the Ukraine plant and on March 14, 2022 the suspension of sales under the Bimbo brand, as well as new capital and marketing investments in Russia.

Although the Group considers that both actions will not have a material impact on its business, the Group will continue to monitor and assess the situation as circumstances evolve, as external factors over which the Group has no control, such as political, economic or social developments derived from the conflict, could have an adverse negative effect on the global market or on the business, financial situation, results of operations and prospects of the Group.

Political, economic and social conditions in Mexico could materially and adversely affect Mexican economic policy and, in turn, the Group’s business, financial condition, results of operations and prospects

Political circumstances in Mexico may significantly affect Mexican economic policies which could have an effect on the Group’s operations. Mexico's presidential, federal and local elections were held on July 1, 2018 with a majority result (in the presidential, federal and local elections) in favor of the left-wing political party Morena. Mr. López Obrador, president of Mexico since December 1, 2018, and the designated public officials of Morena, acting within their corresponding positions, have the ability to direct the policies of the public administration and to present and approve modifications to the regulations issued by the Executive Power, which could negatively affect economic, political and social conditions in Mexico. Furthermore, as a result of the majority in both houses of Congress obtained by Morena, Mr. López Obrador has considerable power to pass new laws, amend existing laws, and determine government policies and actions that relate to the Mexican economy and, consequently, affect the operations and financial performance of businesses in Mexico, such as the Group's business. Furthermore, the Group cannot predict the outcome of the next elections for deputies in the chambers of Congress. The outcome of these elections, including which political party will constitute the majority in Congress, will also affect Mexico's political environment in the coming years and, consequently, the operations and financial performance of companies in Mexico.

The Mexican federal government occasionally makes significant changes in policies and regulations and may do it again in the future. The Mexican federal government drastically decreased the 2019 expenditure budget and could continue decreasing it in the future. On July 2, 2019, the new Federal Republican Austerity Law was approved by the Mexican Senate and it was published in the Official Gazette of the Federation on November 19, 2019. Actions to control inflation and other regulations and policies have involved, among other measures, increases in interest rates, changes in tax policies, price controls, currency devaluations and capital controls and limits on imports. The Group’s business, financial situation and results of operations could be affected by changes in govern policies and regulations involving its administration, operations and tax regime. Grupo Bimbo cannot assure that the Mexican government will maintain existing political, social, economic or other policies or that such changes would not have a material adverse effect on its business, financial condition, results of operations and prospects. In particular, tax legislation in Mexico is subject to constant change, and the Group cannot assure that the government will maintain the social, economic, or other existing policies, nor that those changes will not adversely affect the business, financial position, results of operation or prospects.

The administration of Mr. López Obrador has taken actions that have significantly undermined investors’ confidence in private ventures following the results of public referendums, such as the cancellation of public and private projects authorized by the previous administration, including the construction of the new Mexican airport, which immediately prompted the revision of Mexico's sovereign rating and the cancellation of the construction of a brewing facility of "Constellation Brands" in Baja California, Mexico. The Group cannot assure that similar measures will not be taken in the future, which could have a negative effect on Mexico's economy.

The Group cannot predict the impact that political, economic and social conditions will have on the Mexican economy. Furthermore, the Group cannot provide any assurances that political, economic or social developments in Mexico, over which the Group has no control, will not have an adverse effect on its business, financial condition, results of operations and prospects.

In the past, Mexico has experienced several periods of slow or negative economic growth, high inflation, high interest rates, currency devaluation (in particular with respect to the Mexican peso-U.S. dollar exchange rate), convertibility restrictions and other economic problems. These problems may worsen or reemerge, as applicable, in the future and could adversely affect the Group's business and ability to service its debt. During 2021, Banco de México increased its reference rate by 125 basis points, from 4.25% in 2020 to 5.50%. Future increases in interest rates may adversely affect the Group's results of operations by increasing its financing cost. In addition, a worsening of international financial or economic conditions, such as a slowdown in growth or recessionary conditions in Mexico's trading partners, including the United States, or the emergence of a new financial crisis, could have adverse effects on the Mexican economy, the Group's financial condition and its ability to service its debt.

High inflation rates may adversely affect the Group's financial condition, results of operations and prospects

Mexico has a history of high levels of inflation and may experience high inflation in the future. Historically, inflation in Mexico has led to higher interest rates, depreciation of the peso and the imposition of substantial government controls over exchange rates and prices. As provided and published by Mexican National Institute for Statistics and Geography (*Instituto Nacional de Estadística y Geografía*, or INEGI), the annual rate of inflation for the last three years was 2.83% in 2019, 3.15% in 2020 and 7.36% in 2021. High inflation means higher costs that the Group could not be able to transfer to consumers affecting its margins. Grupo Bimbo cannot assure that Mexico will not experience high inflation in the future, including in the event of a substantial increase in inflation in the United States, any of which could increase the Group's capital expenditures and adversely affect its ability to obtain financing in the future, adversely affecting its financial condition and its ability to make payments on the notes, business, operating results. If Mexico experiences high levels of inflation as it has in the past, this may also impact the Group's costs and may adversely affect its business, financial condition, results of operations and prospects.

Government efforts to combat inflation may hinder the growth of the Brazilian economy and could harm the Group's business

Brazil has in the past experienced extremely high rates of inflation and, as a result, has adopted monetary policies that have resulted in one of the highest real interest rates in the world. The Central Bank of Brazil sets the base interest rates generally available to the Brazilian banking system, based on the expansion or contraction of the Brazilian economy, inflation rates and other economic indicators. The trend of periodic reductions of the base interest rate (*Sistema Especial de Liquidação e Custódia*, or "SELIC" rate) implemented by the Central Bank of Brazil from 2005 to 2007, was temporarily reversed during 2008 when the SELIC rate moved from 11.25% in 2007 to 13.75% in 2008. However, in response to the effects of the global financial crisis on the Brazilian economy, in 2009 the Central Bank of Brazil significantly reduced the SELIC rate, which reached 8.75% in 2009. In 2015, the SELIC rate reached 14.25%, however, from 2016 to 2020 there was a period of periodic restrictions in the rate, moving from 13.75% in 2016 to 2% in 2020. As of December 31, 2021 the SELIC Rate reached 9.25%. Inflation and the Brazilian government's measures to fight it, principally through the Central Bank of Brazil, have had and may have significant effects on the Brazilian economy and businesses. Tight monetary policies with high interest rates may restrict Brazil's growth and the availability of credit. Conversely, more lenient policies of the government and the Central Bank of Brazil and interest rate decreases may trigger increases in inflation, and, consequently, growth volatility and the need for sudden and significant interest rate increases, which could negatively affect the Group's business in Brazil.

The impact on the Group's operating costs due to inflation in Argentina could have a material adverse effect on the Group's results in Argentina

Historically, inflation has materially weakened Argentina's economy and the Argentinian government's ability to create conditions for growth. In recent years, Argentina has experienced high rates of inflation. The Argentinian government continues to implement measures to monitor and control the prices of the most relevant goods and services. Despite these measures, the Argentinian economy continues to experience high levels of inflation.

High rates of inflation affect Argentina's external competitiveness, social and economic inequality, and negatively affect employment, consumption, the level of economic activity and weakens confidence in the Argentinian banking system. Given its persistent nature in recent years, inflation continues to be a challenge for Argentina, so this could lead to a significant increase in the Group's operating costs, particularly in labor force costs, and result in a negative impact of the results of the Group's operation in Argentina. For financial purposes, beginning in July 2018, the operation in Argentina qualifies as a hyperinflationary economy; therefore, the subsidiaries of Grupo Bimbo in that country recognized the accumulated inflation adjustments. In particular, the accumulated inflation rate in Argentina in the three years prior to 30 June 2018, exceeded 100%, with no significant reduction expected in the short-term deadline. Therefore, Argentine companies using IFRS, including subsidiaries of the Group in Argentina, are required to implement IAS 29 to their financial statements for the periods subsequent to July 1, 2018, and recognize cumulative inflation adjustments in the Group's financial statements. Future impairments in the Argentinian economy, regulation, business or politics could lead to the recognition of impairment charges for some of the Group's assets in Argentina.

Violence in Mexico has adversely impacted, and may continue to adversely impact, the Mexican economy and may have a negative effect on the Group's business, financial condition, results of operations and prospects

Mexico has recently experienced a significant increase in violence relating to illegal drug trafficking and organized crime, particularly in Mexico's northern states near the United States border. This increase in violence has had an adverse impact on the economic activity in Mexico. In addition, social instability in Mexico and adverse social or political developments in or affecting Mexico could adversely affect the Group and its financial performance. Also, violent crime may increase the Group's insurance and security costs. Grupo Bimbo cannot assure that the levels of violent crime in Mexico or its expansion to a larger portion of Mexico, over which it has no control, will not increase. Corruption and links between criminal organizations and government authorities also create conditions that affect the Group's business operations, as well as extortion and other acts of intimidation, which may have the effect of limiting the level of action taken by federal and local governments in response to such criminal activity. An increase in violent crime could adversely affect the Group's business, financial condition, results of operations and prospects.

The proposed amendments to the outsourcing regulations may adversely affect the Group's business, financial condition and results of operations

In November 2020, President López Obrador introduced an initiative that seeks to amend certain regulations related to outsourcing services in Mexico. As proposed, the initiative would effectively eliminate the ability of entities to contract professional services through outsourcing companies, except for a limited type of specialized services. In December 2020, President López Obrador announced an agreement between the Mexican government, the business sector and the labor sector to postpone discussion and legislative action on the initative until February 2021. As a result, the details of the amendment are still pending. They are not clear, but the Group expects to make a final evaluation of the impact on its business, financial situation and results of operations once all the details of the amendment are known. The Group cannot guarantee that the initiative, when and if it is approved, will not have an adverse effect on its business, financial situation and results of operations.

Grupo Bimbo is exposed to the risk of potential expropriation or nationalization of its assets in some of the countries where it operates

Grupo Bimbo is exposed to the risk of potential expropriation and nationalization of its assets that are located in the various countries in which the Group operates, such as Venezuela, and other countries that have been subject to volatile political conditions in the recent past; therefore, the Group cannot assure that the local governments will not impose retroactive changes that could affect the Group's business, or that would force the Group to renegotiate the current agreements with such governments. The occurrence of such events could materially affect its financial condition, results of operations and prospects.

The Group's operations in Venezuela are subject to risk due to political instability in Venezuela

In Venezuela, the Group continues to face adverse economic conditions, including restrictive exchange rate policies, lower per capita income, pricing elasticity, high operating costs as a percentage of revenues and scarcity of and restrictions on importing raw materials. These adverse economic conditions and political inestability have had in the past and will continue to have an adverse effect on the revenues, sales volume and profitability of the Group's Venezuelan operations.

Even though that for financial purposes, from May 2017, the Group no longer consolidates its subsidiaries in Venezuela, Grupo Bimbo chose to classify its financial investments in equity in its subsidiaries in Venezuela as equity and alternative financial instruments designated at fair value, as it intends to maintain these investments for the foreseeable future.

The perception of higher risk in other countries, especially in emerging economies, may adversely affect the economy, the business, financial situation, results of operation and prospects of the Group

The Group's growth strategy depends, in part, on its ability to increase its operations in emerging market countries. However, the emerging markets such as Mexico are subject to greater risks than more developed markets, and financial turmoil in any emerging market could disrupt business in Mexico. Moreover, financial turmoil in any important emerging market country may adversely affect prices in stock markets and prices for debt securities of issuers in other emerging market countries as investors move their money to more stable, developed markets. Any increase in the perceived risks associated with investing in emerging markets could dampen capital flows to Mexico and adversely affect the Mexican economy in general. The Group cannot ensure that the value of its financial products will not be adversely affected by events in other emerging markets or the global economy in general.

In many countries, particularly those in emerging economies, there is a perception of a greater possibility that third parties, including the Group's suppliers, its customers, and other related parties, engage in business practices prohibited by law and regulation with extraterritorial reach, such as laws relating to anti-corruption sanctions and money laundering. The fact that these non-Group persons incur in these prohibitions could subject the Group to civil and criminal sanctions that could adversely affect its reputation, financial condition and results of operations.

Political and social events in Mexico and in the countries where the Group operates

The social, political, economic and other developments in Mexico and in the other countries in which the Group operates may adversely impact its operations and results.

Governmental action as well as any other social or political developments in Mexico and in other countries in which the Group operates may adversely impact the market conditions and the price of its raw materials or products, which may affect its financial situation.

It may be difficult to enforce civil liabilities against the Group or its directors, executive officers or controlling persons.

Grupo Bimbo is a listed variable stock corporation (*sociedad anónima bursátil de capital variable*) organized under the laws of Mexico. Most of its directors, executive officers, controlling persons and experts named in this Annual Report are residents in Mexico, and a significant portion of the assets of these shareholders and of Grupo Bimbo are located in Mexico. As a result, it may be difficult for foreigns to bring legal processes in any jurisdiction outside of Mexico against such persons or the Group, or to enforce judgments against them or the Group in courts of any jurisdiction outside of Mexico. It is possible that those sentences arising from the application of foreign laws may not be enforceable in Mexico.

Sanitary emergencies with worldwide effects or affecting any of the countries in which the Group operates

A sanitary emergency due to the origination and dissemination of diseases may be declared internationally or in any country in which the Group operates, such as the sanitary emergency declared with respect to the SARS-CoV-2 virus (commonly known as "coronavirus") and the disease it causes ("COVID-19"), which may bring commercial and social activity to a halt, and cause the closing of factories and places of work, convenience stores, places of study, among others, as well as future confinement of the general population. In addition, such sanitary emergency may cause volatility or falls within the capital markets and economic recessions. The Group cannot anticipate the actions that may be required from the governments, companies or private citizens to face such sanitary and health emergency.

The Group's ability to produce, distribute and sell its products is critical for its operations and any sanitary and health emergency, whether international or in any country in which the Group sell or distribute its products, may have an adverse effect on its operations, as well as on market conditions and prices of materials, which may materially affect its product sales, financial condition and results of operation.

Uncertainties regarding the transition away from or possible discontinuance of the London Inter-Bank Offered Rate (LIBOR) could have adverse consequences on the Group.

LIBOR is extensively used as a "benchmark" or "reference rate" across financial products and markets globally. The UK Financial Conduct Authority (FCA) has raised questions about the future sustainability of LIBOR, and, as a result, the FCA obtained voluntary panel bank support to sustain LIBOR only until 2021, and was suspended as of January 1, 2022. The effects of the discontinuation of LIBOR and its replacement with the Secured Overnight Financing Rate (SOFR) are not expected to have a material adverse effect on the Group. However, the transition away from and discontinuance of LIBOR or any other benchmark rate presents various uncertainties, risks and challenges to financial markets and institutions. These include, among others, the pricing, liquidity, value of, return on and market for financial instruments and contracts that reference LIBOR or any other applicable benchmark rate.

Certain of the Group's agreements denominated in U.S. dollars are referenced to LIBOR. As a consequence of the transition and discontinuation of LIBOR, the Group will have to make, at an operational level, the necessary adjustments to operate with the new reference rate or rates and the defined methodologies, adapting the current processes to these new changes. While all of the Group's LIBOR-referenced agreements and instruments provide for alternative benchmark rates, the new benchmark rates may significantly differ from the prior rates. As a result, the Group may need to proactively address any rate differences in such instruments and contracts, which could be time consuming and costly. However, the Group does not expect any material adverse effects from the transition and discontinuation of LIBOR, such transition and discontinuation could result in disputes, including litigation, involving contracts that reference LIBOR, whether or not the underlying documentation provides for alternative benchmark rates.

4) OTHER SECURITIES

As of December 31, 2021, the following securities were registered by Grupo Bimbo in the RNV:

1. Authorized capital stock Series "A" common shares, ordinary, nominative, with no par value, listed in the BMV since 1980 under ticker symbol "BIMBO".

2. *Certificados Bursátiles*:

(i) Bimbo 16 – Issued on September 14, 2016 in the aggregate amount of Ps.8,000,000,000 maturing on September 2, 2026.

(ii) Bimbo 17 – Issued on October 6, 2017 in the aggregate amount of Ps.10,000,000,000 maturing on September 24, 2027.

Senior Notes:

1. On January 25, 2012 Grupo Bimbo issued Senior Notes in international markets, in the aggregate amount of $800,000,000 US dollars maturing on 2022, according to Rule 144A and Regulation S of the U.S. Securities Act. On April, 2021, Grupo Bimbo made an early redemption for an amount of $600,000,000 US dollars, which were initially financed through the company's committed revolving credit facility and later thorugh the bond issuance in May 12, 2021. On January, 2022, the Group paid the 144A international bond remanent for $198,000,000 US dollars through its committed revolving credit facility.

2. On June 27, 2014 Grupo Bimbo issued (i) Senior Notes in the international markets, in the aggregate amount of $800,000,000 US dollars maturing on 2024, and (ii) Senior Notes in the international markets, in the aggregate amount of $500,000,000 US dollars maturing on 2044, according to Rule 144A and Regulation S of the U.S. Securities Act.

3. On November 10, 2017 Grupo Bimbo issued Senior Notes in the international markets, in the aggregate amount of $650,000,000 US dollars maturing on 2047 according to Rule 144A and Regulation S of the U.S. Securities Act.

4. On September 6, 2019, Grupo Bimbo issued Senior Notes issue in the international markets, in the aggregate amount of $600,000,000 US dollars maturing on 2049 according to Rule 144A and Regulation S of the U.S. Securities Act.

5. On May 12, 2021, Grupo Bimbo, trhough its subsidiary BBU, made an issue of senior notes in the internation markets, in the aggregate amount of $600,000,000 US dollars maturing on 2051 according to Rule 144A and Regulation S of the U.S. Securities Act.

Subordinated notes:

1. On April 17, 2018 Grupo Bimbo issued subordinated perpetual notes in the international markets for $500,000,000, pursuant to Rule 144 A and Regulation S of the United States.

The Company has been complying on a timely basis with all of its obligations to disclose information on material events as well as the legal and financial information required by the applicable provisions.

I. <u>Annual Information</u>:

1. The third business day following the date of the annual shareholders' meeting in which the annual results are approved, which shall be held during the first four months of each year:

a. Reports and opinion referred to in article 28, paragraph IV of the LMV.

b. The annual financial statements or their equivalents, depending on the nature of the issuer, together with the opinion of the external auditor, as well as the audited annual financial statements of associated entities that contribute more than 10% of the Company's earnings or consolidated assets.

c. Letter signed by the secretary of the board of directors, stating the current status of the shareholders' meetings minutes registry, board of directors meetings minutes registry, share registry book, and, for corporations with variable capital (*sociedades anónimas de capital variable*), capital variation registry book.

d. Documents of the external auditor, referred to in Articles 84 and 84 Bis of the General Provisions Applicable to Securities Issuers and to Other Participants in the Securities Market and articles 4, 5, 36 and 37 of the General Provisions applicable to entities and issuers supervised by the National Banking and Securities Commission that contract external auditing services for basic financial statements and subscribed by the external auditor.

e. Declaration of statements by the officials responsible for initialing the financial statements referred to in article 32 of the General Provisions applicable to entities and issuers supervised by the National Banking and Securities Commission that contract external auditing services for basic financial statements.

2. No later than April 30 of every year:

a. The annual report corresponding to the fiscal year immediately ended, prepared in accordance with the General Provisions Applicable to Securities Issuers and other Securities Market Participants.

3. No later than May 31 of every year:

a. Submit to the National Banking and Securities Commission the Final Statement of Observations obtained from the External Auditor.

4. No later than June 30 of every year:

a. Report corresponding to the fiscal year immediately ended, regarding the level of adherence to the Best Corporate Practices Code, pursuant to the format issued by the BMV.

II. Quarterly Information:

Within 20 business days following the end of the first three calendar quarters and within 40 business days following the end of the fourth calendar quarter of each fiscal year, the Company must report its financial statements and the economic, accounting and administrative information set forth in the corresponding electronic templates, comparing at minimum the results for the relevant quarter against the financial statements for the previous fiscal year according to the applicable accounting principles. The electronic documents shall include an update of the annual report (or prospectus, if as of the date of presentation of the financial information the issuer has not been required to publish such annual report) with management's comments and analysis of the results of the operations and financial situation of the issuer.

In addition, the Company shall deliver to the Commission and BMV a certificate signed by the Chief Executive Officer or the Chief Financial Officer, or any other person holding a similar title, stating, under oath, that, in the competence of their authority, they prepared the relevant information of the Company contained in the quarterly report, which, as of their knowledge, reflects in a reasonable manner the situation of the Company. Likewise, they should state that they are not aware of any material information that is missing in the quarterly report or that the report contains information that could confuse an investor.

III. Legal Information:

1. On the date of their publication, the calls for shareholders' meetings and the calls for bondholders' meetings or meetings of holders of other securities. Such calls must contain each and all of the items of the agenda to be discussed during the relevant meeting.

2. On the business day immediately following the date on which the relevant meeting is held:

a. A summary of the resolutions adopted at the shareholder's meeting held pursuant to article 181 of the General Corporations Law, including the application of profits and, as the case may be, the payment of dividends, number of coupon or coupons against which payment will be made, as well as the place and date of payment.

b. A summary of the resolutions adopted at the shareholder's meetings other than the meetings mentioned above, as well as the resolutions adopted by the meetings held by the holders of other securities.

3. Within 5 business days following the date of the shareholder's meeting or of the holders of other securities meetings, as applicable:

a. A copy, certified by the secretary of the board of directors of the Company or any person authorized thereto, of the shareholder's meetings minutes, together with the attendance list signed by the examiners appointed for such purposes, stating the number of shares that correspond to each shareholder and, as the case may be, on behalf of whom is acting, as well as the total number of shares represented at the meeting.

b. A copy, certified by the chairperson of the meeting, of the holders of the securities minutes' meetings, together with the attendance list signed by the holders of the securities or their representatives and by the examiners appointed for such purposes, stating the number of securities that correspond to each holder of the securities, as well as the total number of the securities represented at the meeting.

4. At least 6 business days before the start of the period within which it is intended to carry out the acts referred to in each of the following notices:

a. Notice to the shareholders for the exercise of any rights of first offer derived from capital increases and the subsequent issuance of shares, whose amount is required to be paid in cash.

b. Notice for the delivery or exchange of shares, obligations or other securities.

c. Notice for the payment of dividends, which must include the corresponding amount and the proportion of such dividends or, as the case may be, the payment of interest.

d. Any other notice addressed to the shareholders, holders of other securities or the general public.

5. No later than June 30 of every third year, the notarization of the shareholder's meeting by means of which a restatement (*compulsa*) of the Company's by-laws has been approved.

IV. Repurchase of the Company's own shares:

The Company is required to disclose to the BMV no later than the next business day following the consummation of any transactions involving the repurchase of the Company's shares.

V. Material events:

The Company is required to disclose to the BMV all material events pursuant to the provisions set forth in the General Provisions Applicable to Issuers of Securities and Other Participants in the Securities' Market.

VI. Audit and non-audit services:

Audit services consist of performing audit procedures in accordance with the International Standards of Audit, as well as the issuance of an audit report on the consolidated financial statements of the Group and its subsidiaries at the end of each year. The audit services include the issuance of statements, declarations and opinions applicable in accordance with the Sole Circular of External Auditors (CUAE).

In addition, the Group has certain obligations, which include the issuance of communications and delivery of certain information, among others, including, but not limited to, the following:

a. To inform and deliver a copy to the CNBV, authenticated by the Secretary of the Board, of the resolution approving the contracting or ratification of the external audit firm, no later than 15 business days following said contract or ratification.

b. Inform the CNBV of the detail and amount of the consideration for services other than external audit services, rendered by the audit firm, within 30 business days following the session of the Board approving such contract.

e) MATERIAL CHANGES TO THE SECURITY RIGHTS REGISTERED IN THE RNV

During 2021, there were no significant changes to the capital stock of Grupo Bimbo. As of December 31, 2021, such capital stock was represented by 4,475,068,991 shares.

f) USE OF PROCEEDS

There are no unused proceeds obtained from the issuance of securities completed in previous years (see "Section “1. GENERAL INFORMATION – d) Other Securities").

g) PUBLIC DOCUMENTS

In order to review this Annual Report, please visit the Investor Relations website:

www.grupobimbo.com/en/investors/

For any clarification, please contact the Investor Relations team at Paseo de la Reforma 1000, Col. Peña Blanca Santa Fe, C.P. 01210, Mexico City, Mexico, telephone 5268-6830 and at the following e-mail:

ir@grupobimbo.com

In connection with the public information that has been delivered to the BMV, please visit the following websites:
http://www.grupobimbo.com
www.bmv.com.mx

The information available on these websites is not a part of this Annual Report.

For more information and documentation regarding the corporate governance of Grupo Bimbo please visit the following address:

http://www.grupobimbo.com

2) THE COMPANY

a) COMPANY'S HISTORY AND DEVELOPMENT

1) Legal background

Incorporation

The Company was incorporated by public deed number 10,670, dated June 15, 1966, granted before Tomás O'Gorman, at the time, Public Notary number 96 of Mexico City, the first official transcript of which was filed in the Public Registry of Commerce of Mexico City, in the Commerce section, under number 299, pages 377, volume 636, 3rd book.

Corporate Name

The Company was originally incorporated under the corporate name of Promoción de Negocios, S.A. In 1978 it changed its corporate name to Grupo Industrial Bimbo, S.A. and in 1981 it adopted the form of a *sociedad anónima de capital variable*. On August 24, 1999, the Company changed its corporate name to Grupo Bimbo, S.A. de C.V., and on November 16, 2006, by public deed number 30,053, granted before Ana de Jesús Jiménez Montañez, Public Notary number 146 of Mexico City, the first official transcript of which was filed in the Public Registry of Commerce of Mexico City in mercantile folio number 9,506, the Company adopted the form of a *sociedad anónima bursátil de capital variable*. The Company's commercial name is Bimbo.

Duration

The Company's duration is indefinite.

Domicile and Telephone Numbers

The Company's headquarters are located at Prolongación Paseo de la Reforma 1000, Colonia Peña Blanca Santa Fe, C.P. 01210, Mexico City. The telephone number is 5268-6600. The Company's website is: www.grupobimbo.com. The information contained in the Company's website is not part of this Annual Report.

2) History

All figures shown in this Section correspond to historical values on the dates indicated.

1945 Taking advantage of their experience in the baking industry, Don Lorenzo Servitje Sendra and Don Lorenzo Sendra Grimau decided to create an American style packaged bread factory, to which they invited Don Alfonso Velasco, as well as Don Jaime Jorba Sendra and Don José T. Mata to participate as industrial partners. Another founder was Don Roberto Servitje Sendra, who collaborated since the inception as sales supervisor. Even though he did not participate as a partner at the Company's inception, gradually Don Roberto Servitje acquired grater responsibilities and likewise participated in the decision making process. He later purchased BIMBO shares and, subsequently, became Chief Executive Officer, a position he left in 1994, when he was appointed chairman of the Board of Directors, replacing Don Lorenzo Servitje who held that position since its foundation.

For the creation of the packaged bread factory, the founding partners mainly addressed the needs of the market at that time; that is, timely and quality attention to the customers, and product freshness. To satisfy these needs, the products to be manufactured and the characteristics of the packing thereof were determined, in addition to putting in place direct distribution systems and the replacement of unsold products every two days. On December 2, 1945, Panificación Bimbo was formally founded in Mexico City.

1947-1952 In 1947, the outside distribution to some cities in the states of Veracruz, Morelos, Hidalgo and Puebla was initiated. By 1952, four plants were already installed in Mexico City and the bun category was already integrated within the Company's products. Likewise, the distribution had extended to some of Mexico's central and northern states.

1956 In May 1956, the corporation Pasteles y Bizcochos, S.A. was incorporated, currently known as Productos Marinela, S.A., with which the Group ventured in the cakes category. As of this date the establishment of plants outside Mexico City began. The first of them were Bimbo de Occidente, S.A. (Guadalajara) and Bimbo del Norte, S.A. (Monterrey), which significantly broadened the geographical distribution coverage and the variety of products offered by the Company.

1963-1978 The period between 1963 and 1978 was characterized by great expansion and diversification. In addition to opening eight more plants in different states of the Mexican Republic, the existing plants were enlarged and other additional cake lines were integrated to those offered by Productos Marinela, S.A. Moreover, it ventured into the candies and chocolates industry, with the establishment of the first Ricolino plant, and into the salty snacks market, with what is currently known as Barcel. At that time practically all the states of the country were covered through the Company's direct distribution system.

In this period, the Group's vertical integration initiated with the inauguration of the first jam plant. Not only were the other Group's companies supplied with these products, but also the line of products offered to the consumers was diversified.

Regarding pastry products, in the 1970's BIMBO launched the *Suandy* line*,* whose products were prepared based on butter. This line was significantly enlarged in 1981.

1979 In 1979, *Tía Rosa* was introduced as a house-made baking brand in the domestic market and some of the production lines under this brand were rapidly developed with automated systems.

1983 By this time, the Group already manufactured some equipment and parts, which were used in its plants. Therefore, in 1983 the inauguration of the Maquindal, S.A. plant took place, which merged in January 2001 with the corporation Moldes y Exhibidores, S.A. de C.V.

1984 In 1984, the Company ventured into the export market with the distribution of *Marinela* products into the United States.

1986-1990 In 1986, after the crisis faced by Mexico for almost five years, BIMBO acquired Continental de Alimentos, S.A. de C.V., a company that produced and commercialized the products under the brand *Wonder,* which until then was BIMBO's direct competitor in the bread and cakes categories. By 1989, the Group significantly expanded further through additional acquisitions and the establishment of plants in the lines of business of final products and raw materials, material and equipment for internal consumption.

1992-1996 Regarding the transactions at an international level, in 1990 the Company acquired a bread and cake producer plant in Guatemala, which marked the beginning of the Group's coverage in Latin America. In 1992, BIMBO initiated the acquisition of production plants in other countries of the region with the acquisition of Alesa, S.A. and Cena (currently Ideal, S.A.) in Chile. Afterwards, it extended to Venezuela with the acquisition of Industrias Marinela, C.A. and Panificadora Holsum de Venezuela, C.A. in 1993, merged in 1999 under the name of Bimbo Venezuela C.A. At the same time, production plants were installed in Argentina, Colombia, Costa Rica, El Salvador and Peru, as well as distribution companies in Honduras and Nicaragua.

Additionally, the Company significantly expanded in the USA with the establishment and acquisition of several production plants in different states near the border with Mexico. The following companies were acquired: Orbit Finer Foods, Inc., in 1993; Fabila Foods, Inc. and La Fronteriza, Inc., in 1994; C&C Bakery, Inc. and La Tapatía Tortillería, Inc., in 1995; and Pacific Pride Bakeries, with two plants (Suandy Foods Inc. and Proalsa Trading Co.), in 1996.

In 1992, the Company acquired the factory Galletas Lara, which allowed it to enter into the traditional cookie market, with "maría" type cookies and crackers, a category not covered by the *Marinela* brand.

1998 Important levels of investments characterized 1998. In that year the Company acquired Mrs. Baird's baking company, a market leader in the state of Texas, United States, and in Mexico the production facility in La Paz, Baja California began operating. Likewise, BIMBO's expansion reached the European continent with the establishment in Germany of Park Lane Confectionery. Also during that year, in order to focus on its main businesses, BIMBO divested its participation in the business of preparation and distribution of ice creams in Mexico and its stake in the salty snacks business in Chile.

1999 In February 1999, BIMBO carried out a strategic alliance with the company Dayhoff, in the USA, and engaged in the distribution of candies, through an equity interest of 50%. In 2002, BIMBO'S interest increased to 70% and in 2004 it acquired 100% of the shares.

In March 1999, BIMBO associated with Grupo Mac'Ma by acquiring a 51% interest in the companies engaged in pastry manufacturing. In the state of California, USA, it acquired the baking company Four-S.

In 1999, a new bread production plant was built and began operations in the city of Tijuana, Baja California, with the following production lines: white, whole wheat and sweet baked goods, rolls, wheat tortillas and tostadas, among others.

In July 1999, Grupo Bimbo reinforced its presence in Colombia through the acquisition of different assets in the city of Cali. In September, the Company completed an agreement with the McDonald's restaurant chain, through which it became the unique supplier of all buns for the chain in Venezuela, Colombia and Peru. The unique concession of its buns contributed to the consolidation of the Company's position in Latin America. Further, this exclusivity has strengthened the relationship between the companies since 1985, the year when McDonald's entered Mexico.

In October 1999, Grupo Bimbo completed negotiations with Panacea, S.A., located in San José, Costa Rica. These negotiations allowed BIMBO to acquire some of the assets owned by the Costa Rican company and the right to use *Tulipán*, its leading brand in that country.

For an amount of $140.6 million dollars, in December 1999, BIMBO carried out the sale of its six wheat mills and the fresh and processed fruits and vegetables business to a group of investors represented by Mr. Roberto Servitje Achútegui.

In line with the strategy of taking advantage of synergies and operational consolidation, in 1999 Grupo Bimbo initiated the administrative and operational merger of its companies in the USA, consolidating the following: Mrs. Baird's Bakeries Business Trust, in Texas, and Bimbo Bakeries USA, Inc., in California.

2000 In March 2000, Grupo Bimbo, Oracle de Mexico, Sun Microsystems and Cap Gemini Ernst & Young agreed to the development of the computer program BIMBO XXI.

In April 2000, the Company, through Ricolino, inaugurated two plants in the European Union, one in Vienna, Austria, and the other in Ostrava, Czech Republic.

Additionally, in November 2000, Grupo Bimbo acquired Pan Pyc, the second most important baking company of Peru, which consolidated its leadership in that country. In December 2000 it acquired the Guatemalan baking company La Mejor, reinforcing its presence in Guatemala, El Salvador and Honduras.

2001 2001 highlighted the intense activity to consolidate the Group's presence in the regions where it participated and streamline its operations. In March, the Group acquired 100% of the capital stock of Plus Vita, Ltda., one of the largest baking companies in Brazil and producer of packaged bread, sweet baked goods, cakes, buns and toasted bread under brands considered among the most traditional and with the highest prestige in the Brazilian market, such as *Pullman*, *Plus Vita*, *Ana María*, *Muffs* and *Van Mill*, among others. Plus Vita operated three plants, located in Sao Paulo, Rio de Janeiro and Recife.

In October, the Company concluded the sale of its shares in Pastas Cora, S.A. de C.V. and Pastas Cora de la Laguna, S.A. de C.V. to Grupo La Moderna, S.A. de C.V. The companies sold were owned by Grupo Bimbo and Grupo Mac'Ma, S.A. de C.V. Through this transaction, Grupo La Moderna, S.A. de C.V. acquired 100% of the shares of Pastas Cora, S.A. de C.V. and Pastas Cora de la Laguna S.A. de C.V., in exchange of 4,500,000 shares representing 5.8% of the capital stock of Grupo La Moderna, S.A. de C.V., of which 57.4% corresponded to Grupo Bimbo.

In November 2001, the Company acquired certain operating assets from Gruma, S.A. de C.V., related to bread manufacturing and distribution. This acquisition included the fresh and frozen bread businesses in Costa Rica, as well as equipment from the plant that Gruma closed in Escobedo, Nuevo Leon.

2002 As of January 1, 2002 the merger of all the Group's operating companies in Mexico into two big companies, Bimbo, S.A. de C.V. and Barcel, S.A. de C.V., became effective. The first one consolidated all the baking operations, while the second involved the consolidation of the salty snacks, confectionery goods and goat milk caramel "cajeta" categories. The purpose of the merger was to optimize the operations and make its installed capacity and distribution force more effective.

On March 4, 2002, the Company acquired, through its subsidiary in the USA, the baking operations of George Weston Limited in the western region of the US. This transaction, with a total price of $610 million dollars, provided Grupo Bimbo with access to leading brands and products in the United States market, such as the trademark Oroweat®, the cakes of trademark Entenmann's®, English muffins and bagels trademark Thomas'®, as well as Boboli® pizza dough.

In accordance with the agreement's terms, Grupo Bimbo acquired the Oroweat bread brand, five plants in the states of Texas, Colorado, California and Oregon, and an efficient direct distribution system. Additionally, the Company obtained in the same region the rights related to the Entenmann's brand products, as well as the distribution rights of the Thomas'® and Boboli® brands.

This acquisition reflected BIMBO's strategy to build a leading baking business in the USA. With that, the Group's position in core markets, such as the states of California and Texas, became stronger.

On December 11, 2002, BIMBO's General Extraordinary Shareholder's Meeting approved the merger of the Company with its subsidiary Central Impulsora, S.A. de C.V. As a result of the merger, the Company became holder of the Group's main trademarks.

2003 In January 2003, Grupo Bimbo completed a strategic alliance with Wrigley Sales Company (“Wrigley”), to distribute its products. With this agreement, the Company, through its subsidiary Barcel, S.A. de C.V. became the exclusive distributor in Mexico of the Wrigley chewing gum brands.

In June 2003, the Company, together with its partner Grupo Arteva, S. de R.L., carried out the sale of the company Novacel, S.A. de C.V., engaged in the manufacture of flexible packaging, to Pechiney Plastic Packaging, a subsidiary of the Canadian company Alcan, world leader in package manufacturing. Prior to this sale, BIMBO held an interest of 41.8% in the capital stock, while its partner owned the rest. In this transaction, Grupo Bimbo executed a supplier agreement in commercial terms and conditions in accordance with the industry’s general practices.

In July 2003, the Company disclosed to the public its intention to participate as a minority partner in a consortium leaded by the Mexican businessman Fernando Chico Pardo. This entity acquired certain ownership and debt rights of Compañía de Alimentos Fargo, S.A., in Argentina, and would undertake its financial and operational restructuring.

2004 On March 18, 2004, Grupo Bimbo announced an agreement to acquire the confectionery companies Joyco de México, S.A. de C.V., Alimentos Duval, S.A. de C.V. and Lolimen, S.A. de C.V., held by a group of Mexican shareholders, and the Spanish company Corporación Agrolimen, S.A. After obtaining all necessary authorizations, the purchase transaction was completed in May 2004.

Grupo Bimbo invested $290 million pesos, of which approximately $27 million was used for the repayment of existing debt. With this cash investment, Grupo Bimbo acquired two production plants and rights to leading brands and products in the Mexican confectionary industry, such as Duvalín®, Bocadín® and Lunetas®. These companies had, in aggregate, annual sales of approximately $500 million pesos.

2005 On June 9, 2005, Grupo Bimbo announced the acquisition of certain assets and trademarks owned by Empresas Chocolates La Corona, S.A. de C.V. and its subsidiaries (“La Corona”), in a transaction valued at $471 million pesos, whose purchase price was paid with Company’s own funds. La Corona® has presence in the Mexican candies market, mainly in the chocolate segment. After the regulatory approval, this transaction was completed on July 29, 2005.

On July 20, 2005, the Company announced the acquisition, through a cash transaction valued at $1,350 million pesos, of Controladora y Administradora de Pastelerías, S.A. de C.V., which produces and sells fine pastry products under the brand "El Globo"®. With this acquisition, Grupo Bimbo ventured into retail sales of fine pastries for the first time. The transaction was completed on September 23, 2005 following the corresponding regulatory approvals.

On September 30, 2005, the Company executed a distribution agreement with Arcor, S.A.I.C. (“Arcor”), of Argentina. With this agreement, BIMBO, through its subsidiary Barcel, S.A. de C.V., became the exclusive distributor in Mexico of “Bon o Bon” candy. This product was incorporated into the Company’s existing candies portfolio as a line renowned for its high quality. The parties to the distribution agreement also agreed to make investments to build a plant to produce Arcor and Barcel candies in Mexico.

On January 30, 2006, the Company returned to the baking market in Uruguay with the acquisition of the Uruguayan companies Walter M. Doldán y Cía. S.A. and Los Sorchantes S.A., positioning itself as the market leader. This transaction was valued at $7 million dollars, of which $5.5 million was used for the purchase of 100% of the shares and the remainder for the payment of financial liabilities.

2006 On March 24, 2006, Grupo Bimbo initiated operations in Asia with the agreement to acquire Beijing Panrico Food Processing Center, subsidiary of the Spanish company Panrico, S.A., located in China, in a transaction valued at 9.2 million euros for 98% of the shares, additionally assuming a net indebtedness of 1.3 million euros. With this transaction, the Company acquired a company that had 800 associates, a production plant and a distribution network with an extended portfolio of baking products, designed and developed for the local market, which have allowed it to achieve an important presence and recognition in the cities of Beijing and Tianjin.

On June 19, 2006, Grupo Bimbo announced an agreement to acquire certain assets and trademarks of the "El Molino" ® pastries, in a transaction valued at $42 million pesos, paid with Company's own funds. El Molino is one of the oldest and most traditional bakeries in Mexico, in the fiscal year ended as of December 2005, its sales totaled $45 million pesos.

This transaction, in addition to the acquisition of "El Globo" pastries, carried out in July 2005, was intended to strengthen the presence of Grupo Bimbo in the retail sales of high end pastry products.

2007 On July 31, 2007, Grupo Bimbo carried out the purchase of 100% of the shares of Maestro Cubano Florentino Sande S.A. for the sum of $93 million pesos. The company is located in Uruguay, and owns industrial premises engaged in the production and commercialization of cookies, *grissines* and breadcrumbs.

On October 2, 2007, the Company announced the acquisition of Temis for the sum of $17 million pesos. With this acquisition, BIMBO entered the Paraguay market.

On November 5, 2007, Grupo Bimbo announced that, as included in a judicial request dated November 2, 2007, filed by the investment group The Yucaipa Companies, LLC ("Yucaipa") before the Bankruptcy Court in the West District of Missouri, in Kansas City (the "Court"), Yucaipa, together with BBU and The International Brotherhood of Teamsters (the "Teamsters"), intended to file a collective proposal for the reorganization of Interstate Bakeries Corporation ("IBC").

IBC is one of the largest bakeries and fresh bread and sweet baked goods distributor companies of the United States. Among its main trademarks are Wonder®, Merita®, Home Pride®, Baker's Inn®, Hostess®, Drake's®, and Dolly Madison®. IBC operated more than 40 plants, 650 distribution centers, 6,400 routes and employs approximately 25,000 associates.

On November 29, 2007, Grupo Bimbo disclosed to the public that on November 28, Compañía de Alimentos Fargo, S.A., an Argentine company in which Grupo Bimbo holds an indirect 30% equity interest, executed an agreement for its reorganization with its main creditors, which represented the majority of the verified indebtedness, the investment funds *Rainbow Global High Yield*, *The* Argo Capital Investors Fund SPC, Argo Global Special Situations Fund Segregated Portfolio and The Argo Fund Limited.

The agreement included the payment of 33.81% of the unsecured indebtedness. Likewise, the holders committed to collaborate in order for Fargo to complete its reorganization (*Concurso Preventivo*) underway since June 2002, as well as to forgo any legal actions against it.

2008 On January 2, 2008, BIMBO announced the acquisition of Laura, a company located in Brazil, for a sum of $202 million pesos. As such, BIMBO entered into the *panettone* category and enlarged the cookies portfolio through the wafers line.

On February 21, 2008, BIMBO announced the acquisition of Firenze, also in Brazil, for a sum of $185 million pesos. Firenze's intergration taking advantage of the strength in the *light* segment and to continue its development through the increase of the physical distribution of Firenze® and Plus Vita® trademarks.

On April 1, 2008, the Company announced the acquisition of Plucky, a company located in Uruguay, for a sum of $123 million pesos. The company produces and commercializes confectionery goods products. With this acquisition, Bimbo ventured into this segment in Latin America for the first time.

On May 7, 2008, Grupo Bimbo announced that it reached an agreement to acquire 75% of the shares of the Brazilian baking company Nutrella Alimentos, S.A. ("Nutrella"). This acquisition allowed Grupo Bimbo to position itself as the leader of industrialized bread in Brazil, increasing its geographic scale and presence.

Nutrella is a company founded in 1972 that produces and commercializes packaged bread, buns and cakes, through two production units in the states of Sao Paulo and Rio Grande do Sul. With the trademarks "Nutrella", "Nhamy" and "Nutrellinhas", among others, it is positioned as the leader in Brazil's South Region. In 2007, Nutrella, with more than 1,600 associates, registered sales of R$150 million and EBITDA of R$21 million.

This investment responded to Grupo Bimbo's strategy of consolidating its operations in the countries where it participates and gave it a stronger position to continue developing a profitable business in Brazil, by complementing its operation at that time. Likewise, it provided access to one of the regions with the greatest economic activity in the country, with more than 25 million inhabitants.

2009 On January 21, 2009, Grupo Bimbo announced the acquisition of the baking business in the United States of WFI, owned by Dunedin Holdings S.à r.l., a subsidiary of George Weston Limited (TSX: WN), located in Toronto, as well as the acquisition of the related financial assets, having obtained the relevant regulatory approvals and permits. These transactions were appraised at $2,380 and $125 million dollars, respectively. The aggregate payment of $2,505 million dollars was made through a financing of $2,300 million dollars, as well as with the Company's own funds. The consolidated operation in the United States, known as BBU, became one of the largest baking companies in the country, with a leading position in the bread, buns, sweet baked goods and cakes categories. The portfolio includes premium trademarks such as Arnold®, Bimbo®, Boboli®, Brownberry®, Entenmann's®, Francisco®, Freihofer's®, Marinela®, Mrs. Baird's ®, Oroweat®, Stroehmann®, Thomas'® and Tia Rosa®. The new operation employed more than 15,000 associates, operated 35 plants and distributed its products through more than 7,000 routes. Grupo Bimbo's consolidated results started reflecting the integration of WFI transactions as of January 21, 2009.

On November 18, 2009, the assets related to the production, distribution and sale of corn products under the trademark Sanissimo® were acquired.

2010 On November 9, 2010, Grupo Bimbo announced that it reached an agreement to acquire the North American Fresh Baking business of Sara Lee.

On December 6, 2010, Dulces Vero, a leading producer, distributor and trader in Mexico of lollipops, hard candy and marshmallows, most of them covered with spicy powder, was acquired.

Vero, founded in 1952, produces a wide variety of candy and jams, including hard candy lollipops, jellies and marshmallows, among others. The company has broad experience and its own technology for the production of hard candies and products made based on chile. Vero had 1,500 associates and in 2009 it generated sales of approximately $1,100 million pesos, as well as EBITDA of $220 million pesos.

The acquisition of these assets strengthened Grupo Bimbo's position in the Mexican confectionery market through its subsidiary Barcel, in addition to supporting the Company's strategy to reach all socio-demographic segments. Together with the sales and costs synergies, Vero's strength in the wholesale channel, combined with Barcel's broad retail distribution network, will provide a sound platform for continuous growth. Likewise, Vero products supplement Barcel's portfolio in the Hispanic market of the United States and represent an opportunity to increase the Company's presence in that country.

2011 On September 19, 2011, the Group acquired Fargo, the largest bread and baked goods producer and distributor in Argentina, exercising a call option for Fargo's remaining 70% interest. Fargo's acquisition included Fargo®, Lactal® and All Natural® brands.

On November 6, 2011, Grupo Bimbo acquired the fresh baking business of Sara Lee, one of the largest food processing and distribution companies at a worldwide level. Earthgrains was Sara Lee's fresh baking business in the USA, and the business value was $749 million dollars.

Derived from the transaction, the Group acquired the exclusive and perpetual license, without copyrights of the Sara Lee brand, for its use in certain fresh baking products in America, Asia, Africa and some European countries, and other renowned brands, such as Sunbeam®, Colonial®, Heiners®, Grandma Sycamore´s Home-Maid Bread®, Rainbo® and Earthgrains® and it operated 41 production plants and approximately 4,700 distribution routes, and employs approximately 13,200 associates.

On December 5, 2011, the Group acquired Bimbo Iberia, Sara Lee's fresh baking business in Spain and Portugal, for 115 million Euros.

The acquisition of Bimbo Iberia helped position the Group as the leading branded bread company in the Iberian Peninsula and boosted its international growth strategy through an established and sound baked-goods business. This acquisition included the brands Bimbo®, Silueta®, Ortiz®, Martínez® and Eagle®, among others, in Spain and Portugal, which have broad name recognition and market leadership in the bread, pastries and snack categories in these countries. It had 7 production plants, around 800 distribution routes and approximately 2,000 associates.

2012 During 2012 Grupo Bimbo obtained approval from the Department of Justice of the United States ("DOJ") to complete part of the divestitures required by the DOJ under the acquisition of the Sara Lee Fresh Baking by BBU in November 2011. Transactions include: i) license over Earthgrains® and Healthy Choice® brands in Omaha, Nebraska, in favor of Pan-O-Gold Baking Company in St. Cloud, Minnesota; ii) license over Holsum® and Milano® brands in Harrisburg and Scranton, Pa., in favor of Schmidt Baking Company of Baltimore, Maryland; iii) license over the Sara Lee® and Earthgrains® brands for bread, buns and rolls categories in the state of California, in favor of Flowers Foods, Inc; iv) license over Earthgrains® brand in Oklahoma city, Oklahoma, in favor of Flowers Foods, Inc; and (v) the license of Earthgrains® and Mrs Bairds® brands in Kansas City to Tortilla King.

On October 30, 2012, Grupo Bimbo opened "Piedra Larga", wind farm which generates a portion of the electricity consumed by Grupo Bimbo in Mexico. With installed capacity of 90 megawatts, that allows to supply the electricity consumption of the facilities (production plants and other operation centers) of the Company. Grupo Bimbo focused its attention on wind energy to meet its permanent commitment to the environment and the welfare of future generations.

2013 On March 22, 2013 Bimbo announced the inauguration of Barcel's West plant, a 100% sustainable plant, built in the State of Jalisco, for the manufacture and distribution of snacks and confectionery in 4 different production lines.

On April 5, 2013, Grupo Bimbo completed the acquisition of the brand "Beefsteak"® for $31.9 million US dollars as part of the bankruptcy proceedings of "Hostess Brands". Beefsteak® is the rye bread brand with the highest sales volume in the United States, with strong presence in parts of Midwest and Mid-Atlantic United States, which represented an important opportunity for national expansion to BBU. The transaction was completed with Company's own resources.

During 2013, Grupo Bimbo announced at the General Shareholders' Meeting the resignation of Roberto Servitje as Chairman of the Board of Directors of the Company effective as of July 1, 2013. Daniel Servitje, Chief Executive Officer, was appointed to succeed him from that date.

In October 2013, Grupo Bimbo signed an agreement with Visa Inc. of the Alliance with Blue Label Telecoms Limited and Nadhari, S.A. de C.V., in order to enable their traditional customer channel in Mexico to accept electronic payments. This agreement allowed small businesses that serve a large segment of the population in terms of the Company's sales volume nationwide, to accept electronic payments with Visa cards and other cards, and therefore, to increase sales of the Company's products in the stores. Specifically, using Blue Label and Red Qiubo Mexico, which operates a platform based on POS terminals, over 75,000 businesses in order to offer their customers products and services such as airtime cell phone sale and payment of various services.

2014 On May 23, 2014, the Group concluded the acquisition of Canada Bread, one of the leading companies in the production and distribution of bread products in Canada.

With the integration of Canada Bread´s business, the Group expanded its geographical presence in North America and Europe, reaching a new customer base in Canada and the United Kingdom, growing its product portfolio to include a new line of frozen bread as a new business line.

This acquisition is one of the most important in Grupo Bimbo´s history and a further step in its growing strategy in order to consolidate its position as the largest and leading baking company in the world and one of the most important food companies, reducing its dependence of its results in a single market. Moreover, the acquisition strengthened the geographical position of the Group, and helped to maintain solid margins, diversify cash flows and take advantage of the opportunities in the frozen bread industry. The acquisition also included the business of Canada Bread in the United Kingdom, where it is leader in the bagels category.

On June 24, 2014, the Company concluded the offer in the international markets of: (i) bonds with a maturity date in 2024, for an amount of 800 million US dollars paying an interest rate of 3.875%, and (ii) bonds with a maturity date in 2044 for an amount of 500 million US dollars, paying an interest rate of 4.875%. The Group used the resources obtained from these issuances for the refinancing of existing debt and other general corporate purposes.

Grupo Bimbo acquired Supan, the leading baking company of Ecuador. This transaction represented the debut of the Group in the Ecuadorian market, in line with its strategy to further strengthen its geographic coverage in the Americas.

2015 At the beginning of 2015, Grupo Bimbo completed the acquisition of Saputo Bakery Inc, the leading muffin company in Canada and strengthened the position of Canada Bread in the country with the Vachon®, Jos Louis®, Ah Caramel®, Passion Flakie®, Hostess® and May West® brands, among others.

Bimbo Iberia inaugurated its new factory in Guadalajara, Spain, with production capacity of 15,000 pieces per hour, thus becoming the most important industrial project in the country. In December, Grupo Bimbo celebrated its 70th anniversary.

2016 On May 2016, the Company established a sponsored American Depositary Receipts Level 1 (“ADR”) program in the United States of America under the ticker symbol “BIMBOY”.

On July 21, 2016, Grupo Bimbo acquired Panrico, one of the leading companies in the baking industry in Spain and Portugal, excluding branded packaged bread.

On September 14, 2016, the Company made a successful Notes issuance in the Mexican market for a total amount of Ps. 8,000 million pesos, with a 10-year term and a fixed annual interest rate of 7.56%.

2017 At the end of 2017, Grupo Bimbo acquired East Balt Bakeries for an amount of USD$650 million, free of cash and debt. East Balt was founded in 1955, world leader in the high-speed manufacture of bread products and serves mainly to the quick service restaurant industry (QSR). East Balt had 21 plants located in 11 countries in America, Europe, Asia and Africa, as well as 2,200 associates. East Balt has long-term business relationships with the main customers in the fast food restaurant industry in the world (including McDonald's, Wendy's, KFC, Burger King, Pizza Hut, YumChina, Subway and Nando's, among others). East Balt maintains a broad portfolio of high-quality baked goods, including fresh and frozen buns and muffins, bagels, cookies, tortillas and other artisanal products.

On May 25, 2017, Grupo Bimbo entered into a strategic alliance by means of which it acquired 65% of the capital stock of Ready Roti India Private Limited, or Ready Roti. Founded in 1993 and with annual sales of approximately USD$48 million in 2016, Ready Roti is the leading baking company in New Delhi and its metropolitan area.

During the first quarter of 2017, Grupo Bimbo closed the acquisition of Adghal in Morocco, a company with estimated annual sales of approximately USD$11 million in 2016. Adghal sold baking products in three production plants and had more than 200 associates. With this acquisition, Grupo Bimbo managed to expand to the African continent.

Moreover, during the first quarter of 2017, Grupo Bimbo closed the acquisition of Stonemill Bakehouse, a company in Canada that had estimated annual sales of approximately CAD$18 million in 2016. Stonemill had a production facility in Toronto, Canada and is known for its slow-working artisanal processes. Stonemill has an excellent brand position and recognition for the use of organic ingredients. This acquisition boosted the Company's growth in the Canadian market.

On October 6, 2017, Grupo Bimbo successfully carried out an issuance of stock certificates in the Mexican market for a total amount of $10,000 million pesos, with a term of 10 years and a fixed annual interest rate of 8.18%.

On November 10, 2017, Grupo Bimbo successfully carried out a bond issuance in the international markets for a total amount of $650,000,000 million dollars, maturing in 2047 and with a fixed annual interest rate of 4.70%.

2018 On 12 February 2018, a binding agreement was executed for the acquisition of Mankattan Group, a key player in the banking industry in China. Mankattan produces sliced bread, cakes, buns and yudane (Japanese style sandwich bread), among other baked goods for distribution in different channels such as traditional, modern and QSR. This acquisition strenghtened the Group’s competitive profile, it expanded and consolidated even more its presence in Asia.

Grupo Bimbo issued $500,000,000 million in Subordinated Perpetual Notes at a rate of 5.95%. The Company used the proceeds from this offering for the refinancing of existing indebtedness, and the financing of the Mankattan acquisition and capital expenditures among other general corporate purposes. This was a new instrument for Grupo Bimbo, making it the first hybrid bond issued by a Mexican consumer company.

In addition, the Group concluded the acquisition of Alimentos Nutra Bien, a Chilean company in sweet baked goods that produces, commercializes and distributes brownies, cakes, cookies and other products in one plant. This acquisition complemented the portfolio of products through its major brands and expanded the reach of distribution increasing penetration, especially in the traditional channel.

On December 7, 2018, Grupo Bimbo together with other private companies entered into an agreement with the federal government to collaborate in the development of Mexico´s labour force opening its doors to 2,000 “Youth Building the Future” (*Jóvenes Construyendo el Futuro*) in 2019, so that they could received training and work experience in the company´s strategic areas.

Finally, the Company became the first company in Mexico to produce Clean Energy Certificates for Distributed Generation. This initiative was achieved thanks to the collaboration of the public and private sectors. It will contribute to achieve Mexico’s clean energy goal of using 50% clean energy by 2050. In addition, it will help qualified users and companies in the new Mexican wholesale market that are required to purchase at least 5% of their energy from clean sources in 2018.

2019 On August 2, 2019, the acquisition of Mr. Bagels, a plant of fresh and frozen bagels in the United Kingdom, was completed.

On September 3, 2019, Grupo Bimbo issued US$600,000,000 aggregate principal amount of 4.00% notes, due 2049. The Company used the proceeds from this offering to redeem a portion of its outstanding 4.875% Notes due in June 2020. The transaction was rated Baa2/BBB/BBB by Moody’s, S&P and Fitch.

On November 1, 2019, Barcel S.A. de C.V. spin off the confectionery business, arising as a result Productos Ricolino S.A.P.I de C.V.

2020 On January 2, 2020, the Company, through its subsidiary BBU, acquired the frozen bagels business of the Lender’s de Conagra Brands brand.

On February 13, 2020, the Company, through its subsidiary Bimbo QSR, signed joint venture with Food Town, the exclusive supplier of buns and franchisee of McDonald’s in Kazakhstan. This strategic partnership, in which Grupo Bimbo holds a 51% stake, strengthens Bimbo QSR's manufacturing footprint, and enables greater alignment and support for QSR customers in Central Asia. In addition, with this operation Grupo Bimbo expanded its global presence to 33 countries.

On March 25, 2020, Grupo Bimbo disposed of US$720 million of its committed revolving credit facility, which has a total value of US$2 billion. The resources were used to refinance the bond maturing in June 2020 with a value of US$200 million and the remainder was used to increase the liquidity of the Company, prioritizing flexibility and financial strength as a precautionary measure against the uncertain environment derived from COVID -19. Thanks to the solid generation of cash flow, the revolving line was fully paid at the end of the year.

On May 13, 2020, through one of its subsidiaries, the Company acquired 35% of the shares of Ready Roti India Private Limited or Ready Roti, thus complementing the acquisition made in May 2017 and thus obtaining 100% of the representative shares of the capital of the company.

On June 30, 2020, the Company completed the acquisition of the Paterna plant from Cerealto Siro Foods in Valencia, Spain. This plant produces packaged bread and buns for Mercadona, under the brand Hacendado. The acquisition strengthened Grupo Bimbo’s profile in the country, complementing its customer reach to better serve more consumers.

On October 19, 2020, Grupo Bimbo announced the cancellation of 169,441,413 shares in accordance with the resolution of the Extraordinary General Shareholders' Meeting. These shares were acquired as part of the share buyback program and represented about 4% of the total shares outstanding.

Grupo Bimbo acquired the majority stake in its strategic alliance, Blue Label Mexico now known as BimboNet Servicios. This business provides a wide range of services to small merchants in Mexico, such as electronic airtime sales, payment of services, payments with credit, debit and grocery vouchers and cash withdrawal transactions. Grupo Bimbo's commercial brand is Qiubo and with this transaction the Company seeks to promote growth and productivity in the traditional channel using technology.

IRI named Grupo Bimbo the fastest growing consumer company in the United States in 2020.

2021 During the year, Grupo Bimbo reached a record level in terms of capital investments after having invested more than one billion dollars, of which 45% were allocated to growth and expansion projects and the rest to business continuity and improvement. profitability throughout the value chain.

In addition, the Group completed six acquisitions during the year. In chronological order, the Company acquired Modern Foods, a leading player in South India, which manufactures and distributes baked goods at its seven bakeries.

The Group also completed the acquisition of Emmy's Organics in the United States, the leader in ultra-premium organic cookies and a relevant player in the gluten-free cookie category. This acquisition represented Grupo Bimbo's entry into the rapidly growing healthy sweet baked goods and cookies market.

Also, in June, the Group acquired Cerealto Siro Foods in Medina del Campo, Spain. This state-of-the-art plant manufactures sweet baked goods for Mercadona and other customers and allows the Company to enter the private label sweet baked goods market in Spain.

In addition, the Company acquired Popcornopolis in the United States, one of the fastest growing popcorn brands in the retail channel. This acquisition marks Grupo Bimbo's entry into the attractive popcorn category in the United States, which is an excellent platform for innovation.

The Group also acquired Aryzta do Brasil, a relevant player in the QSR baking industry in the country, specializing in hamburger buns and breadsticks/baguettes, with a growing business in the segment of sweet and salty baked goods.

Finally, in October the Company acquired Kitty Industries, the second largest producer in the baking industry in North India. Kitty Industries produces white, whole grain, grain-based and fruit bread, among other products in a strategically located bakery.

In terms of sustainability, in September the Company debuted in sustainable financing with the renewal of its committed revolving credit facility for an aggregate amount of $1,750 million US dollars, through a loan linked to two areas of sustainability: energy and water. Moreover, Grupo Bimbo announced its commitment to achieve Net Zero Carbon Emissions by 2050. With this, Grupo Bimbo became the first Mexican food company to commit to the “Business

Ambition for 1.5°C" and join the United Nation's Campaign "Race to Zero" , with targets established and validated by Science Based Targets.

On May 12, 2021, Grupo Bimbo, through its subsidiary BBU, issued $600,000,000 US dollars in senior notes in the international markets maturing in 2051 according to Rule 144 and Regulation S of the U.S. Securities Act.

The table below is a list of the acquisitions carried out by the Company in the last 3 years:

Date	Company	Country
2021		
October 25	Kitty Industries	India
October 13	Aryzta do Brazil	Brazil
September 17	Popcornopolis	United States
June 1	Plant in Medina from Cerealto Siro Foods	Spain
May 14	Emmy's Organics	United States
February 15	Modern Foods	India
2020		
September 21	Blue Label	Mexico
June 30	Paterna Plant from Cerealto Siro Foods	Spain
January 2	Lender's	United States
2019		
August 6	Mr. Bagels Limited	United Kingdom

3) Recent Events

In January 2022, Grupo Bimbo paid $198 million US dollars of the remainder of its 2022 Senior Notes using the resources of its committed revolving credit facility.

As of March 14, 2022, given the international situation and in connection with the Company's values, the Group decided to suspend sales of the Bimbo brand in Russia, and halted its new capital and advertising investments in the country.

On April 25, 2022, Grupo Bimbo signed an agreement for the sale of its confectionery business "Ricolino". This strategic decision will allow Grupo Bimbo to become a stronger global leader in grain-based foods and to focus on its baking and snack industries.

For the sixth consecutive year, the Ethisphere Institute named Grupo Bimbo one of the "World's Most Ethical Companies" in 2022. This honor is reserved for a select number of companies that show exceptional leadership and commitment to business integrity through ethics, compliance and governance best practices.

In the first quarter of 2022, the Brazilian organization began to operate with 100% renewable electric energy. With this, 93% of the Group's global operations operate under renewable energy (vs. 2019 baseline), and 21 countries now use clean energies.

b) BUSINESS DESCRIPTION

Grupo Bimbo is the leading and largest baking company in the world and a relevant player in snacks. The Group has 206 bakeries and other plants and more than 1,600 sales centers strategically located in 33 countries in America, Europe, Asia and Africa. Its main product lines include box bread, pastries, sweet bread, cupcakes, cookies, toast, English muffins, bagels, tortillas and flatbread, salty snacks and confectionery products, among others. Grupo Bimbo manufactures more than 10,000 products and has one of the largest distribution networks in the world, with more than 3.1 million points of sale, more than 56,000 routes and more than 139,000 associates. Its shares are listed on the Mexican Stock Exchange (BMV) under the ticker symbol BIMBO and on the United States OTC market through a Level 1 ADR program, under the ticker symbol BMBOY.

1. Main Activity

1.1 Strategy of the Group during 2021

The way to operate of Grupo Bimbo is driven by the Philosophy and commitment to building a sustainable, highly productive and deeply humane company that nourishes a better world, creating value by working towards reaching its full potential, reshaping the future through digital transformation, renewing awareness of sustainability and redefining the way the Group works with an agile and flexible mindset, to put delicious and nutritious baked goods and snacks in the hands of all.

To achieve its goals, the Group is continuously focusing on the following key strategies:

Enduring Meaningful Brands. The Group strives to continue delivering sustainable growth through a defined and long-term plan for the development and management of enduring and emblematic brands for people, communities and the environment, generating a closer relationship with consumers and customers. The Group believes that the ability to leverage growth opportunities relies on competitive factors beyond price to focus on maximum product quality and brand equity. The Group believes that its global presence, combined with a deep understanding of local markets, positions it to continue developing a portfolio of strong brands, products and categories that meet consumer's needs better than anyone else. The Group expects that the use of digital platforms will redefine communication with consumers and customers, allowing the Group to capitalize on their feedback. The assertive use of this feedback and other social listening tools will allow the Company to monitor consumer sentiment and strengthen emotional bonds towards a particular product, as well as anticipate problems, incorporate data for the development of new products, marketing strategies or the creation of trends through social networks. Moreover, through investment in its brands, the Group will achieve a greater diversification of its product portfolio, better covering the needs of consumers on each occasion, expanding its current base and generating additional consumption. Grupo Bimbo will continue to invest and focus efforts globally to ensure that brands fulfill a purpose in the lives of its consumers and customers.

Universal Presence with Superior Execution. The Group plans to continue expanding its global reach, strengthening local execution to ensure the highest quality and freshness of its products. In a win-win relationship, the company expects to capture opportunities from its global presence and become its customers' preferred distributor by leveraging its brands and expertise in the markets it operates in, improving and/or strengthening distribution capabilities to increase efficiency, effectiveness and penetration in current and new markets. In addition, in order to be able to anticipate the purchase decisions of its consumers, Grupo Bimbo takes advantage of the installed capacity of its value chain through the different geographies where it operates and invests in new technologies, such as automation, data mining ("data & analytics"), artificial intelligence and machine learning, to achieve scalable efficiencies and superior execution at the point of sale, which results in increased market penetration. The information obtained at the points of sale and distribution channels allows the Group to customize its products, portfolio and promotions to meet the diverse preferences and needs of its consumers and customers. Additionally, it allows adjusting the commercial strategy and responding more precisely to the needs and motivations of consumers, which, combined with a perfect operational development, allows the Group to offer the right products for each point of sale at the right time and with the maximum freshness and quality, which allows it to reinforce its identity as an efficient global company, with a strong local presence.

Technology and Fast-Paced Innovation. One of Grupo Bimbo's main strategies is to satisfy consumer demand, as a result of the analysis and knowledge of mega trends in the bakeing, snacks, cookies and confectionery industries. It is expected that the increased use of new digital and research tools to obtain information from the Group's consumers can strengthen the innovation process by accelerating product development, allowing it to quickly adapt and lead the needs and changes in the consumer behaviour. Moreover, Grupo Bimbo has made efforts and investments to strengthen the superiority of its products, working to deploy innovation, quality in execution and improved options for its consumers in each country. The Group has five strategically located innovation centers to be able to carry out research, application and replication of various technologies, as well as “kitchen” type consumer experimentation laboratories, which allow science to be mixed with the art of baking, snacks, cookies and confectionery. In these centers, laboratory studies and examinations on consumer preferences are carried out. This is how Grupo Bimbo is committed to exceeding the expectations of its consumers and increasing brand awareness and the frequency of consumption of its products, innovating and maximizing the superiority of its products in all the categories in which it participates and processes to meet consumers expectations. The Group has also embraced “Internet Connectivity” for years and is now leveraging the “Internet of Things” to achieve greater business efficiencies throughout the value chain. Bimbo continues to work on exceeding the expectations of its customers and increasing the recognition of its brands and the frequency of consumption of its products through superior quality and continuous innovation in all the categories in which it participates. In addition, it is intended to continue using the portfolio of leading brands as a platform to launch innovative, relevant and value-added products, and develop new product lines, formats and categories. For example, in 2021, eight brands were exported from their country of origin to other regions and/or countries, such is the case of Oroweat®, created in the US and exported to Central America, contributing to the healthy bread portfolio. The Group's commitment to the well-being of its consumers is a key factor for its efforts to innovate. In light of the above, the Group continues to improve the nutritional profile of the products, simplifying their recipes and providing maximum nutritional quality, as well as improving packaging, reducing the amount of materials used and carrying out circular economy exercises for post-consumer packaging. Developing innovative and differentiated products, changing the pace of the global baking, snacks, biscuit and confectionery industries, continue to be the Group's engine for growth and value creation, and key elements to consolidate and increase its position in the market.

Efficient End-to-End Value Chain. Grupo Bimbo is convinced that a culture of constant improvement, efficiency and effectiveness in its value chain is essential to continue promoting productivity, profitability and long-term vision, which result in the consolidation of its world leadership position. Similarly, an optimal cost structure is a key element to leverage resources, creating a solid and sustainable business model that allows the Group to strengthen its brands, products and processes and thus boost growth, financial and social impact results. The Company strives to implement robust strategies to produce and distribute nutritious and delicious products, reducing waste generation and emissions, improving and simplifying its production and purchasing processes; all this with the purpose of operating the entire value chain in an agile, digital, innovative, flexible, sustainable and consumer-oriented manner, while offering products with the highest value and superior quality. Consistently, the Group invests in its associates, who are part of the production and operating centers, in state-of-the-art equipment and digital infrastructure, to continue being a cost-optimized, efficient, highly productive company, operating under the highest safety standards, including sustainability targets and planet care. During 2021, the capital investment projects executed reached record levels for Grupo Bimbo, for an amount of USD $1,014 million, of which 78% was allocated to value chain activities, including projects high profitability, expansion/growth and business continuity in manufacturing, logistics and sustainability; the rest of the investment was allocated to optimizing the distribution network and accelerating the digital transformation. As part of the Company’s strategy of complementing, renewing and transforming assets, two new production centers were opened in Mexico (salty snacks) and China (buns & rolls), in addition to 16 new and renovated production lines in 9 countries. In 2022, Grupo Bimbo will continue to implement solutions to achieve greater efficiency, reinforcing its leadership position and improving profitability through continuous investments in its associates, production centers, machinery and equipment. The Group expects to take advantage of its leadership in the growing fast food industry, transfering technology and knowledge that will allow the Group to become a producer with greater flexibility and agility. The Company's goal is to achieve a cost-optimized culture that supports long-term growth and transformation through the best use of resources allocated to initiatives with high added value.

Commitment to our People. Grupo Bimbo is a company that strives to be a deeply humane company and, since the beginning of its operations, its associates' wellbeing and safety have been and will continue to be the top priority. The Group's more than 137,000 associates everyday contribute to the sustainability, quality and competitiveness of each product, and are of high importance to the company's continued growth and success. The engagement of its associates and their commitment to the Group's culture is paramount to the organization. The Group's associates are key in the process of understanding its markets and consumers needs and preferences, to be able to assertively anticipate changes and respond effectively to new trends. The Group is committed to enhance its associates' skills at all levels and offer them additional opportunities to achieve their full potential. As a result of this commitment, in 2021 Grupo Bimbo provided approximately 2.7 million training hours to its associates. In addition, the Group invests in its associates through Grupo Bimbo University, its in-house multiplatform training and development digital system covering an extensive range of courses on leadership and technical skills. The Group's associates management model is designed to transmit its passion to serve its customers, suppliers, shareholders and communities, and inspire pride and belonging in its organization. Grupo Bimbo believes its efforts have resulted in a skilled, highly capable and loyal team. For Grupo Bimbo, caring for the physical and mental integrity of its associates by promoting a culture of self-care is a priority. To achieve this, the Group has a safety and well-being model implemented in all its work centers, which is strengthened by committees, subcommittees and commissions made up of associates from all levels and areas. These committees have, among their objectives, analyzing risks for their timely detection and prevention, monitoring behavior in order to identify and correct unsafe behaviors and in the event of the occurrence of accidents, incidents or fire attempts, take actions to prevent their recurrence. Regarding health care, well-being and life balance, permanent information, the promotion of initiatives with the participation of associates and the recognition of positive results, complement the objectives of the proposed prevention strategy. All of the above is aligned with internal policies, the safety and well-being model and the regulatory framework of each location where Bimbo has presence. Through these actions, Grupo Bimbo has implemented guidelines and standards that allow safety to be preserved, as well as promoting healthy habits among its associates, in order to improve their well-being and quality of life. Among the highlights in 2021 are: (i) 13% reduction in the fire outbreak frequency indicator against 2020. (ii) The implementation of the TRIR (Total Recordable Incident Rate) as a base indicator to measure safety performance. The use of this indicator requires stricter reporting of any type of accident with or without injury, for which there was a 21% increase in the number of accidents compared with 2020, (an atypical year due to the COVID-19 that encouraged the Company's associates to maintain a maximum personal care alert).

Constant Growth, While Boosting Profitability and Cash Flow Generation. The Group seeks to maximize its key strategies to continue growing organically and/or through strategic acquisitions. In particular, the company continues to expand its existing brand and product portfolio, solid asset base and geographic footprint to increase the markets in which it operates. The Group believes that India is a market with high potential for continuous growth in the long term and plans to continue expanding in this market through the offer of high quality products elaborated with innovative techniques. The Group uses ingredients and flavours that satisfy specific tastes in function of the region of the consumers and their preferences, while offering Western-style products to meet the growing demand in India for international products and changes in dietary trends. Grupo Bimbo seeks to expand its geographic reach while maintaining a strategic balance between developed markets and high-growth markets. Grupo Bimbo intends to enhance diversification and increase penetration across distribution channels to reach a broader consumer base. Through its division Bimbo QSR ("Quick Service Restaurants"), the Group expects to take advantage of a high growth and profitability industry. The Group is committed to deliver products for every lifestyle and preference, pursuing "stomach share" at every consumption occasion, in more homes and more markets every day. In addition, the Group plans to leverage on its business platform and experience in the snacks category to target on-the-go consumption, to make them more portable, easy/fast, value priced and shareable. As Grupo Bimbo benefits from the scale and scope of its organization, the Group believes that remaining on top of the needs of its consumers and exceeding their expectations is a key component of its strategy to achieve continued growth and build consumer trust. In the face of its recent growth, the company plans to challenge itself every day to improve its products, its operating efficiency, profitability and cash flow generation.

1.2 Strengths of the Group during 2021

Grupo Bimbo has built a leading position as a result of its unrelenting focus on creating memorable experiences for its consumers in every bite of its high-quality, innovative, delicious and nutritious baked goods, snacks, cookies and confectionery products, the development of enduring and meaningful brands, efficient operations and investments in its production and distribution platform, strategic acquisitions and the Group's deep understanding of the baking industry, all under its deeply agile culture of innovation and continuous improvement present at every level of the organization. Grupo Bimbo believes the following strengths distinguish it from its competitors and will allow the Group to expand and further consolidate its leading position and successfully fulfill its strategy for the Group's long-term sustained and profitable growth.

A Leading Player in the Global Baking Industry and a Relevant Participant in Snacks. According to IBISWorld (March 2021), Grupo Bimbo is a global consumer food company, the leader in the baking industry and a relevant player in the snacks industry, in terms of sales. The quality and breadth of its products allows the Group to offer its consumers a wide range of attractive and high-quality alternatives for every consumption occasion. The Group believes that its geographic diversification with a balanced presence in emeging and developed markets, its solid asset base and its experience and knowledge of consumer preferences and consumption patterns, combined with its commitment to innovate, enhance the nutritional profile of its products, its operating efficiency and its capacity to generate cash flow, provide the Group with a significant advantage over its competitors. In addition, the scale and strength of the production platform and distribution network, along with the Group's reinvestment and long-term view business model allow them to respond quickly and effectively to the diverse and changing needs of the markets it serves in a cost effective manner.

Differentiated Portfolio with Highly Recognized Brands. The Group's brands are a key element for its unique positioning and differentiation. After 76 years in the baking industry, the Group has achieved a strong track record of creating and managing a range of both, strategic global and regional brands, such as Bimbo®, Oroweat®, Thomas®, Barcel®, Marinela®, Saníssimo®, Takis®, among others, to identify a portfolio of healthy and premium products. The Group's brands are leaders in the markets and categories in which they participate. According with IRI figures, Thomas'® is the number one brand in the English muffins and bagels categories in the United States. In Canada, Dempster's® is the leading packaged bread brand according to Nielsen data. In Mexico, the iconic Bimbo® brand is currently the market leader in the bread category, and Marinela® is currently the market leader in the sweet baked goods category. Moreover, in Spain, Donuts® is an iconic brand for sweet baked goods. In the 2021 "Brand Footprint" study published by Kantar Worldpanel, "Bimbo" brand appears as the most chosen consumer brand within the food sector in Mexico and Latin America and the tenth globally. The Group permanently strives to maintain an emotional bond with its consumers and to develop customer loyalty through its brands. As a result of its expansion, the Group has acquired local brands and products have been introduced with local features marketed under its global brand names. The Group has a strong brand equity that enables it to innovate and launch new line extensions and new products. Each of the Group's brands is targeted to a specific consumer segment and supported by a strategic marketing plan.

Extensive Direct-Distribution Network and State-of-the Art Production Facilities. Grupo Bimbo has an extensive world-class direct-distribution network and strategically located state-of-the-art automated production facilities. The Group's global reach combined with its strong local execution allows it to guarantee the maximum quality and freshness of its products. The Group's distribution network has one of the largest fleets in America with more than 54,000 distribution routes worldwide. Grupo Bimbo believes it has mantained a highly efficient and sophisticated logistics operation to address distribution requirements across the markets it serves. The Group's agile distribution network and production facilities can be seamlessly reconfigured to increase its presence in channels that present increases in demand. For example, since the beginning of the COVID-19 pandemic, the Group was able to swiftly adjust its routes and production lines, and reopen a production facility in the U.S. to satisfy the extraordinary consumer demand.. The nature of its products makes the industry local and stresses the need for a highly efficient operation. The Group's network allows it to distribute its products every day to more than 3 million points of sale to meet the needs of every type of customer such as supermarkets, family-owned businesses, QSR distribution channel, among others.The Group's fleet travels in aggregate the equivalent to 126 trips around the world every day. In addition, the Group has state-of-the-art and sustainable bakeries and other plants that allow it to operate efficiently, reduce waste and optimize energy and water usage. Its sound and reliable production platform includes 206 bakeries and other plants around the world, enabling the Group to produce more than 48 million packages every day. The Group's extensive distribution network combined with its highly efficient productive assets ensure product availability anytime and everywhere where the Group operates and enables it to adapt its approach and response to the diverse and changing needs of its customers, including with respect to demand and frequency of delivery, in a cost-effective manner, which the Group believes results in strong customer loyalty. To respond quickly and effectively to changes in demand and consumer preferences, the Group uses agile and flexible, top-notch technology that allows to change production among products in different price-point categories and formats in a reduced time frame. Grupo Bimbo continuously invests in the improvement of its distribution network and production facilities to continue to support its profitable growth and market penetration.

Strategic Diversification of Geographies, Channels and Caterogies, with Balanced Presence in Established and Developing Markets. The Group believes that its diversified and balanced portfolio of products adds value to its distribution channels, allows them to reach a broad consumer base and gives access to broader consumption ocassions. The Group's disciplined approach to acquisitions and organic growth is centered on a balanced expansion of its geographic footprint across developed and emerging markets (which represented 57% and 43% of net sales for the year ended December 21, 2021, respectively), strengthening its presence in its different distribution channels, adapting its product portfolio and strategies to the regions where it operates, achieving economies of scale and realizing important results and cost synergies. The diversification of its revenue stream reflects its international character and reduces dependence on any single region and currency. In the last ten years, the Group has increased its exposure to international markets primarily through acquisitions. In 2011, more than 60% of its profits derived from its operations in Mexico, compared to 46% during2021. The Group believes that its selective geographic footprint, its global scale, its consistent marketing efforts and its category and channel diversification, positions the Group ahead of its competitors to take advantage of the highly fragmented baking industry, the development of new markets such as Asia and the growth potential of alternative distribution channels such as the QSR and digital channels. Its presence in developed and emerging markets allows the Group to tackle the diversity of growth opportunities and the pace of change in the categories in which it participates. The installed capacity of Grupo Bimbo allows access several channels, including traditional, modern, wholesale, fast food, among others, and share innovative products, processes and technologies across different regions and channels.

Product Development and Innovative Processes. Grupo Bimbo offers its consumers a variety of baked goods, snacks, cookies and confectionery, under a broad range of categories, price points, flavors and presentations to cover every meal, consumption occasion and consumer profile. Grupo Bimbo has gained a deep understanding of its consumers and markets as a result of its experience and research, the investment in technology and the input from its sales force that allow the Group to retrieve and analyze key information from its consumers and identify the elements customers consider as a priority to recognize the Group as their preferred supplier. The Group's solid market intelligence allows it to track and create new market trends and place the right products for each point of sale at the right time. Access to this information, combined with its consumer knowledge, expertise, flexible production capabilities and distribution network allows the Group to satisfy changing consumer demand and anticipate trends. In addition, consumers are increasingly developing responsible and informed consumption habits and demand for transparency from food companies. In line with this trend, the Group regularly reformulate its products, in an effort to improve their nutritional value by reducing the amount of certain components (added sugar, saturated fats, trans fats and sodium, among others) and including and incentivizing the use of other nutrients (fiber, grains and protein, among others), as well as promoting healthier plant-based diets by incorporating affordable options for its consumers. Similarly, the Group includes consumer friendly labels, with ingredients that are easy to understand (clean labels), with the purpose of being the number one option of its consumers.

In 2021, Grupo Bimbo reached 96% global compliance with its goals regarding maximum limits established for certain nutrients (added sugar, saturated fats, trans fats and sodium, among others) and minimum limits for positive nutrients (protein and fiber) in all its daily intake categories as part of its commitment to delivering maximum quality products and acknowledging the importance of its sustainability strategy to offer nutritious and delicious products to its consumers. In 2021, innovative products were launched that comply with the concept of positive nutrition, such as the *Cero Cero Multigrano* Bread in Mexico with no fat or sugar added, as well as the HIFI Wholegrain Bread launched in China, which provides a good source of whole fiber and grains to the diet of the consumers in addition to having adequate levels of nutrients to include in the diet.

The Group also invests in automation at its production facilities and artificial intelligence across its business from its supply chain to its distribution network and post-consumption feedback. Through its five innovation centers and its strategic alliances with institutions, doctors and experts, as well as with food and health regulatory authorities and research centers, the Group aims to continue offering value-added, differentiated and relevant products to maintain and grow its leadership in the baking and snacks industry.

Efficient Production Capabilities and Low-Cost Business Model. Grupo Bimbo believes that its capacity to operate efficiently and at low cost is a strengh that will allow them to continue growing and place delicious and nutritious baked goods and snacks in the hands of all consumers. The Group's commitment to operate efficiently increases its ability to provide consumers with the highest quality products at the lowest possible cost. The Group dynamically manage and revise its supply, production and distribution processes to achieve cost reductions throughout its supply chain. The Group's initiatives aimed at becoming a low-cost producer include obtaining cost savings from waste reduction, digital innovations and generating economies of scale along the production process. In line with its global procurement initiative, the Group selects the most competitive suppliers of raw materials based on several factors, including price competitiveness, timely delivery, response time, quantity, quality, innovation and sustainability. The Group uses state-of-the-art technology to increase efficiency, reduce waste and optimize the use of energy and water in its bakeries, plants and sales centers. In addition, the Group frequently reviews the location of its production facilities and sales centers based on the demographics, needs and trends in each market to optimize resources. For example, in the United States, the integration and restructuring efforts that the Group implemented in 2008 and 2012, with its acquisitions of Weston and Sara Lee, helped the Group transform into one of the largest suppliers in the consumables category, operating at peak level with fewer resources than the entities acquired. In order to better position Grupo Bimbo within the competitive environment and continue optimizing its production facilities and footprint, in 2021, the Group opened 11 plants, closed 6 and reclassified 2 when compared to 2020. The Group believes that its focus on cost optimization, digital innovation and sustainability allows them to improve its supply and distribution chains, transfer value to its customers and consumers, and increase its profitability, competitiveness and quality in the long term.

Leadership of the Management Team that Trusts, Empowers and Inspires Associates. The Group is led by a deep bench of tenured, agile and flexible senior management who live and demonstrate the culture that has distinguish the Company throughout the evolution of its business. Grupo Bimbo's management team has implemented innovative ideas and best practices in production and distribution of the business and has successfully identified, completed and integrated, with great learning, over 36 acquisitions during the past ten years which have resulted in significant synergies and growth, both for people and the business. The management's focus on redefining its ways of operating nimbly and sustainably to unlock value has allowed the Group to grow organically and through acquisitions while consistently generating profitability and cash flow. The team is supported by its more than 137,000 associates that contribute every day with their commitment to the quality and competitiveness. Their associates are at the core of the organization and are a crucial element of brand-delivery experience that allows the Group to maintain its brand-customer relationship, which distinguishes them from its competitors as a deeply humane company.

Sound Financial Policies. As a result of a proactive and responsible financial management, the Group holds and expects to maintain a healthy balance sheet, and a strong and resilient capital structure. As part of its financial discipline, Grupo Bimbo strives to maintain a flexible amortization profile aligned with its expected cash flow generation, strict and responsible cash and risk management and a conservative dividend payout. The Group's financial policy encompasses a long-term view and reinvestment initiatives targeting expansion, growth, profitability and cash flow generation, while maintaining its low-cost production objectives. Decisions on its strategic acquisitions also follow these financial policies. The Group's balanced capital structure reflects a well-diversified funding base, reducing reliance on any single financial market. The Group believes that maintaining its capacity to generate cash flow and a range of liquidity sources, its balanced approach to cash deployment and its discipline towards incurring indebtedness will allow them to continue advancing its organic and inorganic growth while maintaining and strengthening profitability.

Commitment to Sustainability and Distinctive Corporate Culture. The Group's unwavering commitment to actions that benefit its associates, consumers, communities and environment, as well as its culture of passion, dedication and customer service are grounded in its way of doing business. The Group's sustainability efforts are focused on the wellness of people and the planet, which is why in 2021 the Group launched a new sustainability strategy, taking into account materiality and the environment, under the purpose of "Nourishing a Better World" with new aspirations and new goals for the next ten years under three main concepts:

- **Baked for You**: Facilitating planetary diets with nutritional diversity. The goal for 2030 is that 100% of its products offer nutritional and sustainable transparency in packaging and online; and healthier diets are actively promoted through clear educational campaigns. Also, that 100% of the supply of baked goods and snacks have simple and natural recipes for everyone with nutritious ingredients.
- **Baked for Life**: Improving the lives of all the people the Group reaches. The main initiatives consist of implementing at least one social impact project per work center, promoting a culture of volunteering among associates to motivate them to become agents of change in sustainability, and ensuring that the majority of small farmers and customers throughout the value chain are supported by Grupo Bimbo through some program.
- **Baked for Nature**: Protecting and regenerating natural systems. The following goals have been set for 2050: achieve net zero carbon emissions, source 100% of key ingredients from farmed land using regenerative agriculture practices. And by 2030 it seeks to guarantee that 100% of packaging supports a circular economy.

This new strategy integrates the goals previously established for 2025, which include: operating with 100% renewable electricity, migrating 4,000 units of the current fleet to electric vehicles, reducing food waste from operations by 50% including sustainable destinations, that 100% of the packaging used are recyclable, biodegradable or compostable, and 100% of the paper and cardboard come from sustainable sources. It should be noted that Grupo Bimbo's sustainable business model has allowed it to be part of the Sustainability Index of the Mexican Stock Exchange since its creation in 2011 and of the FTSE4Good Emerging Index since 2017. Grupo Bimbo believes that its commitment to sustainability provides its consumers with additional reasons to trust its brands and strengthen their loyalty, while it offers professional career plans that allow its associates to adapt their development to the needs of corporate growth.

1.2) Business Units

	Net sales for the periods ended December 31,		
Region	**2021**	**2020**	**2019**
	(in millions of Mexican pesos)		
North America	176,275	176,395	144,005
Mexico	118,661	104,593	102,688
Latin America	31,376	29,081	27,144
EAA	34,195	30,029	26,655
Consolidated eliminations	(11,620)	(9,047)	(8,566)
Consolidated	**348,887**	**331,051**	**291,926**

Region	Number of bakeries*
	2021
North America	79
Mexico	39
Latin America	36
EAA	52

United States

In the United States, the Group conducts its operations through BBU, Barcel USA and Bimbo QSR with 57 bakeries, 2 plants and 2 bakeries, respectively.

BBU

As of January 2022, BBU is recognized to be the largest baking company in the United States, according to IRI and IBISWorld. The Group established its leading position through several major acquisitions, such as Sara Lee (2011) and Weston Foods US Inc. (2009), followed by significant integration and restructuring work across the entire supply chain.

BBU has the most extensive geographic presence within the baking industry in the United States, where the Group has renowned brands in every market segment of the industry, with a portfolio that serves a variety of price points and consumption occasions, from breakfast to dinner and special ocassions. According to IRI, BBU holds a leading position in the categories where it participates, from basic bakery products to more premium products, pastries, cakes, bagels and English muffins. Currently, BBU operates 57 bakeries and plants across the United States and has a nationwide distribution network. BBU maintains strong relationships with large retailers and small convenience stores across the United States, which enhances its ability to market its products, reaching 50 states with a presence of 86% in American households, according to IRI.

BBU has a brand portfolio comprised of leading national brands, such as Thomas'® English muffins and bagels, Sara Lee® for sliced bread, Ball Park's® for buns, Entenmann's® for snack cakes, premium brands such as Arnold®, Brownberry® and Oroweat®; and regional brands, such as Mrs. Baird's®, Freihofer's®, Stroehmann® and Heiners®. BBU also produces and distributes some of Grupo Bimbo's Mexican brands in the United States, such as Bimbo® and Marinela®. In addition to selling under its own brands, BBU participates in several categories in the private label segment, targeted to a strategic group of customers.

Grupo Bimbo also produces, distributes and commercializes frozen bread, and buns in two bakeries in the United States. Grupo Bimbo sells these products under the brands Wholesome Harvest®, California Goldminer Sourdough®, Grace Baking® and Cheesecake Factory at Home.

BBU's extensive distribution network has allowed the business to significantly expand its market share in the United States. The Group's main distribution channels are large retailers, convenience stores and the foodservice channel.

BBU is headquartered in Horsham, Pennsylvania.

Barcel USA

Barcel USA is the Group's U.S. based salty snacks and confectionery division. Currently Barcel USA produces salty snacks locally and also imports salty snacks from the manufacturing facilities located in Mexico. In addition, Barcel USA imports all of its confectionery products to commercialize in different chains throughout the United States.

Barcel USA portfolio includes diverse brands, such as one of the Group's most popular brand Takis®, one of the fastest growing salty snacks in the Company, as well as Popcornopolis®, company acquired in 2021, and Hispanic confectionery brands such as Ricolino®, Coronado® and Dulces Vero®.

Barcel USA is headquartered at Coppell, Texas where the only salty snacks plant in the United States is located with four production lines. The distribution of products is handled primarily through direct store delivery (DSD) in addition to an important growing business of direct sales to customers through cross docking.

Bimbo Canada

On May 23, 2014, the Group completed the acquisition of Canada Bread, one of Canada's largest baking companies, which represented the Group's entrance to the Canadian market. With the addition of this business, Bimbo expanded its geographic presence in North America, reaching a consumer base in Canada and expanding its product portfolio by including frozen bread as a new line of business for the Company. Canada Bread is now known as Bimbo Canada.

Since then, Bimbo Canada has grown, both organically and through acquisitions. On February 2, 2015, Vachon Bakery Inc., Canada's leading producer of snack cakes, was acquired. On March 29, 2015, two bakeries were acquired from one of the Company's major customers, introducing artisanal capabilities into the Canadian network. Finally, on March 2, 2017, Stonemill Bakehouse was acquired, further expanding the artisan capabilities of the company and introducing slow crafted organic products.

Bimbo Canada´s current core business is the manufacturing and sales of baking products, including fresh bread, buns and rolls, bagels, English muffins, tortillas and pastries. Bimbo Canada has several leading brands most of which hold the first places in sales in their respective categories, according to Nielsen's data. Popular brands include Dempsters®, Villaggio®, POM®, Bon Matin®, Vachon® and Hostess®. In addition to selling branded products, the Company also participates in several categories in the private label segment. The Group maintain strong relationships with large retailers across Canada, which enhances its ability to commercialize its products.

There are currently 18 bakeries in Canada. Distribution is carried out through a large direct distribution network, operated mainly by independent distributors.

The headquarters are located in Etobicoke, Ontario, Canada.

Mexico

Currently, Grupo Bimbo operates 39 bakeries and plants across the country, with a nationwide owned distribution network. Its distribution reaches a large number of mom & pops, large wholesellers, large retailers, hypermarkets, price clubs, convenience stores, and other insitutional customers with whom it maintains strong relationships.

Bimbo

Grupo Bimbo's subsidiary, started operations in Mexico in 1945. Bimbo produces, distributes and commercializes sliced bread, sweet baked goods, buns, cakes, pastries, cookies, crackers, cereal bars, packaged wheat tortillas, and *tostadas*, among others. Bimbo has a strong presence in Mexico where some of its products are considered staples, such as the packaged bread. Its products are commercialized under the Bimbo®, Oroweat®, Marinela®, Tía Rosa®, Wonder®, Milpa Real®, Lara®, Del Hogar®, Gabi®, Saníssimo®, Lonchibón® and Suandy® brands, among others. Additionally, Bimbo produces, distributes and commercializes artisanal and high-end pastry under the brands El Globo®, La Balance® and El Molino®, through direct points of sale.

According to internal research, the Group´s brands have high consumer recognition in the Mexican market and are supported by one of the country's most extensive distribution network. This has allowed the Company to become a solid player in the packaged bread market in the country, with continued gains in market share as consumer preferences evolve and it introduces innovative products.

Despite the fact that the baking industry continues to be very competitive and fragmented in Mexico, according to Nielsen, Bimbo is the market leader in pastries and ranks second in terms of sales in the cookies category. Moreover, according to Nielsen, Bimbo is the manufacturer with the highest sales in the cereal bars category through the Branfrut®, Multigrano®, Fruit&Grain® and Natura® brands, offering variety to its consumers. Bimbo has maintained its position, under the brand Tortillinas Tía Tosa®, as the most sought-after wheat tortilla brand. The Milpa Real® and Saníssimo® brands are leaders in the *tostadas* market, according to Nielsen data.

Bimbo’s headquarters are located in Mexico City.

Barcel and Ricolino

The subsidiaries of the Group, Barcel and Ricolino, produce, distribute and commercialize salty snacks and confectionery products including fried chips, peanuts, other corn-based salty snacks, cracklings, lollipops, marshmallows, spicy pulps, chocolate, chocolate-covered marshmallows, chewing gum and gummy candies. Among Barcel main brands are Takis®, Chips®, Hot Nuts® and Snaps®. In addition, its products such as Takis®, Barcel Fuego®, Golden Nuts® and Big Mix® are in constant growth, as well as Bubulubu®, Panditas®, Paleta Payaso®, Duvalín® and Bocadín® from Ricolino.

Ricolino is the main player in the cofectionery segment in Mexico according to ISCAM, while Barcel is the second manufacturer with highest sales in the snack category in Mexico according to Nielsen. Coming from strong organic growth, specially in the traditional channel in Mexico and through acquisitions, Barcel has consolidated its position as a key player in the salty snacks market offering innovative and well-differentiated products. Barcel and Ricolino have increased their presence in other countries by exporting its products to 9 and 17 countries, respectively. Although this is achieved by exporting mainly from Mexico, there are plants closer to consumers in other countries.

Barcel headquarters are located in Mexico City.

Latin America

The Group has been present in Latin America since 1995. Through a series of acquisitions and organic growth, as well as the implementation of innovative ideas and best practices in production and distribution, Grupo Bimbo has become the market leader across the region. The Group operates in 15 Central and South American countries, including Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela.

The Group operates in Venezuela and Argentina, economies that according with IFRS qualify as hyperinflationary. Even though for financial purposes the Group no longer consolidates its subsidiaries in Venezuela, the Group classifies Venezuela’s subsidiaries equity investments as equity and alternative financial instruments at a fair value, since it intends to keep these investments in the foreseeable future.

The Group has 36 bakeries and plants with an extensive distribution network designed to each of the markets in the countries in which it participates. Moreover, the Group adapts its business model, distribution systems, brands, marketing plans, flavors and other characteristics of the products to local preferences to achieve a higher level of execution of the points of sale, maintaining the quality standards of the Group. Its main products in the region include packaged bread, sweet baked goods, toasted bread, tortillas, pita, bread, pizza crust, cakes, snack cakes and muffins, cookies, *alfajores*, snacks, frozen bread and confectionery, all of which are sold under the brands Bimbo®, Pullman®, Artesano®, Plus Vita®, Nutrella®, Saníssimo®, Vital®, Fargo®, Pan Todos®, Ana Maria®, Ideal®, Nutra Bien! ®, Crocantissimo® and Supan® among others. The innovation for these brands arises from the processes of deep consumer and market understanding gathering insights and indentidying their needs. Through investments in technology and feedback from the sales force, it has been possible to analyze key consumer informationand their priorities.

In recent years, the Company has steadily increased its market penetration in the traditional channel while strengthening its relationships with retailers and wholesellers across Latin America, which favors its ability to commercialize its products. The constant progress of the Group in Latin America has translated into a significant improvement in EBITDA, which has multiplied by more than three times since 2017, demonstrating that it is a region that constantly drives volume and profitability.

The Group´s Latin American operations have its headquarters in Bogotá, Colombia, Santiago de Chile, Chile and Sao Paulo, Brazil.

EAA

The Group has been a leader in the baking industry in Spain and Portugal since 2011, and, since 2014, in the United Kingdom. The Group operates 52 bakeries in Europe, Asia and Africa and an extensive distribution network mainly served by independent distributors, reaching supermarket chains and other institutional customers. It also serves the QSR industry in certain countries in Europe, Asia, and Africa.

The operations in Europe, Asia and Africa have its headquarters in Barcelona, Spain.

Europe

The Group has presence in Spain, Portugal, the United Kingdom, France, Italy, Rusia, Switzerland, Turkey and Ukraine after its acquisitions of Sara Lee, Canada Bread, Panrico and East Balt in 2011, 2014, 2016 and 2017, respectively.

According to Nielsen, Grupo Bimbo is the leading player in the packaged bread industry in Spain and Portugal. It operates twelve bakeries in Spain and two in Portugal and an extensive distribution network to secure that its products are delivered on time to its customers.

Panrico, a company acquired in 2016 excluding the sliced bread category, was founded in 1962 and currently is one of the strategic players in the baking industry in Spain and Portugal that participates in the sweet baked goods and buns categories. The acquisition of Panrico allowed Grupo Bimbo to include well-positioned brands to its portfolio, such as Donuts®, Qé!®, Bollycao®, La Bella Easo® and Donettes®, among others. This transaction also strengthened the Group's profile in Spain and Portugal through synergies, and complemented its distribution network and production facilities, becoming the leader in the branded sweet baked goods category.

In the United Kingdom the Company participates in the fresh and frozen baking business and commercializes its products under the New York Bakery Co.® brand, leading manufacturer company of bagels, according to IRI.

The Group also holds a strong position in terms of sales of buns and other products to big QSR customers through its Bimbo QSR business in France, Switzerland, Italy, Russia, Turkey and Ukraine such as McDonald's, KFC, Burger King, among others.

Asia

The Group has been operating in Asia since 2006 through its subsidiary Bimbo China, which produces and distributes bread, sweet baked goods, cookies and fast food, among others, mainly under the Bimbo and Mankattan brands.

The Group's operations in Asia have grown through acquisitions. On June 29, 2018, the Group completed the acquisition of Mankattan, the second most relevant player in the baking industry in China in terms of sales. As a result of this acquisition, there are three bakeries in China focused on branded products. Mankattan produces and distributes packaged bread, pastries, cakes, buns, and yudane (a Japanese-style sandwich bread), among other products, which are distributed through traditional and modern channels to customers. Mankattan has presence in Beijing, Shanghai, Sichuan and Guangdong, and their surrounding areas. This acquisition complemented the already existing operations in China, in terms its product portfolio and distribution channels. It also represented an opportunity to create significant synergies, especially in Northern China, by optimizing the supply chain to better serve consumers.

The main markets in China are in Beijing, Tianjin, Hebei province, Shanghái and surroundings, where constant growth is maintained in the distribution channel suitable for the local market. As a result of the development of the distribution network and products with a long shelf life, it has been possible to sell products in regions more distant to China. Grupo Bimbo, being a pioneer in the packaged bread market, has developed new products, including rolls filled with sweet beans, bread stuffed with spicy meat and Western-style products in order to satisfy the growing demand for international products in the Asian daily diet. In China, the Group is the second largest player in the packaged bread category according to Euromonitor market data. Bimbo China headquarters are located in Beijing, China.

In India, on May 25, 2017, the Company entered into a strategic alliance with Ready Roti, one of the leading baking companies in New Delhi and its surroundings, which produces packaged bread, pizza dough, and salty and sweet buns; with leading brands like Harvest Gold® and Harvest Selects®. With this acquisition, the Group expanded its geographic footprint by entering a new market, further increased its presence in and exposure to emerging markets, and supported its geographic and product diversification, in line with its strategy to become one of the world’s top food companies. Harvest Gold is the leading player in the bread category in the North Capital Region of Delhi (Delhi-NCR), after starting operations over more than 26 years ago. The headquarters of India are located in Nueva Delhi.

According to information from the International Monetary Fund (information as of October 2021), China and India are the first and second most populous countries, and the second and sixth largest economies in terms of GDP. Grupo Bimbo maintains a continuously growing distribution network that adapts to these local markets, and to further expand in these markets, it plans to offer quality products crafted with innovative techniques. Also, ingredients and flavors are used that appeal to the tastes and preferences of specific consumers in the region, while offering Western-style products to meet the growing demand in Asia as well as changes in dietary trends.

Africa

In 2017 the Group entered into the Moroccan market through the acquisition of Adghal Group. The company produces and distributes baked goods in one bakery. This acquisition provided Grupo Bimbo with an entry point to a new continent through an established baked goods business that will benefit from the Group’s global expertise. The headquarters are located in Casablanca, Marruecos.

Bimbo QSR

The Group increased its geographic presence, diversifying its distribution channels and expanding its capabilities in the QSR industry with the acquisition of East Balt Bakeries in 2017, now Bimbo QSR. This division is a profitable business, that has boosted the global expansion strategy in what the Group believes is a fast-growing market, a result of the long-term and stable relationships with its customers. On the other hand, in 2021 Grupo Bimbo acquired Aryzta do Brazil, with this acquisition they became leaders in the QSR industry in Brazil, a highly important market for the region.

The Group believes that its QSR division is the leading supplier in the world for the QSR industry, with a presence in 90% of the global QSR market. The Group's global product portfolio and capabilities include unique bun shapes, textures and formats, as well as sweet baked goods. Proudly, the Group supplies restaurant chains around the world with high-quality products from its 26 high-speed bakeries located in 11 countries. Bimbo QSR provides tailormade solutions to meet customers’ unique needs, while meeting applicable food safety and regulatory compliance standards. From classic round buns to unique artisan formats, the Group has the operational expertise to create the custom sandwich carrier that is perfect for any menu.

In Europe, Bimbo QSR has presence in France, Italy, Russia, Switzerland*, Turkey and Ukraine. In addition, the Group serves customers in Brazil, China, South Korea, the United States, Kazajistán, South Africa and Morocco*, improving the manufacturing footprint globally.

The financial results of Bimbo QSR are integrated in the results of of the applicable geographic business segment.

Bimbo QSR headquarters are located in Chicago, United States.

**The operations of the business in Switzerland and Morocco are through a joint venture.*

1.3) Products

During more than 76 years Grupo Bimbo has developed a diversified portfolio of over 10,000 products under its renowned brands to cover every meal, consumption occasion and segment.

The Group's portfolio of renowned brands includes eight brands with 2021 retail sales of $1 billion US dollars; one brand sold more than $500 million US dollars, five more than $250 million US dollars and eight brands with more than $100 million US dollars in retail sales.

The Group's business has always focused on producing and distributing a large portfolio of products tailored to the local markets, such as sliced bread, buns & rolls, pastries, cakes, cookies, toasted bread, English muffins, bagels, tortillas & flatbreads, salty snacks, confectionery goods and and other products enjoyed around the world by consumers every day.

a. Innovation in the nutritional improvement of products

As one of the largest food companies in the world in terms of sales, Grupo Bimbo has always focused on offering delicious and nutritious products to its consumers. The Group's success is based on constantly adapting to consumer needs and preferences. Grupo Bimbo has the experience and knowledge of the preferences and consumption patterns in the regions where it operates. The commitment to innovate and improve the quality of its products, provides it with a significant advantage over its competitors.

The Group has a strong track record of creating innovative products, reflecting a deep understanding of consumer preferences through market testing and research programs. Moreover, as a result of investments in research and technology, Grupo Bimbo has improved the nutritional value of existing products, frequently introducing new and nutritious options for the benefit of its consumers. In 2021, innovative products were launched that comply with the concept of positive nutrition, such as *Cero Cero Multigrano* Bread in Mexico with no fat or sugar added, as well as the HIFI Integral Bread launched in China, which provides a good source of fiber and grains to the consumers' diet in addition to having adequate levels of nutrients to limit in the diet.

Grupo Bimbo maintains its commitment to continuously work in actions that foster the adoption of healthy lifestyles through the improvement of its products, promotion of adequate diets and frequent practice of physical activity, in order to become a local and global benchmark regarding health and well-being initiatives. As the leading baking company in the world in term of sales, the Group works to harness all the factors that have a positive impact on the well-being of its consumers and associates. Improvement of nutritional profiles of the Group's product portfolio, innovations in technology, processes and ingredients, aligned with the Health and Wellness strategy, continues to be one of the most relevant action lines of the Company.

Grupo Bimbo strives to find the proper balance between nutrition and taste in its products. Therefore, since 2008, the Group became a member of International Food and Beverage Alliance to implement the Global

Strategy of the World Health Organization on Diet, Physical Activity and Health, with five fundamental commitments:

- Develop products with a high standard in nutritional value;
- Promote better diets by incorporating accesible and affordable options for the consumers;
- Adopt responsible marketing for children under the age of 12;
- Provide nutritional information to consumers through clear, transparent and user-friendly labeling;
- Promote physical activity and healthy lifestyles; and
- Make alliances with health organizations and research institutions.

In addition, the Group has developed internal Nutritional Guides that are leveraged on four lines of action to achieve its nutritional ambitions in the short, medium and long term, offering better products and promoting the construction of better diets:

1. Clean labeling. Offer simpler and more natural recipes.
2. Positive nutrition. Offer an optimal nutritional balance between nutrients to reduce and encourage in the diet.
3. Fortification. Offer fortified, accessible and affordable options for vulnerable populations.
4. Smart portions. Offer portion control options to provide special moments without guilt.

Under these new guidelines in the portfolio, Grupo Bimbo defined stricter commitments to increase the nutritional quality of the product portfolio, such as achieving positive nutrition standards in daily consumption products by 2025 and in occasional consumption products by 2030.

At the end of 2021, 96% of the daily consumption products of the Group fully complied with the maximum levels established for nutrients to limit in the diet, such as saturated fats, trans fats, sodium and added sugars, four percentage points more since the end of 2020. Likewise, 88% of the total portfolio of "grain specialty" breads and buns have positive nutrition. This represents 63% of the products in the daily consumption portfolio.

The work with institutions, doctors and experts, as well as with food and health regulatory authorities is important to achieve continuous improvement of the nutritional profile of the Group's products. To promote the competitiveness of the Group's products, Grupo Bimbo created strategic alliances with universities and research centers to develop new technologies for its product development program. Grupo Bimbo maintains strategic alliances with research centers, such as the *Centro Internacional de Mejoramiento de Maíz y Trigo (CIMMYT)*and recognized institutes like the Whole Grains Council, Consumer Goods Forum and the International Food and Beverage Alliance (IFBA). In addition, the Health and Welfare action platforms remain aligned to those defined by the World Health Organization (WHO) in order to adopt internationally-recognized strategies and best practices. The Group participates in the Access to Nutrition Index (ATNI), which evaluates the strategy of the world's major food and beverage producers regarding their nutrition-related commitments, practices and performance. It has developed innovative products with unique nutritional characteristics such as low levels of cholesterol, fat, salt and sugar to meet the needs of different populations.

Finally, Grupo Bimbo has laboratories and facilities engaged in the production of prototypes and the testing and validation of new ingredients, as well as conducting functionality and evaluation studies for new products. Newly developed products are approved by Committees and evaluated through market testing.

b. Innovation through Bimbo Ventures

In response to today's great challenges, in 2016 Grupo Bimbo created Bimbo Ventures, a business area that seeks to be the window to the future as it looks for digital solutions in the world's innovation ecosystems. Through this area, the Group pursues to identify, work and invest in promising startups with disruptive technology and solutions in terms of new products, ingredients and packaging, digital marketing and e-commerce, digitization and optimization of operations and innovation in processes that allow to promote development of the business and bring it closer to its sustainability goals. Bimbo Ventures currently has a portfolio of more than 30 minority investments in companies with innovative solutions and 4 investments in Venture Capital funds around the world.

In 2017, through Bimbo Ventures, the Group created its startup acceleration program. To date, 4 exercises of this program have been carried out, where more than 700 participating startups from regions such as the United States, Latin America, Europe and Israel have been received and around 30 startups have been promoted in a process of more than 12,000 hours of acceleration.

Through the different initiatives carried out by Bimbo Ventures and business partners, more than 400 startups with innovative business solutions are identified annually.

In 2020, seeking to broaden horizons and participate more actively in global innovation ecosystems, a Bimbo Ventures office was created in Israel and another in the United States. Through these offices, investments were made in disruptive product and foodtech companies.

During 2021, in line with the Group's sustainability and innovation strategy, an exercise was carried out in conjunction with the IDB (Inter-American Development Bank) and Masschallenge to run pilots and evaluate company technologies with plastic packaging solutions: circular economy, new materials or reusable models.

As a result of the presence in new ecosystems and the continuous search for disruptive technology and product companies, 7 product and foodtech companies were incorporated into Bimbo Ventures' investment portfolio, companies with which it works on synergy projects for innovation and improvement of products and internal processes.

c. Seasonality

In most categories, the Company’s products show seasonal behavior, with greater levels of consumption during holidays, rainy seasons, and seasons characterized by low temperatures. In order to stabilize the demand for its products, the Group has developed several promotions and advertising campaigns, as well as new product launches during times of lower consumption in its different operations, which are not coincident given the geographic footprint.

1.4) Production Processes

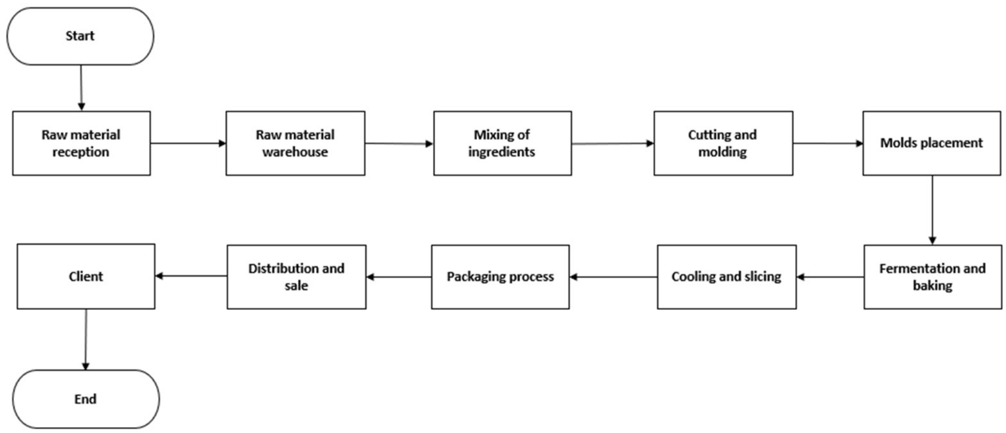
a. Production Processes

The Group makes ongoing investments to implement state-of-the-art technology and equipment in order to increase efficiency, reduce waste and optimize the environmental footprint with strategies to reduce the consumption of water, electricity, thermal energy and, in general, the carbon footprint in its facilities. The Group has been adopting and implementing modern automated manufacturing processes for each of its lines of business and maintain strict operation and control systems, resulting in efficiencies throughout its production processes within a competitive cost structure. The Group manages its production processes in order to promote the quality of its products at the lowest cost. This focus on cost control, sustainability and transparency allows to generate value to its customers and increase its profitability. The Group’s production processes have slight variations among products, but generally includes the mixing of ingredients, baking, slicing, packaging and distribution of the products. Some of the Group’s bakeries and plants may be programmed to produce a variety of products also contributing to operating efficiencies.

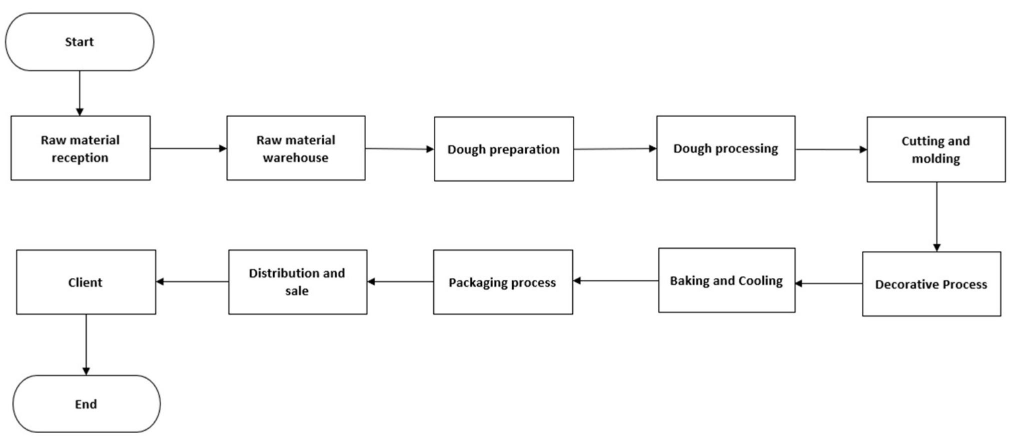
As part of the Group’s strategy to respond to the changing needs of the market, it has implemented and continuously updates innovative systems to increase the capacity, quality, and production potential of its facilities. Grupo Bimbo aims to locate its bakeries, production plants and sales centers optimally in their markets with relation to warehousing centers and populations location. The Group’s production processes constantly evolve, as they share global best practices from recently acquired companies and from its existing operations. To that end, the Group constantly redesigns its facilities and incorporates new technology (either developed by the Group or acquired from third parties), significantly optimizing capacity and reducing production costs as a result of process redesign in bakeries and plants, automation and better productivity.

The diagrams below show the Group's primary production processes for packaged bread, sweet baked goods and snacks:

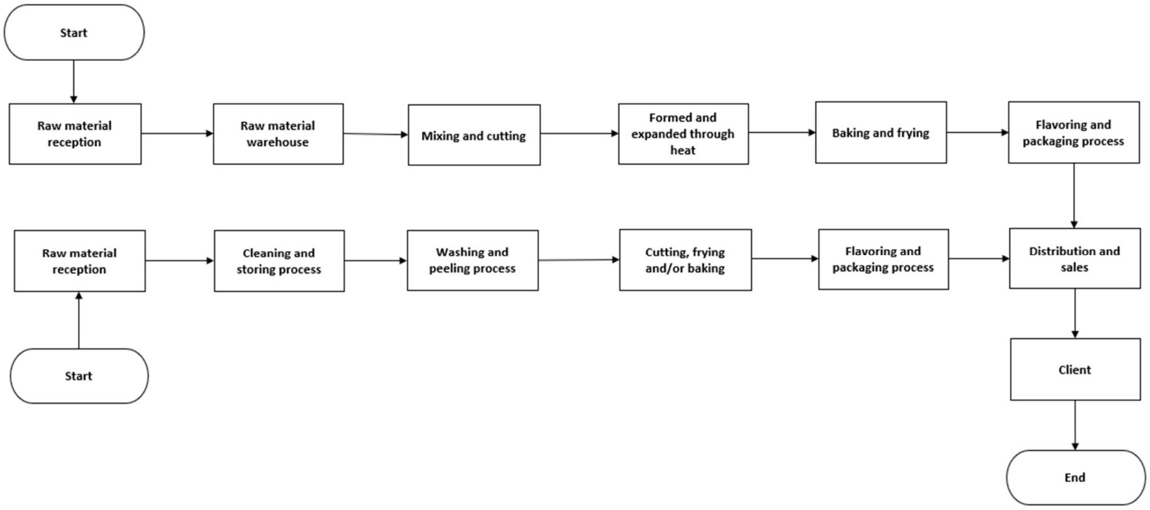
PACKAGED BREAD



SWEET BAKED GOODS



SALTY SNACKS



b. Environmental Strategy

At Grupo Bimbo, environmental management is defined within the sustainability strategy in two fundamental aspects, with the aim to nourish a better world: through initiatives for nature and its foundations where compliance with minimum environmental standards that the Company must have.

The strategy for nature is divided into three lines of action:

The Group is committed to objectives against nature degradation to achieve net zero carbon emissions, promote regenerative agriculture practices and reduce waste and its impact. During 2021, the Group reinforced its objective of reducing its environmental footprint throughout the value chain, through actions such as innovation in its packaging with recyclable, biodegradable and compostable technologies; the reduction of emissions and its water footprint.

In addition to some of the objectives previously set for 2025, the Group has renewed its commitment by adding the following objectives:

- Ensure that 100% of its packaging supports a circular economy by 2030.
- Achieve net zero carbon emissions by 2050.
- Ensure that 100% of key ingredients are sourced from land farmed using regenerative agriculture practices, by 2050:

During 2021, Grupo Bimbo received and maintained the following recognitions for environmental performance:

- In Canada, the first plant was certified under Energy Star and received recognition from the Clean50 Project.
- In Mexico, 25 bakeries of Bimbo, 5 of Barcel and 1 of Ricolino, obtained the Clean Industry certification.
- Daniel Servitje, Chairman of the Board and CEO of Grupo Bimbo was recognized by Sachamama as one of the 100 Latinos most committed to climate action.

- In the United States, BBU was recognized as Energy Star Partner of The Year awarded by the United States Environmental Protection Agency.
- At BBU, 18 bakeries and plants earned Energy Star recognition.
- In *Latin Centro*, 6 bakeries obtained the I-REC Green Electric Energy certificate.
- In Europe, ISO 14000 certifications were obtained.

1. Zero Waste

Grupo Bimbo is committed to achieving this strategy throughout its value chain through three initiatives: sustainable packaging, reduction of food waste and water footprint.

i. Sustainable packaging

Packaging is essential for the Company to ensure that its products maintain the quality and safety needed to reach its consumers in the best conditions, as well as to avoid food waste throughout the value chain. Therefore, in its sustainability strategy, the Company has set a goal for 2025 that 100% of its packaging will be recyclable, biodegradable or compostable.

The Group plans to achieve the established goal by promoting different projects and initiatives in three lines of action:

Packaging design

The goal is to reduce unnecessary materials in the design, and incorporate simple, easy-to-recycle materials. From 2019 to 2021, 4.8 million kg. of plastic were reduced.

Recycling in the production processes

Grupo Bimbo promotes reduction and recycling actions throughout the value chain. By 2021,90% of its global packaging is recyclable and 57 bakeries and plants have zero waste to landfill.

By 2030, the Company's goal is to guarantee that 100% of its packaging supports a circular economy, promoting recycling projects in order to minimize the amount of virgin material in its packaging. In 2021 in Spain, Grupo Bimbo launched the bag for Oroweat and Artesano bread with 30% post-consumer recycled material and continues to carry out tests in other locations.

Post-consumer recycling

At Grupo Bimbo, alliances are essential for the development of strategies that allow the Group to add value to materials and make their recycling attractive, which is why participation in post-consumer programs is encouraged in its operations. For example, in Mexico during 2021, and after several years of testing, the first circular economy exercise was achieved in alliance with the Ecology and Business Commitment Association (ECOCE) and its supplier Freher, developing recycled plastic pallets, which are used for the logistics of their products in different work centers nationwide. For the creation of the pallets, 20% post-consumer plastic wrap was used and the other 80% of its composition is recovered hard plastic.

ii. Food waste reduction

One of the Company's strategic projects throughout its value chain is the reduction of food waste through comprehensive solutions, as well as reinforcing sustainable solutions. Grupo Bimbo has a goal for 2030 to reduce 50% of the food waste generated in its operations.

Grupo Bimbo continues to promote the “War on Waste” (WOW) initiative, a process made up of five pillars, each one with specific indicators, approaches and work methods, which are adapted to the needs of each plant or operation. At the end of 2021, its global business units defined specific actions to be carried out applying the concepts established in the five pillars of WOW, which reached 86% implementation progress.

During 2021, Grupo Bimbo carried out donation exercises to food banks in the United States and Latin America. Likewise, the Group avoided the diversion to landfill of 94% of the food waste generated by sending it to destinations approved by different international protocols for animal consumption and/or compost.

iii. Water footprint reduction

Cleaning processes represent the main consumption of water in its work centers, due to which the Group has standardized processes to reduce its environmental impact with which it has managed in 2021 to reduce water consumption by 4% for each ton. produced compared to 2019. The Company aims to reduce water consumption per ton produced by 20% by 2030 when compared with 2020.

To achieve optimal results in terms of water footprint reduction, the Group has established three lines of action:

Optimize cleaning processes and use of technologies

To optimize water consumption, the Company promotes the responsible use of water by implementing initiatives aimed at cleaning processes such as the use of dry steam machines and polishing systems for treatment systems.

Treatment and water reuse

Grupo Bimbo has had a constant improvement in the treatment and reuse of water over the years, which, in some of its operations, is used for different purposes such as irrigation of green areas, sanitary services and cleaning of its vehicles. Globally, in 2021 the Group reuses 87% of total treated water and has more than 90 water treatment plants and in the rest of its plants it ensures treatment with external services. The Group also continues to work on the modernization of its treatment plants to make the operation more efficient and improve its quality.

In its sales centers, as of this Annual Report, the Group has 114 washing arches with lower consumption in vehicle workshops and 271 water recycling centers in vehicle washing agencies; both with technology that allows the reuse of water in the same process.

Use of alternative sources

The goal is to use alternative sources such as rainwater harvesting systems. In 2021, globally, the Group has 74 work centers, most of them sales centers with rainwater collection, storage and use systems, which the Group uses for different services and infiltration.

Net Zero Carbon Emissions

In 2021, Grupo Bimbo committed to achieving net zero carbon emissions by 2050 based on the Science Based Target Initiative (SBT) methodology. To achieve the objective, the Group has focused on 4 lines of action:

Energy efficiency in operations and transportation

The strategy involves the efficient use of fuels and energy to reduce the consumption of fossil fuels. In 2021, the Group reduced 4% of thermal energy for each ton produced compared to 2019. An example is the project called Intermodal, in which organizations from Mexico, Canada and *Latin Centro* are part. This project consists of strategies to optimize the distribution of the Group's products and raw materials, with which it not only managed to improve delivery times, but also reduce the carbon footprint with the use of marine and rail transport. With this project, the Group avoided 25,283 MT CO2 of emissions.

Use of renewable energies

In 2018, Grupo Bimbo signed the RE100 commitment, with which, by 2025, all its operations must be 100% supplied with renewable electricity.

Some of the advances that the Company has had include the following:

- Globally, in 2021 the Group reduced 60% of its scope 2 emissions compared to the 2019 baseline, thanks to the use of renewable energies.
- In 2021, it equipped 15 sales centers to be powered by solar energy, operating with electric vehicles and energy efficiency measures that allow Grupo Bimbo to manage vehicle loads and optimize the use of the Group's resources.
- The first storage system was installed in Barcel Monterrey, which represents an advanced technological solution that allows 500 KW of solar energy to be stored for later use. With this, it becomes the Company's first plant to have as its main energy backup system, in the event of any electrical failure, a solution with zero direct carbon emissions, eliminating the use of diesel generators.
- In August 2021, the storage system of the Metropolitan Distribution Center began operations, which is powered by solar energy from the largest roof in Mexico with 2.2 MW installed. This system allows the site to be self-sustaining.

Use of alternative fuels

Grupo Bimbo has been characterized by innovation and the development of new initiatives that have a positive impact on the environment, such is the case of the development and adoption of alternative fuels in its fleet of vehicles. As of 2021, the Group has more than 3,681 alternative fuel vehicles globally, of which 1,410 are electric.

Migration towards natural or less polluting refrigerants

By 2021, more than 57% of the refrigerants used by Grupo Bimbo are natural. The Group maintains its annual plans by organization for change and adjustment in each of the operations to comply with its zero carbon emissions plan.

<u>Regenerative Agriculture</u>

Grupo Bimbo is committed to promoting regenerative agriculture systems that improve soil health, biodiversity, and ecosystem health through specific regional practices to minimize soil degradation, improve the water cycle, and reduce its carbon footprint.

Given this, since 2018 the Group has had two pilots in regenerative agriculture in Bimbo Mexico, where, together with the *Centro Internacional de Mejoramiento de Maíz y Trigo* (CIMMYT), it has addressed sustainable practices in the states of Sonora and Sinaloa for wheat and in Jalisco for corn. During the spring/summer 2021 corn cycle in Jalisco, more than 7 thousand tons have been collected, in an area of 900 hectares with the participation of 41 farmers. For the autumn/winter 2021-2022 corn cycle in Sinaloa, there are 2,100 hectares and at least a volume of 20,000 tons is expected to be produced under regenerative agriculture practices.

Regarding the rotation of wheat crops, in 2021 a sesame project began in Sinaloa, produced under regenerative agriculture practices, where the purchase for consumption by Grupo Bimbo in Mexico is guaranteed. This year, the production of 1,856 Hectares and the participation of 109 farmers were guaranteed. Likewise, in 2021 regenerative practices were adopted in 430 Hectares of potatoes. As a result of these efforts, 90% of current production is certified to GlobalGAP, the most accepted private sector food certification standard in the world. In addittion, 90% of the potato supply comes from certified farmers.

The Group also seeks to empower farmers and suppliers to protect nature and promote a resilient food system. This is why the Company has set a goal of guaranteeing that 200,000 hectares of wheat are grown using regenerative agriculture practices by 2030, ensuring that by 2050 100% of its key ingredients will be produced using this type of practices.

d. Inventory

Raw Materials

The quality and continuous supply of the Group's raw materials are critical factors in its production process. The Group has adopted rigorous supply policies under whch it requires its suppliers to adhere to detailed specifications for raw materials and to provide quality control certificates for their products. The Group also conducts laboratory testing on raw materials supplied by third parties and consistently inspects the suppliers' production plants and facilities.

The Group has developed an integrated and efficient supply chain of raw materials and packaging, and works continuously to improve its efficiency, creating long-standing relationships relationships with suppliers who adhere to the Group's high-quality standards. Grupo Bimbo seeks to maintain low supply costs without sacrificing the quality of raw materials. Cost savings are achieved through waste reductions, economies of scale in procurement, production and distribution, among other initiatives focused on becoming a low-cost producer.

Wheat flour is the main raw material and the Group reviews its relationship with its main wheat suppliers on an ongoing basis. Wheat is generally traded in U.S. dollars and is subject to price fluctuations depending upon factors such as weather, crop production and worldwide supply and demand, among others. The Group continuously enters into hedging agreements to manage its exposure to price fluctuations and ensure the timely supply of its main raw materials. See "Risk Factors - Risks related to Business, Industry and Supply - Increases in prices and shortages of raw materials, fuels and utilities could cause costs to increase".

Other important raw materials for the Group's lines of business are sugar, edible oils, fats and eggs, as well as the plastics used to package its products.

The Group has minority interests in some of its major suppliers of eggs and sugar. In addition to these raw materials, the Group also buys plastic packaging from a number of suppliers. The Group is not dependent on any exclusive supplier in any market in which it operates.

The Group's raw materials are managed using the first-in, first-out method to preserve the freshness of its products. Due to the nature of the Group's products, its inventories of raw materials, mainly perishable products, have a high turnover rate. Grupo Bimbo receives most of its supplies on a continuous basis, in some cases, with daily deliveries.

The Group's corporate offices lead the negotiations of its main raw materials with the suppliers, while its inventories are managed directly by each plant and storage facility. Local plants and storage facilities also manage and directly place orders for raw materials that may be obtained locally.

Finished Products

Grupo Bimbo has strategically located bakeries and plants, distribution centers and sales centers, which allows it to consolidate its operations in each region and to efficiently distribute its products. In addition, Grupo Bimbo has successfully implemented an interconnected system that allows it to synchronize its production capabilities with consumer demands based on information retrieved several times a day from its sales force, resulting in optimal levels of customer order management and thus, very low inventories of its finished products.

Due to the nature of some of its products and the commitment to freshness, inventory has a high turnover rate. Its inventories of dried products, such as toasted bread and breadcrumbs, cookies, candies and chocolates, have a lower turnover rate.

e. Quality and Food Safety System

Food quality and safety is essential for Grupo Bimbo. In recent years, the Group has strengthened its quality and hygiene systems to ensure food safety and the consistency of its products in the various regions where it operates providing enhanced customer service, promoting and preserving a healthy labor environment and respecting the environment to contribute to the overall development of the community.

The Company has a quality and food safety area dedicated to monitoring compliance with regulations, applicable internal policies and other health policies, as well as implementing systems adapted to the individual needs of each product line, driven by the commitment to guarantee the satisfaction of its customers.

The Group has earned the loyalty of its customers by adhering to the most rigorous international standards in the food industry, certified by independent organizations and agencies with a recognized international reputation. Lately, 177 of its plants have a food safety standard recognized by the GFSI (Global Food Safety Initiative), whose mission is to provide continuous improvement in management systems to guaranty the safety delivery of food for consumers around the world.

1.6) Prices

The Group's pricing strategy is closely related to the general market conditions and the cost of its inputs and operations. The Group seeks to maintain a low-cost production to offer its customers the most competitive prices, guaranteeing the best quality. Its comprehensive pricing strategy also considers competition, product sensitivity and potential, market research and other factors to determine the price of the products.

1.7) Responsible Marketing

Grupo Bimbo is committed to communicate with its consumers in a responsible manner, generating a positive impact of the way in which its product information is presented.

During 2021, the Group continued working alongisde organizations and allies that promote best practices in its marketing actions, such as the WFA (World Federation of Advertisers) and the IFBA (International Food and Beverage Alliance). These actions include marketing for children, where products can only be advertised to children under age 13 if they meet certain nutritional requirements. Additionally, the range of marketing restrictions was extended to high-schools.

The Group is working on developing certain communication guidelines for its brands, which will help to promote a focus on diversity and inclusion, inside and outside the Group, in line with the current social context.

All these marketing actions are aligned with its Global Communication and Marketing Policy for children and for the general public and the document "How we do Marketing" (guidelines for responsible communication), which is updated year after year. All of the aforementioned, helps the Company to continue working from its philosphy "to build a sustainable, highly productive and deeply humane Company".

1.8) Technology and Information Systems

a. Technology and information systems

Grupo Bimbo uses information systems known as *ERP, CRM, BI & Analytics*, to make decisions, automate, streamline and optimize its activities, for both operational and management levels, which have been developed in various stages.

The operational information systems link processes that include planning and receipt of materials, production control, sales processes and integration with customers. As a result, this provides greater control and operational efficiency which generates cost reductions. Additionally, the Group has advanced planning solutions for supply and distribution.

Furthermore, management information systems synthesize the operational, financial, commercial, people and accounting information that has been concentrated in the various plants and agencies in all the business sectors.

One of the main objectives of the abovementioned systems integration is that inside the organizational structure of Grupo Bimbo the maximum responsibility may be delegated to each of its members, including the lower levels of the organizational chart, while maintaining the most complete visibility and control of its operations, always taking care of the safety and control access to information.

Grupo Bimbo has a policy of continuous digital modernization that helps meet the needs of the operations, of the business, and of regulatory compliance in the locations where it operates. The Group is currently upgrading all of its ERP, Commercial Execution and Business Intelligence platforms throughout a world-class Software as a Service (SaaS) strategy. These multi-annual strategic iniciatives have as a result the standarization and agility in the analysis and administration of the accounting, financial, procurement, manufacture, logistics and people transactions. The standardization and integration of data allows Grupo Bimbo to develop automation and artificial intelligence solutions with high scalability. Grupo Bimbo has developed new development programs, within its GB University master program, in Data and Analytics, Artificial Intelligence and Simplification and Automation of processes, so that current associates understand and take advantage of new capabilities associated with the new technologies and systems implemented.

2) Distribution Channels

Grupo Bimbo uses direct distribution channels to deliver its product to more than 3 million points of sale.The Group believes that this has been key to its success. For example, it has developed one of the largest fleets in America with more than 54,000 distribution routes around the world.

With an average life of 8 years, the Group believes to have one of the largest fleets in the world. The following table shows the composition of this fleet.

Delivery	Transportation	Towing	Others	Third parties	Total
38,942	1,329	6,374	5,329	18,808	70,782

The Group has more than 1,600 sales centers, each one depends on the operations of one or several production plants. Every day the products are distributed from the bakeries and plants, agencies and warehouses, which may produce more than one brand.

The Group's sales force distributes its products to its customers from its distribution centers according with predetermined itineraries. Currently, all routes can both deliver products and pick-up returned products from consumers on each visit. Products may be returned by the Group’s customers if they were not sold and are replaced by fresh products with no cost to the customers. The products that are picked up are no longer considered fresh although they could be consumed, because the Group picks them up a few days prior to their expiration date.

Returned products are sent to sales centers that sell “yesterday’s bread,” where the product is offered from two to four days at a lower price (these sales centers may be owned and operated by the Company or third parties). The product is also sold in bulk to be used as cattle feed.

Each product is displayed for sale in accordance with its shelf life, which varies from seven days, in the case of bread, or several months, in the case of chocolates, cookies and snacks.

Based on the production and sale levels, visits to each customer may be daily, every three days, two times a week or weekly. The Group classifies its customers according to their purchase volume, type of distribution channel and by individual characteristics. The Group's customers include hypermarkets, supermarkets, price clubs, family-owned businesses, foodservice, including institutional customers, fast food chains and schools, vending machines operators and traditional customers (such as grocery stores). The Group has the ability to tailor an approach and response to its customers' diverse and changing needs, including with respect to frequency of delivery, in a cost-effective manner.

The Group directly operates all of the routes in Mexico and most of the routes in Latin America. Over half of the routes in the United States and most of the routes in Canada and Europe are operated by independent operators. The Company generally enters into long-term contracts with these independent operators under which they agree to exclusively sell its products. Terms of these contracts also specify which territories will independent operators cover and the compensation, which is based on sales performance. The Group has strict control over brand management, marketing strategies and pricing, and a right to buy contracts from each of the independent operators under certain limited circumstances. The Group adapts its distribution model to every country in which it operates. For example, it believes the use of independent operators in certain markets reduces distribution costs and increases flexibility to efficiently add points of sale, while maintaining the quality of the services.

3) Patents, Trademarks, Licenses and Other Contracts

3.1. Trademarks

Grupo Bimbo's most important brands, slogans and logos are protected by trademarks in the countries in which the Group operates and in many other countries. The Company produces and/or commercializes over 10,000 products,sold under its more than 100 renowned brands, including, Bimbo®, Oroweat®, Thomas®, Barcel®, Marinela®, Entenmann's®, Sara Lee®, Takis®, Ricolino®, Tia Rosa®, Artesano®, Dempster's®, Ball Park®, Villaggio®, Mrs. Baird's®, Donuts®, Wonder®, Mankattan®, Vachon®, Pullman®, Ideal®, POM®, Lara®, Arnold®, Brownberry®, New York Bakery Co. ®, Milpa Real®, Supan®, Fargo®, Monarca®, Ana Maria®, Los Sorchantes®, Mankattan®, Harvest Gold®, among others.

Currently, the Company has approximately 6,964 brand files and registries in Mexico and more than 22,313 abroad. The Group has brands registries in Africa, North America and South America, Asia, Europe and Middle East. However, the trademark for Bimbo is held by others in Chile, Puerto Rico and certain European countries. The trademark for Marinela is held by third parties in El Salvador and Honduras. Therefore, the Company's products in those countries are sold under the brands Ideal and Marinela, respectively, notwithstanding that the Company's designs and packages are used in those countries. In addition, the Company also operates registered websites targeting consumers in each of the geographies in which it operates.

3.2. Patents, Copyrights and Litigation

Patents

The protection of the inventions through patents is of paramount importance to the Company. It operates largely with technology developed by its Research and Development team, which regularly requests patent protection of such developments, both in Mexico and abroad.

As of the date of this report, the Group had approximately 155 patents (including industrial designs and utility models) in Mexico and 191 abroad, mainly in the United States, Canada, Argentina, Chile, China, Colombia, Korea, Costa Rica, El Salvador, the Philippines, Guatemala, India, Peru, the Czech Republic, Taiwan, Turkey, Venezuela and the European Union.

Copyrights

The major characters, publications, computer systems, logos and package designs used by the Group in its products are protected by copyrights in the markets where it operates and in other countries.

Litigation

Currently, the Group is part of various legal procedures and investigations arising in the normal course of its business that are routine in nature and incidental to the operations of its business. Litigation and investigations may include class actions involving consumers, shareholders, associates, disabled people, tax inquiries and claims related to commercial, labor, economic competition, intellectual property, civil, commercial, debt or environmental matters. Grupo Bimbo will continue to be subject to legal procedures and investigations. See "Risk Factors - Risks related to Business, Industry and Supply - The Group's operations are subject to general litigation risks".

In 2017 Canada's Competition Bureau started an investigation over allegations related to an industry collusion among several entities participating in the bread supply chain, including Canada Bread (which was acquired by the Group in 2014) associated with a price fixing conduct dating back to 2001. As of the date of this report, the investigation by Canada's Competition Bureau continues and certain parties involved have admitted inappropriate conduct. Neither the group nor its subsidiaries have been charged for such conduct. Both the Group and Canada Bread are cooperating with Canadian authorities in the investigation. In addition, the Group was notified of twelve class actions by consumers and/or consumer associations against the parties related to such investigation allegedly involving Canada Bread. The Group cannot assure that the outcome of this investigation or these actions will not have a material adverse effect on its business, financial condition, results of operations or prospects.

3.3. Contracts

Grupo Bimbo executes and maintains several contracts within the ordinary course of its business, such as leases, bailments, supply agreements, raw materials and machinery purchase agreements, manufacturing agreements, distribution and commercialization agreements, sponsorship, license and all service agreements necessary for its operations, which may be short, medium or long term agreements, depending on the needs and strategies.

4. Main Customers

Grupo Bimbo reaches more than 3 million points of sale in the markets where it operates. It also has a strong relationship with its customers and strive to understand and meet their specific needs. The Group has a diverse customer base among and within the countries it operates, ranging from large retailers to small convenience stores (this type of customer is more relevant in emerging markets), as well as institutional customers (such as quick service restaurants, schools, vending machines, among others) and e-commerce platforms, such as Amazon®, Freshdirect®, Peadpod®, ShopRite®, among others.

The chart below includes the main customers per region:

Region	Type of Customer	Relevant Customers
North America		
United States	Supermarket chains, price clubs, foodservice chains, institutional customers and small convenience stores.	Wal-Mart, Kroger, Albertsons, Ahold-Delhaize, Costco and Publix.

Canada	Retailers, foodservice chains and other large institutional customers.	Sobeys, Wal-Mart, Metro Inc. and Costco.
Mexico	Large retail stores, supermarkets, warehouses, price clubs, convenience stores and government-owned supermarkets.	Wal-Mart, Hiper Soriana, Chedraui and Costco. The Group also serves large fast food chains such as McDonald's.
Latin America	Small convenience stores, supermarket chains and hypermarkets.	Wal-Mart, Grupo Casino, Cencosud and Grupo Carrefour. The Group also serves large food chains and other institutional customers, such as McDonald's and Burger King.
Europe, Asia, Africa		
Europe	Supermarkets, hypermarkets and foodservice chains.	Tesco, Grupo Carrefour, DIA, Corporación Mondragón, Sainsburys, Jeronimo Martins and 3G. The Group also serves large food chains and other institutional customers, such as McDonald's and Burger King.
Asia	Retailers and foodservice chains.	McDonald's, Wendy's, Burger King and KFC.
Africa	Retailers and foodservice chains.	Burger King, Wendy's, KFC and McDonald's.

The Group's largest customer, Wal-Mart, considering all of its chains, represents approximately 13.93% of total sales for the year ended December 31, 2021. No other customer represented, individually, more than 10% of total sales for such period.

5.) Applicable Law and Tax Status

The development of the Group's business is regulated by laws, rules, regulations and generally applicable provisions issued by governmental authorities, as the federal, state and municipal authorities. Laws and regulations relating to environmental protection, health, marketing and intellectual property are particularly important for the results of the Company.

In Mexico, the principal laws applicable to Grupo Bimbo are laws related to trade, taxes, intellectual property, corporate governance, securities and environmental protection, such as the Commerce Code (*Código de Comercio*), the General Law of Business Entities (*Ley General de Sociedades Mercantiles*), the Securities Market Law (*Ley del Mercado de Valores*), the General Ecologic Equilibrium and Environmental Protection Law (*Ley General del Equilibrio Ecológico y Protección al Ambiente*), the Income Tax Law (*Ley del Impuesto sobre la Renta*), the Value Added Tax Law (*Ley del Impuesto sobre el Valor Agregado*), the Production and Services Tax Law (*Ley del Impuesto sobre Producción y Servicios*), the Intellectual Property Law (*Ley de la Propiedad Industrial*), the Mexican Securities Market Law (*Ley del Mercado de Valores*), the National

Waters Law (*Ley de Aguas Nacionales*) and the General Law on Waste Prevention and Comprehensive Management (*Ley General para la Prevención y Gestión Integral de los Residuos*). In addition, Grupo Bimbo is governed in particular by the provisions included in its by-laws.

The Group is subject to the General Health Law (*Ley General de Salud*), the Federal Consumer Protection Law (*Ley Federal de Protección al Consumidor*), the Metrology and Standardization Federal Law (*Ley Federal sobre Metrología y Normalización*), the Federal Labor Law (*Ley Federal del Trabajo*), the Federal Duties Law (*Ley Federal de Derechos*), the Customs Law (*Ley Aduanera*), the Federal Law for Administrative Procedures (*Ley Federal del Procedimiento Administrativo*), the Federal Law for the Protection of Personal Data in Possession of Private Sector People (*Ley Federal de Protección de Datos Personales en Posesión de los Particulares*), the Federal Antitrust Law (*Ley Federal de Competencia Económica*), the General Law of Administrative Responsibilities (*Ley General de Responsabilidades Administrativas*), the Federal Law for the Prevention and Identification of Operations with Resources of Illicit Origin (*Ley Federal para la Prevención e Identificación de Operaciones con Recursos de Procedencia Ilícita*), and the Social Security Law (*Ley del Seguro Social*), as well as to several of its regulations.

Additionally, the Group is also required to comply with several regulations and Mexican Official Standards, (known in Spanish as "NOMs"), related to labeling and packaging, sanitary specifications, nutritional specifications, hygiene standards for food processing, beverages or dietary supplements, foods based on grains, edible seeds, flour, semolina or its mixtures, test methods, information for collectibles promotions or promotions through raffles and contests, and net contents, among others.

In environmental matters, the Group must obtain or establish, with respect to its bakeries and plants, operating licenses, prepare statements as a company generating hazardous waste, register the Company as a company generating hazardous and non-hazardous waste, as well as management plans for the latter. It also must have environmental licenses, wastewater discharge permits and waste separation permits, concession agreements for the use and exploitation of national waters, among others. In the event of opening new bakeries, facilities or expanding existing ones, the Group must obtain environmental impact assessments and risk analysis, construction licenses and licenses for land use.

In the other countries in which Grupo Bimbo operates, the equivalent laws and regulations are applied. As a result of the dynamism of the laws, the Company schedules periodic revisions to its plants and operations to keep pace with the regulatory changes. In addition, the Group is subject to internal requirements and policies that represent standards above the minimum required by the applicable laws.

Amendments to, or enactment of, environmental laws, including laws related to climate change, could require Grupo Bimbo to make significant investments to comply with such laws, which could affect its operating results.

Failure to comply with its obligations under applicable laws and regulations could result in the imposition of administrative sanctions or other penalties to the Company.

Tax Status

Grupo Bimbo is a multinational company that complies with its tax obligations in a timely manner and in strict compliance with the applicable tax laws and regulations in Mexico and in the different countries in which it operates.

In Mexico, the Group is subject to Income Tax, the income tax rate for 2021 was 30% in accordance with the Income Tax Law of 2014, which shall remain the same for subsequent years. Regarding the income tax in other countries, the Company's subsidiaries established abroad calculate Income Tax or its equivalent on the individual results of each one of them and in accordance with the specific regimes of each country. In particular, the United States has authorization to file a consolidated income tax return, operations in Spain have authorization to file a consolidated income tax return since 2013, and operations in France have authorization to file a consolidated income tax return as of fiscal year 2019.

Except for the subsidiaries mentioned above, each of the companies are required to determine and pay its taxes under the individual legal entities regime. The corresponding annual returns are filed in accordance with the legal terms of each country; additionally, companies must perform provisional payments during each fiscal year.

6) Associates

Since its incorporation the Group has a people policy aimed at aligning the Company's interests with those of its associates; the outcome has been an excellent labor relationship. The Company has been looking to extend this philosophy to the companies that has acquired.

The Company places great importance on the selection of associates, performs ongoing evaluations, and provides continuous guidance and training to its associates. The company works to address the concerns of its associates and to promote personal and professional development.

The following table shows the number of associates in the Group during the past three years:

	As of December 31,		
	2021	**2020**	**2020**
Unionized associates	82,021	84,759	83,971
Non-unionized associates	55,520	48,933	52,376
Total	**137,541**	**132,692**	**136,347**

The People area has developed a policy which promotes a positive relationship with all associates. Most of the Group's operations have collective labor agreements, which are negotiated in accordance with the applicable legal and labor provisions in each of the countries where the Group operates.

Since its foundation, the Group has worked to promote and preserve a healthy labor environment with a day-to-day commitment with the safety and health of its associates and customers and a preventive approach to well-being. For this reason, the Company in every country in which it operates has a transparent and respectful relationship policy with the legitimate representatives of the associates' interests, whether syndicates, unions, cooperatives or any other collective form of association of its associates. Due to the above, it has been acknowledged in several occasions as an exemplary company from the Mexican Employees Confederation (*Confederación de Trabajadores de Mexico*) and by labor authorities in Mexico.

Grupo Bimbo currently has labour relationships with several unions including with the International Brotherhood of Teamsters and Bakery, Confectionery, Tobacco and Grain Millers International Union in United States; the *Sindicato Nacional de Trabajadores Harineros, Panificadores de Alimentos, del Transporte, Similares y Conexos de la República Mexicana, Sindicato Nacional Alimenticio y del Comercio, Similares y Conexos de la República Mexicana*; and in Canada, with the International Brotherhood of Teamsters, CSN (Conféderation des Syndicats Nationaux), UFCW (United Food and Commercial Workers International Union), Unifor and IUOE (International Union of Operating Engineers) and BCTGM (Bakery, Confectionery, Tobacco Workers and Gran Millers).

The Group strives to live its philosophy as a sustainable, highly productive and deeply humane Company placing great emphasis on its relationship with its associates, remaining committed to developing and supporting socially responsible and environmentally sustainable initiatives. The Group has the perspective that worker satisfaction and an active attitude towards social responsibility are essential factors for the development of a strong corporate culture and for maintaining consumer loyalty.

7) Environmental and Social Performance Indicators

Daniel Servitje, Chairman and CEO of Grupo	60% reduction in Scope 2 emissions vs.	As of 2021, the Group has more than 3,681	The Metropolitan Distribution Center began	18 Energy Star-certified bakeries

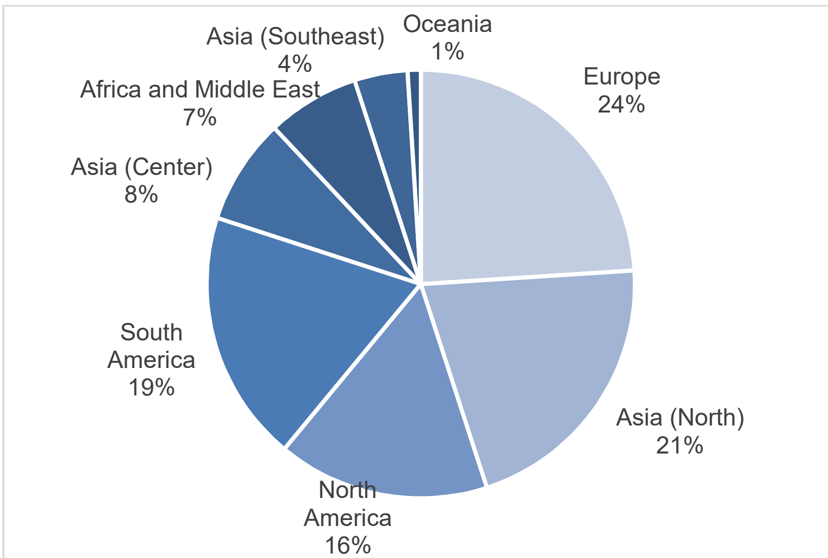
Bimbo, was recognized as one of the 100 Latinos most committed to climate action, by Sachamama.	2019 baseline due to the use of renewable energy, alternative fuels and efficiencies in logistics and distribution.	alternative fuel vehicles globally, of which 1,410 are electric.	operations. It is powered by solar energy from Mexico's largest rooftop with 2.2 MW installed, which allows the site to be self-sustained.	and plants in the U.S. BBU was recognized as an Energy Star Partner Of The Year by the U.S. Environmental Protection Agency.
Water reuse in operations increased by 4% vs. 2019. 87% of treated water is reused.	74 sales centers with rainwater collection systems.	94% traceability from suppliers to the mill and 64% to plantations.	5 innovation centers, 1 food lab and 1 kitchen lab work on improving nutritional profiles and creating new products.	96% of the products for daily consumption fully complied with the maximum levels of nutrients delimited in a diet, such as saturated fats, trans fats, sodium and added sugars.
88% of its total product portfolio for "specialty grains" breads and baked goods have positive nutrition and represent 63% of the products in its daily consumption portfolio.	90% of its waste generated in production processes was recycled.	Globally, 90% of its packaging is recyclable and 57 bakeries and plants have zero waste sent to sanitary landfill.	92% of all administrative and managment associates received integrity training through GB University.	13% reduction in frequency of fire outbreaks compared to 2020.
12 countries joined Grupo Bimbo's volunteer program.	Execution of more than 150 Good neighbor projects, around bakeries and plants in 23 countries, to improve the quality of life of thousands of people. 1,258 Good Neighbor projects between 2012 and 2021.	Donation to 154 food banks supported with in-kind donations equivalent to $326.7 million Mexican pesos.	+290,000 people participated in the Global Energy Race, organized virtually, where +4.9 million slices of bread were donated to food banks.	As in 2020, Grupo Bimbo held a Virtual Futbolito Bimbo, in which more than 3,500 children between the ages of 9 and 16 participated.

8) Market Information

8.1 Baking Industry General Overview

According to IBISWorld most recent report published in march 2021, the baking industry will grow from 2021-2026 at an average annual rate of 2.2% reaching $408.8 billion US dollars through 2026. In 2021, a 4.7% growth compared to 2020 is expected as a result of the sequentialrecovery of the global economies from the effects of the coronavirus pandemic.

Additionally, according to IBISWorld, growth in emerging markets will primarily result from the increase in discretionary income which will result in an increase per capita of bread consumption and fromchanging consumer diets that incorporate a wider range of wheat-based products, where markets such as Europe and the United States have shown a shift towards healthier bread products, which include ingredients such as organic, sprouted and gluten-free grains, with calcium, vitamins and minerals, and cleaner labels. The Group believes that growing consumer awareness of nutritional issues represents an opportunity for continued growth in emerging and mature markets through the launch of innovative, specialty and ingredient-free products.The following graph shows the revenue breakdown by region of the global baking industry (March 2021).



Source: IBISWorld, "Global Bakery Goods Manufacturing" March 2021.

Market Concentration

The industry remains highly competitive and fragmented, most players consist of small local bakeries. GlobalData estimates that the three major global players account for less than 10.0% of the market, with no single player controlling more than 5.0% of the global market. Industry leaders, including Grupo Bimbo, Mondelez International, and Campbells, are currently driving the industry's consolidation through their ongoing acquisition strategies.

The table below shows the estimated market share of the major global players in the baking industry according to GlobalData:

Participant	Estimated market share
Grupo Bimbo, S.A.B. de C.V.	4.0%
Mondelez International	3.2%
Campbells Soup Company	1.0%

Source: GlobalData, 2020

Quality and price continue to be two main factors for competition in the industry, which is why the industry's largest companies are driven mainly by brand recognition, product differentitation and the ability to deliver high-quality products that appeal to the needs and tastes of consumers.

Sales Channels and Distribution Network

Grupo Bimbo categorizes the industry's sales channels into four main categories: traditional, modern (supermarkets, convenience stores, and others), foodservice (fast-food restaurants, hospitals, restaurants and others), and others (wholesale, autovend, and others).

Supermarkets continue to account for most of the industry's global sales, mainly in markets such as North America and Western Europe. Emerging markets, such as South America, North Asia and Eastern Europe, tend to rely more on traditional channels.

It is important to mention that the distribution network is becoming wider as recent advances in technology and packaging have increased the durability of baking products and therefore the possibility to be delivered over longer distances.

Industry Outlook

According to IBISWorld (March 2021), the key external drivers for the global industry moving forward include:

- GDP of BRIC countries: an increase in the consumption and production for bread and other baking products,
- Global consumer spending: from an overall increase in disposable income, and
- World price of sugar and wheat: the rise or fall of two of the major inputs in baking products are likely to affect the producers' margins, although any additional costs will probably be passed on to consumers.

Most of this growth is expected to originate from rising demand in emerging markets, specifically Latin America, Asia, and Eastern Europe. Meanwhile, growth in mature markets will depend highly on the successful introduction and traction of organic options for example, in line with the recent trend.

The Baking Industry by Country/Region

North America

North America, according to IBISWorld estimates, accountedfor 16% of the global baking industry's revenue as of March 2021. The North American baking products market is considered to be a mature market with established brands. Future growth is expected to come from the production of healthier baked goods and brands with new products. Thus, differentiated products, strong cost controls and distribution efficiency are key performance drivers in this market.

The Group operates in the U.S. market through Bimbo Bakeries USA, Inc., or BBU, and Bimbo Frozen. Its main competitors in the U.S. include: Flower Foods, Pepperidge Farm, Hostess and other private label brands.

The main participants in the Canadian fresh baking market are Bimbo Canada, and George Weston Limited. The Group also participates in the frozen category through Bimbo Frozen.

Mexico

The baking goods industry in Mexico is expected to have a compound annual growth rate of 3.6% from 2018 to 2022 according to GlobalData, while in Mexico the annual growth rate is expected to be 1.2% from 2018 to 2022.

In terms of products, tortillas and packaged bread remain staple products in the country and are expected to continue to perform soundly.

Grupo Bimbo is the leader in the packaged bread market in Mexico, with the iconic Bimbo® brands.

The most relevant competition is the significant number of artisanal bakeries, small family-owned bakeries and the in-store bakeries in supermarkets, due to the large number of these types of establishments, in addition to regional packaged bread competitors such as El Panqué, Panovo and Rifel, among others, according to information from Nielsen.

Grupo Bimbo is the second largest producer of cookies in terms of sales under the Marinela®, Lara®, Gabi®, Bimbo®, Tía Rosa® and Suandy® brands, according to Nielsen data. The major competitors in the category include global market participants such as Gamesa, a PepsiCo. brand, Nabisco, a subsidiary of Mondelez International, and Mexican local market participants such as Cuétara, and Dondé.

The Group also participates in the packaged tortilla market (four and corn) with its Tía Rosa®, Milpa Real® and Del Hogar® brands, which compete mainly with products from Gruma (Missión and Maseca). Tía Rosa is the brand with the highest sales in the four tortilla category in Mexico. Additionally, Milpa Real® and Saníssmo® brands have the highest sales within the *tostadas* category in Mexico, according with information from Nielsen.

Latin America

The South America region, which includes countries like Brazil, Argentina, Chile, Paraguay and Uruguay is the third largest segment in terms of industry revenue, accounting for an approximatley 19% in 2021, according to IBISWorld (March, 2021); however, market penetration in the packaged bread remains relatively low.

The strongest competition comes from the significant number of artisanal bakeries, small family-owned bakeries and bakeries in supermarkets. Grupo Bimbo leads the packaged bread market in every Latin American country in which it operates, in the categories of sliced bread, pastries, with strong local brands such as Pullman®, Plus Vita®, Nutrella®, Fargo®, Ana Maria® and Lactal®, as well as regional brands such as Bimbo®. It also has a solid presence in the categories of bread, cakes and tortillas with brands such as Ana Maria®.

Europe, Asia and Africa

Europe, Asia and Africa, together represent 64% of the global baking goods market according to IBISWorld (March, 2021). Western Europe being the largest global market for bakery products. The participation of private labels and artisanal bakeries is significant in the region. As is the case globally, the industry remains highly fragmented in the continent with more than 16,000 companies competing in the European bread and baked products industry, according to IBISWorld (March, 2021). This is in part due to the longstanding tradition in many European countries of buying freshly baked bread daily.

In Europe, the Company primarily operates through Bimbo Iberia, Bimbo UK and Donuts (formerly owned by Panrico). The Company is the market leader in the branded packaged bread market in Spain and Portugal, with participation in the bread and sweet baked goods categories under the brands Bimbo®, Silueta®, Martínez® and Donuts®.

In the United Kingdom, Grupo Bimbo is the leading producer in the bagels market, with the brand New York Bakery Co®. The principal competitors in that market are Weight Watchers®, Kings Mill® and other private label players. In addition, the Company holds a leading position in the United Kingdom in the *vienoisserie* category.

According to IBISWorld, Asia accounted for 33% of the global baked goods industry revenue during 2021 and is considered one of the fastest growing regions, driven by Japan, South Korea, China and Hong Kong.

Central Asia, As Western cuisine becomes increasingly adopted in the region, producers have begun to expand mainly through acquisitions. Central Asia, where bread-related items such as naan and roti are included in everyday meals, is expected to keep growing as the demand for Western-style baked goods increases. In the case of China, growth has been driven by economic prosperity, increased urbanization, more women in the labor market, and the growing influence of Western cultures and diets.

The Group has been pioneer in developing the packaged bread market in China, in the categories of packaged baked goods, cakes and tortillas, by adapting its products to local preferences such as bread filled of sweet beans, green tea and spicy meat. The Company participates in the Chinese market principally through its brand Bimbo® and Mankattan®.

In India, the Group is also a baking leader in New Delhi. Currently, brands in the region include Harvest Gold®, Ready Roti® and Modern®, among others. As for Africa, the Company distributes baked goods in Morocco, some of them through the Bimbo® brand.

The Global Foodservice and Quick Service Restaurant Channels

According to IBISWorld (june 2021) during 2016- 2019, the growth of the fast food restaurants industry was driven by increasing consumer disposable income and the recovery of the global economy. However in 2020, there was a 15.2% downfall compared to 2019, in the consumer's disposable income in the fast food restaurants industry as a result of the economic and social consequences of the coronavirus pandemic outbreak.

In 2021, it is expected that the industry income will grow to 8.4%, as demand returns, following the proapagation of the COVID-19 in 2020. Additionally, industry revenues are estimated to grow over the next five years (2022-2026), at an annualized growth rate of 3.0% reaching USD$925 billion dollars in 2026, as a continued expansion of emerging economies is expected, as well as a consumer more willing to pay higher prices for new healthy food alternatives.

Among the product categories of the global quick service restaurants industry in United States, burgers account for the top product categories with 33.2% market share, followed by chicken with 12.2%, sandwiches with 9.4% and pizza and pasta with 8.9% based on IBISWorld research (october 2021).

The Group believes it is well positioned to benefit from the future potential growth in the quick service restaurants industry in the world, based on East Balt Bakeries' (now Bimbo QSR) existing presence through established operations in the U.S., China, South Korea, France, Italy, Portugal, Switzerland*, the United Kingdom, Russia, Ukraine, Turkey, Morocco*, South Africa and Kazakhstan. The Group also participates in Latin America, including Brazil, by serving major foodservice customers.

*The buisness operations in Switzerland and Morroco are made through a strategic alliance.

The Snacks Industry

The snacks segment considers categories like salty snacks and confectionery products.

According to GlobalData in 2020, salty snacks represent a large and diverse segment of the broader packaged food market, with estimated global sales of $163 billion US dollars.

The confectionery category represents a large and diverse segment of the broader food market, with estimated global sales of $191 billion US dollars, according to GlobalData 2020.

Relevant Markets

The Group participates in the snack industry in North America, Latin America and Europe.

According to IBISWorld (august 2021), U.S. snack market revenues have grown from 2016 to 2020 at an annualized rate of 0.7% to USD $43 billion. Given the strong growth that the industry experienced due to the coronavirus outbreak, U.S. snack market revenues increased 3.5% in 2020 and is expected to increase 1.5% in 2021.

In addition, industry revenues are estimated to grow at an annualized rate of 1.3% over the next five years, reaching an annualized rate of 1.3% in 2021 reaching $46 billion US dollars in 2026, as economic conditions are expected to improve, as well as consumers looking for more premium and healthier brands. Among the U.S. snack industry's product categories, nuts and seeds represent the leading product category with 32.6% market share, followed by potato chips with 24.5%, and tortilla chips and corn chips with 19.7%.

In the North American snacks market, Grupo Bimbo has market share mainly through the Takis® and Barcel® brands. Takis® has 2% market share within the category of processed snacks in the United States and Canada and a 5% market share in the the tortilla chips subcategory in such countries. In addition, Takis® is the fourth global leading tortilla chips brand according to GlobalData in 2020.

According to information of GlobalData in 2020, in Mexico, Barcel® has a market share of 10% in the snack industry, the second largest position. In Latin America, the brand holds a share participation of 4%.

The Ricolino® brand is the second largest within the confectionery category, capturing 8% of the market. Within sweet snacks, the Marinela® brand holds a share participation of 16%, holding the first place in Mexico.

European snacks consumers prefer artisanal & premium products. Private brand accounts for 16% of the European snacks market, while representing 6% of the overall global snacks market. In Europe, the Group operates mostly with Takis® and Eagle® brands in savory snacks category.

9) Corporate Structure

Grupo Bimbo is a holding company that, as of December 31, 2021 was a direct or indirect owner of shares in its seven primary operational subsidiaries. The table shown below lists the most important companies, their main activity and the equity holding percentage held by Grupo Bimbo in each one of them.

Subsidiaries	Main Activity	Shareholding%
Bimbo, S.A. de C.V.	Baking	97%
Barcel, S.A. de C.V.	Snacks	98%
Productos Ricolino, S.A.P.I. de C.V.[1]	Confectionery	98%
Canada Bread Corporation, Ltd.	Baking	100%
Bimbo Bakeries USA, Inc.	Baking	100%
Bimbo do Brasil, Ltda.	Baking	100%
Bakery Iberian Investments, S.L.U.	Baking	100%

[1]On November 1, 2019, Barcel S.A. de C.V spun off the confectionery business, arising as a result of the spin-off Productos Ricolino S.A.P.I de C.V.

10) Main Assets Description

10.1 Facilities

a. Production Plants

As of December 31, 2021, Grupo Bimbo operates 206 bakeries and plants worldwide distributed as follows:

- 61 in the USA; in Arizona, California, North Carolina, South Carolina, Colorado, Connecticut, Florida, Georgia, Indiana, Iowa, Illinois, Kansas, Kentucky, Maryland, Michigan, Minnesota, Mississippi, Nebraska, New Mexico, New York, Oklahoma, Oregon, Ohio, Pennsylvania, Texas, Utah, Virginia, Washington, West Virginia and Wisconsin.

- 39 in Mexico; in Baja California, Mexico City, Chihuahua, Durango, Estado de México, Guanajuato, Hidalgo, Jalisco, Nuevo León, Puebla, San Luis Potosí, Sinaloa, Sonora, Tabasco, Veracruz, Guadalajara and Yucatán.

- 36 in Latin America; in Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Panama, Paraguay, Peru, Uruguay and Venezuela.

- 18 in Canada; in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Nova Scotia, Ontario and Québec;

- 26 in Europe, in Spain, Portugal, the United Kingdom, Italy, France, Ukraine, Turkey, Russia and Switzerland (through a strategic alliance).

- 24 in Asia, in China, India, Kazakhstan and South Korea.

- 4 in Africa, South Africa and Morocco (through a strategic alliance);

These plants produce sliced bread, buns & rolls, cakes, pastries, cookies, toast, english muffins, bagels, tortillas and flatbread, snacks, and confectionary products, among others. The Group owns approximately 87% of the production plants it operates and leases the remainder from third parties.

The Group maintains a comprehensive insurance program for all the production plants in order to transfer all risks through specific provisioning.

In 2021, the Group made capital expenditures in the amount of more than 1,000 million US dollars, which were financed with its own resources.

The location of the Company's main bakeries and plants per region are shown below.

MEXICO

	Number of bakeries and plants
Bimbo S.A.	27
Barcel S.A.	7
Productos Ricolino S.A.P.I. de C.V.	4
Moldes y Exhibidores, S.A. de C.V.	1
TOTAL	**39**

NORTH AMERICA

	Number of bakeries and plants
Bimbo Bakeries USA	57
Organización Barcel	2
Bimbo Canada	18
Bimbo QSR	2
TOTAL	**79**

LATIN AMERICA

South	Number of bakeries and plants
Argentina	4
Brazil	11
Peru	2
Paraguay	1
Uruguay	1
Chile	2
TOTAL	**21**

Central	Number of bakeries and plants
Guatemala	1
El Salvador	1
Honduras	1
Costa Rica	1
Panama	1
Colombia	7
Venezuela	1
Ecuador	2
TOTAL	**15**

EUROPE

	Number of bakeries and plants
Spain	12
Portugal	2
France	3
Italy	2
Ukraine	1
Russia	1
United Kingdom	3
Turkey	1
Switzerland	1*
TOTAL	**26**

ASIA

	Number of bakeries and plants
China	10
India	12
South Korea	1
Kazakhstan	1
TOTAL	**24**

AFRICA

	Number of bakeries and plants
South Africa	2
Morocco	2*
TOTAL	**3**

*The buisness operations in Switzerland and Morroco are made through a strategic alliance.

The following table shows the capacity utilization percentage of the production in all the Company's operations as of December 31, 2021:

Organization and type of product	
Bimbo, S.A. de C.V. Bread, buns & rolls, doughnuts, cakes, toasts, cookies, cakes, waffer cookies, tortillas	54%
Bimbo Bakeries USA Bread, buns & rolls, doughnuts, cakes, pies, tortillas, *tostadas*, muffins and cakes	68%
Latin South Organization Bread, buns & rolls, doughnuts, cakes, toasts, pastries, cookies, Swiss rolls, puff pastry and tortillas	43%
Latin Centro Organization Bread, buns & rolls, doughnuts, toasts, cookies, pastries and tortillas	50%
Barcel, S.A. de C.V. Snacks	59%
Productos Ricolino, S.A.P.I. de C.V. Sweets, confectionery and chocolates.	50%
Bimbo Iberia Bread, buns, doughnuts, flatbread, toasts and cereal bars	49%
Bimbo Canada Bread, cakes, rolls, tortillas, muffins and cereal bars	55%
Bimbo India Bread, buns & rolls	75%
Bimbo Brazil Bread, buns & rolls, doughnuts, cakes, toasts, pastries, cookies, Swiss rolls, puff pastry and tortillas	45%
Bimbo United Kingdom Bagels, croissants	68%
Bimbo China Bread, pastries, cakes, tortillas and cookies.	56%

Bimbo QSR Buns, bread, muffins, cakes and flour tortillas.	62%
Bimbo Marruecos Bread	24%

Capacity utilization was calculated based on 168 productive hours per week. Hours are used as a parameter because the product mix of each line implies the utilization of different volumes and weight, which prevents the direct comparison of all products and line capacities.

b. Agencies

As an important part of its distribution process, the Company has more than 1,600 sales centers, each one supplied by one or more production plants. These centers may be exclusive for some of its brands or may handle several brands making use of the same infrastructure.

10.2) Asset Management

In order to secure the continuity of the Group's operations, an asset management system has been implemented supported by a preventive, predictive and collaborative maintenance strategic programs for the management of all the Company's assets, including machinery productive, diverse equipment, facilities along the supply chain and vehicular fleet. The objective is that all the Group's facilities and equipment show optimum operating, appearance and reliability conditions, and that while they comply with government rules and regulations, they also maintain a climate of well-being and safety for the associates and the communities in which Grupo Bimbo operates.

The Asset Management Model continually assesses the impact of predictive maintenance on business sustentability, emission of tons of CO2 equivalent, continuity, reliability and profitability, by recruiting, developing and retaining the best talent in diverse sectors. All of this, in search of industry leadership, through the inclusion of modern diagnostic technologies and monitoring of component conditions, artificial intelligence and virtual/aumented reality, both of the productive machinery as of diverse equipment and the vehicular fleet.

In this regard, the Company allocated in 2021, approximately 6.2% of the net sales to the asset management described aboved. Moreover, during the last year, 5.9% of its sales have been allocated in investments to support the growth, equipment modernization and productivity of its lines. All these resources have been financed with the Company’s own resources.

10.3) Guarantees on Assets

On the date of this Annual Report, the Company has only created liens on its assets as ordinary course of business. None are material.

10.4) Insurance

In addition to traditional insurances that cover assets against fire and natural phenomena, Grupo Bimbo has solutions that respond for cybersecurity against intrusions that may alter the operation of the Group, as well as its Board of Directors or any other position of command that is exposed to obligations and responsibilities in the performance of its position, with respect to errors and omissions derived from the daily functions of such position.

Thus, its facilties as well as third parties liabilities are covered by specific insurance policies regarding the risks the Group copes with.

In the case of the vehicular fleet for distribution, Grupo Bimbo's policy is not to rely on conventional insurance for its own damages; it has created a "self-insurance" program, based both on available cash flows and its strict maintenance policy, as well as its strong discipline for driving its vehicles, which results in a low frequency of vehicular incidents which costs are more economical than the payment of a traditional insurance policy, while the Group complies with the local regulations by having coverage for third party liability in every region.

The Group remains focused on identification, measure and management risk processes that challenge the buisness continuity.

11) Judicial, Administrative or Arbitration Processes

Currently, Grupo Bimbo is involved in several legal proceedings, which are considered part of the ordinary course of business and incidental to its operations. Except as described in this Annual Report, Grupo Bimbo has no judicial, governmental or arbitration proceedings against it (including proceedings pending or that may be reported) of which it has knowledge for twelve months prior to the date of this Annual Report, that may have or have had in the recent past, a material adverse effect on its financial position or its operation results. Moreover, at the date of this Annual Report, the Company does not fall within the circumstances established in Articles 9 and 10 of the Bankruptcy Act (*Ley de Concursos Mercantiles*) and has not been declared or may be declared in bankruptcy.

In 2017 Canada's Competition Bureau started an investigation over allegations related to an industry collusion among several bread suppliers, including Canada Bread from 2001 to 2017. As of the date of this report investigations by Canada's Competition Bureau continue and certain parties involved, have admitted inappropriate conduct. Canada Bread has not been charged with any offenses. Both the Group and Canada Bread are cooperating with Canada's Competition Bureau as it conducts its inquiry. In addition, the Group was notified of certain class actions initiated by groups of consumers and/or consumer associations against all the parties allegedly involved in Canada's Competition Bureau investigation.

12) Shares Representing the Capital Stock

As of the date of this Annual Report, the theoretical value of Bimbo's share capital totaled $4,021,000,000.00 (four billion twenty one million pesos 00/100 M.N.), represented by 4,475,068,991 outstanding Series "A" common nominative shares, with no par value, fully subscribed and paid, all of them representing the minimum fixed portion without right of withdrawal of the capital stock. See Note 20 to the Audited Financial Statements.

Grupo Bimbo was incorporated on June 15, 1966 with a minimum fixed capital stock of $50,000,000.00 pesos (today $50,000.00 pesos), represented by 50,000 shares, with a nominal value of $1,000.00 pesos each one.

Since its incorporation, Grupo Bimbo has had several modifications to its capital stock structure. As of 1998, the modifications are as follows:

In accordance with the corporate bylaws, the capital stock is variable. The capital stock shall be represented with Series "A" common nominative without nominal value expression shares. Additionally, the Company may issue non-voting and/or limited-voting, nominative, without nominal value expression shares, which shall be denominated with the series name determined by the Meeting that approves the issuance thereof. In no case shall the non-voting and/or limited voting shares represent more than twenty-five percent (25%) of the total capital stock placed among the investing public or of the total shares placed therein. However, the National Banking and Securities Commission (known in Spanish as "CNBV") or, otherwise, the competent authority, may extend the above-mentioned limit up to an additional twenty-five percent (25%), only if this last percentage is represented by non-voting shares, with the limitation of other corporate rights, or by restricted voting shares, which shall be convertible into common shares within a term not exceeding five (5) years, computed as of their placement (See Section "4. GOVERNANCE— d) Corporate Bylaws and Other Agreements").

On July 30, 1998, Bimbo made a capital increase, in the fixed portion, through the issuance of 60,000,000 (sixty million) common, nominative, Serie "A", with no par value shares and, derived from it and from the exchange of shares, the fixed capital remained in the amount of $2,299,288,054.00 (two thousand two hundred and ninety-nine million eighty-eight thousand fifty-four pesos 00/100 M.N.).

On May 7, 2002, Bimbo approved a total modification of the company's bylaws and a capital reduction for a total amount of $397,555,574 (three hundred ninety seven million five hundred fifty five thousand five hundred seventy four pesos 00/100 M.N.) and the cancellation of 245,800,000 (two hundred forty five million eight hundred thousand) common, Serie "A", nominative treasury shares.

On April 15, 2011, Bimbo carried out a split of the shares representing its capital stock, making outstanding Issuance 2011-I, through which the Company's capital stock was not modified and remained represented by 4,703,200,000 (four thousand million seven hundred three million two hundred thousand) shares.

By means of the General Ordinary Shareholders' Meeting held on October 19, 2020, the shareholders approved the cancellation of 169,441,413 series "A" shares deposited in the Company's treasury, resulting in a reduction of the capital stock and treasury shares by $153.

By means of the General Ordinary Shareholders' Meeting held on April 30, 2021, the shareholders approved the cancellation of 17,428,926 series "A" shares deposited in the Company's treasury, resulting in a reduction of the capital stock and treasury shares of $15.

By means of the Annual Ordinary and Extraordinary General Shareholders' Meeting held on April 27, 2022, the shareholders approved the cancellation of 41,260,670 series "A" shares deposited in the treasury, resulting in a reduction of capital stock and treasury shares of $16.

13) Dividends

The information set forth herein below refers to the Company's outstanding shares as of the date of this Annual Report see Section "2. THE COMPANY – b) Business Description – xii) Shares Representing the Capital Stock").

The declaration, amount and payment of dividends to the holders of BIMBO's Series "A" shares is proposed by the Board of Directors and approved by the General Shareholders' Meeting.

During 2021, dividends were paid on a basis of $1.00 (one peso 00/100 M.N.) per share representative of the capital stock.

Historically, the Company has paid dividends resulting from profits generated during each period. The Company's management considers that this situation will continue in the future; however, it cannot assure that this will happen.

An additional income tax of 10% is applicable to dividends paid when they are distributed to individuals and foreign residents. The Income Tax is paid via a withholding of such tax, resulting in a final payment by the shareholder. In the case of foreigners, treaties to avoid double taxation may apply. This tax will apply for the distribution of profits generated since 2014.

Retained earnings include the statutory legal reserve. Mexican General Corporate Law requires that at least 5% of net income of the year be transferred to the legal reserve until the reserve equals 20% of capital stock at par value (historical Mexican pesos). The legal reserve may be capitalized but may not be distributed unless the entity is dissolved. The legal reserve must be replenished if it is reduced for any reason. As of December 31, 2021, 2020 and 2019, the legal reserve, in historical Mexican pesos, was of an amount of $500,000,000.00 (Five hundred million pesos 00/10 M.N.).

The distribution of net worth, except for the updated amounts of corporate capital stock contributed and of the retained taxable profits, shall cause the income tax on dividends to be discharged by the Company at the rate in effect upon the distribution. Taxes paid for such distribution may be credited against the income tax of the fiscal year in which the tax on dividends is paid and in the two immediately subsequent fiscal years, against the fiscal year tax and the provisional tax payments thereof.

The balances of the net worth tax accounts as of December 31 were:

		2021		2020		2019
Restated contributed capital account (CUCA)	$	31,760	$	30,834	$	29,892
Net taxed profits account (CUFIN)		87,424		81,722		76,438

Dividends on shares that are held through Indeval shall be distributed by Bimbo as well as through Indeval. Dividends on shares represented by certificates or physical certificates shall be paid upon presentation of the relevant coupon. In case provisional certificates exist at the time when the dividend is decreed, and if such provisional certificates have no coupons attached, the dividend shall be paid against the relevant receipt.

3) FINANCIAL INFORMATION

a) SELECTED FINANCIAL INFORMATION

	2021	2020	2019
Net sales	348,887	331,051	291,926
Operating profit	34,126	25,408	20,419
Adjusted EBITDA	49,178	45,193	37,874
Net Majority Income	15,916	9,111	6,319
Basic earnings per ordinary share	3.55	2.00	1.36
Dividend per share	1.00	0.50	0.45
Total assets	337,640	307,651	279,081
Current portion of non current debt	10,625	600	5,408
Long-term debt	82,230	84,629	81,264
Total equity	101,606	88,011	78,311

Note: amounts in millions of Pesos.

b) FINANCIAL INFORMATION PER BUSINESS, GEOGRAPHIC ZONE AND EXPORT SALES

Grupo Bimbo, through its main subsidiaries, is mainly engaged in the production, distribution and commercialization of sliced bread, buns & rolls, pastries, cakes, cookies, toasted bread, English muffins, bagels, tortillas & flatbreads, salty snacks and confectionery. The Company manufactures more than 10,000 products. The sale of that products constitutes Grupo Bimbo's only line of business. The division between baking products, salty snacks and confectionery goods referred to in this Annual Report is an organizational division, the only purpose of which is to achieve administrative efficiencies and which derive from historical reasons. In some cases, such division is shown exclusively in order to differentiate the market for such products. Grupo Bimbo has no significant export sales.

The following table shows certain financial information of Grupo Bimbo per geographic zone for the three preceding fiscal years:

For the years ended December 31:			
	2021	2020	2019
	Total Sales		
Mexico	118,661	104,593	102,688
North America	176,275	176,395	144,005
Latin America	31,376	29,081	27,144
EAA	34,195	30,029	26,655
Consolidated eliminations	(11,620)	(9,047)	(8,566)
	Operating Profit		
Mexico	18,373	14,976	15,966
North America	16,076	11,195	6,094
Latin America	345	(402)	(1,337)
EAA	292	168	136
Consolidated eliminations	(960)	(529)	(440)
	Adjusted EBITDA		
Mexico	22,673	19,165	19,839
North America	22,358	22,694	16,216
Latin America	2,193	1,428	592

Europa	2,704	2,295	1,668
Consolidated eliminations	(750)	(389)	(441)
	Total Assets		
Mexico	78,386	72,528	68,556
North America	202,347	186,298	153,634
Latin America	30,121	24,586	23,494
EAA	45,860	42,089	35,072
Consolidated eliminations	(19,074)	(17,850)	(1,675)

c) REPORT ON SIGNIFICANT DEBT

The Company's relevant financing facilities are described below.

As of the date of this Annual Report, the Group is up to date in the payment of principal and interest of all its relevant loans.

The Company has complied with all the negative and affirmative covenants, including several financial ratios established in credit facilities entered into and executed by the Company and its subsidiaries.

1. International Bonds (Senior Notes) and Local Notes (*Certificados Bursátiles*)

a. International Senior Notes:

1. On January 25, 2012 the Company issued a bond under Rule 144 A and Regulation S of the U.S. Securities Act for USD 800 million, maturing on January 25, 2022. Such bond pays a fixed interest rate of 4.50% payable on a semi-annual basis. The proceeds from this issuance were used to refinance the Company's debt, extending the average maturity, as well as for general corporate matters. On April 26, 2021, the Company made an early redemption of this issuance for an amount of $600,000,000 US dollars, which were initially financed through the company's committed revolving credit facility and subsequently through a new issuance on May 12, 2021. In January 2022 the Group paid the 144A international bond remanent for USD 198 million through its committed revolving credit facility.

2. On June 27, 2014 the Company issued bonds under Rule 144 A and Regulation S of the U.S. Securities Act for (i) USD 800 million, maturing in 2024 and (ii) USD 500 million maturing in 2044. Such bonds pay a fixed interest rate of 3.875% and 4.875%, respectively payable on a semi-annual basis. The proceeds from this issuance were used to refinance the Company's debt, extending the average maturity, as well as for general corporate matters.

3. On November 10, 2017 the Company issued a bond under Rule 144 A and Regulation S of the U.S. Securities Act for USD 650 million, maturing on November 10, 2047. Such bond pays a fixed interest rate of 4.70% payable on a semi-annual basis. The proceeds from this issuance were used to refinance the Company's debt, extending the average maturity, as well as for general corporate matters..

4. On September 6, 2019 the Company issued a bond under Rule 144 A and Regulation S of the U.S. Securities Act for USD 600 million, maturing on September 6, 2049. Such bond pays a fixed interest rate of 4.000% payable on a semi-annual basis. The proceeds from this issuance were used to refinance the Company's debt, extending the average maturity.

5. On May 12, 2021 the Company, through its subsidiary Bimbo Bakeries USA, issued a bond in the international markets for a value of $600,000,000 dollars maturing on 2051 in accordance with Rule 144A and the Regulation S of the U.S. Such financing pays a fixed rate of 4.00% payable on a semi-annual basis. The proceeds from this issuance were used to refinance the Company's debts, extending the average maturity.

b. International bonds (subordinated notes):

1. On April 17, 2018, Grupo Bimbo issued a bond for a value of US$500,000,000 in the international markets pursuant to Rule 144A and Regulation S.of the U.S.

c. Local bonds (*Certificados Bursátiles*)

1. Bimbo 16 - Issued on September 14, 2016 for $8,000 million pesos, with maturity on September 2, 2026. Such bond pays a fixed interest rate of 7.56%. The proceeds from this issuance were used to refinance the Company's debt, extending the average maturity.

2. Bimbo 17 – Issued on October 6, 2017 for $10,000,000,000 pesos with maturity on September 24, 2027. Such bond pays a fixed interest rate 8.18%. The proceeds from this issuance were used to refinance the Company's debt, extending the average maturity as well as the partial payment of Bimbo QSR acquisition.

All the notes are guaranteed by the Company's main subsidiaries.

2. Committed Revolving credit facility (multicurrency)

On September 2021, the Company renewed and amended the terms and conditions of the committed multicurrency credit facility, which was originally obtained on April 26, 2010 and modified in 2013, 2016 and 2018.

In accordance with the new terms and conditions, the financial institutions engaged in this facility are BBVA Bancomer, S.A., CITIBANK, N.A., HSBC México, S.A., Banco Santander, S.A., JPMorgan Chase Bank, N.A., Bank of America, N.A., ING Bank, N.V., MUFG Bank, Ltd., and Mizuho Bank, Ltd. The total amount is for USD$1,750 million, maturing on September 14, 2026, however, on September 14, 2023 the amount will be reduced to USD$875 million. The drawdowns against this facility bear interest at the London Interbank Offered Rate (LIBOR) plus 0.95% for drawdowns made in USD, at the Canadian Dollar Offered Rate (CDOR) plus 0.95% for drawdowns made in Canadian dollars, at the Interbank Equilibrium Interest Rate (TIIE) plus 0.725% for drawdowns made in Mexican pesos and Euro Interbank Offered Rate (EURIBOR) plus 0.95% for drawdowns made in euros. This credit facility is sustainability-linked and marks the Company's debut in sustainable financing. Hence, the annual interest rate may change, up or down, depending on the company's performance in pre-established renewable energy and treated water reutilization metrics.

This transaction highlights Grupo Bimbo's commitment to the preservation and improvement of the environment, including focus on two areas which are part of the Company's sustainability journey: energy and water. This renewal provides ample flexibility and liquidity to the Company and reaffirms the many years of strong relationship between Grupo Bimbo and its bank syndicate.

During 2020 and 2021, drawdowns and prepayments have been made to the facility. As of December 31, 2021, there is no balance drawn on this facility.

3. Other Loans

Certain subsidiaries have entered into direct loans to meet mainly their working capital needs. The maturity dates for such loans range from 2021 to 2028, which generate interest at various rates.

Summary of Affirmative and Negative Covenants and Acceleration Causes

The aforementioned credit facilities or bank loans, international bonds and local bonds (*Certificados Bursátiles*) of the Company provide affirmative and negative covenants, as well as events of default. The main covenants, and events of default to which the Company is subject are the following, with the understanding that this summary is indicative and does not include definitions, nor the scope or exceptions to these covenants and events of default:

Affirmative Covenants	**Negative Covenants**	**Events of Default**
Provide periodic financial information and information on material events	Do not modify its main business activity	Non-payment of interest or principal
Preserve its legal standing and incorporation and the necessary permits to perform its operations	Do not merge, liquidate or sell its "material assets"	Disclose false or inaccurate relevant information
Use the proceeds for the agreed purpose	Do not allow its "key subsidiaries" to have restriction for payment of dividends or equity to its lenders.	Failure to comply with any affirmative or negative covenants of the credit facilities
In the case of the Domestic Notes (Certificados Bursátiles), maintain registration with the RNV	Do not create "liens" except for any "permitted liens" .	Failure to pay the principal or interest on a debt of more than $200 million US dollars, or if any "material debt" is accelerated and requires the Company to pay an amount greater than $150 million US dollars.
Comply with tax and labor obligations	In the case of some credit facilities, to maintain ratios of interest coverage and leverage within certain levels	If the Company or any of its "material subsidiaries" is declared insolvent or in bankruptcy
Maintain a *pari passu* payment priority amongst the corporate creditors		If a judgment is passed against the Company, requiring the payment of an amount greater than U.S.$150 million, and such amount is not secured during a grace period.
		If the Company fails to pay any social security or housing fees (IMSS, INFONAVIT or SAR)
		If assets or important assets" of Grupo Bimbo are expropriated.
		If the Company rejects the validity of the Local Bonds (Certificados Bursátiles)
		If there is a "change of control"

d) MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATION

The following discussion and analysis should be read together with the Audited Financial Statements, including the notes thereto. Unless otherwise stated, all amounts herein are expressed in million Mexican Pesos and were prepared according to IFRS. Consolidated figures include the effects of inter-region eliminations.

The following analysis contains forward-looking statements that involve risks and uncertainties. The actual results may differ materially from the comments in the forward-looking statements as a result of various factors, including, but not limited to, those set forth in "Forward-Looking Statements" and "Risk Factors" and the matters set forth in this annual report.

The audited consolidated financial statements are expressed in Mexican pesos. The financial information that concerns us as of the end of year (December 31, 2019) is included in this annual report and is presented in US dollars solely for the convenience of the reader.

Factors that affect the results of operations and financial condition of the Group

The main factors that affect the results are:

Prices of raw materials. The Group uses a variety of basic products in the preparation of its products, which include wheat flour, edible oils and fats, sugar, eggs as well as plastics to package its products. As a result, its consolidated operating results are affected by changes in the prices of these basic products, among others.

Sales volume. The consolidated sales volume is impacted by general economic conditions, product prices, new product launches and the extent and effectiveness of its advertising and promotion.

Cost of advertising and promotion. The Group supports its brands and products as well as new product launches through extensive advertising and promotions adapted to its brands and targeted to consumers in the specific markets in which it operates. In general, the Group increases advertising and promotional spending during periods where the Group experiences pressure on sales volume.

Prices of products. Prices for its products are impacted by the cost of raw materials and distribution as well as the Special Excise Tax (IEPS by Spanish acronym), tax imposed in Mexico on its products in Mexico and the price sensitivity of consumers in the various food categories and markets in which it operates.

Distribution efficiencies. The Group constantly review its distribution processes to reduce costs and increase efficiency across its organization. For example, the Company implemented initiatives that have improved its sales execution and leveraged its distribution, including customizing sales execution by customer type.

Exchange rates. The consolidated financial statements are expressed in Mexican pesos. The Group generates revenue mainly in Mexican pesos and US dollars and, to a lesser extent, in other local currencies in the countries where it operates. As a result, differences in the currency exchange rate can impact its financial statements, particularly with respect to the results of operations in United States and Canada.

Factors affecting the comparability of recent results of operations and financial conditions

Acquisitions

The following table shows major acquisitions that the Company completed in the past three years:

Year	Company	Country
2021		
October 25	Kitty Industries	India
October 13	Aryzta do Brazil	Brazil
September 17	Popcornopolis	United States
June 1	Plant in Medina from Cerealto Siro Foods	Spain
May 14	Emmy´s Organics	United States
February 15	Modern Foods	India
2020		
September 21	Blue Label	Mexico
June 30	Paterna Plant from Cerealto Siro Foods	Spain
January 2	Lender´s	United States
2019		
August 6	Mr. Bagels Limited	United Kingdom

Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Company's accounting policies, which are described in Note 3, management is required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on a regular basis. The effects of changes in accounting estimates are recognized in the period of the change and future periods if the change affects both current and subsequent periods.

Critical judgment in applying accounting policies

Consolidation of structured entities. As described in more detail in Note 7, BBU has entered into agreements with third party contractors ("Independent Business Partners") in which it holds no direct or indirect interest but that qualify as structured entities (SE). The Company has concluded that some of these structured entities meet the requirements to be consolidated in accordance with IFRS 10 Consolidated Financial Statements.

Key sources of estimation uncertainty

Useful lives, residual values and depreciation and amortization methods of long-lived assets. As described in Note 3, the Company annually reviews the estimated useful lives, residual values and depreciation and amortization methods of long-lived assets, including property, plant and equipment and intangible assets. Additionally, for intangible assets, the Company determines whether their useful lives are finite or indefinite. As of January 1, 2020, the Group determined that the estimated useful life of trays used to transfer products from production facilities to distribution facilities is three years and, historically, the Group measured such useful life at one year; such change did not have a significant impact on the consolidated financial statements.

Incremental borrowing rate. The Group uses its incremental borrowing rate, or IBR, to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment at contract inception date. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Impairment of goodwill and indefinite useful life intangible assets. Determining whether goodwill is impaired involves calculating the recoverable value of the cash-generating unit to which goodwill has been allocated. Recoverable amount is the higher of fair value less costs of disposal and value in use. The calculation of the value-in-use requires the Group to determine the expected future cash flows from the cash-generating units, using an appropriate discount rate to calculate the present value.

Fair value measurements. Derivative financial instruments are recognized in the statement of financial position at fair value at the reporting date. In addition, the fair value of certain financial instruments, mainly with respect to long-term debt, is disclosed in the accompanying notes, though there is no risk of adjustment to the related carrying amount (see Note 17 of the Group's audited consolidated financial statements). The Group has acquired businesses for which the Group is required to determine the fair value of the consideration paid, the identifiable assets acquired and liabilities assumed and, if applicable, the non-controlling interest at the date of the acquisition, as described in Note 1 of its audited consolidated financial statements.

The fair values described above are estimated using valuation techniques that may include inputs that are not based on observable market data. The main assumptions used by management are described in the related notes. The Group considers that the valuation techniques and assumptions selected are appropriate for the determination of the fair values.

Employee benefits. The cost of defined benefit plans and MEPP (various of these plans considered as defined benefits) is determined using actuarial valuations that involve assumptions related to discount rates, future salary increases, employee turnover rates and mortality rates, among others. Due to the long-term nature of these plans, the assumptions used for such estimates are subject to change.

Recoverability of deferred income tax. To determine whether a deferred income tax asset related to tax losses carryforwards is impaired, the Group prepares tax projections to determine its recoverability.

Insurance and other liabilities. Insurance risks exist in the United States with respect to the liability for general damages to other parties, car insurance and employee benefits that are self-insured by the Group with coverage subject to specific limits agreed in an insurance program. Provisions for claims are recorded on a claim-incurred basis. Insurable risk liabilities are determined using historical data. The net liabilities as of December 31, 2021, 2020 and 2019 amounted to $5,546 million, $5,309 million and $4,650 million respectively.

1) Results of Operations

Comparative analysis of fiscal years ended on December 31, 2021 and 2020

Net Sales

Net Sales reached record levels at $348,887 million, an increase of 5.4%, attributable to strong volumes price/mix across every region, which was partially offset by FXrate effect. Excluding this effect, Net Sales increased 9.3%.

Net sales	2021	2020	% Difference
North America	176,275	176,395	(0.1)
Mexico	118,661	104,593	13.5
Europe, Asia, Africa	34,195	30,029	13.9
Latin America	31,376	29,081	7.9
Consolidated eliminations	(11,620)	(9,047)	28.4
Consolidated	**348,887**	**331,051**	**5.4**

North America: Despite difficult comparisons as the Company lapped COVID-19 driven performance in 2020, Net Sales in U.S. dollars increased 6.3%, driven by strong market share performance, successful implementation of the pricing strategy and excellent in store execution. Mainstream,premium, buns and rolls, sweet baked goods and snacks categories outperformed, as did the modern channel.

Mexico: Net Sales in Mexico grew 13.5%, attributable to strong volume growth, product/mix, and price increases. Every channel posted growth, as did the snacks, confectionery, snack cakes, cookies, sweet baked goods, sliced bread, and buns categories.

EAA: Sales in EAA rose 13.9% in peso terms; excluding the FX effect, Net Sales increased 15.5%, reflecting strong sales performance, mainly in Iberia, pricing actions, and inorganic contribution from the acquisitions completed in Iberia and India, as well as the recovery of the QSR channel throughout the region.

Latin America: Net Sales increased 7.9% in peso terms; excluding the FX effect, Net Sales increased 18.5%, primarily driven by strong results across every organization, highlighting Brazil, Chile, Paraguay, Colombia and the rest of the *Latin Centro* division. Sales growth was also benefited by the inorganic contribution from the acquisition of Aryzta do Brasil.

Gross Profit

Gross Profit increased 3.9% while the margin contracted 80 basis points to 53.1%, due to higher raw material costs.

Gross Profit

	Year ended on December 31, (in millions of pesos)		
Region	**2021**	**2020**	**% Difference**
North America	97,565	98,768	(1.2)
Mexico	63,800	57,265	11.4
Europe, Asia, Africa	11,815	10,934	8.1
Latin America	13,996	13,090	6.9
Consolidated eliminations	(1,864)	(1,624)	14.8
Consolidated	**185,312**	**178,433**	**3.9**

Operating Income

Operating Income grew 34.3% and margin expanded 210 basis points, primarily as a reflection of productivity savings across the value chain coming from past restructuring investments, distribution efficiencies and cost-cutting projects, as well as a non-cash benefit of US $108 million from the adjustment of the MEPPs liability to reflect current interest rates levels. This was partially offset by the abovementioned higher cost of sales..

Operating Income

	Year ended on December 31, (in millions of pesos)		
Region	**2021**	**2020**	**% Difference**
North America	16,076	11,195	43.6
Mexico	18,373	14,976	22.7
Europe, Asia, Africa	292	168	74.0
Latin America	345	(402)	NA

Consolidated eliminations	(960)	(529)	81.5
Consolidated	**34,126**	**25,408**	**34.3**

Comprehensive Financial Result

The Comprehensive Financial Result totaled $8,020 million, 9.5% lower when compared with the previous year, this was mainly due to lower interest expenses and a lower exchange rate loss.

Taxes

In 2021, taxes recorded an increase of 44.9%, for a total of $8,971 million, while the effective tax rate was 34.0%, compared to 37.0% in 2020.

Net Majority Income

Net Majority Income for 2021 increased 74.7% and the margin expanded 180 basis points due to the strong sales and operating performance, as well as lower financing costs and a lower effective tax rate, which totaled 34%.

Earnings per share totalled $3.55, compared to $2.00 in 2020.

Operating Profit Before Depreciation and Amortization and Other Non-cash Charges (Adjusted EBITDA)

Adjusted EBITDA	2021	2020	% Difference
North America	22,358	22,694	(1.5)
Mexico	22,673	19,165	18.3
Europe, Asia, Africa	2,704	2,295	17.8
Latin America	2,193	1,428	53.6
Consolidated eliminations	(750)	(389)	92.80
Consolidated	**49,178**	**45,193**	8.8

Adjusted EBITDA for 2021, which considers the effect of the implementation of IFRS 16 for both periods, reached a record level of $49,178 million, an increase of 8.8%, and the margin expanded 40 basis points primarily attributable to the strong sales and operatingperformance across the Company.

Financial Structure

Total Debt on December 31, 2021, was $92,855 million, compared to $85,229 million on December 31, 2020. The increase was explained by capital expenditures, the funding of the acquisitions, and by the shareholders' return.

Average debt maturity was 16.4 years, with an average cost of 6.0%. Long-term Debt comprised 89% of the total; 50% of the debt was denominated in U.S. dollars, 40% in Mexican pesos, 7% in Canadian dollars and 3% in Euros.

The Net Debt to Adjusted EBITDA ratio, which does consider the effect of IFRS 16, was 1.9 times, with no change when compared to 1.9 times on December 31, 2020.

The Company invested $1,901 million in the repurchase of 45 million of its own shares.

Comparative analysis of fiscal years ended on December 31, 2020 and 2019

During 2020, Net Sales increased 13.4%, attributable to a favorable price mix, solid volume performance and an exchange rate benefit.

Net sales	2020	2019	% Difference
North America	176,395	144,005	22.5
Mexico	104,593	102,688	1.9
Europe, Asia, Africa	30,029	26,655	12.7
Latin America	29,081	27,144	7.1
Consolidated eliminations	(9,047)	(8,566)	NA
Consolidated	**331,051**	**291,926**	**13.4**

North America: Net sales increased 22.5% primarily driven by continued branded growth across all key categories, as well as throughout the retail channel and FX rate benefit, which more than offset the weak results in the foodservice and convenience channels due to the pandemic.

Mexico: Net Sales in Mexico grew 1.9% mainly due to an improved price mix; the traditional and retail channels outperformed, as did the snack cakes and cookies categories. Volumes were pressured by the pandemic, especially across the wholesale, convenience and foodservice channels.

EAA (Europe, Asia and Africa): Net Sales rose 12.7%, mainly driven by strong results in Iberia and in the U.K., as well as by FX rate; this was countered by the challenging results in the QSR business due to the COVID-19 pandemic.

Latin America: Net Sales grew 7.1%, every region posted sales growth in local currencies, especially Brazil, the *Latin Centro* division and the retail channel, despite the soft performance in Argentina.

Gross Profit

Consolidated Gross Profit increased 16.1% with a margin expansion of 120 basis points, mainly attributable to the strong sales performance and lower raw material costs.

	Years ended on December 31, (in millions of pesos)		
Region	**2020**	**2019**	**%**
North America	57,265	57,280	0.0
Mexico	98,768	76,895	28.4
EAA	10,934	9,679	13
Latin America	13,090	12,022	8.9
Consolidated eliminations	(1,624)	(2,134)	NA
Consolidated	**178,433**	**153,742**	**16.1**

Operating Profit

For the full year, Operating Income grew 24.4% and the margin expanded 70 basis points, reflecting the strong sales performance, lower cost of sales and lower general, restructuring and integration expenses. This was partially offset by a non-cash charge related to the adjustment of the MEPPs liability applied during the year.

	Years ended on December 31, (in millions of pesos)		
Region	**2020**	**2019**	**%**

North America	14,976	15,966	(6.2)
Mexico	11,195	6,094	83.7
EAA	168	136	23.5
Latin America	(402)	(1,337)	NA
Consolidated eliminations	(529)	(440)	NA
Consolidated	**25,408**	**20,419**	**24.4**

Comprehensive Financial Result

Comprehensive Financial Result totaled Ps. $8,859 million, compared to $8,560 in 2019, the increase mainly reflected higher interest expenses due to an unfavorable FX rate.

Taxes

In 2020, taxes recorded a 31% increase, for a total of $6,192 million, while the effective tax rate was 37%, compared to 39.1% in 2019.

Net Majority Income

Net Majority Income for 2020 rose 44.2% and the margin expanded 60 basis points attributable to the strong operating performance across the Company and a lower effective tax rate of 37%.

Earnings per share totaled Ps. $2.00, compared to Ps. $1.36 in 2019.

Operating Profit before Depreciation and Amortization and other non-monetary charges (Adjusted EBITDA)

Adjusted EBITDA	2020	2019	%
North America	22,694	16,216	39.9
Mexico	19,165	19,839	(3.4)
Europe, Asia, Africa	2,295	1,668	37.7
Latin America	1,428	592	>100
Consolidated eliminations	(389)	(441)	NA
Consolidated	**45,193**	**37,874**	**19.3**

2020 Adjusted EBITDA, which includes the effect of the implementation of IFRS16 for both periods, increased 19.3% and the margin expanded 70 basis points on the back of the strong operating performance primarily in North America, EAA and Latin America.

Financial Structure

Total debt at December 31, 2020, was $85,229 million, compared to $86,672 million on December 31, 2019. The decrease of $1,443 million was attributable to the prepayment of debt due to strong cash flow generation despite the FX adverse effect.

Average debt maturity was 13.2 years with an average cost of 6.1%. Long-term debt comprised 99% of the total; 53% of the debt was denominated in US dollars, 40% in Mexican pesos and 7% in Canadian dollars.The net debt to Adjusted EBITDA ratio, which does not consider the effect of IFRS 16, was 1.9 times compared to 2.4 times at December 31, 2019.

The Company invested $3,740 million in its share buyback program, buying back approximately 106 million shares.

2) Financial position, liquidity and capital resources

a. Internal and external liquidity sources

BIMBO has internal and external sources of traditional liquidity available, which have been already used in the past. The Company's liquidity is based on its own operations and historically, it has had sufficient levels of its own capital. In the past the Group has had access to bank financings and to the domestic and international capital and debt markets.

Likewise, BIMBO has obtained various credit lines from several financial institutions. Notwithstanding the foregoing, the Company cannot assure that it will have access to the sources of capital mentioned above. BIMBO has not had any cyclical credit requirements and generally, financing needs are associated with growth operations and not with working capital.

b. Debt level

The table contained in "Selected Financial Information" contains information on the Company's debt at the end of the last three fiscal years. See Section "3. FINANCIAL INFORMATION - Selected Financial Information". There is no cyclicality in the Company's financing requirements.

Significant Indebtedness

International Bonds (Senior Notes)

1. On January 25, 2012 the Company issued a bond under Rule 144 A and Regulation S of the U.S. Securities Act for USD 800 million, maturing on January 25, 2022. Such bond pays a fixed interest rate of 4.50% payable on a semi-annual basis. The proceeds from this issuance were used to refinance the Company's debt, extending the average maturity, as well as for general corporate matters. On April 26, 2021, the Company made an early redemption of this issuance for an amount of USD $600 million, which were initially financed through the Company's committed revolving credit facility and subsequently through a new issuance on May 12, 2021. In January 2022 the Group paid US$198,000,000 of the 144A international bond remanent for USD 198 million through its committed revolving credit facility..

2. On June 27, 2014 the Company issued bonds under Rule 144 A and Regulation S of the U.S. Securities Act for (i) USD 800 million, maturing in 2024 and (ii) USD 500 million maturing in 2044. Such bonds pay a fixed interest rate of 3.875% and 4.875%, respectively payable on a semi-annual basis. The proceeds from this issuance were used to refinance the Company's debt, extending the average maturity, as well as for general corporate matters.

3. On November 10, 2017 the Company issued a bond under Rule 144 A and Regulation S of the U.S. Securities Act for USD 650 million, maturing on November 10, 2047. Such bond pays a fixed interest rate of 4.70% payable on a semi-annual basis. The proceeds from this issuance were used to refinance the Company's debt, extending the average maturity, as well as for general corporate matters..

4. On September 6, 2019 the Company issued a bond under Rule 144 A and Regulation S of the U.S. Securities Act for USD 600 million, maturing on September 6, 2049. Such bond pays a fixed interest rate of 4.000% payable on a semi-annual basis. The proceeds from this issuance were used to refinance the Company's debt, extending the average maturity.

5. On May 12, 2021 the Company, through its subsidiary Bimbo Bakeries USA, issued a bond (senior notes) in the international markets for a value of $600,000,000 dollars maturing on 2051 in accordance with Rule 144A and the Regulation S of the U.S. Such financing pays

a fixed rate of 4.00% payable on a semi-annual basis. The proceeds from this issuance were used to refinance the Company´s debts, extending the average maturity.

International Bonds (Subordinated Notes)

1. On April 17, 2018, Grupo Bimbo, S.A.B. de C.V. issued a bond of perpetual subordinated notes for a value of $500,000,000 million US dollars under Rule 144 A and Regulation S of the US.

Local bonds (Certificados Bursátiles)

1. Bimbo 16 - Issued on September 14, 2016 for $8,000 million pesos, with maturity on September 2, 2026. Such bond pays a fixed interest rate of 7.56%. The proceeds from this issuance were used to refinance the Company's debt, extending the average maturity.

2. Bimbo 17 – Issued on October 6, 2017 for $10,000,000,000 pesos with maturity on September 24, 2027. Such bond pays a fixed interest rate 8.18%. The proceeds from this issuance were used for the prepayment of the securities identified with ticker symbol "BIMBO 12", the partial payment of a revolving facility entered into by Canada Bread, as well as the partial payment of Bimbo QSR acquisition.

All the notes are guaranteed by the Company's main subsidiaries.

Committed Revolving credit facility (multicurrency)

On September 2021, the Company renewed and amended the terms and conditions of the committed multicurrency credit facility, which was originally obtained on April 26, 2010 and modified in 2013, 2016 and 2018.

In accordance with the new terms and conditions, the financial institutions engaged in this facility are BBVA Bancomer, S.A., CITIBANK, N.A., HSBC México, S.A., Banco Santander, S.A., JPMorgan Chase Bank, N.A., Bank of America, N.A., ING Bank, N.V., MUFG Bank, Ltd., and Mizuho Bank, Ltd. The total amount is for $1,750 million US dollars, maturing on September 14, 2026. However, on September 14, 2023 the amount will be reduced in $875 million US dollars. The drawdowns against this facility bear interest at the London Interbank Offered Rate (LIBOR) plus 0.95% for drawdowns made in US dollars, at the Canadian Dollar Offered Rate (CDOR) plus 0.95% for drawdowns made in Canadian dollars, at the Interbank Equilibrium Interest Rate (TIIE) plus 0.725% for drawdowns made in Mexican pesos and Euro Interbank Offered Rate (EURIBOR) plus 0.95% for drawdowns made in euros. This credit facility is sustainability-linked and marks the Company's debut in sustainable financing. As such, the annual interest rate may change, up or down, depending on the company's performance in pre-established renewable energy and treated water reutilization metrics.

This transaction highlights Grupo Bimbo's commitment to the preservation and improvement of the environment, including focus on two areas, which are part of the Company's sustainability journey: energy and water. This renewal provides ample flexibility and liquidity to the Company and reaffirms the many years of strong relationship between Grupo Bimbo and its bank syndicate.

During 2020 and 2021, drawdowns and prepayments have been made to the facility. As of December 31, 2021, there is no balance drawn on this facility.

See Section "3. FINANCIAL INFORMATION – c) Report on Significant Debt".

Other Loans

Certain subsidiaries have entered into direct loans to meet mainly their working capital needs, and with maturities that range from 2021 to 2028, which generate interest at various rates.

Events of Default

For a description of the events of default contained in the material financings of the Company, see "See Section "3. FINANCIAL INFORMATION – c) Report on Significant Debt".

Liquidity

Liquidity represents the ability of the Group to generate sufficient cash flows from operating activities to meet its obligations as well as its ability to obtain appropriate financing. Therefore, liquidity cannot be considered separately from the capital resources that consist primarily of current and potentially available funds for use in achieving its objectives. Currently, the Group's liquidity needs arise primarily from working capital requirements, debt payments, capital expenditures and dividends. In order to satisfy its liquidity and capital requirements, the Group primarily relies on its own capital, including cash generated from operations, and committed credit facilities.

The Group believes that its cash from operations, its existing credit facilities and its long-term financing will provide sufficient liquidity to meet its working capital needs, capital expenditures, debt payments and future dividends.

Commitments

Grupo Bimbo, S.A.B. de C.V. and some of its subsidiaries have issued letters of credit to guarantee certain ordinary obligations and contingent risks related to the labor obligations of some of its subsidiaries. As of December 31, 2021, 2020, and 2019, the value of such letters of credit is $244, $248, and $286 million US dollars, respectively.

c. Treasury Policies

The Company maintains treasury policies consistent with its financial obligations and operating requirements and maintains its financial resources invested in highly liquid, non-speculative and low-risk instruments. Grupo Bimbo's treasury maintains several currencies, especially currencies of countries in which the Company operates.

d. Material committed capital expenditures

As of the date of this Annual Report, the Company had no material committed capital expenditures.

e. Changes in the Balance Sheet

Below is information on the cash flows generated by the operations, investing and financing activities during 2021, 2020 and 2019. The table contained in the Section "3. FINANCIAL INFORMATION - a) Selected Financial Information" includes certain financial ratios that show changes in the financial status of the Company during these years.

Cash Flows from Operating Activities

For fiscal year ended December 31, 2021 and 2020

For the year ended in December 31, 2021, the net cash flow from operations increased by $1,899 million to $45,776 million compared to the increase of $15,357 million in 2020. This increase is mainly due to an increase in operating income by $8,718 million and by a decrease of the plans multi-employer pension plans liabilities of $(4,741) and an decrease in in other short-term assets and liabilities of $(955) million, an increase in the working capital for $(666) million and a decrease in the payment of income taxes of $(1,789) millions.

For fiscal year ended December 31, 2020 and 2019

For the year ended December 31, 2020, the net cash flow from operations increased by $15,357 million to $43,877 million compared to $28,520 million in 2019. This increase is mainly due to an increase in operating income of $4,989 million, due tothe revaluation of the MEPPs liability of $2,494 million and an increase in other short-term liabilities for $7,938 million.

Net Cash Flow from Investing Activities

For fiscal year ended December 31, 2021 and 2020

For the year ended December 31, 2021, net cash used in investing activities increased by $15,771 million to $(32,459) million compared to $(16,688) million in 2020, mainly as a result of mayor buisness acquisitions, fixed asset investment and capital stock increases in associated companies, which increased by $(7,184) million, $(7,453) million and $(853) million respectively.

For fiscal year ended December 31, 2020 and 2019

For the year ended December 31, 2020, net cash used in investing activities increased by $4,046 million to $(16,688) million compared to $(12,642) million in 2019, mainly as a result of mayor acquisitions and purchases of intangible assets, which increased by $3,359 and $264 million respectively.

Net Cash Flow from Financing Activities

For the year ended December 31,2021 and 2020

For the year ended December 31, 2021, net cash used in financing activities decreased by $10,047 million to $(14,116) million compared to $(24,163) million of net cash used in financing activities for the year ended December 31, 2020, mainly as a result of the maturity of stock market debt for $4,106 million, a decrease in amortized loans for $7,210 million, and a decrease of $1,839 million compared to 2020 for payments to aquire or redeem the entity´s shares. Also due to a decrease of $(733) million in profits from the settlement of derivative financial instruments and an increase in the payment of dividends of $(2,203) million compared to 2020.

For the year ended December 31, 2020 and 2019

For the year ended December 31, 2020, net cash used in financing activities increased by $7,330 million to $(24,163) million compared to $(16,833) million of net cash used in financing activities for the year ended the December 31, 2019, mainly as a result of the maturity of stock market debt of $4,141 million, bank debt repayments of $1,366 million and an increase of $1,992 million over 2019 for payments to acquire or redeem the entity's shares.

Borrowings from Banks and Other Financial Institutions

Total Debt increased from $85,229 million of pesos as of December 31, 2020, to $92,855 million pesos, as of December 31, 2021, the increase was explained by capital investments, the funding of the acquisitions and by the shareholders return.

On September 21, 2021, the Company renewed and amended certain terms and conditions of its multicurrency committed revolving credit facility, which was originally obtained on April 26, 2010 and modified in 2013, 2016 and 2018.

In accordance with the new terms and conditions, the financial institutions engaged in this facility are BBVA Bancomer, S.A., CITIBANK, N.A., HSBC México, S.A., Banco Santander, S.A., JPMorgan Chase Bank, N.A., Bank of America, N.A., ING Bank, N.V., MUFG Bank, Ltd., and Mizuho Bank, Ltd. The total amount is for USD$1,750 million, maturing on September 14, 2026. However, on September 14, 2023 the amount will be reduced in USD$875 million. The drawdowns against this facility bear interest at the London Interbank

Offered Rate (LIBOR) plus 0.95% for drawdowns made in US dollars, at the Canadian Dollar Offered Rate (CDOR) plus 0.95% for drawdowns made in Canadian dollars, at the Interbank Equilibrium Interest Rate (TIIE) plus 0.725% for drawdowns made in Mexican pesos and Euro Interbank Offered Rate (EURIBOR) plus 0.95% for drawdowns made in euros.This credit line is sustainability-linked and marks the Company's debut in sustainable financing. Thus, the annual interest rate may vary, up and down, based on the company's performance on pre-established renewable energy and treated water reutilization metrics. During 2020 and 2021 provisions and prepayments have been made to the facility. As of December 31, 2020, there is no balance drawn on this line of credit.

On May 12, 2021, the Company, through its subsidiary Bimbo Bakeries USA, issued a bond for $600,000,000 million US dollars maturing in 2051 and a fixed rate of 4.00% to refinance existing debt.

On September 6, 2019, the Company issued a bond for $600 million US dollars maturing in 2049 and a fixed interest rate of 4.00% to refinance existing debt and other general corporate purposes.

On November 10, 2017, the Company issued a bond for $650 million US dollars, maturing in 2047 and a fixed interest rate of 4.70% to refinance the Company's debt and other general corporate purposes.

On June 27, 2014, the Company issued bonds for $800 million US dollars, maturing in 2024 and a fixed interest rate of 3.875% and a bond for $500 million US dollars maturing in 2044 and a fixed interest rate of 4.875%, both to refinance the Company's debt and other general corporate purposes.

On January 25, 2012, the Company issued a bond for $800 million US dollars, maturing in 2022 and a fixed interest rate of 4.50% to refinance the Company's debt and other general corporate purposes.

On June 30, 2010, the Company issued a bond for $800 million US dollars, maturing in 2020 and a fixed interest rate of 4.875% to refinance the Company's debt and other general corporate purposes

In addition, the Group has issued, and remain in force in the Mexican capital markets the following notes (certificados bursátiles). All the notes were issued under issuing programs authorized by the CNBV:

- Local Bonds (*certificados bursátiles*) issued on September 14, 2016 for $8,000 million, maturing in September 2, 2026, with a fixed interest rate of 7.56% The resources from such issuance were to refinance the debt, extending its average life.

- Local Bonds (*certificados bursátiles*) issued on October 6, 2017 for $10,000 million, maturing in September 24, 2027, with a fixed interest rate of 8.18%. The resources from such issuance were destined for the pre-payment of the local bonds identified as "BIMBO 12", the partial payment of a multicurrency line of credit engaged by Canada Bread, and the partial payment of the Bimbo QSR acquisition.

The following table shows the outstanding financial indebtedness as of the dates indicated below:

	2021	**2021**	**2020**	**2019**
	(millions of U.S. $)	**(millions of pesos)** (2)		
4.00% International Bond due 2051	600	12,350		
4.000% International Bond due 2049	600	12,245	11,898	11,037
4.700% International Bond due 2047..................	650	13,379	12,967	12,249
4.875% International Bond due 2044...................	500	10,292	9,974	9,423
3.875% International Bond due 2024...................	800	16,467	15,959	15,076
4.50% International Bond due 2022.....................	800	4,072	15,915	15,078
4.875% International Bond due 2020...................	__	__	__	3,769

Revolving Committed credit facility (euros)[(4)]..	—	—	—	—
Revolving Committed credit facility (multicurrency)	1,750	—	—	95
7.56% Local Bonds[(1)] due 2026....................	380	7,706	7,706	7,706
8.18% Local Bonds[(1)] due 2027....................	475	9,633	9,633	9,633
Short-term unsecured loans for working capital	—	—	—	770
Other bank loans[(3)]...	369	7,483	1,708	2,154
Short-term portion of long-term debt............................	516	(10,625)	(600)	(5,408)
Debt issuance expenses..................................	(38)	(772)	(531)	(586)
Long-term debt..	**3,995**	**82,230**	**84,629**	**81,264**

(1) Converted into U.S. dollars for convenience purposes only, at $20.2818 pesos per U.S. dollar, which is the exchange rate published by the Mexican Central Bank on December 30, 2021 in the Mexican Federal Official Gazette
(2) The U.S. dollar amount for debt denominated in U.S. dollars represents the outstanding balance in U.S. dollars of such debt, without any conversion to pesos. However, the total long-term debt in the U.S. dollar columns is calculated by converting the respective balance into pesos at the exchange rate of $20.2818 pesos per U.S. dollar, therefore, it does not constitute the sum of the individual debt amounts listed on the U.S. dollar columns.
(3) Certain subsidiaries of the Group have contracted direct loans to meet mainly their working capital needs, with maturities that range between 2021 to 2028, which generate interest at various rates.
(4) The Committed Revolving Credit Facility in Euros was fully paid and cancelled on March 2, 2018 with funds borrowed under a Committed Revolving Credit Facility (multicurrency).

The aforementioned bank loans, international bonds and local bonds (*Certificados Bursátiles*) of the Company contain affirmative and negative covenants, as well as early termination causes. To date, all these covenants have been complied with.

The Group continuously evaluates financing alternatives, which in the future may include, among others, issuances of additional securities in the Mexican and the international capital markets, additional credit facilities, leases and securitization of all or any portion of the Group's assets.

Contractual Obligations

Grupo Bimbo, S.A.B de C.V., together with some of the subsidiaries, has guaranteed through letters of credit certain ordinary obligations, as well as some contingent risks associated with labor obligations of some subsidiaries. The value of such letters of credit as of December 31, 2021, 2020 and 2019 is $244 million US dollars, $248 and $286 million US dollars, respectively. Since September 2019, the Company acts as guarantor in a voluntary North American payment program between providers and Bank of America, where they discount their accounts recievables. As of December 31, 2021, 2020 and 2021, balances of $2,237, $1,521 and $764 are maintained presented to the prospect in accounts payable to suppliers.

The Company has established a trust that allows suppliers of its subsidiaries in Mexico to obtain financing through a factoring program executed by Nacional Financiera, SNC, as of December 31, 2021, 2020 and 2019, the amount of the liability amounts to $1,734, $1,152, and $908, respectively.

The Company has entered into energy self-supply contracts that commit it to acquire certain amounts of renewable energy at an agreed price that is updated by factors derived from the INPC. Even though the contracts have the characteristics of a derivative financial instrument, they qualify for the exception of accounting for them as such, since they are for self-consumption, they are recorded in the consolidated financial statements as energy consumption is incurred. For example, on December 22, 2021, the Company entered into an energy self-supply contract in Colombia that commits it to acquire certain amounts of renewable energy for a period of 8 years, starting on January 1, 2022. The main characteristics of these contracts are shown below:

Country	Signature Date	Start date	Period	Energy Commitments 2022
México	02/12/2008	01/11/2012	18 years	326 MXP
Peru	05/08/2019	01/09/2019	3 years	0.15 USD
Argentina	05/09/2019	01/01/2020	15 years	1.8 USD
Chile	22/02/2020	01/04/2020	8 years	0.7 USD
Panama	22/12/2020	01/07/2021	5 years	0.32 USD
Brazil	03/12/2021	01/01/2022	3 years	2.1 USD
Colombia	22/12/2021	01/01/2022	8 years	1.2 USD

Furthermore, on March 30, 2018, the Company signed through BBU, a 12-year virtual wind energy supply contract in the United States, which will be recognized as a financial asset measured at fair value with changes in results net of the effects of the associated deferred income and that will be accrued during the term of the contract.

As of December 31, 2021 and 2020, the net financial asset for $336 and $(213) and $47, respectively is presented in other long-term (liabilities/assets). During 2021, 2020 and 2019, $68, $71 and $27 respectively, was recognized in financial costs for the amortization of the liability and $(512), $345 and $(49) respectively, for the changes in the fair value of the liability/asset.

On February 1, 2021, the Company, through Canada Bread, entered into a supply of virtual wind and solar energy supply agreement in Canada for a term of 15 years, which will be recognized as a financial asset measured at fair value through profit or loss, net of the effects of the associated deferred revenue, which will be accrued over the life of the agreement.The commencement date of operation of this agreement will be January 1, 2023.

Other long-term commitments as of December 31, 2021, include the obligations resulting from financial instruments, accounts payable and debt amortization as follows:

	<1 year	>1 year < 3 years	>3 year < 5 years	>5 years	Total
Debt and interests	$14,926	$25,319	$14,807	$116,220	$171,272
Lease liabilities	5,793	9,762	6,168	16,206	37,929
Derivate financial instruments	-	136	486	276	898
Trade payables and account payable to related parties	37,279	-	-	-	37,279
Total	**$57,998**	**$35,217**	**$21,461**	**$132,702**	**$247,378**

Quantitative and Qualitative Disclosure about Market Risk

During the ordinary course of its operations, the Group is exposed to risks inherent with variables related to financing as well as variations in the prices of some of its raw materials that are traded in international markets. The Group has established an orderly risk management process that relies on internal bodies that assess the nature and extent of those risks. Main financial risks to which the Group is exposed are: interest rate risk, foreign currency risk, price risk, liquidity risk, credit risk and equity risk.

The corporate treasury is responsible for managing the risks associated with interest rate, foreign currency, liquidity and the credit risk that results from the ordinary course of business. Meanwhile, the purchases department is responsible for risk management of fluctuations in commodity prices and reviews the consistency of the open positions in the derivatives markets with the corporate risk strategy of the Group. Both departments report their activities to the Risk Management Department.

As a result of the dynamism of the variables to which the Group is exposed, hedging strategies are evaluated and monitored on an ongoing basis. Additionally, such strategies are reported to the relevant governing body within the organization. The primary purpose of hedging strategies is to achieve a neutral and balanced position in relation to the exposure created by certain financial variables.

The table below shows the integration of the financial derivatives portfolio for the periods indicated:

	As of December 31,		
	2021	**2020**	**2019**
	(in millions de pesos)		
Assets			
Current assets:			
Foreign exchange rate options	---	---	---
Forwards on raw materials	92	---	---
Options – FX	---	---	---
Options – premiums paid	---	---	---
Swaps	---	---	---
Futures contracts:			
Fair value of raw materials, natural gas, diesel and soy oil	1,293	871	143
Total short-term derivative financial instruments	1,293	871	143
Long-term Swaps	1,962	267	1,533
Liabilities			
Current liabilities:			
Swap	---	---	---
Forwards on exchange rate options	169	399	233
Forwards on raw material	---	784	325
Forwards on interest rates Cross currency swap	---	---	8
Futures contracts:			
Fair value of raw materials, natural gas, diesel and soy oil	---	---	107
Total derivative financial instruments	169	1,183	673
Long-term derivative financial instruments (swaps)	67	214	437
Equity:			
Total valuation of cash flow hedges, net of accrued interest	767	(2,251)	(1,825)
Terminated contracts for unused futures	(6)	24	(16)
Deferred income tax, net	(184)	676	559

Other comprehensive (loss) /income	577	(1,551)	(1,282)

For further information on the risk management policies, the derivative financial instruments and a sensitivity analysis on interest rates and currencies, see note 17 to the audited consolidated financial statements.

Off-Balance Sheet Arrangements

The Group does not currently have transactions involving off-balance sheet arrangements.

f. Unregistered transactions

As of December 31, 2021, 2020 and 2019 there were no material transactions resulting in cash flows.

3) Internal Control

The Company has an Audit & Corporate Practices Committee that performs audit activities, as well as other corporate practices activities set in the LMV, its bylaws and those determined by the Company's Board of Directors. The Audit & Corporate Practices Committee is comprised by at least three independent members appointed by the Shareholders' Meeting. The chairman of the committee is appointed by the General Shareholders' Meeting.

e) ESTIMATIONS, PROVISIONS AND CRITICAL ACCOUTING RESERVES

The Audited Financial Statements that form part of this Annual Report comply with IFRS. Their preparation requires that the Company's management make estimates and assumptions to assess some of the financial statement entries and to carry out disclosures required therein. However, actual results may differ from such estimates. The Company's management believes that such estimates and assumptions were appropriate considering the circumstances under which they were made.

The notes to the Audited Financial Statements contain a description of the most significant accounting policies of the Company, including the following:

1) *Compliance statement*

The consolidated financial statements of the Company have been prepared in compliance with the International Financial Reporting Standards (IFRS) as issued by the IASB.

2) *Basis of preparation*

The Mexican peso is the Company's functional currency for transactions in Mexico and the presentaion currency of its consolidated financial statements.

The accompanying consolidated financial statements have been prepared on a historical cost basis, except for certain assets and liabilities (derivative financial instrumes) which are measured at fair value at the end of the reporting period, and the non-monetary assets of the Company's subsidiaries in hiperinflacionary economies, which are restated by inflation, as explained in the accounting policies below.

a) **Historical cost**

Historical cost is generally based on the fair value of the consideration paid for goods and services, at the time they are received.

b) **Fair value**

Fair value is the price to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability being measured that market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value-in-use in IAS 36.

In addition, for financial reporting purpose, fair value measurements are classified into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its totality, which are described as follows:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Basis of presentation

Classification between current and non-current (short and long term)

The Company presents assets and liabilities in the consolidated statement of financial position as current and non-current when:

- It is expected to be realized, sold or consumed in the normal course of its operations;
- Held primarily for commercial purposes;
- Expected to be performed within the next twelve months after the reporting period; or
- Is cash or a cash equivalent subject to being restricted for exchange or settlement of a liability, at least within the next twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as short-term when:

- It is expected to be liquidated in the normal course of its operations;
- Held primarily for commercial purposes;
- Is outstanding and will be settled within twelve months after the reporting period; or
- There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

The terms of a liability that may, optionally by the counterparty, result in a settlement through the issuance of an equity instrument do not affect its classification.

All other liabilities are classified as long-term.

Deferred tax assets and liabilities are classified as non-current (long-term) assets and liabilities.

3) Basis of consolidation of financial statements

As of December 2021, 2020 and 2019, the consolidated financial statements incorporate the financial statements of the Company and those entities over which it exercises control, including structured entities (“SE”). Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and

- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

A SE is consolidated when the Company concludes that it controls the SE based on the evaluation of the substance of the relationship with the Company and the risks and benefits of the SE. The most significant subsidiaries are shown below:

Subsidiary	**% of equity interest**	**Country**	**Segment**	**Primary Activity**
Bimbo, S. A. de C. V.	97	Mexico	Mexico	Baking
Barcel, S. A. de C. V.	98	Mexico	Mexico	Snacks
Productos Ricolino, S.A.P.I. de C.V.[(1)]	98	Mexico	Mexico	Confectionery
Bimbo Bakeries, Inc. (BBU)	100	U.S.	United States	Baking
Canada Bread Corporation, LLC	100	Canada	United States	Baking
Bimbo do Brasil, Ltda.	100	Brazil	Latin America	Baking
Bakery Iberian Investments, S.L.U.	100	Spain and Portugal	EAA	Baking

[(1)] On November 1, 2019, Barcel S.A. de C.V spun off the confectionery business, arising as a result of the spin-off Productos Ricolino S.A.P.I de C.V.

Subsidiaries are consolidated from the date on which control is transferred to the Company and are no longer consolidated from the date that control is lost. Gains and losses of subsidiaries acquired during the year are recognized in the consolidated statement of profit or loss and statement of comprehensive income from the acquisition date, as applicable.

Non-controlling interest represents the portion of profit or loss and net assets that are not owned by the Company and represents the minority interest that is recognized separately in the consolidated financial statements.

The political and economic situation in Venezuela has significantly limited the capacity of the Company's subsidiaries in Venezuela to maintain their production process under normal conditions. Because of the above, and since Grupo Bimbo will continue its operations in Venezuela, as of June 1, 2017, the Company changed the method under which it recognized the financial position and performance of its operations in Venezuela; therefore, at the date of these financial statements, the Company measures its investment in Venezuela at fair value.

The Company elected to classify irrevocably its equity investments in affiliates in Venezuela under this category as it intends to hold these investments for the foreseeable future. As of December 31, 2021, 2020 and 2019, the Company recognized an impairment loss of $112, $239 and $36 in other comprehensive income.

Profit or loss and each component of other comprehensive income are attributed to controlling and non-controlling interests even if it results in a deficit balance of the latter.

The balances and transactions between the consolidated entities have been eliminated in preparing the consolidated financial statements.

4) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the fair values of the assets transferred by the entity, the liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Costs related to the acquisition are generally recognized in profit or loss as incurred.

At the acquisition date, all identifiable assets acquired and liabilities assumed in a business combination are measured at fair value, except for:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefits are recognized and measured in accordance with IAS 12 I*ncome Taxes* and IAS 19 *Employee Benefits*, respectively;

- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Entity entered into to replace share-based payment arrangements of the acquiree that are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date (as of December 31, 2021, 2020 and 2019, the Company does not have share-based payments);

- Assets (or group of assets) that are classified as held for sale and measured in accordance with *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations* that are measuredin accordance with this standard.

Goodwill is measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If, after reassessment, the fair value of the net assets acquired and liabilities assumed at the acquisition date is in excess of the aggregate consideration transferred, the amount recognized for non-controlling interests in the acquiree and any previous interest held over the acquiree is recognized in profit or loss as a bargain purchase gain.

Non-controlling interest may be initially measured either at fair value or at the proportionate share of the acquiree's identifiable net assets. The election is made on a transaction-by-transaction basis.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at fair value at the acquisition date and is included as part of the consideration transferred. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively and the corresponding adjustments are charged against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period', which cannot exceed one year following the acquisition date, on facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on the classification of the contingent consideration. Contingent considerations classified as equity are not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent considerations classified as assets or liabilities are remeasured at subsequent reporting dates in accordance with IFRS 9 or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, and the corresponding gain or loss is recognized in profit or loss.

When a business combination is achieved in stages, any previous interest held over the acquiree is remeasured at fair value at the acquisition date and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss when such treatment is appropriate if that interest is disposed of.

If the initial accounting treatment for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Such provisional amounts are adjusted during the measurement period (see above) or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

5) Assets held for sale

The Company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets or disposal. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

6) Recognition of the effects of inflation

The effects of inflation are recognized when the functional currency of an entity is the currency of a country with a hyperinflationary economic environment.

An analysis of the cumulative inflation rates for the three prior years in the countries of the Company's primary operations is as follows:

	2021 – 2019		2020-2018		2019– 2017	
	Cumulative inflation rate	**Type of economy**	Cumulative inflation rate	Type of economy	Cumulative inflation rate	Type of economy
Mexico	**13.87%**	**Non-hyperinflationary**	11.19%	Non-hyperinflationary	14.43%	Non-hyperinflationary
US	**10.97%**	**Non-hyperinflationary**	5.40%	Non-hyperinflationary	6.24%	Non-hyperinflationary
Canada	**8.10%**	**Non-hyperinflationary**	5.05%	Non-hyperinflationary	6.11%	Non-hyperinflationary
Spain	**7.05%**	**Non-hyperinflationary**	1.51%	Non-hyperinflationary	3.11%	Non-hyperinflationary
Brazil	**13.01%**	**Non-hyperinflationary**	12.92%	Non-hyperinflationary	9.88%	Non-hyperinflationary
Argentina	**215.85%**	**Hyperinflationary**	162.53%	Hyperinflationary	126.27%	Hyperinflationary

Starting in July 2018, the economy in Argentina qualified as a hyperinflationary economy; consequently, the Company's subsidiaries in that country recognized, pursuant to IAS 29, the following adjustments for the cumulative effects of inflation:

- Using inflation factors to restate non-monetary assets such as inventories, property, plant and equipment, net and intangible assets.
- Recognizing the net monetary position in the consolidated statement of profit or loss

7) Foreign currency transactions

Exchange differences on monetary items are recognized in profit or loss, except in the following:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings

- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see Note 17), and
- Exchange differences on monetary assets or liabilities related to foreign operations with no planned settlement and for which payment cannot be made (thus forming part of the net investment in the foreign operation) are initially recognized in other comprehensive income and are reclassified from equity to profit or loss as reimbursements of monetary items.

Translation to reporting currency

On consolidation, the assets and liabilities of foreign operations are translated into Mexican pesos using theexchange rate prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period, unless the exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. The operations in hyperinflationary economies are translated using the exchange rate prevailing at the reporting date. The exchange differences arising on translation for consolidation are recognized in other comprehensive income and accumulated in equity attributed to non-controlling interests as appropriate.

All accumulated differences in stockholders' equity from a foreign operation in the case of its sale are reclassified to profits or loss, that is, the sale of the Company's entire participation in a foreign operation, or a disposition that involves a loss of control in the subsidiary that includes a foreign operation, loss of joint arrangement or an associate that includes a partial foreign operation in which the retained interest becomes a financial instrument.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the exchange of the reporting date. Exchange differences resulting from the translation are recognized in other comprehensive income.

The average exchange rates and closing exchange rates between the Mexican peso and the functional currencies of the countries of the main subsidiaries, are as follows:

	Average Exchange Rate			**Closing Exchange Rate**		
	2021	2020	2019	**2021**	2020	2019
US	**20.2818**	21.4955	19.2616	**20.5835**	19.9487	18.8452
Canada	**16.1782**	16.0529	14.5108	**16.1111**	15.5424	14.2680
Spain	**21.4648**	24.5343	21.5632	**23.3129**	24.4790	21.1707
Brazil	**3.7629**	4.1764	4.8823	**3.6885**	3.8387	4.6754
Argentina	**0.2133**	0.3045	0.3997	**0.2004**	0.2371	0.3147

8) Cash and cash equivalents

Cash and cash equivalents principally consist of bank deposits in checking accounts, readily available low-risk investments in short-term securities, with a maturity of up to three months following the purchase date. Cash is stated at nominal value and cash equivalents ($1,945 in 2021) at fair value. Variations in gains and losses from changes in the value of cash and cash equivalents are recognized in profit or loss (see financial assets below). Cash and cash equivalents principally consist of investments in government debt instruments with daily maturities.

9) Financial assets

All recognized financial assets are subsequently measured in their entirety, either at amortized cost or fair value, according to the classification of financial assets.

Financial Asset Classification

Financial instruments that met the following conditions are measured subsequently at fair value through other comprehensive income:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling
- 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 principal amount outstanding

The remaining financial assets are subsequently measured at fair value through profit or loss.

Notwithstanding the foregoing, the Company may elect irrevocably at initial recognition to classify an equity investment as a financial instrument with subsequent changes in fair value in other comprehensive income unless the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Equity investments at fair value through other comprehensive income are initially measured at cost, plus transaction costs, and are subsequently measured at fair value and the gains and losses from the fair value changes are recognized in OCI. At derecognition, cumulative gains and losses are not reclassified to profit or loss, and instead are recorded in retained earnings.

Derecognition of financial assets

A financial asset (or when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the financial asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the full amount of the cash flows without material delay to a third party under a transfer agreement and either a) the Company has transferred substantially all the risks and rewards of the asset or b) the Company has not transferred or retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

1. Accounts receivable

Trade accounts receivable and other accounts receivable that are non-derivative financial assets with fixed or determinable payments that are not traded on an active market, are classified as accounts receivable and are measured at amortized cost using the effective interest rate (EIR) method, less any impairment losses.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the interest is immaterial.

2. Impairment of financial assets

Financial assets other than financial assets at fair value through profit and loss are tested for impairment at the end of each reporting period.

The Company recognizes a provision for expected credit losses (ECLs) on trade receivables. The Company uses a provision matrix to calculate ECLs for trade receivables. The provision matrix is initially based on the Company's historical credit loss experience and is subsequently adjusted for factors that are specific to the debtors, general economic conditions and an assessment of the current direction and forecast of future conditions at the reporting date, including the time value of money, when applicable.

The Company considers a financial asset in default when contractual payments are 90 days past due. In addition, the impairment assessment also takes into account the non-payment status of customers, when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the entity. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Regarding trade receivables, the carrying amount is reduced using an allowance account. Trade receivables that are considered uncollectible are charged to the allowance account. Subsequent recovery of previously recognized impairment losses is reversed by adjusting the allowance account. The amount of the changes in the allowance account is recognized in profit or loss of the year.

10) Inventories and cost of sales

Inventories are valued at the lower of either their cost or net realizable value.

Inventories accounting is performed on the following criteria:

- Raw materials, containers, packaging material and spare parts: at acquisition cost, which includes the cost of the merchandise plus import costs, minus discounts, using the average cost method.
- Finished goods and orders in process: standard cost equivalent to the cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale

11) Property, plant and equipment

Property, plant and equipment is recognized at cost, net of accumulated depreciation and accumulated impairment losses, if any. Fixed assets acquired before December 31, 2007 were restated for inflation through that date based on the National Consumer Price Index, which became the estimated cost of such assets as of January 1, 2011 upon the Company's adoption of IFRS.

The cost includes those costs directly attributable to bringing the asset to the location and condition necessary for it to operate as intended by management.

The costs of expansion, remodeling or improvements that enhance the capacity or extend the useful life of the asset are also capitalized. Repair and maintenance costs are expensed as incurred. The carrying amount of the replaced asset, if any, is derecognized when replaced, and the effect is recognized in profit and loss.

Freehold land is not depreciated. Depreciation of property, plant and equipment is calculated on the assets' carrying amounts on a straight-line basis over the following range useful lives of the assets, as follows:

	Years
Buildings:	
Infrastructure	**15 – 30**
Foundations	**35 – 50**
Roofs	**10 – 30**
Fixed facilities and accessories	**10 – 20**
Manufacturing equipment	**3 – 25**
Vehicles	**8 – 16**
Furniture and equipment	**2 – 18**
Computer equipment	**4**
Leasehold improvements	**The lower of either the related lease term or the useful life of the asset**

The Company allocates the amount initially recognized in respect of an item of buildings and manufacturing equipment to its various significant parts (components) and depreciates each of these components separately.

The carrying amount of an asset is reduced to its recoverable value if the carrying amount exceeds its recoverable value.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in profit or loss under other expenses, net.

Leasehold improvement and adaptations to buildings and establishments in which the Company is the lessee are recognized at historic cost less the respective depreciation.

12) Right of use assets

Right of use assets are initially measured at the present value of lease payments, less any lease incentives received and initial direct costs. Right of use assets are subsequently measured at cost net of accumulated depreciation, impairment losses and adjustments for any remeasurement of lease liabilities in accordance with IFRS 16.

Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets. If ownership of the underlying asset transfers to the lessee or the cost of the right of use asset reflects the exercise of a purchase option, depreciation is calculated over the useful life of the underlying asset.

Lease payments for low-value assets (less than USD 5,000) and short-term leases (less than 12 months) are recognized directly in profit or loss.

13) Investments in associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the decisions regarding financial and operating policy of the investee but is not control or joint control over those policies.

The results and the net assets and liabilities of associates are recognized in the consolidated financial statements using the equity method, except if the investment or part of the investment is classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company’s share of net assets of the associate since the acquisition date. When the Company’s share of loss of an associate exceeds the Company’s interest in that associate, the Company discontinues the recognition of its share of further losses.

On acquisition of the investment any difference between the cost of the investment and the Company’s share of the net fair value of the identifiable assets and liabilities of the associate is accounted for as goodwill, which is included in the carrying amount of the investment. Any excess of the Company’s share of the net fair value of the joint venture’s identifiable assets and liabilities over the cost of the investment, after remeasurement, is recognized immediately in profit or loss in the period in which the investment was acquired.

The Company discontinues the use of the equity method from the date the investment ceases to be an associate, or when the investment is classified as held for sale. If the Company’s interest in an associate is reduced, but the equity method is continued to be applied, the Company reclassifies to profit or loss the proportion of the gain or loss previously recognized in other comprehensive income relative to that reduction in ownership interest if the gain or loss would have been reclassified to profit or loss in the case of disposal of the related assets or liabilities.

Profits and losses resulting from transactions between the Company and the associate are recognized in the Company's consolidated financial statements only to the extent of unrelated investors' interests in the associate.

14) Intangible assets

Intangible assets are primarily comprised of trademarks and customer relationships resulting from the acquisition of businesses. Intangible assets are measured on initial recognition at cost. Intangible assets acquired through a business combination are recognized at fair value at the acquisition date, separately from goodwill. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are considered as either finite or indefinite, based on the contractual terms established at acquisition. Trademarks are considered to have indefinite useful lives when ownership is acquired, otherwise are amortized.

Intangible assets with finite live are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed and adjusted at least at the end of each reporting period. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss under general expenses.

Intangible assets with indefinite useful lives are not amortized but are tested for impairment at least annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

15) Impairment of tangible and intangible assets, other than goodwill

Annually, the Company assesses whether there is any indicator that its tangible and intangible assets, including the right-of-use asset, may be impaired. If such indicator exists, the Company estimates the asset's recoverable amount. If it is not possible to estimate the recoverable amount of the individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to the cash-generating units, or otherwise they are allocated to the Company's smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives or not yet available for use, are tested for impairment on an annual basis, or more often if there is any indicator that the intangible asset may be impaired.

The recoverable amount is the higher of the asset's fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to each asset.

If the recoverable amount of an asset (or cash-generating unit) is less than its carrying amount, such amount is reduced to its recoverable amount. Impairment losses are recognized immediately as profit or loss.

On an annual basis, when there are signs that the value of an asset has significantly increased as a result of changes in the legal, economic, technologic or market environment or increases in the interest rates affecting the discount rate used to calculate the value in use of the asset in prior years, the Company evaluates the new recoverable amount of the asset in order to determine the amount of accumulated impairment to be reversed.

Further, when an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized in prior years. The reversal of an impairment loss is recognized immediately in the income statement.

16) Goodwill

Goodwill arising from business combinations is recognized at the cost determined on the acquisition date of the business, as described in the business acquisitions policy note above, net of any accumulated impairment losses (see Note 12).

Goodwill is allocated to each cash-generating unit (or group of cash-generating units) that is expected to benefit from the synergies achieved from the combination.

The cash-generating units to which goodwill has been allocated are tested for impairment on an annual basis, or more frequently if there are any indicators of impairment. If the recoverable amount of a cash-generating unit is lower than its carrying amount, the impairment losses recognized in respect of the cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. Impairment in goodwill is recognized directly in profit or loss. Any loss from impairment in the value of goodwill cannot be reversed in future years.

When the relevant cash-generating unit is disposed of, the amount of goodwill is included in the calculation of gains or losses at the time of the disposal.

The Company's policy for goodwill arising on the acquisition of an associate is described in Note 3m.

17) Financial liabilities

Financial liabilities are initially recognized at fair value, net of transaction costs, except for financial liabilities designated at fair value through profit or loss, which are initially recognized at fair value. Subsequent measurement depends on the category in which the financial liability is classified.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss (FVTPL) or other financial liabilities. Note 17 describes the category of each financial liability of the Company.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation is settled, cancelled or expires. When a pre-existing financial liability is replaced by another from the same beneficiary with substantially different terms, or the terms of a liability are substantially modified, such exchange or modifications are treated as a de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of income.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and liabilities simultaneously.

18) Hedging activities and derivatives

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered and are subsequently remeasured at fair value. Presentation of the related gain or loss from changes in fair value of the derivative financial instrument depends on whether they are designated as hedging instruments, and if so, the nature of the hedging relationship. The Company only holds derivative financial instruments classified as cash flow hedges and hedges of net investment in foreign operations.

At the inception of a hedge relationship, the Company formally documents the hedge relationship between the hedging instrument and the hedged items, including the risk management objective and strategy for undertaking the hedge. Periodically, the Company documents whether the derivative financial instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Sources of ineffectiveness can arise from:

- Differences in timing of the cash flows of the hedged item and the hedging instruments.
- Different indices (and different curves respectively) linked to risks of the hedged items and hedging instruments.
- Credit risk of counterparties that impact differently the movements in the fair value of the hedging instruments and hedged items.
- Changes in the forecasted amounts of cash flows of hedged items and hedging instruments.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Derivatives are not offset in the consolidated financial statements unless there is an enforceable legal right to offset the recognized amounts and there is an intention to settle. Derivatives are accounted for as non-current assets or liabilities if the remaining maturity of the instrument is more than 12 months and the instrument is not expected to be realized or settled in 12 months. All other derivatives are accounted for as current assets or liabilities.

a) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in OCI under valuation effects of cash flow hedges. The gain or loss relating to the ineffective portion is immediately recognized in profit or loss. Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss. Hedge accounting is discontinued when the Company revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss.
Hedges of net investment in foreign operations

b) Hedges of net investment in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated under the heading of net economic hedge effects. The gain or loss relating to the ineffective portion is immediately recognized in profit or loss under Foreign exchange gain/(loss), net. Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss on the disposal of the foreign operation in the event it occurs.

19) Lease Liabilities

Lease liabilities are initially measured at the present value of outstanding fixed and variable lease payments, discounted at the incremental borrowing rate of each country where the Company operates. The amount of lease liabilities is increased for the accretion of interest and reduced for the lease payments made and increased or reduced based on remeasurements to reflect the new measurements or amendments made to the lease agreements.

The estimated incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. The Company calculates the incremental borrowing rate using observable inputs, market interest rates and its credit score.

Lease liabilities are recognized in the consolidated statement of financial position as short-term when the term of the lease is less than 12 months and long-term when it is more than 12 months.

20) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision, at the end of the reporting period, is the best estimate of the expenditure required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured based on the estimated cash flows required to settle the present obligation, its carrying amount represents the present value of these cash flows when the effect of the time value of money is material.

All contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognized in accordance with IAS 37 and the amount initially recognized, less cumulative amortization recognized in accordance with IFRS 15.

a. Uncertainty over tax treatments

The Company constantly evaluates the tax treatments of all its consolidated entities and identifies those with uncertainty as to their acceptance by the tax authorities. Considering the current circumstances of the reviews in process, as well as the tax treatments used by the companies, the Company calculates this uncertainty based on the conditions of each tax jurisdiction and the approach that best estimates the uncertainty, using the most likely amount method or the expected value method, as applicable, and recognizes the effects determined in profit or loss.

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

21) Income tax

Income tax expense consists of current and deferred tax. Current and deferred taxes are recognized as either income or an expense in profit or loss, except for tax items that must be recognized as other comprehensive income items or in equity. For business combinations, the tax effect is included in the recognition of the business combination.

1. Current income tax

Current income tax is calculated based on the tax rates and tax laws applicable at the reporting date in the countries where the Company operates and generates taxable income. The related income tax expense is recorded in profit or loss as incurred.

2. Deferred income tax

Deferred income taxes are recognized on all temporary differences between financial reporting and tax values of assets and liabilities based on tax rates that have been enacted at the reporting date and where applicable, they include unused tax losses and certain tax credits. Deferred tax assets or liabilities are recognized for all temporary differences, with certain exceptions. The Company recognizes a deferred tax asset for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary difference can be utilized.

Deferred tax is determined using tax rates and tax laws that have been enacted at the date of the financial statements and are expected to apply when the temporary differences reverse.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

i) those that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and do not affect neither the accounting profit or loss or taxable income;
ii) those associated with investments in subsidiaries and associates to the extent it is probable that the temporary differences will not reverse in the foreseeable future; and
iii) those that arises from the initial recognition of goodwill. Deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that taxable profits will be available against which the deductible temporary difference can be utilized. An adjustment in the opposite direction will be recognized in the event that the estimates change, in terms of their expectation, to a favorable condition.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously.

22) Employee benefits

a. <u>Pensions and seniority premiums</u>

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity or a fund and will have no legal or constructive obligation to pay further contributions. The obligation is recognized as an expense when the associates have rendered the service entitling them to the contributions.

A defined benefit plan is a post-employment plan for which the Company has the obligation to provide the agreed benefits to current and former associates. The cost of providing benefits under a defined benefit plan that includes pensions and seniority premiums is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurements, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), are immediately recognized in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognized in profit or loss at the date of the plan amendment. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The retirement obligations recognized in the statement of financial position include actuarial gains and losses in the defined benefit plans of the Company. The present value of the defined benefit obligation is determined based on the discounted value of estimated cash flows, using interest rates tied to government bonds denominated in the same currency in which the benefits are to be paid and whose terms are similar to those of the obligation.

b. Statutory employee profit sharing (PTU)

In Mexico and Brazil, the Company is required to recognize a provision for employee profit sharing when obtained and has a present legal or constructive obligation as a result of a past event and the amount can be reliably estimated. Statutory employee profit sharing is recognized in profit or loss as incurred.

c. Short-term employee benefits

The Company recognizes a benefits liability that corresponds to associates with respect to wages and salaries, annual vacations, short-term bonuses and sick leave in the service period in which it is rendered.

d. Termination benefits

A liability is recognized for termination benefits when the Company cannot withdraw its offer to provide termination benefits and/or when it recognizes the related restructuring costs.

e. Long term bonus

The Company grants a long term cash bonus to certain executives, which is calculated based on performance metrics. The bonus is paid 30 months following the date on which it was granted, and it is recognized in profits in the year in which it is accrued, which is when the employee is entitled to this right.

f. Multi-employer pension plans (MEPPs)

The Company classifies multi-employer plans in which it participates as defined contribution plans or defined benefit plans in order to determine the accounting for such plans. If a MEPP is classified as a defined benefit plan, the Company accounts for its share in the defined benefit obligation, plan assets and costs associated with the plan in the same manner as for any other defined benefit plan. When sufficient information is not available to use defined benefit accounting for a MEPP, the Company accounts for such plan as a defined contribution plan recognizing in profit or loss the amount of the paid contributions

Exit payments or withdrawal from a multi-employer plan are recognized and measured in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets.*

23) Revenue recognition

Revenue primarily comes from contracts with customers for the sale of products and is recognized when control of the goods is transferred to the customer, given the performance obligation satisfaction in that moment, at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. When determining the transaction price, the Company considers the effects of variable considerations (i.e. rights of return and rebates). Payments made to customers for commercial services are recognized as distribution and selling expenses.

Rights of exchange of products

Certain contracts provide a customer with a right to exchange the products within a specified period. The Company uses the expected value method to estimate the products that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. For goods that are expected to be returned, instead of revenue, the Company recognizes an estimated refund liability.

Rebates to customers

The Company provides retrospective rebates to certain customers when the conditions established in the contracts are met. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Company applies the most likely amount method for contracts with a single volume threshold and the expected value method for contracts with more than one volume threshold.

4) GOVERNANCE

a) EXTERNAL AUDITORS

The external auditor selection is entrusted to the Audit & Corporate Practices Committee, which recommends its hiring to the Board of Directors. The Board of Directors is the body that approves the hiring of the external audit firm and, if applicable, the additional or ancillary services to the external audit.

The Audit & Corporate Practices Committee conducts a tender for external audit services every 5 years, regardless of considering the possibility of doing so within a shorter period. The Committee selects from among the firms whose background, reputation, partners, international coverage, methodology and technology meet the expectations and needs of the Board of Directors, the Committee and the Company's Management.

In some cases, given the results of an evaluation of the services of the appointed firm, the Audit & Corporate Practices Committee may consider it necessary to change the partner of the relevant firm, for which it requests a slate of three candidates and chooses the one who will be in charge of auditing the Company's Financial Statements, in which case the relevant bidding process will not be carried out.

Since 2018, Mancera, S.C. (member of Ernst & Young Global Limited), has been in charge of auditing the Company's consolidated financial statements.

In the different reviews and reports which have been periodically made to the Group's Financial Statements, this audit firm has not issued an opinion with observations, notes or a negative opinion, nor has refrained from issuing an opinion in connection thereto.

During 2021, Mancera, S.C. rendered to Grupo Bimbo and its subsidiaries services other than audit, consisting among others a diagnosis of compliance with global policies, advisory regarding possible adquisitions and other financial advises.

b) TRANSACTIONS WITH RELATED PARTIES AND CONFLICTS OF INTERESTS

In the ordinary course of business, Grupo Bimbo enters into commercial transactions with some of its affiliates, including in connection with the supply of raw materials, office supplies and uniforms for its associates.

These transactions are approved by the Board of Directors of the Company, except for transactions that (i) are not material, or (ii) are entered into in the ordinary course of business and on an arm's length basis. The transactions with related parties are reviewed by the Audit & Corporate Practices Committee prior to their approval or confirmation by the Board of Directors except for cases in which waivers represent less than 5% of Grupo Bimbo consolidated assets.

Grupo Bimbo shall continue to carry out transactions with its associate and affiliate companies in the future. Transactions with related companies are entered into on an arm's length basis; therefore, the Group considers that the terms are not less favorable than those which may be obtained in a comparable transaction with an unrelated company (see Note 15 of the Audited Financial Statements).

From January 1, 2021 and up to April 30, 2022, Grupo Bimbo has not engaged in any relevant transactions with related parties, other than the commercial operations described above.

1) Transactions with related parties performed in the Group's ordinary course of business were the following ones:

	2021	2020	2019
Purchases of:			
Raw materials:			
Beta San Miguel, S.A. de C.V. (1)	$2,584	$ 2,390	$ 1,685
Other associates	7	9	8
Frexport, S.A. de C.V. (2)	871	749	669
Other related parties(2)	61	59	38
Finished goods:			
Fábrica de Galletas La Moderna, S.A. de C.V. (1)	$1,083	$ 1,149	$ 877
Mundo Dulce, S.A. de C.V. (1)	914	803	833
Pan-Glo de México, S. de R.L. de C.V. (1)	200	239	67
Other associates	2	3	2
Stationary, uniforms and other:			
Efform, S.A. de C.V. (1)	$365	$ 344	$ 276
Uniformes y Equipo Industrial, S.A. de C.V. (1)	202	186	120
Sociedad Industrial de Equipos y Servicios, S.A. de C.V (1)	234	112	334
Other associates	29	42	92
Automotriz Coacalco-Vallejo, S.A.P.I de C.V. (2)	33	50	82
Autotab, S.A. de C.V. (2)	3	3	221
Other related parties (2)	257	204	137
Financial services:			
Fin Común Servicios Financieros, S.A. de C.V. (1)	$1,094	$ 893	$ 810

(1) Associated company

(2) Related party

Balances receivable due from related parties consist of unsecured accounts and are collectible in cash. No guarantees have been given or received with related parties. The Company has not recognized any expense in the current year or in prior years for uncollectible balances or bad debts with related parties.

2) Accounts payable to related parties are:

	2021	2020	2019
Beta San Miguel, S.A. de C.V. (1)	**$801**	$747	$616
Frexport, S.A. de C.V. (2)	**119**	112	148
Fábrica de Galletas La Moderna, S.A. de C.V. (1)	**144**	132	129
Mundo Dulce, S.A. de C.V. (1)	**107**	81	65
Efform, S.A. de C.V. (1)	**83**	77	11
Uniformes y Equipo Industrial, S.A. de C.V. (1)	**80**	48	30
Sociedad Industrial de Equipos y Servicios, S.A. de C.V. (1)	**58**	40	87
Pan-Glo de México, S. de R. L. de C.V. (1)	**34**	17	16
Proarce, S.A. de C.V. (2)	**33**	37	30
Makymat, S.A. de C.V. (2)	**26**	20	18
Automotriz Coacalco-Vallejo, S.A.P.I de C.V. (2)	**8**	10	8

Otros(2)	**34**	13	39
Total	**$1,527**	$1,334	$1,197

(1) Associated company

(2) Related party

c) MAIN OFFICERS AND SHAREHOLDERS

1) Board of Directors

In accordance with the corporate bylaws, the Company's management is entrusted to a Board of Directors and a Chief Executive Officer who performs the duties established by the Securities Market Law (*Ley del Mercado de Valores*). The members of the Board of Directors are elected, as a general rule, by the shareholders of the Company at the Annual Ordinary General Shareholders' Meeting, except when the Board of Directors appoints temporary directors without the intervention of a shareholders' meeting in the event of a resignation of a director or the lack of a designated alternate director. The Board of Directors shall be comprised by a minimum of five (5) and a maximum of twenty-one (21) directors, of which at least twenty-five percent (25%) shall be independent.

Each shareholder or group of shareholders holding at least ten percent (10%) or more of the capital stock is entitled to designate or revoke one (1) director of the Board of Directors. The Board of Directors meets once every quarter but at minimum once a year. The bylaws of Grupo Bimbo provide that the shareholders may elect an alternate director for each director. The alternate directors for the independent directors shall also have the independent character.

On February 16, 2022, by means of the board meeting, an internal policy was approved which determines that the independent members of the Board of Directors have a term limit of up to 12 years to perform their duties as members of the Board, which will be implemented gradually, with the commitment to be in compliance by 2025.

Independent directors shall be those people who are not impeded to perform their duties free from conflicts of interest and that satisfy the requirements set forth in the Securites Market Law to be considered as such, the provisions derived from that law, and in the laws and regulations, stock exchanges or markets in the jurisdictions where the Group's securities are traded, as the case may be.

The Board of Directors appointed and ratified during the Annual Extraordinary and Ordinary General Shareholders' Meeting held on April 27, 2022 is comprised of eighteen (18) directors, who will remain in their positions until the people appointed to substitute them take possession; they may be reelected and will receive the remuneration determined by the Ordinary General Shareholders´ Meeting. The following table includes the name of the members of the Board of Directors and the period during which they have served as directors:

Board Members	Position	Gender*
Daniel Javier Servitje Montull	Director / Chairman	Male
Mauricio Jorba Servitje	Director	Male
María Luisa Jorda Castro	Director (I)	Female
Ricardo Guajardo Touché	Director (I)	Male
Arturo Manuel Fernández Pérez	Director (I)	Male
Luis Jorba Servitje	Director	Male
María Isabel Mata Torrallardona	Director	Female

Nicolás Mariscal Servitje	Director	Male
Javier de Pedro Espínola	Director	Male
José Ignacio Pérez Lizaur	Director (I)	Male
Edmundo Miguel Vallejo Venegas	Director (I)	Male
Jorge Pedro Jaime Sendra Mata	Director	Male
Jaime Chico Pardo	Director	Male
Jaime A. El Koury	Director (I)	Male
Rogelio M. Rebolledo Rojas	Director (I)	Male
Andrés Obregón Servitje	Director	Male
Marina de Tavisa Servitje	Director	Female
María del Pilar Mariscal Servitje	Director	Female
Luis Miguel Briola Clement(1)	Secretary	Male
Norma Isaura Castañeda Méndez(1)	Alternate Secretary	Female

(1) Secretary and alternate secretary of Grupo Bimbo are not members of the Board of Directors.
(I): Independent member of the Board of Directors. 39% of the members are independent.
* 22% of the members of the Board of Directors are women and 78% are men.

Daniel Javier Servitje Montull

Mr. Daniel Servitje Montull is member of the Board of Directors of Grupo Financiero Banamex, S.A. de C.V., Coca-Cola Femsa, S.A.B de C.V., Instituto Mexicano para la Competitividad, A.C., The Global Consumer Goods Forum, Latin America Conservation Council (The Nature Conservancy) and Aura Solar.

José Ignacio Mariscal Torroella

Mr. Mariscal Torroella is a member of the Board of Directors of Grupo Marhnos, Grupo Bimbo, Grupo Calidra, Afianzadora Aserta, Servicios de Energía Mexoil, Aura Solar and Siete Colores Ideas Interactivas. He is Vice President of Fincomún Financial Community Services.

Mr. Mariscal Torroella also serves as a Member of the Board of Directors of Uniapac International and the Uniapac Foundation, after serving as World President of Uniapac from 2006 to 2009, as the first Latin American appointed to this position. He is President of the Single Economy Committee of the Business Coordinating Council (CCE), Director of the CCE, an Executive Committee member of the Mexican Confederation of Employers (COPARMEX), where he is also a board member and Vice President of International Affairs and Labor. He serves as a member of the Executive Commission of the USEM, Mexico's Social Entrepreneurship Union, and was President of the Mexican Institute of Christian Social Doctrine (IMDOSOC), where he currently sits on the Oversight Committee and is President of the León XIII Foundation.

Mr. Mariscal Torroella is a brother-in-law of Daniel Javier Servitje Montull and uncle of Nicolás Mariscal Servitje.

Mauricio Jorba Servitje

Mr. Jorba Servitje is Member of the Board of Directors of VIDAX and of the Steering Committee and Board of Directors of Promociones Monser, S.A. de C.V.

Mr. Mauricio Jorba Servitje is brother of Luis Jorba Servitje and cousin of Daniel Javier Servitje Montull.

Maria Luisa Jorda Castro

Ms. Jorda Castro sits on the Board of Directors of Merlin Properties, is Chairwoman of the Appointments and Compensation Committee and a member of the Audit Committee. She is also a member of the Board of Directors of the Grupo BANKINTER Financial Institution, where she also chairs the Audit and Regulatory Compliance Committee and is a member of the Risk Committee. She is a member of the Advisory Council of the Institute of Internal Auditors of Spain, and Professor in the Advisory Program of the ESADE Business School.

She has been member of the Board of Directors and member to the Audit and Control Committee of Tubos Reunidos, S.A., member of the Board of Banco Europeo de Finanzas (Group Unicaja) and Chairman of its Audit Committee, and was a member of Jazztel's board and Chariman of its Audit Committee; member of the Board of Governors and Chair of the Audit Committee of the Instituto de Consejeros y Administradores (ICA).

Ms. Jorda Castro has held several executive positions in more than her 30-year career path, in various Management Committee´s, Investment and Audit Committees, among which the following stand out: CFO of Grupo Deoleo, Internal Audit Director and Compliance Director of Metrovacesa, CFO at the Corporación Empresarial ONCE, as well as others in the Real Estate and Food sectors.

Ricardo Guajardo Touché

Mr. Guajardo Touché is member of the Board of Directors of Grupo Financiero BBVA Bancomer, S.A. de C.V., Grupo Fomento Económico Mexicano, S.A.B. de C.V., Coca-Cola FEMSA, S.A.B. de C.V., Grupo Aeroportuario del Sureste, S.A.B. de C.V. and Vitro, S.A.B. de C.V., as well as Vice President at the Fund for Peace.

Arturo Manuel Fernández Pérez

Mr. Fernández Pérez is the Dean of Instituto Tecnológico Autónomo de México or ITAM, and a member of the Board of Directors of Industrias Peñoles, S.A.B. de C.V., Grupo Nacional Provincial, S.A.B. de C.V., Grupo Palacio de Hierro, S.A.B. de C.V., Valores Mexicanos, Casa de Bolsa, S.A.B. de C.V., Grupo Financiero BBVA Mexico, S.A. de C.V., Grupo Profuturo, S.A.B. de C.V., and Fresnillo, plc.

Luis Jorba Servitje

Mr. Jorba Servitje is Chief Executive Officer of Frialsa Frigoríficos, the largest cold chain logistics services company in Latin America, with presence in Mexico and Peru.

Mr. Jorba Servitje is brother of Mauricio Jorba Servitje and cousin of Daniel Javier Servitje Montull.

María Isabel Mata Torrallardona

Ms. Mata Torrallardona is the Managing Director of Fundación José T. Mata, A.C. She has professional experience at the Rufino Tamayo Museum and at the Luis López Morton Auction House.

Ms. Mata Torrallardona is the wife of Mr. Javier de Pedro Espínola.

Nicolás Mariscal Servitje

Mr. Mariscal Servitje is Chief Executive Officer of Marhnos.

Mr. Mariscal Servitje is nephew of Daniel Javier Servitje Montull and José Ignacio Mariscal Torroella. He is cousin of Mr. Andrés Obregón Servitje.

Javier de Pedro Espínola

Mr. De Pedro Espínola has been for the past 30 years member and shareholder of various private companies in industries such as manufacturing and sale of school supplies, mattresses, cushioning materials and real estate. He also sits on the boards of various charitable institutions including the Fundación José T. Mata, A.C.

Mr. De Pedro Espínola is the husband of Ms. Mata Torrallardona.

José Ignacio Pérez Lizaur

Mr. José Ignacio Pérez Lizaur is an independent member of the Board of Grupo Bimbo (member of the Audit Committee and of the Evaluation and Results Committee).

Until 2016 Mr. Pérez Lizaur was a member of the Board of Newell Brands in the USA (member of the Audit and Compensation Committees) and the Central American Bottling Corporation (CBC) in Central America and the Caribbean (Chairman of the Audit Committee). He was also member of the Board of Walmex.

Currently, he dedicates part of his time to various forms of participation in nonprofit organizations.

Edmundo Miguel Vallejo Venegas

Mr. Vallejo Venegas is business professor, board member, speaker, author, social developer and former Chairman and CEO of GE Latin America.

Jorge Pedro Jaime Sendra Mata

Mr. Sendra Mata is Manager of JJ Textiles, S.A. and of JRPVJ, Inc., and was member of the Board of Directors of DB Homes S.A. and CEO of Advance Design Center, Inc.

Jaime Chico Pardo

Mr. Chico is member of the Board of Grupo Bimbo and Advisory Board of BDT Capital Partners. He previously served on the Boards of Honeywell Intl., AT&T and American Mutual Funds.

Mr. Chico has also been a member of the Board of the University of Chicago Booth since 2012. Previously, he served as chairman of the board of Telmex and Ideal.

Jaime A. El Koury

Mr. Jaime A. El Koury is the Legal Director of the Financial Oversight and Management Board for Puerto Rico (FOMBPR),an official body created by the U.S. Congress. He holds the positions of Proprietary Director of Fomento Economico Mexicano, S.A.B. of C.V. and Alternate Director of the Board of Coca Cola FEMSA, S.A.B. of C.V. He was previously a partner at Cleary Gottlieb Steen & Hamilton LLP.

Rogelio M. Rebolledo Rojas

Mr. Rogelio M. Rebolledo Rojas is member of the Board of Directors of Grupo Bimbo. Previously, he was member of the Board of Pepsi Bottling Group, Kellogg, Clorox, Best Buy and Applebees in the United States and Alfa and Jose Cuervo Internacional in Mexico. For 30 years, he held various key positions at PepsiCo, eventually holding the position of CEO of Frito Lay International. Upon his retirement from Frito Lay International in 2000, he held the position of CEO and President of PBG in Mexico until 2004.

Andrés Obregón Servitje

Mr. Obregón Servitje is Managing Partner of a firm specializing in wealth and investment advise. Over the last 15 years he has been actively involved in private equity investments in various sectors such as education, food, financial services, logistics and manufacturing.Additionally, he participates in the Board of Directors of Grupo Bimbo.

Marina de Tavira Servitje

Ms. Marina De Tavira is a Mexican theater, cinema and television actress. She holds an acting degree from La Casa del Teatro, A.C. and a diploma in acting from the Núcleo de Estudios Teatrales, A.C. She has been nominated by different associations of theatrical journalists in Mexico and to the award “Diosas de Plata” for her work in cinema.

Together with Enrique Singer, formed Incidente Teatro. Where they have produced "Tragaluz", "El Río", "Traición", "Crímenes del Corazón", "La Mujer Justa", "La Anarquista", and "Obsesión".

Marina was nominated for an Oscar in 2019 for Best Supporting Actress for her portrayal of the role of “Sofia” in the multi-award-winning “Roma”. For this same role, Marina was awarded with an “Ariel” in the category of Best Female Co-Acting in the 2019 edition of the most important awards in Mexican cinema.

María del Pilar Mariscal Servitje

Ms. Mariscal Servitje has a long career in the business sector and non-profit organizations. She currently holds the position of General Director of the Fundación León XIII, IAP.

Luis Miguel Briola Clément

Mr. Briola Clément joined Grupo Bimbo in 2004 and serves as the General Counsel and Compliance Officer, and Secretary of the Board of Directors at Grupo Bimbo since April 2005.

Mr. Briola holds a law degree from the Escuela Libre de Derecho in 1994, a Diploma in Finance from Universidad Iberoamericana in Mexico City in1995, and an LL.M. degree from Columbia University in New York City in 1997.

Before becoming an officer of Grupo Bimbo, he practiced law as a partner of Briola & Asociados, S.C. and as an associate of White & Case, S.C. in México City and as foreign associate of Cleary, Gottlieb, Steen & Hamilton, LLP. in New York City.

Norma Isaura Castañeda Méndez

Mrs. Castaneda Méndez joined Grupo Bimbo in 2007, she is the Global Intellectual Property Manager and the alternative Secretary of the Board at Grupo Bimbo.

Mrs. Castaneda holds a Law degree and a specialization certificate in Administrative Law from Universidad Panamericana and a Master of Laws from Duke University School of Law.

Before joining Grupo Bimbo, she practiced law at Von Wobeser y Sierra, S.C. and as foreign associate at Cleary, Gottlieb, Steen & Hamilton, LLP and Skadden, Arps, Slate, Meagher & Flom LLP in New York City.

In the ordinary course of business, the Company has executed transactions with some of the companies, in which the members of its Board of Directors work or in which its key officers worked. Such transactions have been carried out on an arms-length basis and the Company considers that none of them is relevant.

1.1) Board of Directors’ Powers

The Board of Directors establishes guidelines and general strategies to conduct the business and supervises its fulfillment accordingly.

The Board of Directors is the Company's legal representative, and has the broadest powers for the administration of the Company's businesses, with general power of attorney for lawsuits and collections, administrate properties and to exercise acts of ownership, without any limitation, in order to appoint and remove the chief executive officer, executives, managers, officers and attorneys-in-fact, and to determine their attributions, working conditions, compensations and guaranties and, in particular, to grant powers and faculties to managers, officers, lawyers and any other people in charge of the Company's labor relationship, to formulate internal work regulations, to call Shareholder Meetings and to execute their resolutions, appoint and remove external auditors and, in general, to carry out all acts and operations that correspond to them according to the laws and in accordance with the provisions of the by-laws.

The Company's Board of Directors also has the power to approve any transfer of the Company's shares, when such transfer represents more than 3% of the voting shares in one or more transactions.

Likewise, for the performance of its duties, the Board of Directors shall be aided by an Audit & Corporate Practices Committee, a Results Evaluation Committee and a Finance & Planning Committee, whose duties and integration are described herein below. See Section "4. GOVERNANCE – c) Administration and Shareholders".

1.2) Board of Directors' Resolutions

Each director is entitled to one vote at any meeting of the Board of Directors. Meetings of the Board of Directors are legally convened when at least the majority of the members are present. Resolutions at Board of Directors' meetings are valid when approved by the majority of directors present at the meeting. The Chairman of the Board of Directors has a deciding vote in the event of a draw. The resolutions taken outside a meeting of the Board of Directors, by unanimous vote, will be for all legal purposes as valid as if they had been adopted at the meeting of the Board of Directors, provided that they are confirmed in writing.

Pursuant to the Mexican Securities Market Law, any director who has a conflict of interest to vote in any transaction must disclose such fact to the Chairman and the Secretary of the Board of Directors and should abstain from voting on such transaction. Any director who violates this provision will be liable to the Company for any resulting damages or losses.

In addition, directors must keep confidential all acts, facts or events that have not been disclosed to the public generally, and must keep confidential any discussions held at each meeting.

1.3) Committees of the Board of Directors

The Board of Directors in order to perform its duties has the support of the following committees, which assist the Board of Directors in the administration of the Company.

2) Audit and Corporate Practices Committee

In accordance with the Mexican Securities Market Law and the Bylaws, the Company has an Audit & Corporate Practices Committee, comprised of at least three members who must all be independent, including its chairman. The chairman of the Audit and Corporate Practices Committee shall be appointed and/or removed from his position, exclusively, by the General Ordinary Shareholders´ Meeting and shall not be able to be the chairman of the Board of Directors. This Committee performs the audit activities, as well as those corporate practices activities established by the Securities Market Law, the Bylaws, and as determined by the Board of Directors.

On February 16, 2022 by means of the board meeting, Edmundo Miguel Vallejo Venega was ratified as chairman of the Committee, and Arturo Manuel Fernández Pérez, José Ignacio Pérez Lizaur, Maria Luisa Jorda Castro and Jaime A. El Koury were ratified as members of the Audit & Corporate Practices Committee. All members are independent within the meaning of the Mexican Securities Market Law.

The main duties of the Audit & Corporate Practices Committee include to (i) supervise and assess the external auditors, as well as all the reports issued by them (including their opinion with respect to the financial statements), (ii) review and supervise the preparation of the financial statements for their approval by the Board of Directors, (iii) inform the Board of Directors of the status of the internal controls and procedures and the internal audit function of the Company, including irregularities that, where appropriate, it detects, (iv) supervise and draft opinions required under the Mexican Securities Market Law with respect to transactions with related parties and transactions representing 20% or more of the consolidated assets, (v) draft the opinions and request the directors and independent experts to prepare the reports required under the Mexican Securities Market Law, (vi) research and to inform the Board of Directors of any significant finding out of the ordinary course of business, (vii) review and analyze recommendations for improvements by the Shareholders, members of the Board of Directos, executive officers or third parties and take the corresponding actions to perform such recommendations, (viii) call for shareholders' meetings, (ix) supervise the performance of the instructions issued by the Board of Directors and shareholders to the chief executive officer, (x) supervise the mechanisms and internal controls performance that allow the controlled companies operations to comply with the applicable laws, (xi) such other responsibilities provided for in the Bylaws and the Mexican Securities Market Law.

The Audit and Corporate Practices Committee may meet at any time. The meetings of this committee are regarded as legally convened when the majority of its members are present and its resolutions will be valid when approved by a majority of the present members at the meeting. The Chairman of the Audit and Corporate Practices Committee has a deciding vote in the event of a draw.

Based on the professional profiles of the members of the Audit & Corporate Practices Committee, the Company considers that such members may be deemed financial experts.

The Chairman of the Audit & Corporate Practices Committee must prepare an annual report on the activities corresponding to the committee and submit it for the approval of the Board of Directors.

3) Evaluation, Compensation and Nominations Committee

On February 16, 2022, by means of the board meeting, it was approved to change the name of the Evaluation and Results Committee to the Evaluation, Compensation and Nomination Committee, which is comprised of members of the Board of Directors who are appointed by the Board of Directors or the Shareholders´ Meeting.

On February 16, 2022, by means of the board meeting, the members of the Evaluation, Compensation and Nomination Committee approved the resignation of Daniel Javier Servitjie Montull as member of the Evaluation, Compensation and Nomination Committee, and the appointment of Mrs. María Luisa Jorda Castro as member of the Evaluation, Compensation and Nomination Committee was approved. Additionally, they rest of the member of the Evaluation, Compensation and Nomination Committee were ratified, who are as follows: Luis Jorba Servitje, who serves as Chairman of the committee, Nicolás Mariscal Servitje, Ignacio Pérez Lizaur, Daniel Javier Servitje Montull and Edmundo Miguel Vallejo Venegas, appointed by the Board of Directors as members of the Evaluation, Compensation and Nomintation Committee.

The Evaluation, Compensation and Nomination Committee is in charge of (i) analyzing and approving the general compensation structure for the executive officers and associates, and the general compensation policies, which include policies for increasing, decreasing and changing in general and individual compensation, except for the compensation of the Chief Executive Officer and other senior executive officers which is determined by the Board of Directors with the opinion of the Audit & Corporate Practices Committee, (ii) evaluating the results of operations of the Company and their impact on the compensation of the executive officers and associates, (iii) analyzing and revising the salary levels applicable to the executive officers and associates, including annual compensation plans and promotions and criteria for pension plans, (iv) requesting the opinion of an independent expert, if necessary, to appropriately comply with its duties, (v) requesting the executive officers and associates to prepare and provide the committee with the reports required to comply with its duties, (vi) acting as a consultation body for the Board of Directors in all aspects related to the associates, and (vii) coordinating all the activities related to other committees, as the case may be, and more recently, by means of the board meeting held on February 16, 2022, its functions were expanded to (viii) to define and update the criteria and guidelines to be met by candidates for the Board of Directors, (ix) to identify and evaluate candidates for new members of the Board of Directors; and (ix) to identify and evaluate candidates for new members of the Board of Directors; and, to present to the Board of Directors the nominees for the election of new directors each year at the Shareholders' Meeting.

The Committee also works as advisory and evaluation body for the possible candidates for the Board of Directors, proposed by the shareholders or directors.

Based on the professional profiles of the members of the Evaluation, Compensation and Appointments Committee, the Company considers that several of its members may be deemed financial experts.

4) Finance and Planning Committee

The Finance and Planning Committee is comprised of members of the Board of Directors, who are appointed by the Board of Directors or by the Shareholders’ Meeting.

The Finance & Planning Committee is in charge of analyzing and presenting for the approval of the Board of Directors, the long-term strategies, and the investment and risk management policies.

The Finance & Planning Committee has the following powers: (a) to analyze and submit to the Board of Directors’ approval, the evaluation of the long-term and budget strategies, as well as the Company’s main investment and finance policies; (b) by the Board of Directors’ express delegation, it may approve: (i) transactions which imply the acquisition or conveyance of properties with a value equal to, or lower than, three percent of the Company’s consolidated assets; (ii) the granting of guaranties or the assumption of liabilities in an amount equal to, or less than, three percent of the Company’s consolidated assets; (iii) investments in debt securities or in banking instruments, exceeding three percent of the Company’s consolidated assets; provided, however, that these are made in conformity with the policies approved to that effect by the Board; c) to propose and, as the case may be, evaluate and periodically review policies for the performance of the Company’s and its subsidiaries’ treasury; d) request an opinion from independent experts in the cases it deems necessary, for the appropriate performance of its duties; e) to request from the Company’s or its subsidiaries´ relevant executive officers and other associates, reports regarding the preparation of the financial information and of any other kind deemed necessary for the performance of its duties; f) to act as a consultation body for the Board of Directors in everything pertaining to the above mentioned duties, including financial matters, as well as in connection with the review and recommendation of investment projects and/or diversification of the Company and its subsidiaries, observing their congruence and profitability. Likewise, it shall coordinate activities related to the Company’s other committees, when so required.

On February 16, 2022, by means of the board meeting, the members of the Finance and Planning Committee approved the resignation of Mr. José Ignacio Mariscal Torroella of his position as Chairman of the Finance and Planning Committee and the appointment of Mr. Rogelio Miguel Rebolledo Rojas as the new President of the Finance and Planning Committee. Additionally, the members of the Finance and Planning Committee were ratified, who are Messrs Jaime Chico Pardo, Javier De Pedro Espínola, Ricardo Guajardo Touché, Luis Jorba Servitje, Daniel Javier Servitje Montull and, Mr. Nicolás Mariscal Servitje.

Based on the professional profiles of the members of the Finance & Planning Committee, the Company considers that several of its members may be deemed financial experts.

a. Self-assessment of the Board of Directors and other management bodies

Starting in 2017, Directors and their Committees implemented a self-assessment regarding Board and Committee performance as collegiate bodies in order to maintain Bimbo at the forefront of best corporate governance practices on a global level, as well as in the search for improvements and value creation for the Company, which will have an impact on the business results.

The benefits of the Board and Committees' self-assessment:

1. Transparency and continuous improvement regarding the tasks of the Directors and Committees.
2. Improve the Board's knowledge and understanding regarding the perspective that stakeholders have in the strategy and governance of the company.
3. Identify Governance processes in order to strengthen the experience of the Board, communications and meetings.
4. Strengthen the alignment between Grupo Bimbo's mission and vision, facilitating the prioritization of certain matters.

The matters in which the self-assessment focuses are: structure, composition, agenda development, responsibilities, tasks and duties, effectiveness (if such information has added value), communication, relationship with management, the long-term shareholders, reporting and follow up.

The self-assessment will take place annually in March starting in 2017, and may be updated as a result of global trends and results of previous self-assessments.

b. Code of Ethics and Compliance

Grupo Bimbo relies on self-regulated measures that govern its business practices. Its Code of Ethics covers general aspects such as policies for its interaction with society, government and competitors, as well as its associates, suppliers, consumers, customers, board members, partners and shareholders.

In 2013, the Group created an Ethics & Regulatory Compliance Committee, a collegiate body in charge of monitoring the compliance of Global Integrity Policy, This committee is comprised of the Chief Financial Officer, Global Audit VP, Global HR & Corporate Affairs VP, Global Transformation VP, General Counsel & Compliance VP and the Global Controller, who are in charge of implementing, monitoring, and enforcing the compliance program at Grupo Bimbo.

During 2014 the Board of Directors approved the Global Integrity Policy of Grupo Bimbo, updated for the last time on January 2021, which are binding to all board members, executives, associates, third party intermediaries and third parties of the Group, who are instructed in the same periodicity and who are monitored regarding their compliance; this includes guidelines based on best practices and international standards on integrity and anti-corruption laws to ensure that individuals and entities acting on behalf of the Group do so with integrity and in compliance with the law; likewise it establishes a Code of Conduct for Suppliers is designed to ensure that parties who have business with Grupo Bimbo act with integrity and comply with the policies and the applicable laws.

The Ethics Compliance Committee is responsible for promoting the beliefes included in the Code of Ethics and its Global Integrity Policy, receive the accounting and strengthening compliance with the regulatory framework of the countries in which Grupo Bimbo operates, and to decide any disciplinary situation related to the lack of integrity. The Global Compliance Department is in charge of (i) developing and recommending policies and guidelines for the appropriate compliance with applicable law, (ii) reviewing and recommending improvements to the internal controls and procedures, (iii) checking internal audit programs and legal compliance enformcement programs, (iv) instructing and performing internal and external research, and (v) analyze anonymous complaints made by associates and third parties.

Additionally, the Global Compliance Department monitors anonymous claims made to the internal hotline by associates or third parties, which is accessed by e-mail: comenta@grupobimbo.com.

The main compliance issues that are overseen by the Ethics Committee are: anti-corruption, restricted party transactions, money laundering, economic competition and data protection.

Grupo Bimbo has a Economic Competition Policy, which will strengthen internal practices and procedures in order to ensure a fair and competitive market. It also has policies applicable to transactions with related parties, a policy for the use of assets owned by the Group and a conflict of interest policy.

In 2015, the Board of Directors also approved the guidelines, policies and control mechanisms for the trading of securities made by the directors, officers and associates of Grupo Bimbo that have privileged and confidential information according to LMV.

c. Key Executive Officers

The following table shows the names of the Group's key executive officers as of the date of this Annual Report, their current position and their seniority in the Company. The CEO of the Group is appointed by the Board of Directors and maintains its position at the discretion of said board.

Name	Position	Age	Years with the Group	Gender*
Daniel Javier Servitje Montull	Chief Executive Officer and Chairman of the Board	62	39	Male
Diego Gaxiola Cuevas	Chief Global Financial Officer	50	4	Male
Javier Augusto González Franco	Executive Vice President	66	44	Male
Raúl Ignacio Obregón Servitje	Chief Information & Transformation Officer	49	20	Male
Rafael Pamias Romero	Executive Vice President	58	5	Male
Juan Muldoon Barrena	Chief People Officer	62	11	Male
Miguel Ángel Espinoza Ramírez	President of Bimbo Mexico	65	41	Male
Alfred Penny	President of Bimbo Bakeries USA	66	42	Male

*100% of the key officers of the Company are men.

Daniel Javier Servitje Montull

Mr. Daniel Servitje Montull has served as Chief Executive Officer of Grupo Bimbo since 1997, and as Chairman of the Board of Directors since 2013. He holds a degree in Business Administration from Universidad Iberoamericana, in Mexico. In 1987 he obtained an MBA degree from Stanford University. He joined Grupo Bimbo in February 1982, where he has held different positions,like CEO of Organización Marinela and Vice President of Grupo Bimbo, ammong others.

Diego Gaxiola Cuevas

Mr. Gaxiola Cuevas has served as Chief Financial Officer of Grupo Bimbo since August 2017. Mr. Gaxiola Cuevas has more than 20 years of experience in similar positions, including, most recently, having served as Chief Financial Officer of Alsea, a leading operator of quick service restaurants, coffee shops, and casual dining establishments in Latin America and Spain. Before Alsea, Mr. Gaxiola Cuevas worked for Grupo Desc. S.A.B. de C.V. in corporate finance and in Grupo Televisa, S.A.B. de C.V. he had various positions in finance. Mr. Gaxiola Cuevas holds a master's degree in finance from Universidad Anahuac and a bachelor's degree in business administration from Newport University and Universidad Iberoamericana.

Javier Augusto González Franco

Mr. González Franco has served as Executive VP of Grupo Bimbo since February 2014. He holds a degree in Chemical Engineering from Universidad Nacional Autónoma de México (UNAM), an MBA from Universidad Diego Portales, in Chile, an Advanced Management degree from Harvard University and a degree from the IMD in Switzerland. Mr. González Franco joined Grupo Bimbo in 1977 and has served as

Deputy Chief Operating Officer of Latin America, Deputy Chief Executive Officer of Organización Bimbo, Managing Director of Barcel and Manager Director of Bimbo.

Raúl Ignacio Obregón Servitje

Mr. Obregón Servitje has served as Chief Information and Transformation Officer since April 2017. He joined the Company in 2002 and has since served as Executive Chief Officer of Bimbo South America, Chief Corporate Officer of Sales, Chief Officer of Big Customers at Bimbo Mexico, General Manager of Bimbo Peru and also worked in Bimbo Bakeries USA. Prior to joining the Company, he worked at Citibank Mexico. Mr. Obregón Servitje holds a degree in Industrial Engineering from Universidad Iberoamericana, an MBA from Boston University and specialization courses from Harvard Business School.

Rafael Pamias Romero

Mr. Pamias serves as Executive VP for the Latin America region and is member of the Steering Committee. He also serves as Chief Sustainability Officer (CSO), Global Research & Development and Marketing Leader. He holds a bachelor's and a master's in Business Administration and Management from ESADE in Barcelona. He also holds a Master's degree in International Management from the Thunderbird School of Global Management in Arizona.

He has more than 35 years of experience in Marketing and Business Strategy in multinational companies such as Henkel, Danone and, currently, Grupo Bimbo. At Danone from 2002 to 2007, Mr. Pamias Romero was General Manager for the Bottled Water category in Mexico and Spain. From 2007 to 2017, he served as Vice President for the Europe, Africa and Middle East region for Bottled Water (2007 to 2009), the Vice Presidency of Latin America for Bottled Water (2009 to 2011), and Dairy Products (2011 to 2017).

Juan Muldoon Barrena

Mr. Juan Muldoon Barrena has been the Chief People Officer of Grupo Bimbo since 2019. Mr. Muldoon holds a Bachelor's degree on Business Administration from the Universidad Iberoamericana and completed a Certification in Finance at Southern Methodist University and a Certification in Senior Management at the University Adolfo Ibáñez in Santiago, Chile.

His professional experience includes various positions at Grupo Bimbo, in the areas of marketing, exports and general management in Chile, Central America and the United States. He was Bimbo Bakeries USA's Talent Manager from 2011 until 2015 when he was named Global Talent Director at Grupo Bimbo Corporate.

Miguel Ángel Espinoza Ramírez

Mr. Espinoza Ramírez has served as President of Bimbo Mexico since February 2014. He holds a degree in Industrial Engineering from Instituto Tecnológico de Chihuahua and has completed various programs at the IPADE and the Advanced Management Program in Harvard University. Mr. Espinoza Ramírez joined Grupo Bimbo in 1981 and has served as General Manager of Dulces y Chocolates Ricolino, Vice President of Barcel del Norte, Administrative Manager of Organización Barcel, President of Barcel, Commercial Manager of Bimbo, and President of South America Operations.

Alfred Penny

Mr. Fred Penny has served as President of Bimbo Bakeries USA since April 2013. He began his career in the Finance section at General Foods and advanced through several positions of increasing responsibility over the next decade. In 1990, Mr. Penny was named Director of Strategic Planning and Productivity for Kraft Baking, and in 1993 he became General Manager of Intermountain's Denver market area. He became Vice President and General Manager of Entenmann's business in 1997, and was named Executive Vice President of George Weston Bakeries, Inc.

Except as provided above, there are no potential material conflicts of interest between the duties of key executives and their private interests. Key executives can be contacted at main headquarters of the Company. See section “1. GENERAL INFORMATION - b) Executive Summary - Company Information ”.

d. Compensation

1) Compensation to Directors and members of the Company’s Committees is determined by the Annual General Extraordinary and Ordinary Shareholders’ Meeting. Such compensation, as of the General Ordinary Shareholders´ Meeting held on April 27, 2022, is as follows: Directors receive $140,000 Pesos (one hundred and forty thousand Pesos) per meeting attended in Mexico and $450,000 Pesos (four hundred and fifty thousand Pesos) per meeting attended abroad. The members of the Audit and Corporate Practices Committee receive $124,000 Pesos (one hundred and twenty four thousand Pesos) per meeting attended. The members of the Finance and Planning Committee and the members of the Results and Evaluation Committee receive $65,000 Pesos (sixty five thousand Pesos). The Company’s officers who are also Directors and/or members of any of the Committees shall not be entitled to receive any compensation. In 2021, the total amount corresponding to the compensation mentioned in this paragraph totaled approximately $17,095,000.00 Pesos (seventeen million ninety five thousand Pesos).

2) Compensation to the Company’s management and other key members of the management for the years ended December 31, 2021, 2020 and 2012, was $845, $973 and $1,194 million Pesos respectively. Said compensation is determined based on the performance of individuals and market trends and approved by the Board of Directors.

3) Compensation to senior officers is based on the following:

   a) Fixed compensation, based on the hierarchical level and responsibilities of the position they hold.

   b) Variable compensation, based on the result of the individual contribution to the Business Plan, derived from the annual planning, behavior aligned with Grupo Bimbo's beliefs and the employee's functional mastery of the position.

      The Grupo Bimbo Business Plan refers to a document that integrates the business objectives to be achieved during one year, distributed in four dimensions: 1.Profitability; 2.Transformation; 3. Growth; 4. Our People and Reputation. It serves as the basis for creating all the Business Plans of the business units and functional divisions.

      The plans must be executed at every level and in every area of the Company,and should include objectives that are measurable, through concrete indicators and business milestones, including indicators related to ESG (Environmental, Social and Governance), or ESG, for its acronym in English).

   c) Virtual Shares Plan for Directors and Executive Officers, as of 2013, the Virtual Share Plan (known is Spanish as “Plan Acciones Virtuales por VEAB - *Valor Económico Agregado BIMBO*”) for executive officers and directive officers is in effect. This plan allocates an annual number of Virtual Shares in accordance with the seniority, salary of the officer and the results obtained by the Business Unit to which it is associated and the average share price of Bimbo in the BMV, in January of the following year. The number of Virtual Shares is paid 30 months after the average share price of Bimbo in the BMV in June through a taxable bonus.

e. Main Shareholders

As of the date of this Annual Report 4,516,329,661 Series “A”, ordinary, nominative shares with no par value, representing the capital stock are authorized, and registered in the RNV (National Securities Registry) and have been listed on the BMV (Mexican Stock Exchange) since 1980 under the ticker symbol “BIMBO”.

On April 27, 2022, at the Ordinary Annual and Extraordinary General Shareholders' Meeting, the cancellation of 41,260,670 (forty-one million, two hundred and sixty thousand, six hundred and seventy) series “A” shares deposited in the treasury was approved. As such, 0 (zero) treasury shares *(acciones en tesoreria)* were registered, therefore the total amount of outstanding shares as of April 27, 2022 is 4,475,068,991 (four billion four hundred and seventy-five million, sixty-eight thousand, nine hundred and ninety and one) shares.

The companies mentioned below hold an interest of approximately 71.5% in Grupo Bimbo’s capital stock. The following table shows the information regarding the ownership of the main shareholders, in accordance with the Company’s Share Registry Book as of April 27, 2022:

Shareholder	**Number of Shares of Common Stock**	**Percentage Ownership of Common Stock**
Normaciel, S.A.P.I. de C.V.	1,756,513,140	39.2
Promociones Monser, S.A.P.I. de C.V.	550,268,544	12.3
Philae, S.A. de C.V.	232,692,104	5.2
Grupo Valacci, S.A. de C.V.	221,593,708	5.0
Banco Nacional de México, S.A. as trustee	171,869,396	3.8
Marlupag, S.A. de C.V.	161,213,536	3.6
Sendamos, S.AP.I. de C.V.	150,000,000	3.4
Total	3,244,150,428	72.5

Regarding the above shareholders, Normaciel, S.A. de C.V. holds significant influence.

Moreover, the Company believes that Mr. Daniel Javier Servitje Montull, as Chief Executive Officer and Chairman of the Board of Directors, has significant influence on the management, conduct and execution of the business. Therefore, it could be considered that he has power of command.

To the best knowledge of the Company, no member of the Board of Directors or other key officer of Grupo Bimbo, individually, hold shares representing more than 1% and less than 10% of the outstanding shares of Grupo Bimbo.

f. Description of the labor inclusion policy or program

As of this date, Grupo Bimbo has gender diversity and labour inclusion policies that are aimed to ensure an environment of inclusion, free-harassment and no discrimination in the operations of the Group worldwide. The policies apply to all temporary and permanent associates of Grupo Bimbo, as well as to the interaction with shareholders, customers and suppliers in their relationship with the Company. The Company's Global People Division is in charge of preparing and updating these policies. In general terms, every associate of the Company must (i) reject the discrimination of any person and for any reason, establish and promote an environment of respect, avoiding the use of inappropriate, discriminatory, sexist or disqualifying language, (ii) avoid at all times discrimination in access to employment, working conditions, professional development, training and participation in decision-making processes, (iii) encourage the formation of diverse work teams and assignment of responsibilities equitable and not abuse the authority and use of the hierarchical position, (iv) promote an environment free of isolation, ridicule and jokes that denigrate people, promote harmony and good coexistence, (v) respect cultural differences and of opinion, and (vi) not conduct discriminatory behaviors by personal characteristics protected by law, including by reason of race, gender, religion, sexual identity or orientarion, nationality, age, disability or marital status. Likewise, the associates of Grupo Bimbo must not ignore an act or condition of harassment, abuse, discrimination and another that goes against the policies abovementioned. All associates who witness or are victims of these behaviors should report them to their direct manager, to the people area and/or in an internal hot line of Grupo Bimbo.

A) BYLAWS AND OTHER AGREEMENTS

As of December 30, 2005 the new Securities Market Law was published in the Official Gazette of the Federation (*Diario Oficial de la Federación*), which became effective on June 28, 2006, and in accordance with that BIMBO's Corporate Bylaws were amended by virtue of an Extraordinary Shareholders´ Meeting held on November 14, 2006. In that meeting, among other things, the total amendment to the Corporate Bylaws was approved, and was notarized by public deed No. 30,053 dated November 16, 2006, granted before Ana de Jesús Jiménez Montañez, Public Notary number 146 of Mexico City, and filed in the Public Registry of Commerce of Mexico City under mercantile folio No. 9,506 on December 6, 2006. With the amendment to the Corporate Bylaws, the Company adjusted to the securities laws in effect.

Among the most relevant amendments are the ones regarding the creation of a regime applicable to the *sociedades anónimas bursátiles* (the shares of which are traded in the BMV) to improve their organization and functioning, as well as their responsibilities regime.

The Company is a publicly traded variable capital corporation (*sociedad anónima bursátil de capital variable*) incorporated under Mexican law. On November 14, 2006, at the General Extraordinary Shareholders' Meeting, the shareholders resolved to amend the bylaws entirely to comply with the provisions of the Mexican Securities Market Law applicable to publicly traded corporations and to adopt the form of a publicly traded stock corporation. Such amendment to the bylaws was notarized by public deed No. 30,053 dated November 16, 2006, granted before Ana de Jesús Jiménez Montañez, Public Notary number 146 of Mexico City, and filed in the Public Registry of Commerce of Mexico City under mercantile folio No. 9,506 on December 6, 2006.

On April 29, 2021, at the Annual Ordinary and Extraordinary General Shareholders' Meeting, its shareholders approved, among other matters, amendments to article two (relating to the corporate purpose) and article six (relating to capital stock) of the Company's bylaws. Within the term stipulated for these purposes, a copy of the public instrument containing the amendments described above will be filed with the CNBV and the BMV, which, in accordance with applicable law, and will be made available to the investing public on the following websites: : www.gob.mx/cnbv, www.bmv.com.mx and www.grupobimbo.com.

The purpose of the Company is:

Promote, incorporate, organize, exploit, acquire and participate in the capital stock or equity of all types of commercial or civil corporations, associations or companies, whether industrial, commercial, service or of any other nature, whether domestic or foreign, as well as to participate in their administration or liquidation.

In order to carry out the corporate purpose mentioned in the preceding paragraph, which are part of the preponderant economic activity, the Company may carry out, by way of example, but not limited to, the activities mentioned below.

I. To acquire, under any legal title, shares, interests, participations or parts of any type of commercial or civil companies, whether as part of their incorporation or through subsequent acquisition, as well as to dispose of and negotiate such shares, interests, participations or parts of companies, including any other debt securities.

II. Obtain, acquire, develop, improve, use, grant and receive licenses or dispose, under any legal title, of all kinds of patents, trademarks, service marks, utility models, industrial designs, industrial secrets, invention certificates, commercial notices and names and any other industrial property rights, as well as copyrights, whether in Mexico or abroad.

III. Obtain all kinds of financing, loans or credits, issue all kinds of securities, including stock certificates, debentures or debt securities, bonds and commercial paper, as well as other debt instruments, with or without the granting of collateral through pledge, mortgage, trust or under any other legal title, as well as acquire and trade with them in domestic and foreign markets, as well as carry out derivative and synthetic transactions.

IV. Grant any type of financing or loan to individuals or commercial or civil corporations, companies and institutions with which the Company has commercial or business relations in which the Company holds shares, whether or not it receives guarantees in rem.

V. To grant all kinds of guarantees, whether real, personal or as guarantors of obligations, debt securities or debt instruments in its own name or in favor of persons, companies, associations and institutions in which the Company has an interest or participation, or with which the Company has business relations, becoming a guarantor, joint and several obligor, surety or guarantor of such persons.

VI. To subscribe, draw, issue, negotiate, accept, endorse and guarantee all kinds of debt instruments and carry out credit operations.

VII. To trade its own shares, securities representing them, debt securities or debt instruments, in domestic or foreign securities markets and to acquire its own shares, pursuant to the terms of the Securities Market Law and the applicable general provisions.

VIII. To hold, obtain, acquire, use, grant or license, dispose of, under any legal title, all kinds of patents, trademarks, service marks, utility models, industrial designs, industrial secrets, certificates of invention, commercial notices and names and any other industrial property rights, as well as copyrights, whether in Mexico or abroad.

IX. In general, to perform all kinds of acts, deeds, agreements, contracts, commercial transactions and to be the holder of any real or personal right, all of the above of any nature permitted by law.

1) RIGHTS OF SHAREHOLDERS

Holders of Series “A” shares are entitled to one vote in the General Ordinary and Extraordinary Shareholders’ Meetings. With no shares of this kind existing as of this date, the Company may issue, under the Securities Market Law, non-voting and/or limited voting shares. As the case may be, holders of Series “A” shares may not attend the Special Meetings held by the holders of non-voting and/or limited voting shares and neither have they voting rights in the Special Meetings held by the holders of non-voting and/or limited voting shares.

The holders of limited voting shares shall be entitled to attend and vote at a rate of one vote per each share, only and exclusively in the Special Meetings held by the holders of such shares and in the General Extraordinary Shareholders’ Meetings held to discuss any of the following matters: a) transformation of the Company; b) merger with another company or companies, when the Company is the merged party; c) cancellation of the limited voting shares filing in the RNV and in domestic and foreign stock exchanges in which the same are registered, except in quoting systems or other markets not organized as stock exchanges; and d) any other matter provided for in the Securities Market Law.

Holders of limited voting shares may not attend General Ordinary Meetings, except in the events expressly provided for in the Securities Market Law. Neither may they attend the General Extraordinary Shareholders´ Meetings held to discuss matters in which they have no voting rights.

Additionally, shareholders holding limited or restricted voting shares, for each ten percent (10%) of the Company’s capital stock that they individually or collectively hold, shall have the rights conferred in the Corporate Bylaws and the General Commercial Corporations Law.

Shareholders holding non-voting shares shall have the rights granted by the Securities Market Law.

2) SHAREHOLDERS' MEETINGS AND VOTING RIGHTS

Under the bylaws of the Group, two types of shareholders' meetings may be held: ordinary and extraordinary. Ordinary shareholders' meetings are those called to discuss any issue not reserved for extraordinary shareholders' meetings.

An annual ordinary shareholders' meeting must be convened and held at least once a year within the first four months following the end of each fiscal year to discuss the following, pursuant to the bylaws or the Mexican Securities Market Law, (i) the approval of the financial statements for the previous fiscal year, (ii) the annual reports prepared by the Audit & Corporate Practices Committee and the allocation of the profits for the previous year (including, if applicable, the payment of dividends), (iii) the appointment of members of the Board of Directors, (iv) the appointment of the chairman of the Audit & Corporate Practices Committee, (v) the increase or decrease of the variable capital and the issuance or cancellation of the corresponding shares, (vi) the determination of the amount that may be allocated to repurchase the shares, and (vii) the approval of any transaction representing 20% or more of the consolidated assets, during any fiscal year.

Extraordinary shareholders' meetings are those called at any time to consider any of the following matters (i) the extension of the duration or the dissolution of the Company, (ii) any increase or decrease in the fixed capital and the issuance of the corresponding shares, (iii) any public offering of the shares, (iv) any change in the corporate purpose or nationality, (v) any transformation, merger or spin-off involving the Company, (vi) any issuance of preferred stock, (vii) any redemption of the shares with retained net profits, (viii) any amendments to the bylaws, including amendments to change in control provisions, and (ix) any other matters for which applicable Mexican law or the bylaws specifically require a general extraordinary shareholders' meeting (x) the cancellation of the registry of the shares with the RNV.

All of the shareholders of Grupo Bimbo, duly registered in the shareholders' registry book, will be able to propose topics to be discussed in the Shareholders Meetings. The shareholders must send the proposals to the secretary of the Board of Directors, who will check them and if applicable, will submit them for the consideration of the Board of Directors in their following meeting, previous to the next ordinary or extraordinary shareholders meeting.

In the next Board of Directors ordinary meeting, the Board will analyze the proposals and will determine the suitability of including them in the agenda for the next ordinary or extraordinary shareholders meeting.

a) In case of approval, such topics would be included in the agenda for the next ordinary or extraordinary shareholders meeting.

b) In case of dismissal, the board would give notice to the respective shareholder.

The contact information of the secretary of the board is: secretaria.gb@grupobimbo.com

Shareholders' meetings may be called at any time by the chairman of the Board of Directors, the chairman of the Audit & Corporate Practices Committee or the secretary and alternate secretary of the Board of Directors. Any shareholder or group of shareholders representing at least 10% of the capital stock of Grupo Bimbo, including shares with limited or non-voting rights, has the right to request publication of a call to a shareholders' meeting. In addition, according to the bylaws, any holder of one share is entitled to request that the Board of Directors or the chairman of the Audit & Corporate Practices Committee to call a general shareholders' meeting in the event that no such general shareholders' meeting has been convened and held within two consecutive fiscal years or if the following matters have not been discussed at the general shareholders' meetings convened and held during such period (i) discuss, approve or modify the report prepared by the Board of Directors, (ii) the appointment of members of the Board of Directors, and (iii) the determination of the compensation for the directors.

Shareholders' meetings are required to be held in the corporate domicile of Grupo Bimbo, which is Mexico City. Calls for shareholders' meetings must be published in the Electronic System established by the Ministry of Economy or in one newspaper of general circulation in Mexico City at least 15 calendar days prior to the date of the meeting. Each call must set forth the place, date and time of the meeting and agenda for the meeting. Calls must be signed by whoever calls them. From the date on which a call is published until the date of the corresponding meeting, all material information regarding the meeting must be available to shareholders at the corporate headquarters of the Company.

To be admitted to any shareholders' meeting, shareholders must submit their stock certificates or evidence of their shares deposited in the Indeval or any other institution authorized to act as securities depositary in accordance with the Mexican Securities Market Law, with at least 48 hours (computed in terms of business days) prior to the shareholders' meeting. Such stock certificates or evidence of their deposit must be exchanged for a certificate issued by the Company for that purpose, stating the name of the corresponding shareholder and the number of shares held. Such certificates shall serve as admission tickets for the shareholders' meeting. The members of the Board of Directors, the Chief Executive Officer and the external auditor may attend the shareholders' meetings.

Shareholders may be represented at shareholders' meetings through proxies’ fact appointed by means of a form prepared by Grupo Bimbo and made available to shareholders through broker-dealers or at the offices of the Company, at least 15 calendar days prior to the shareholders' meeting. Such forms must comply with the requirements of the Mexican Securities Market Law and its ancillary provisions.

Ordinary meetings are regarded as legally convened pursuant to a first call when at least 50% of the common shares representing the capital are present or duly represented. Any number of common shares represented at an ordinary meeting of shareholders convened pursuant to a second or subsequent call constitutes a quorum.

Resolutions at ordinary meetings of shareholders are valid when approved by a majority of the shares present at the meeting.

Extraordinary shareholders' meetings are regarded as legally convened pursuant to a first call when at least 75% of the shares representing the capital are present or duly represented. On a second or subsequent call, extraordinary shareholders' meetings are legally convened when at least 50% of the shares representing the outstanding capital are present or duly represented.

Resolutions at an extraordinary meeting of shareholders are valid when adopted by the holders of shares representing at least 50% of the capital stock.

3) SHAREHOLDERS’ MINORITY RIGHTS

Pursuant to the Mexican Securities Market Law, the bylaws include minority right shareholder protections, some of which have already been described above. These minority protections include provisions that allow:

a. Holders of at least 10% of the outstanding voting capital stock have the right to:

- request a call for a shareholders' meeting;
- request that resolutions, with respect to any matter on which they were not sufficiently informed, be postponed; and
- appoint one member of the Board of Directors and one alternate member of the Board of Directors.

b. Shareholders of 20% of the outstanding voting capital stock may oppose judicially to any resolution adopted at a shareholders' meeting and to request a court order to suspend the resolution temporarily, if the request is made within the following 15 days of the adjournment of the meeting where the resolution was made, provided that (i) the challenged resolution violates Mexican law or the bylaws, (ii) the opposing shareholders neither attended the meeting nor voted in favor of the challenged resolution, and (iii) the opposing shareholders deliver a bond to the court to secure payment of any damages that the Company may suffer as a result of suspending the resolution, in the event that the court ultimately rules against the opposing shareholders.

c. Shareholders of 5% or more of the outstanding capital stock may initiate a liability action against some or all of the directors (for the benefit of the Company and not their personal benefit), for violations of their duty of care or duty of loyalty, in an amount equal to the damages or losses caused to the Company. Actions initiated on these grounds have a five-year statute of limitations.

Since 2016, contact information for the shareholders and/or members of the board was included in Grupo Bimbo's webpage.

Email: secretaria.gb@grupobimbo.com
Phone: +52 (55) 5268 6600
Address: Prolongación Paseo de la Reforma 1000, Col. Peña Blanca Santa Fe, Alcaldía. Álvaro Obregón, Ciudad de México, C.P. 01210, México.

5) CAPITAL MARKETS

a) SHAREHOLDING STRUCTURE

As of the date of this Annual Report, shares representing the Company's capital stock are Series "A" common, ordinary, nominative, with no par value shares, which are filed in the RNV. Such shares began quoted in the BMV in February 1980, when the Company carried out its initial public offer. Since February 1, 1999 BIMBO is part of the Price and Quotation Index (*Índice de Precios y Cotizaciones*) of the Mexican Stock Exchange (BMV).

As of the date of this Annual Report, BIMBO share is classified as high trading volume, in accordance with the Trading Activity Index published by the Mexican Stock Exchange (BMV).

b) SHARE PERFORMANCE IN THE STOCK MARKET

The Following tables show the adjusted maximum, minimum and closing prices in nominal pesos, as well as the volume of BIMBO's Series "A" shares in the BMV, during the indicated periods.

Annual	Pesos per Series "A" shares			Volume of Series "A" traded
	Maximum	Minimum	Closing	
2017	48.51	42.19	43.51	532,853,721
2018	46.46	35.07	39.15	592,951,520
2019	43.04	32.83	34.43	704,313,451
2020	45.09	26.95	43.24	768,815,635
2021	63.40	37.10	62.97	689,926,743

Quarterly	Pesos per Series "A" share			Volume of Series "A" traded
	Maximum	Minimum	Closing	
1T20	36.04	26.94	34.48	212,834,598
2T20	39.48	31.51	38.47	228,304,633
3T20	44.86	35.80	41.37	172,367,742
4T20	45.09	38.94	43.24	155,308,662
1T21	44.22	37.10	42.90	183,878,906
2T21	45.27	39.01	43.89	160,164,835
3T21	58.31	43.38	58.04	167,191,502
4T21	63.40	52.81	62.97	178,691,500

Monthly	Pesos per Series "A"			Volume of Series "A" traded
	Maximum	Minimum	Closing	
July 2021	46.74	43.38	45.88	36,465,128
August 2021	51.43	47.71	50.82	74,725,375
September 2021	58.31	49.41	58.04	56,000,999
October 2021	60.94	55.54	60.94	41,420,736
November 2021	63.40	52.81	56.22	69,024,031
December 2021	62.97	54.79	62.97	68,246,733

January 2022	67.04	60.54	64.59	37,780,415
February 2022	65.49	60.91	63.07	37,554,605
March 2022	62.33	53.20	60.06	89,151,183

c) MARKET MAKER

As of this date and during the fiscal year ended on December 31, 2021, the Company does not have a market maker.

6) RESPONSIBLE PERSONS

The undersigned represent under oath that, within the scope of our respective functions, we prepare the information regarding the Issuer contained in this Annual Report, which, to the best of our knowledge, reasonably reflects its condition. Furthermore, we represent that we are not aware of any relevant information that has been omitted or falsified in this Annual Report or that it contains information that could mislead investors.

Daniel Javier Servitje Montull
Chief Executive Officer and Chairman of the Board of Directors

Diego Gaxiola Cuevas
Chief Financial Officer

Luis Miguel Briola Clément
General Counsel

El suscrito, en mi carácter de Socio y apoderado legal de Mancera, S.C. manifiesta bajo protesta de decir verdad, que los estados financieros consolidados que contiene el presente reporte anual de Grupo Bimbo, S.A.B. de C.V. por los ejercicios terminados el 31 de diciembre de 2021, 2020 y 2019 fueron dictaminados con fecha 23 de marzo de 2022, de conformidad con las Normas Internacionales de Auditoría.

Asimismo, el suscrito manifiesta que ha leído el presente reporte anual y basado en su lectura y, dentro del alcance del trabajo de auditoría realizado, no tiene conocimiento de errores relevantes o inconsistencias en la información que se incluye y cuya fuente provenga de los estados financieros consolidados dictaminados señalados en el párrafo anterior, ni de información que haya sido omitida o falseada en este reporte anual o que el mismo contenga información que pudiera inducir a error a los inversionistas.

No obstante, el suscrito no fue contratado, y no realizó procedimientos adicionales con el objeto de expresar su opinión respecto de la demás información contenida en el presente reporte anual que no provenga de los estados financieros consolidados por él dictaminados.

Mancera, S.C.
Integrante de
Ernst & Young Global Limited

C.P.C. Adán Aranda Suárez
Socio y Apoderado legal

7) EXHIBITS

a) Audit Committee's opinion corresponding to the years ended as of December 31, 2021, 2020 and 2019

b) Independent Auditor's Report to the Board of Directors and Shareholders of Grupo Bimbo, S.A.B. de C.V., corresponding to the years ended as of December 31, 2021, 2020 and 2019

c) Audited Financial Statements as of and for the years ended as of December 31, 2021, 2020 and 2019

d) Audit Committee's Report corresponding to the years ended as of December 31, 2021, 2020 and 2019

Mexico City, April 04, 2022

To the Board of Directors of
Grupo Bimbo, S.A.B. de C.V.

In my capacity as chairman of the Audit and Corporate Practices Committee (the "Committee") of Grupo Bimbo, S.A.B. de C.V. (the "Company"), and in accordance with point e), section II of Article 42 of the Securities Market Act, I hereby present you the opinion of the Committee regarding the content of the report of the Chief Executive Officer regarding the financial situation and results of the Company for the year ended December 31, 2021.

In the opinion of the Committee, the accounting and information policies and criteria followed by the Company and used to prepare the consolidated financial information are appropriate and sufficient, and consistent with international financial reporting standards. Therefore, the consolidated financial information presented by the Chief Executive Officer reasonably reflects the financial situation and results of the Company as of December 31, 2021 and for the year ended on that date.

Sincerely,

Edmundo Vallejo Venegas
Chairman of the Audit and Corporate Practices Committee
of Grupo Bimbo, S.A.B. de C.V.

Mexico City, April 05, 2021

To the Board of Directors of
Grupo Bimbo, S.A.B. de C.V.

In my capacity as chairman of the Audit and Corporate Practices Committee (the "Committee") of Grupo Bimbo, S.A.B. de C.V. (the "Company"), and in accordance with point e), section II of Article 42 of the Securities Market Act, I hereby present you the opinion of the Committee regarding the content of the report of the Chief Executive Officer regarding the financial situation and results of the Company for the year ended December 31, 2020.

In the opinion of the Committee, the accounting and information policies and criteria followed by the Company and used to prepare the consolidated financial information are appropriate and sufficient, and consistent with international financial reporting standards. Therefore, the consolidated financial information presented by the Chief Executive Officer reasonably reflects the financial situation and results of the Company as of December 31, 2020 and for the year ended on that date.

Sincerely,

Edmundo Vallejo Venegas
Chairman of the Audit and Corporate Practices Committee
of Grupo Bimbo, S.A.B. de C.V.

TRANSLATION FOR INFORMATION PURPOSES ONLY

Mexico City, March 18, 2020

To the Board of Directors of
Grupo Bimbo, S.A.B. de C.V.

In my capacity as chairman of the Audit and Corporate Practices Committee, (the "Committee") of Grupo Bimbo, S.A.B. de C.V., (the "Company"), and pursuant to the provisions of subsection e), section II of the Article 42 of the Securities Market Act, I hereby give you the opinion of the Committee regarding the content of the report of the Director General in relation to the financial situation and the results of the Company for the year ended as of December 31, 2019.

In the opinion of the Committee, the accounting and information policies and criteria, followed by the Company and considered in the preparation of the consolidated financial information, are adequate and sufficient and were prepared in accordance with the international financial reporting standards. Therefore, the consolidated financial information presented by the Chief Executive Officer reasonably reflects the financial position and results of the Company as of December 31, 2019 and for the year ended on said date.

Sincerely,

E. Vallejo

Edmundo Vallejo Venegas
Presidente del Comité de Auditoría y Prácticas Societarias de
Grupo Bimbo, S. A. B. de C. V.

GRUPO BIMBO, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated Financial Statements

December 31, 2021, 2020 and 2019
with Independent Auditor's Report

GRUPO BIMBO, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated Financial Statements

December 31, 2021, 2020 and 2019

Contents:

Building a better working world

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of
Grupo Bimbo, S.A.B. de C.V. and Subsidiaries

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Grupo Bimbo, S.A.B. de C.V. and Subsidiaries as of December 31, 2021, 2020 and 2019, and its consolidated results and cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in Mexico in accordance with the *Código de Ética Profesional del Instituto Mexicano de Contadores Públicos* (IMCP Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements as of December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Assessment of impairment in the value of goodwill and intangible assets with indefinite useful lives

Description of key audit matter

As described in Notes 11 and 12 to the consolidated financial statements, the Company recognized goodwill and intangible assets of $131,530 million as of December 31, 2021. Impairment exists when the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. Goodwill and intangible assets with indefinite useful lives are tested for impairment annually at the cash generating unit level.

The analysis of impairment in the value of goodwill and intangible assets with indefinite useful lives was significant to our audit since the value of such assets is significant with respect to the consolidated financial statements. In addition, the calculation of the recoverable value of the assets requires significant and complex judgements and estimates by management, that are sensitive to the weighted average cost of capital rate, the revenue growth rate and operating margins, which are affected by future economic and market conditions, particularly in emerging economies. In addition, the calculation of the recoverable amount is subject to the risk that the future cash flows used in the calculation may differ from the expected amounts, or the results may be different from the originally estimated values.

How our audit addressed the key audit matter

Among other audit procedures applied, we involved our internal valuation specialists to assist us in the assessment of the key assumptions and methods used by Company management in the impairment testing.

We also assessed the key assumptions used by management in preparing financial projections, primarily with regard to the annual revenue growth rates and projections of costs, along with other key assumptions used to prepare the impairment tests, and we compared them with publicly available information obtained from market participants, current and historical results and relevant industry trends.

We obtained the business plans that the Company used as a basis to determine its future cash flow estimates for the impairment testing of the CGUs within the audit scope.

We assessed the reasonableness of the disclosures included in the Company's consolidated financial statements.

Business combinations

Description of the key audit matter

As described in Note 1 to the consolidated financial statements, in 2021 the Company carried out business combinations for a total of $10,809 million, and the definitive and preliminary allocation of the purchase price among the net assets acquired was $2,732 million and $8,078 million, respectively.

We consider that the definitive allocation of the purchase price in business combinations is a key audit matter due to the complexity of the key assumptions used in estimating the fair value of the assets acquired, determining the discount rate and measuring the assets identified as part of the transaction. The fair value determination is sensitive to assumptions used by management and financial projections, discount rates and other assumptions used in fair value measurement models.

How our audit addressed the key audit matter

For business combinations in 2021 for which the Company completed the definitive allocation of the purchase price among the net assets acquired, among other procedures, we involved our internal valuation specialists to assist in the assessment of the key assumptions and methodology used by the Company management, primarily in determining the fair value of property, plant and equipment, and intangible assets with definite and indefinite useful lives.

We also assessed the key assumptions used by management, with regard to the annual growth rates and cost projections, along with other key assumptions used in measuring the fair value of intangible assets and we compared them with publicly available information obtained from market participants and relevant industry trends.

We obtained the business plans that the Company used as a basis to determine its future cash flow estimates for the fair value measurement of intangible assets.

We assessed the reasonableness of the disclosures regarding the Company's business combinations in the consolidated financial statements.

Other information included in the 2021 annual report of the Company

The other information comprises the information included in the annual report filed with the National Banking and Securities Commission (CNBV, by its acronym in Spanish) and the annual report submitted to the shareholders, but does not include the consolidated financial statements and our auditor's report thereon. We expect to obtain the other information after the date of this auditor's report. Management is responsible for the other information.

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

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

When we read and consider the Annual Report filed with the CNBV and the annual report submitted to the shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and to issue a statement on the Annual Report required by the CNBV that contains a description of the matter.

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

Management is responsible for the preparation and fair presentation of the accompanying consolidated financial statements in accordance with 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.

The Audit and Corporate Practices Committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Adán Aranda Suárez

Mexico City, Mexico
March 23, 2022

GRUPO BIMBO, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated statements of financial position

(Amounts in millions of Mexican pesos)

	Notes	December 31 2021	2020	2019
Assets				
Current assets:				
Cash and cash equivalents		$ 8,748	$ 9,268	$ 6,251
Trade receivables and other accounts receivable, net	5	27,170	27,487	26,198
Inventories	6	13,710	10,893	9,819
Prepaid expenses		2,296	1,944	1,188
Derivative financial instruments	17	1,293	871	143
Guarantee deposits for derivative financial instruments	17	-	-	325
Assets held for sale	8	194	140	273
Total current assets		53,411	50,603	44,197
Property, plant and equipment, net	8	103,891	91,248	84,341
Right-of-use assets, net	9	30,754	29,163	25,550
Investments in associates	10	4,452	3,143	2,871
Derivative financial instruments	17	1,962	267	1,533
Deferred income tax	16	7,861	8,733	4,590
Intangible assets, net	11	56,965	55,007	51,318
Goodwill	12	74,565	66,904	62,794
Other non-current assets, net		3,779	2,583	1,887
Total assets		$ 337,640	$ 307,651	$ 279,081
Liabilities and equity				
Current liabilities:				
Current portion of non-current debt	13	$ 10,625	$ 600	$ 5,408
Trade accounts payable		35,752	26,679	22,972
Other accounts payable and accrued liabilities	14	24,102	24,901	18,473
Current lease liabilities	9	5,793	5,153	4,599
Accounts payable to related parties	15	1,527	1,334	1,197
Current income tax	16	708	-	115
Statutory employee profit sharing		1,692	1,017	1,183
Derivative financial instruments	17	169	1,183	673
Other current liabilities	17	392	398	-
Total current liabilities		80,760	61,265	54,620
Non-current debt	13	82,230	84,629	81,264
Non-current lease liabilities	9	25,356	23,936	20,741
Non-current derivative financial instruments	17	67	214	437
Employee benefits	18	30,712	33,832	30,426
Deferred income tax	16	7,087	6,766	5,241
Other non-current liabilities	19	9,822	8,998	8,041
Total liabilities		236,034	219,640	200,770
Equity:				
Capital stock	20	4,021	4,061	4,156
Retained earnings		73,384	64,265	61,332
Other equity financial instrument	20	8,867	8,996	8,931
Cumulative foreign currency translation effect from foreign operations		10,297	9,046	1,247
Remeasurements on defined benefit plans liability		696	(443)	(226)
Valuation of equity financial instrument		(742)	(661)	(422)
Unrealized loss on cash flow hedges	17	577	(1,551)	(1,282)
Controlling interest		97,100	83,713	73,736
Non-controlling interest		4,506	4,298	4,575
Total equity		101,606	88,011	78,311
Total liabilities and equity		$ 337,640	$ 307,651	$ 279,081

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

GRUPO BIMBO, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated statements of profit or loss

(Amounts in millions of Mexican pesos, except for basic earnings per ordinary share in Mexican pesos)

	Notes	For the years ended December 31 2021	2020	2019
Net sales		$ 348,887	$ 331,051	$ 291,926
Cost of sales	21	163,575	152,608	138,184
Gross profit		185,312	178,443	153,742
General expenses:				
Distribution and selling		126,923	123,511	110,234
Administrative		23,339	22,383	16,641
Integration costs		724	1,968	2,435
Other expenses, net	22	200	5,173	4,013
	21	151,186	153,035	133,323
Operating profit		34,126	25,408	20,419
Comprehensive financing cost:				
Interest expense	23	7,884	9,424	8,561
Interest income		(373)	(387)	(560)
Foreign exchange (gain)/loss, net		534	(108)	445
(Gain)/loss from monetary position		(25)	(70)	114
		8,020	8,859	8,560
Share of profit of associates	10	247	194	249
Profit before income tax		26,353	16,743	12,108
Income tax	16	8,971	6,192	4,733
Consolidated net profit		$ 17,382	$ 10,551	$ 7,375
Attributable to:				
Controlling interest		$ 15,916	$ 9,111	$ 6,319
Non-controlling interest		$ 1,466	$ 1,440	$ 1,056
Basic earnings per ordinary share		$ 3.55	$ 2.00	$ 1.36
Weighted average number of outstanding shares (in thousands of shares)		4,487,268	4,552,712	4,651,529

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

GRUPO BIMBO, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated statements of other comprehensive income

For the years ended December 31, 2021, 2020 and 2019

(Amounts in millions of Mexican pesos)

	Notes	2021	2020	2019
Consolidated net profit		$ 17,382	$ 10,551	$ 7,375
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss:				
Valuation of equity financial instrument	3c	(112)	(239)	(36)
Remeasurements on defined benefit plans liability	18	1,543	(362)	(4,715)
Income tax	16	(432)	145	1,358
		999	(456)	(3,393)
Items that may be reclassified subsequently to profit or loss:				
Effect of net investment hedge		(723)	(2,828)	2,124
Foreign operations currency translation effect of the year		2,114	7,400	(5,321)
Net change in unrealized loss on cash flow hedges	17	2,988	(386)	(1,353)
Income tax	16	(937)	3,672	(304)
		3,442	7,858	(4,854)
Other comprehensive income		4,441	7,402	(8,247)
Consolidated comprehensive income		$ 21,823	$ 17,953	$ (872)
Comprehensive income attributable to controlling interest		$ 20,353	$ 16,185	$ (1,479)
Comprehensive income attributable to non-controlling interest		$ 1,470	$ 1,768	$ 607

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

GRUPO BIMBO, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated statements of changes in equity

For the years ended December 31, 2021, 2020 and 2019

(Amounts in millions of Mexican pesos)

	Capital stock	Other equity financial instrument	Retained earnings	Accumulated other comprehensive income	Equity attributable to controlling interest	Non-controlling interest	Total equity
Balance as of December 31, 2018	$ 4,199	$ 9,138	$ 59,238	$ 7,115	$ 79,690	$ 4,885	$ 84,575
Other equity instrument dividends	-	-	(595)	-	(595)	-	(595)
Other equity instrument income taxes	-	(207)	178	-	(29)	-	(29)
Consolidation effect of structured entities	-	-	-	-	-	(917)	(917)
Dividends declared	-	-	(2,103)	-	(2,103)	-	(2,103)
Repurchase of shares (Note 20)	(43)	-	(1,705)	-	(1,748)	-	(1,748)
Balance before comprehensive income	4,156	8,931	55,013	7,115	75,215	3,968	79,183
Consolidated net profit for the year	-	-	6,319	-	6,319	1,056	7,375
Other comprehensive income	-	-	-	(7,798)	(7,798)	(449)	(8,247)
Consolidated comprehensive income	-	-	6,319	(7,798)	(1,479)	607	(872)
Balance as of December 31, 2019	4,156	8,931	61,332	(683)	73,736	4,575	78,311
Other equity instrument dividends	-	-	(648)	-	(648)	-	(648)
Other equity instrument income taxes	-	65	194	-	259	-	259
Consolidation effect of structured entities	-	-	-	-	-	(1,025)	(1,025)
Net changes in non-controlling interest	-	-	207	-	207	(873)	(666)
Dividends declared	-	-	(2,286)	-	(2,286)	(147)	(2,433)
Repurchase of shares (Note 20)	(95)	-	(3,645)	-	(3,740)	-	(3,740)
Balance before comprehensive income	4,061	8,996	55,154	(683)	67,528	2,530	70,058
Consolidated net profit for the year	-	-	9,111	-	9,111	1,440	10,551
Other comprehensive income	-	-	-	7,074	7,074	328	7,402
Consolidated comprehensive income	-	-	9,111	7,074	16,185	1,768	17,953
Balance as of December 31, 2020	4,061	8,996	64,265	6,391	83,713	4,298	88,011
Other equity instrument dividends	-	-	(621)	-	(621)	-	(621)
Other equity instrument income taxes	-	(129)	187	-	58	-	58
Consolidation effect of structured entities	-	-	-	-	-	(1,099)	(1,099)
Net changes in non-controlling interest	-	-	-	-	-	-	-
Dividends declared	-	-	(4,502)	-	(4,502)	(163)	(4,665)
Repurchase of shares (Note 20)	(40)	-	(1,861)	-	(1,901)	-	(1,901)
Balance before comprehensive income	4,021	8,867	57,468	6,391	76,747	3,036	79,783
Consolidated net profit for the year	-	-	15,916	-	15,916	1,466	17,382
Other comprehensive income	-	-	-	4,437	4,437	4	4,441
Consolidated comprehensive income	-	-	15,916	4,437	20,353	1,470	21,823
Balance as of December 31, 2021	$ 4,021	$ 8,867	$ 73,384	$ 10,828	$ 97,100	$ 4,506	$ 101,606

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

GRUPO BIMBO, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated statements of cash flows

(Amounts in millions of Mexican pesos)

	Note	For the years ended December 31, 2021	2020	2019
Operating activities				
Profit before income tax		$ 26,353	$ 16,743	$ 12,108
Adjustments for:				
Depreciation and amortization	8, 9, 11, 22	16,375	16,251	14,373
(Gain)/loss on sale of property, plant and equipment		(157)	(127)	17
Property, plant and equipment write-off due to casualty		379	-	-
Share of profit of associates	10	(247)	(194)	(249)
Impairment of non-current assets		694	1,075	1,318
Multi-employer pension plan and other non-current liabilities	22	(2,247)	2,494	1,762
Current year service cost	18	1,128	991	717
Interest expense	23	7,884	9,424	8,561
Interest income		(373)	(387)	(560)
Short-term and low-value lease expenses	9	2,183	2,017	2,141
Changes in assets and liabilities:				
Trade receivables and other accounts receivable		666	(914)	(1,348)
Inventories		(2,320)	(769)	(876)
Prepaid expenses		(365)	(684)	(135)
Trade accounts payable		8,286	3,004	2,054
Other accounts payable and accrued liabilities		(1,025)	4,718	(3,406)
Accounts payable to related parties		209	270	289
Income tax paid		(7,578)	(5,789)	(3,961)
Guarantee deposits for derivative financial instruments		6	723	294
Statutory employee profit sharing payable		675	(165)	(241)
Employee benefits		(2,567)	(2,955)	(2,197)
Assets held for sale		-	168	-
Short-term and low-value lease expenses		(2,183)	(2,017)	(2,141)
Net cash flows from operating activities		45,776	43,877	28,520
Investing activities				
Purchase of property, plant and equipment	8	(20,671)	(13,218)	(13,117)
Acquisitions of business and non-controlling interests, net of cash received	1	(10,637)	(3,453)	(94)
Proceeds from sale of property, plant and equipment		882	763	470
Proceeds from insurance claims		201	-	-
Purchase of intangible assets, net of write offs	11	(622)	(528)	(264)
Increase of distribution rights in structured entities	11	(77)	(351)	(132)
Other assets		(951)	(218)	(89)
Dividends received	10	59	93	73
Interest received		373	387	560
Investments in associates	10	(1,016)	(163)	(49)
Net cash flows used in investing activities		(32,459)	(16,688)	(12,642)
Financing activities				
Proceeds from loans, net of transaction costs	13	38,924	34,818	22,594
Repayments of loans	13	(33,535)	(40,745)	(22,640)
Interest paid		(6,781)	(6,410)	(5,681)
Other equity instrument dividends paid		(621)	(648)	(595)
Dividends paid		(4,636)	(2,433)	(2,103)
Payment of lease liabilities	9	(5,372)	(5,544)	(4,784)
Payment of derivative financial instruments		(1,690)	(2,431)	(2,481)
Collection of derivative financial instruments		1,496	2,970	605
Repurchase of shares	20	(1,901)	(3,740)	(1,748)
Net cash flows used in financing activities		(14,116)	(24,163)	(16,833)
Adjustments to cash flows due to exchange rate fluctuations and inflationary effects		279	(9)	(378)
Net (decrease) increase in cash and cash equivalents		(520)	3,017	(1,333)
Cash and cash equivalents at beginning of year		9,268	6,251	7,584
Cash and cash equivalents at end of year		$ 8,748	$ 9,268	$ 6,251

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

1. Activities and significant events

Activities- Grupo Bimbo, S.A.B. de C.V. and subsidiaries ("Grupo Bimbo" or "the Company") is a Mexican entity, primarily engaged in the production, distribution and sale of bakery products, cookies, tortillas, salty snacks and confectionery.

The Company operates in different geographical areas that represent the reporting segments used by the Company, which are Mexico, North America, Latin America and Europe, Asia and Africa ("EAA").

The Company's corporate offices are located at Prolongación Paseo de la Reforma No. 1000, Colonia Peña Blanca Santa Fe, Álvaro Obregón, Código Postal 01210, Mexico City, Mexico.

During 2021, 2020 and 2019, the net sales of the subsidiaries that are classified in the Mexico segment represented approximately 31%, 29% and 33%, respectively, of the Company's consolidated net sales. During 2021, 2020 and 2019, the net sales of the Company's subsidiaries classified in the North America segment represented approximately 50%, 53% and 49%, respectively, of the Company's consolidated net sales.

Relevant events

Acquisitions in 2021

The business acquisitions will contribute to the Company's growth and geographic expansion plans, mainly in India, the United States of America, Spain and Brazil, in terms of branded products and QSR (Quick Service Restaurants) businesses. They also represent an opportunity to create significant synergies by optimizing the supply chain to better serve more consumers.

The difference between the consideration transferred and the net of assets acquired and liabilities assumed at fair value will be partially subject to amortization for tax purposes after meeting certain requirements, in accordance with local legislation in the United States of America and Brazil.

Acquisition of Kitty Industries

On October 26, 2021, through one of its subsidiaries, the Company acquired a 100%-stake in Kitty Industries Private Limited in India, a company engaged in the production, distribution and sale of white, wholemeal, wheat and fruit bread, among other products.

Acquisition of Aryzta Do Brasil

On October 13, 2021, through one of its subsidiaries, the Company acquired a 100%-stake in Arytza Do Brasil Alimentos Ltda., company engaged in the production, distribution and sale of bakery and confectionery products, mainly aimed at the Quick Service Restaurants industry in Brazil.

Acquisition of Popcornopolis

On September 17, 2021, through one of its subsidiaries, the Company acquired a 100%-stake in Popcornopolis, LLC, company operating in the United States of America and which main activity is the production, distribution and sale of popcorn under the Popcornopolis brand. This acquisition has been funded using the Company's own resources.

Acquisition of Siro Medina (Dulces del Campo)

On June 1, 2021, through one of its subsidiaries, the Company acquired a 100%-stake in Siro Medina, S.A.U. in Spain, a company engaged in the production of confectionery and pastry products. On June 24, 2021, the company name was changed to Dulces del Campo, S.A.U.

Business acquisition of Emmy's Organics

On May 11, 2021, through one of its subsidiaries in the United States of America, the Company acquired the organic cookie business of the Emmy's Organics brand.

Acquisition of Modern Foods

On February 17, 2021, through one of its subsidiaries, the Company acquired a 100%-stake in Modern Enterprises Private Limited in India, this company is engaged in the production of bread under the "Modern" brand and has a broad portfolio of white and fruity bread, healthy breads, buns and pavés, cake, sponge cake and Indian bread along with some other products. This acquisition was funded using the Company's own resources.

Accounting effects of the acquisitions

The valuation and recognition of the acquisitions of Modern Foods, Emmy's Organics and Dulces del Campo, was performed in accordance with International Financial Reporting Standards (IFRS) 3 *Business Combinations*. The following table summarizes the fair values of the assets acquired and liabilities assumed that were recognized resulting of these acquisitions at the spot rate at the date of each transaction:

	Preliminary fair value		Adjustments to purchase price		Final fair value
Amounts recognized for identifiable assets and liabilities assumed:					
Cash and cash equivalents	$	103	$	-	$	103
Other current assets		167		-		167
Property, plant and equipment		1,018		514		1,532
Identified intangible assets		141		1,025		1,166
Goodwill		1,577		(1,144)		433
Other non-current assets		107		-		107
Total identifiable assets	$	3,113	$	395	$	3,508
Total liabilities assumed	$	381	$	395	$	776

The goodwill resulting from these acquisitions were allocated to the North America and EAA segments.

Additionally, for the acquisitions of Popcornopolis, Aryzta do Brasil and Kitty Industries, the allocation of fair values is preliminary in these consolidated financial statements; therefore, the information presented below is subject to change:

		Popcornopolis		Aryzta Brasil		Kitty Industries
Initial amounts recognized for assets acquired and liabilities assumed:						
Cash and cash equivalents	$	34	$	6	$	30
Other current assets		390		436		42
Property, plant and equipment		132		1,158		110
Intangible assets		1,119		5		116
Goodwill		3,170		1,217		900
Other non-current assets		242		565		-
Total assets	$	5,087	$	3,387	$	1,198
Total liabilities assumed	$	609	$	939	$	46

The goodwill resulting from these acquisition were allocated to the North America, Latin America and EAA segments.

Since the acquisitions mentioned above were closed during the fourth quarter of 2021, the purchase price allocation is preliminary with respect to the valuation of the assets acquired, liabilities assumed (including income taxes), intangible assets and goodwill. At the date of issuance of these consolidated financial statements, the Company is in the process of determining the final purchase price allocation and will recognize the fair value adjustments during the measurement period of twelve months following the closing date of each acquisition. It is expected that a portion of the goodwill presented in the table above will be reallocated to property, plant and equipment and intangible assets, such as brands and customer relationships, mainly.

Acquisitions in 2020

Acquisition of Siro Paterna - Spain

On June 30, 2020, the Company acquired, through its subsidiary, a 100%-stake in Siro Paterna Valencia in Spain, a company engaged in the production of sliced bread and salted pastries under a private label. This acquisition has been funded using the Company's own resources.

Business acquisition – USA

On January 2nd, 2020, the Company acquired, through one of its subsidiaries, acquired the Lender's brand frozen bagel business from Conagra Brands.

Bimbonet Servicios (before Blue Label México)

On September 21, 2020, the Company acquired a 47.56% stake in Bimbonet Servicios, S.A.P.I. de C.V. as a result of this transaction, the Company increased its equity interest to 95.12% and obtained control over the company as of that date. In December 2020, the Company acquired the remaining 4.88% stake, so that is now holds a 100% stake. Bimbonet Servicios is engaged mainly in the distribution of digital services and electronic payments.

Accounting effects of the acquisitions

The valuation and recognition of the acquisitions was performed in accordance with International Financial Reporting Standards (IFRS) 3 *Business Combinations*. The following table summarizes the fair values of the assets acquired and liabilities assumed that were recognized as a result of these acquisitions at the exchange rate ruling at the date of each transaction:

	Fair value
Amount paid in the transactions	$ 2,789
Amounts recognized for identifiable assets and liabilities assumed:	
Cash and cash equivalents	82
Accounts receivable	149
Inventories	147
Property, plant and equipment	1,127
Right-of-use assets	32
Identified intangible assets	1,742
Other assets	14
Total identifiable assets	3,293
Goodwill	724
Total assets acquired	4,017
Total liabilities assumed	927
Non-controlling interests	35
Net loss on business combinations in stages	(266)
Value of acquired investments	$ 2,789

The goodwill resulting from this acquisition was allocated to the Mexico and EAA segments.

Acquisitions of non-controlling interests in 2020

Ready Roti - India

On May 13, 2020, the Company acquired, through one of its subsidiaries, the remaining 35% of the voting shares of Ready Roti India Private Limited, to complement the acquisition made in May 2017, so that it now holds all of the share capital of this company.

Acquisitions in 2019

Acquisition of Mr. Bagels

On August 6, 2019, the Company acquired, through one of its subsidiaries, the bagels business from Mr. Bagel's Limited, for £4 million, equal to $94. This acquisition mainly corresponds to manufacturing equipment and inventories. The valuation and recognition of this acquisition was completed in 2020 in accordance with IFRS 3 *Business Combinations*.

Health contingency caused by COVID-19:

COVID-19, an infectious disease caused by the SARS COV-2 virus, was declared a world-wide pandemic by the World Health Organization (WHO) on March 11, 2020. The measures to slow the spread of COVID-19 have had a significant impact on the global economy. Given the evolving nature of the COVID-19 pandemic and the limited recent experience of the economic and financial impacts of such a pandemic, changes to estimates may need to be made in the measurement of entities' assets and liabilities may arise in the future.

The health contingency caused by COVID-19 has had the following impacts on the Company's liquidity, cash flows, solvency and business:

(a) Liquidity: It was benefited since the third month of 2020 from changes in consumers habits globally as a result of the pandemic and which can be prolonged in an uncertain and indefinite manner. The Company modified its financial strategy in the first six months of 2020 by prioritizing the generation and preservation of cash flow, reassessing temporarily the capital investment plan, reducing general and administrative expenses, and postponing certain restructuring projects. During 2021, capital investment plans were resumed, as well as certain restructuring projects.

(b) Cash flows: The Company has a diversified revenue base as it operates in several countries, and through various channels in various categories, which provides stability to its cash flows, coupled with the results generated by its operations during the pandemic.

(c) Solvency: The Company considers that its financial situation, given its ability to generate cash flows, allows it to meet its current and non-current financial commitments.

(d) Business: It was partially affected, mainly during 2021 and 2020, by the pandemic, since some plants engaged in the production for the fast food restaurant business ("QSR") operated below their capacity due to restrictions on mobility of individuals imposed in the different countries where it has a presence. In addition, the Company incurred in COVID-19 related costs and expenses such as: increases in the labor cost by hiring additional employees, donations to different associations to support customers and consumers in the uncertain environment and in health measures in all of its plants and workplaces around the world.

The Company does not consider that its operating and financial conditions will materially change in the short and long-term as a result of the COVID-19 pandemic.

2. Basis of preparation

Adoption of new and revised International Financial Reporting Standards

a) Application of new and revised International Financial Reporting Standards (IFRS) and their interpretations, the adoption of which is mandatory in the current year

In 2021, the Company adopted a series of new and amended IFRS issued by the International Accounting Standards Board (IASB), which are effective for annual periods beginning on or after January 1st, 2021:

Amendments to IFRS 7, IFRS 9, IFRS 16 and IAS 39: Interest Rate Benchmark Reform (Phase 2)

The amendments establish temporary exemptions that address the effects on financial reporting when in a transaction with an interbank interest rate (IBOR) is replaced with an alternative risk-free interest rate. The modifications include the following practical expedients:

- When there are contractual changes or changes in cash flows directly from the rate reform, they can be treated as a movement in market interest rates.
- Allow changes required by the IBOR reform to be made to designations and hedge documentation without interruption of the hedge.
- Simplify the requirements that entities must meet when they designate hedging instruments referenced to the risk-free interest rate.

During 2021, the Company monitored the transition to reference interest rates in the market; however, there were no contractual changes in derivative financial instruments nor in debt obligations with financial institutions.

These modifications had no impact on the Company's consolidated financial statements.

Amendments to IFRS 16 COVID-19 Related Rent Concessions after June 30, 2021

In May 2020, the IASB amended IFRS 16 Leases, to provide relief to lessees by permitting a simplified method to recognize COVID-19-related rent concessions without recognizing these changes as lease modifications. Accordingly, there are no changes to the value of right-of-use assets or lease liabilities, and the effects of these concessions are recognized in profit or loss.

In March 2021, the IASB issued amendments that extend the possibility of applying the simplified method to account for rent concessions for lease payments due in June 2022 or earlier.

These amendments are effective for annual periods beginning on or after April 1, 2021, earlier application is permitted; the Company has applied these amendments, recognizing the corresponding effects, which as of December 31 are not significant.

b) New and revised IFRS issued but not yet effective

The new and amended standards that are issued but not yet effective and that may be applicable to the Company are as follows:

Amendments to IFRS 3	Reference to the Conceptual Framework (1)
Annual improvements 2018-2021 Cycle	IFRS 1 and IFRS 9 (1)
Amendments to IAS 1	Classification of liabilities as current and non-current(2)
Amendments to IAS 1 and practice statement 2	Disclosure of Accounting Policies (2)
Amendments to IAS 8	Definition of accounting estimates (2)
Amendments to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction (2)
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (3)

(1) Effective for annual periods beginning on or after January 1st, 2022.
(2) Effective for annual periods beginning on or after January 1st, 2023.
(3) Effective for annual periods beginning on or after a certain date that has yet to be determined.

Amendments to IFRS 3 Business Combinations—Reference to the Conceptual Framework

The amendments update IFRS 3 to refer to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies that standard to determine whether at the acquisition date a present obligation exists as a result of past events. For a lien that would be within the scope of IFRIC 21 Liens, an acquirer applies that interpretation to determine whether the event giving rise to a liability to pay the lien has occurred on the date of acquisition.

Finally, the amendments add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual period beginning on or after January 1, 2022. Earlier application is permitted if an entity also applies all other references. updated (published together with the updated Conceptual Framework) at the same time or earlier.

Annual Improvements 2018-2021 Cycle

In May 2020, the IASB issued the following annual improvements to IFRS:

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendments permit a subsidiary that adopts IFRS after its parent to measure the cumulative translation differences for all foreign operations using the amounts reported by its parent, based on the parent's date of transition to IFRS, provided that no adjustments have bene made to the consolidation process and for the purposes of the business combination in which the parent acquired the subsidiary.

IFRS 9 Financial Instruments

The amendments clarify that fees in the ten per cent test for derecognition of financial liabilities must only be fees paid or received between the entity (the borrower) and the lender.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Company is in the process of assessing the impact that the adoption of these amendments will have on its consolidated financial statements.

Amendments to IAS 1 Presentation of Financial Statements and Practice Statement IFRS Preparation of Judgments on Materiality - Disclosure of Accounting Policies

The amendments change the requirements of IAS 1 with respect to the disclosure of accounting policies.

The amendments replace all instances of the term "significant accounting policies" with "material disclosures about accounting policies." Information about accounting policies is material if, when considered together with other information in an entity's financial statements, it could reasonably be expected to influence the decisions that primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Information about accounting policies may be material due to the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is material.

The Board has also developed guides and examples to explain and demonstrate the application of the "four-step materiality process" described in Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023, with early application permitted and must be applied retrospectively. The Practice Statement 2 amendments do not contain an effective date or transition requirements.

The Company is currently in the process of evaluating the impacts on the disclosures to the consolidated financial statements as a result of the changes in this standard.

Amendments to IAS 8 Definition of Accounting Estimates

In February, 2021, the IASB issued amendments to IAS 8, the amendments are intended to introduce a definition of accounting estimates. The amendments clarify the distinction between changes in accounting policies from changes in accounting estimates. Also, clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual periods beginning on or after January 1st, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period. Early application is allowed as long as this fact is disclosed. Material effects are not expected in the Group for these amendments.

Amendments to IAS 12: Deferred tax related to assets and liabilities arising from an individual transaction

The amendments introduce an additional exception to the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal cumulative and deductible temporary differences.

Depending on the applicable tax legislation, equal cumulative and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination that does not affect accounting profit or tax profit.

The amendments to IAS 12 require an entity to recognize the deferred tax asset and liability related to the recognition of any deferred tax asset subject to the recoverability criteria of IAS 12.

The modifications apply to transactions that occur on or after the beginning of the first comparative period. Additionally, at the beginning of the earliest comparative period, an entity recognizes:

A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be used) and a deferred tax liability for all cumulative and deductible temporary differences associated with:

- Rights-of-use asset and lease liabilities

- Decommissioning, restoration and similar liabilities and the corresponding amounts recognized as part of the cost of the related asset

- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of stockholders' equity, as applicable) as of that date.

The amendments are effective for annual periods beginning on or after January 1, 2023, with early application permitted.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture

The amendments establish that any gain or loss resulting from loss of control over a subsidiary that does not constitute a business in a transaction with an equity-method accounted associate or joint venture are recognized in profit or loss of the parent only to the extent of unrelated investors' interest in the associate or joint venture. Gains and losses resulting from the remeasurement at fair value of the investment retained in a former subsidiary (which has become an equity-accounted associate or joint venture) is recognized in profit or loss of the parent only to the extent of unrelated investors' interest in the associate or joint venture.

The effective date of these amendments has not been determined by the IASB. Early application is permitted. Company management believes that the adoption of these amendments will not have a material effect on the Company's consolidated financial statements in the future if such transactions arise.

c) Consolidated statement of profit or loss and other comprehensive Income

The Company presents its profit or loss in two separate statements: i) the consolidated statement of profit or loss, and ii) the consolidated statement of other comprehensive income. The Company's expenses are presented based on their function, which is consistent with the customary practices of the industry to which the Company belongs. The nature of these expenses is described in Note 21. Although not required to do so under IFRS, the Company includes operating profit in the consolidated statement of profit or loss, since this item is an important indicator for evaluating the Company's financial and business performance.

d) Consolidated statements of cash flows

The Company prepares the statement of cash flows using the indirect method. Interest and dividends received are shown as investing activities, while interest and dividends paid are shown as financing activities. As of December 31, 2021, 2020 and 2019 there were no material non-monetary transactions in investment and financing activities.

3. Summary of significant accounting policies

a) Compliance statement

The Company's consolidated financial statements have been prepared in accordance with IFRS, as issued by the IASB.

b) Basis of preparation

The Mexican peso is the Company's functional currency for transactions in Mexico and the presentation currency of its consolidated financial statements.

The accompanying consolidated financial statements have been prepared on a historical cost basis, except for certain assets and liabilities (mainly derivative financial instruments) and other equity instruments, which are measured at fair value at the end of the reporting period, and the non-monetary assets of the Company's subsidiaries in hyperinflationary economies, which are restated for inflation, as explained in the accounting policies below.

i. Historical cost

Historical cost is generally equal to the fair value of the consideration to which the Company is entitled in exchange for the goods and services received.

ii. Fair value

Fair value is the price to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value-in-use in IAS 36.

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which is described as follows:

- Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly indirectly
- Level 3: unobservable inputs are considered.

Basis of presentation

Current versus non-current (short-term versus long-term) classification

The Company presents assets and liabilities in the consolidated statement of financial position as current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

c) Basis of consolidation

In accordance with IFRS 10, the consolidated financial statements comprise the financial statements of the Company, its subsidiaries and other entities as of December 31, 2021, 2020 and 2019.

The Company's most significant subsidiaries included in the consolidated financial information are as follows:

Subsidiary	% equity interest	Country	Segment	Primary activity
Bimbo, S.A. de C.V.	97	Mexico	Mexico	Baking
Barcel, S.A. de C.V.	98	Mexico	Mexico	Snacks
Productos Ricolino, S.A.P.I. de C.V. (1)	98	Mexico	Mexico	Confectionery
Bimbo Bakeries, Inc. (BBU)	100	United States	North America	Baking
Canada Bread Corporation, LLC	100	Canada	North America	Baking
Bimbo do Brasil, Ltda.	100	Brazil	Latin America	Baking
Bakery Iberian Investments, S.L.U.	100	Spain and Portugal	EAA	Baking

(1) On November 1st, 2019, Barcel S.A. de C.V. decided to spin off its confectionery business. As a result of the spin-off, Productos Ricolino, S.A.P.I. de C.V. was incorporated.

Subsidiaries are consolidated from the date on which control is transferred to the Company and are no longer consolidated from the date that control is lost. Gains and losses of subsidiaries acquired during the year are recognized in the consolidated statement of profit or loss and statement of comprehensive income from the acquisition date, as applicable.

Non-controlling interest represents the portion of profit or loss and net assets that do not correspond to the Company but to the minority shareholders and is recognized separately in the consolidated financial statements.

The political and economic situation in Venezuela has significantly limited the capacity of the Company's subsidiaries in Venezuela to maintain their production process under normal conditions. Due to the above, and since Grupo Bimbo will continue its operations in Venezuela, as of June 1, 2017, the Company changed the method under which it consolidated the financial position and performance of its operations in Venezuela; therefore, at the date of these financial statements, the Company measures its investment in Venezuela at fair value through other comprehensive income (OCI), in accordance with IFRS 9.

The Company elected to classify irrevocably its equity investments in affiliates in Venezuela under this category as it intends to hold these investments for the foreseeable future. As of December 31, 2021, 2020 and 2019, the Company recognized an impairment loss of $112, $239 and $36, respectively, in other comprehensive income.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All intercompany balances and transactions have been eliminated on consolidation.

d) Business combination

Business combinations are accounted for using the acquisition method. The consideration transferred in a business acquisition is measured at fair value, which is calculated as the sum of the fair values of the assets transferred by the Company, the liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Costs related to the acquisition are generally recognized in profit or loss as incurred.

At the acquisition date, all identifiable assets acquired and liabilities assumed in a business combination are measured at fair value, except for:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefits are recognized and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits*, respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Company entered into to replace share-based payment arrangements of the acquiree that are measured in accordance with IFRS 2 *Share-based Payments* at the acquisition date (as of December 31, 2021, 2020 and 2019, the Company does not have share-based payments);

- Assets (or disposal groups) that are classified as held for sale and measured in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Goodwill is measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If, after reassessment, the fair value of the net assets acquired and liabilities assumed at the acquisition date is in excess of the aggregate consideration transferred, the amount recognized for non-controlling interests in the acquiree and any previous interest held over the acquiree is recognized in profit or loss as gain on business combinations.

Non-controlling interests may be initially measured either at fair value or at the proportionate share of the acquiree's identifiable net assets. The election is made on a transaction-by-transaction basis.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at fair value at the acquisition date and is included as part of the consideration transferred. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively and the corresponding adjustments are charged against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year following the acquisition date) on facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on the classification of the contingent consideration. Contingent considerations classified as equity are not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent considerations classified as assets or liabilities are remeasured at subsequent reporting dates in accordance with IFRS 9 or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, and the corresponding gain or loss is recognized in profit or loss.

When a business combination is achieved in stages, any previous interest held over the acquiree is remeasured at fair value at the acquisition date and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss when such treatment is appropriate if that interest is disposed of.

If the initial accounting treatment for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company must report provisional amounts for the items for which the accounting is incomplete. Such provisional amounts are adjusted during the measurement period or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

e) Assets held for sale

The Company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets or disposal groups. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs that the Company expects to incur in the sale.

f) Recognition of the effects of inflation

The effects of inflation are recognized when the functional currency of an entity is the currency of a country with a hyperinflationary economic environment.

An analysis of the cumulative inflation rates for the three prior years in the countries of the Company's primary operations is as follows:

	2021 – 2019		2020 – 2018		2019 – 2017	
	Cumulative inflation rate	**Type of economy**	Cumulative inflation rate	Type of economy	Cumulative inflation rate	Type of economy
Mexico	**13.87%**	**Non-hyperinflationary**	11.19%	Non-hyperinflationary	14.43%	Non-hyperinflationary
USA	**10.97%**	**Non-hyperinflationary**	5.40%	Non-hyperinflationary	6.24%	Non-hyperinflationary
Canada	**8.10%**	**Non-hyperinflationary**	5.05%	Non-hyperinflationary	6.11%	Non-hyperinflationary
Spain	**7.05%**	**Non-hyperinflationary**	1.51%	Non-hyperinflationary	3.11%	Non-hyperinflationary
Brazil	**13.01%**	**Non-hyperinflationary**	12.92%	Non-hyperinflationary	9.88%	Non-hyperinflationary
Argentina	**215.85%**	**Hyperinflationary**	162.53%	Hyperinflationary	126.27%	Hyperinflationary

Starting in July 2018, the economy of Argentina is considered to be hyperinflationary; consequently, the Company's subsidiaries in Argentina recognized, in accordance with IAS 29, the following adjustments for the cumulative effects of inflation:

- Using inflation factors to restate non-monetary assets such as inventories, property, plant and equipment, and intangible assets.
- Recognizing the net monetary position in the consolidated statement of profit or loss.

g) Foreign currency transactions

Exchange differences on monetary items are recognized in profit or loss, except in the following cases:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see Note 17);

- Exchange differences on monetary assets or liabilities related to foreign operations with no planned settlement and for which payment cannot be made (thus forming part of the net investment in the foreign operation) are initially recognized in other comprehensive income and are reclassified from equity to profit or loss as reimbursements of monetary items.

Translation to the Company's presentation currency

On consolidation, the assets and liabilities of foreign operations are translated into Mexican pesos using the prevailing exchange rate at the reporting date. Income and expense items are translated at the average exchange rates for the period, unless the exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. The assets and liabilities of operations in hyperinflationary economies are translated using the exchange rate prevailing at the reporting date. The exchange differences arising on translation for consolidation are recognized in other comprehensive income and accumulated in equity and attributed to non-controlling interests as appropriate.

On disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date. Exchange differences resulting from the translation are recognized in other comprehensive income.

The annual average and closing exchange rates of the Mexican peso and the exchange rates functional currencies of the countries of the main subsidiaries as of December 31, 2021, 2020 and 2019 is as follows:

	Average exchange rate			Closing exchange rate		
	2021	2020	2019	**2021**	2020	2019
USA	**20.5835**	21.4955	19.2616	**20.2818**	19.9487	18.8452
Canada	**16.1111**	16.0529	14.5108	**16.1782**	15.5424	14.2680
Spain	**23.3129**	24.5343	21.5632	**21.4648**	24.4790	21.1707
Brazil	**3.6885**	4.1764	4.8823	**3.7629**	3.8387	4.6754
Argentina	**0.2004**	0.3045	0.3997	**0.2133**	0.2371	0.3147

h) Cash and cash equivalents

Cash and cash equivalents principally consist of bank deposits in checking accounts and highly liquid, readily available low-risk investments in short-term securities, maturing within three months following the purchase date. Cash is stated at nominal value and cash equivalents ($1,945 in 2021) are stated at fair value. Gains and losses from changes in the value of cash and cash equivalents are recognized in profit or loss (see financial assets below). Cash and cash equivalents principally consist of investments in government debt instruments with daily maturities.

i) Financial assets

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Financial asset classification

Financial instruments are measured at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling
- 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 principal amount outstanding

The remaining financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Notwithstanding the above, upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they are not held for trading and do not correspond to contingent consideration transferred by an acquirer in a business combination.

Equity investments at fair value through OCI are initially measured at cost, plus transaction costs, and are subsequently measured at fair value and the gains and losses from the fair value changes are recognized in OCI. Upon derecognition, cumulative gains and losses are never recycled to profit or loss, and instead are recorded in retained earnings.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the financial asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

1. Accounts receivable

Trade accounts receivable and other accounts receivable are non-derivative financial assets with fixed or determinable payments that are not traded on an active market. These instruments are classified as accounts receivable and are measured at amortized cost using the effective interest rate method and are subject to impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

2. Impairment in the value of financial assets

The Company assesses at each reporting date whether its non-FVTPL financial assets are impaired.

The Company recognizes a provision for expected credit losses for trade receivables. The Company uses a provision matrix to calculate expected credit losses for trade receivables. The provision matrix is initially based on the Company's historical credit loss experience and is subsequently adjusted for factors that are specific to the debtors, general economic conditions and an assessment of the current direction and forecast of future conditions at the reporting date, including the time value of money, when applicable.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Regarding trade accounts receivables, the carrying amount is reduced through the expected credit losses reserve. The expected credit losses of these financial assets are estimated using a matrix based on the Company's history of credit losses adjusted for specific credit factors associated to the customers, general economy conditions and an assessment of current and future conditions as of the reporting period, including time value of money as appropriate.

j) Inventories and cost of sales

Inventories are valued at the lower of cost or net realizable value.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials, containers, packaging and spare parts: at cost, which includes the cost of the merchandise plus import costs, minus discounts, using the average cost method.
- Finished goods and orders in process: standard cost equal to the cost of direct materials and direct labor costs, plus a proportion of manufacturing overheads based on the normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to sell and the estimated costs necessary to make the sale.

k) Property, plant and equipment

Property, plant and equipment is recognized at its adjusted historical cost, net of accumulated depreciation and accumulated impairment losses, if any. Fixed assets acquired in Mexico before December 31, 2007 were restated for inflation through that date based on the National Consumer Price Index (NCPI), which became the estimated cost of such assets as of January 1st, 2011 upon the Company's adoption of IFRS.

The cost includes those costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The costs of expansion, remodeling or improvements that enhance the capacity and increase the productivity and extend the useful life of the asset are also capitalized. Repair and maintenance costs are expensed as incurred. The carrying amount of the replaced asset, if any, is derecognized when replaced, and the effect is recognized in profit and loss.

Freehold land is not depreciated. Depreciation of property, plant and equipment is calculated on the assets' carrying amounts on a straight-line basis over the estimated useful lives of the assets, as follows:

	No. of years
Buildings:	
Infrastructure	**15 – 30**
Foundations	**35 – 50**
Roofs	**10 – 30**
Fixed facilities and accessories	**10 – 20**
Production equipment	**3 – 25**
Automotive equipment	**8 – 16**
Furniture and equipment	**2 – 18**
Computer equipment	**4**
Leasehold improvements	**The lower of either the related lease term or the useful life of the asset**

The Company allocates the amount initially recognized in respect of an item of buildings and manufacturing equipment to its various significant parts (components) and depreciates each of these components separately.

The carrying amount of an asset is adjusted to its recoverable value, when the carrying amount exceeds its estimated value in use.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in profit or loss under other expenses, net.

Leasehold improvement and adaptations to buildings and sites in which the Company is the lessee are recognized at historical cost less the respective depreciation.

l) Right-of-use assets

Right-of-use assets are initially measured at the present value of lease payments, less any lease incentives received and initial direct costs. Right-of-use assets are subsequently measured at cost net of accumulated depreciation, impairment losses and adjustments for any remeasurement of lease liabilities in accordance with IFRS 16. The Company decided to present leases as finance or capitalized operating as shown in Note 9.

Right-of-use assets are depreciated over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease payments for low-value assets (less than USD 5,000) and short-term leases (less than 12 months) are recognized directly in profit or loss.

m) Investment in associates

An associate is an entity over which the Company has significant influence that it is defined as the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The operating results and the net assets and liabilities of associates are recognized in the consolidated financial statements using the equity method, except if the investment or part of the investment is classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the associate since the acquisition date. When the Company's share of loss of an associate exceeds the Company's interest in that associate, the Company discontinues the recognition of its share of further losses.

On acquisition of the investment, any difference between the cost of the investment and the Company's share of the net fair value of the identifiable assets and liabilities of the associate is accounted for as goodwill, which is included in the carrying amount of the investment.

The Company discontinues the use of the equity method from the date the investment ceases to be an associate, or when the investment is classified as held for sale.

The investment in an associate will be subject to impairment if, and only if, there are one or more events with an impact on the estimated future cash flows of this investment; in which case the book value, including goodwill, will be subject to impairment tests in accordance with IAS 36. Any reversal of that impairment loss is subsequently recognized in income when the recoverable amount of the investment increases.

If the Company's interest in an associate is reduced, but the equity method is continued to be applied, the Company reclassifies to profit or loss the proportion of the gain or loss previously recognized in other comprehensive income relative to that reduction in ownership interest if the gain or loss would have been reclassified to profit or loss in the case of disposal of the related assets or liabilities.

Profits and losses resulting from transactions between the Company and the associate are recognized in the Company's consolidated financial statements only to the extent of unrelated investors' interests in the associate.

n) Intangible assets

Intangible assets are primarily comprised of trademarks and customer relationships resulting from the acquisition of businesses. Intangible assets acquired through a business combination are recognized at fair value at the acquisition date, separately from goodwill. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite, based on the contractual terms established at acquisition. Trademarks are considered to have indefinite useful lives when ownership is acquired and otherwise are amortized.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed and adjusted at least at the end of each reporting period. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss under general expenses.

Intangible assets with indefinite useful lives are not amortized but are tested for impairment at least annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

o) Impairment of tangible and intangible assets, other than goodwill

At the end of each reporting period, the Company assesses whether there is any indication that its tangible and intangible assets, including right-of-use assets, may be impaired. If any such indication exists, the Company estimates the asset's recoverable amount. If it is not possible to estimate the recoverable amount of the individual asset, the Company determines the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis can be identified, corporate assets are also allocated to the cash-generating unit, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Intangible assets with indefinite useful lives or not yet available for use, are tested for impairment on an annual basis, or more often if there is any indication that the intangible asset may be impaired.

The recoverable amount is the higher of the asset's fair value less costs to sell and its value-in-use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized immediately in profit or loss.

Annually, when there are indicators that the carrying amount of the Company's assets with finite useful lives has significantly increased, due to changes in the legal, economic, technological or market environment in which the asset is operated or to changes in interest rates that will affect the discount rate used in prior periods to determine the value in use of the asset, the Company estimates the new recoverable amount of the asset on an annual basis in order to determine the amount of accumulated impairment losses to be reversed.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of profit or loss.

p) Goodwill

Goodwill arising from business combinations is recognized at the cost determined on the acquisition date of the business, as described in the business acquisitions policy note, net of any accumulated impairment losses (see Note 12).

Goodwill is allocated to each cash-generating unit (or group of cash-generating units) that is expected to benefit from the synergies achieved from the combination.

The cash-generating units to which goodwill has been allocated are tested for impairment on an annual basis, or more frequently if there are any indicators of impairment. If the recoverable amount of a cash-generating unit is lower than its carrying amount, the impairment losses recognized in respect of the cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. Impairment in goodwill is recognized directly in profit or loss. Any loss from impairment in the value of goodwill cannot be reversed in future years.

When the relevant cash-generating unit is disposed of, the remaining amount of goodwill is included in the calculation of gains or losses at the time of the disposal.

The Company's policy for goodwill arising on the acquisition of an associate is described in Note 3m.

q) Financial liabilities

Financial liabilities are initially recognized at fair value, net of transaction costs, except for financial liabilities designated at fair value through profit or loss, which are initially recognized at fair value. Subsequent measurement depends on the designation of the financial liability.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss (FVTPL) or other financial liabilities. Note 17 describes the category of each financial liability of the Company.

Subsequent measurement depends on the category of the financial liability. Loans and borrowings are subsequently measured using effective interest method. Gains and losses are recognized in the consolidated statements of profit or loss when the liabilities are amortized. Amortized cost is calculated considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest method. The effective interest method amortization is included in interest expense caption. For subsequent measurement of derivatives see Note 3 r).

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

r) Derivative financial instruments and hedge accounting

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Presentation of the related gain or loss from changes in fair value of the derivative financial instrument depends on whether they are designated as hedging instruments, and if so, the nature of the hedging relationship. The Company only holds derivative financial instruments classified as cash flow hedges and hedges of net investment in foreign operations.

At the inception of a hedge relationship, the Company formally documents the hedge relationship between the hedging instrument and the hedged items, including the risk management objective and strategy for undertaking the hedge. Periodically, the Company documents whether the derivative financial instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

The hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the hedged items and the hedging instruments
- Different indexes (and accordingly different curves) linked to the hedged risk of the hedged items and hedging instruments
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Derivatives are not offset in the consolidated financial statements unless the Company has both a legally enforceable right and intention to offset. Derivatives are accounted for as non-current assets or liabilities if the remaining maturity of the instrument is more than 12 months and the instrument is not expected to be realized or settled within 12 months. All other derivatives are accounted for as current assets or liabilities.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in OCI under Valuation effects of cash flow hedges. The gain or loss relating to the ineffective portion is immediately recognized in profit or loss. Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

Hedge accounting is discontinued when the Company revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, when the hedge effectiveness requirements are not met or when the Company decides to cancel the hedge designation.

Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized in profit or loss when the forecast transaction occurs, and its effects are ultimately recognized in profit or loss.

Hedges of net investment in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated under the heading of Translation effects of foreign subsidiaries. The gain or loss relating to the ineffective portion is immediately recognized in profit or loss under Foreign exchange gain/(loss), net. Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss on the disposal of the foreign operation.

s) Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate (IBR) applicable in the countries where the Company operates. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made, and is adjusted for certain remeasurements or amendments made to the lease contracts.

The estimated IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. The Company estimates the IBR using observable inputs, such as market interest rates, when available, and its credit rating.

Leases for which the lease term ends within 12 months after the date of initial application irrespective of when the lease term commenced are accounted for as short-term (current) leases in the consolidated statement of financial position; otherwise, they are accounted for as long-term (non-current) leases.

t) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured based on the estimated cash flows required to settle the present obligation, it is carrying amount represents the present value of these cash flows when the effect of the time value of money is material.

All contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognized in accordance with IAS 37 and the amount initially recognized, less cumulative amount of income recognized in accordance with IFRS 15.

Uncertain tax treatments

The Company constantly evaluates the tax treatments of all its consolidated entities and identifies the tax treatments for which there is uncertainty as to their acceptance by the tax authorities. In view of the current circumstances of the reviews underway, as well as the tax treatments applied by the entities, the tax treatments are quantified considering the conditions of each tax jurisdiction and the approach that better predicts the resolution of the uncertainty, using the most likely amount or the expected value method, as applicable. The related effects are recognized in the statement of profit or loss.

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

u) Income tax

Income tax expense consists of current and deferred tax. Current and deferred taxes are recognized as either income or an expense in profit or loss, except for tax items that must be recognized as other comprehensive income items or in equity. For business combinations, the tax effect is included in the recognition of the business combination.

1. Current income tax

Current income tax is calculated based on the tax rates and tax laws enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income. The related income tax expense is recorded in profit or loss as incurred.

2. Deferred taxes

Deferred taxes are recognized on all temporary differences between financial reporting and tax values of assets and liabilities based on tax rates that have been enacted at the reporting date and where applicable, they include unused tax losses and certain tax credits. Deferred tax assets or liabilities are recognized for all temporary differences, with certain exceptions. The Company recognizes a deferred tax asset for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.

Deferred tax assets and liabilities are measured at the tax rates and regulations that that have been enacted or substantively enacted at the reporting date and tax rates that are expected to apply in the year when the temporary differences are reversed.

Deferred taxes are recognized for all taxable temporary differences, except:

i) when the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
ii) in respect of temporary differences associated with investments in subsidiaries and associates, when it is probable that the temporary differences will not reverse in the foreseeable future.
iii) taxable temporary differences arising on the initial recognition of goodwill. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted, for future tax periods, at the end of the reporting date.

The Company offsets deferred tax assets and deferred tax liabilities only if it has a legally enforceable right to set off current tax assets and current tax liabilities and relate to income taxes levied by the same taxation authority or if they are different taxable entities, which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously.

v) Employee benefits

i. Pensions and seniority premiums

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity or a fund and will have no legal or constructive obligation to pay further contributions. The obligation is recognized as an expense when the employees have rendered the service entitling them to the contributions.

A defined benefit plan is a post-employment plan under which the Company has the obligation to provide the agreed benefits to current and former employees. The cost of providing benefits under a defined benefit plan that includes pensions and seniority premiums is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurements, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), are immediately recognized in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognized in profit or loss at the date of the plan amendment. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The defined benefit retirement plan obligation recognized in the consolidated statement of financial position includes changes in the present value of the defined benefit obligation. The present value of the net defined benefit obligation is determined based on the discounted value of estimated net cash flows, using interest rates tied to government bonds denominated in the same currency in which the benefits are to be paid and whose terms are similar to those of the obligation.

ii. Statutory employee profit sharing

In Mexico, Ecuador and Brazil, the Company is required to recognize a provision for employee profit sharing when it has a present legal or constructive obligation as a result of a past event and the amount can be reliably estimated. Employee profit sharing is recognized in profit or loss as incurred.

iii. Short-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave, short-term bonus and sick leave in the period the related service is rendered.

iv. Termination benefits

A liability is recognized for termination benefits only when the Company cannot withdraw its offer to provide termination benefits to the employee and/or when it recognizes the related restructuring costs.

v. Long-term bonus

The Company grants a long-term cash bonus to certain executives, which is calculated based on performance metrics. The bonus is paid 30 months following the date on which it was granted, and it is recognized in profit or loss in the year in which it accrues and the employee is entitled to receive the bonus.

vi. Multi-employer pension plans (MEPP)

The Company classifies multi-employer plans as defined contribution plans or defined benefit plans in order to determine the accounting for such plans. If the MEPP is classified as a defined benefit plan, the Company accounts for its proportionate share of the defined benefit obligation, plan assets and costs associated with the plan in the same manner as for any other defined benefit plan. When sufficient information is not available to use defined benefit accounting for a MEPP, the Company accounts for such plan as a defined contribution plan and recognized in profit or loss the total amount of contributions paid by the employer.

Liabilities related to the payment of or withdrawal from a multi-employer plan is recognized and measured in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets.*

w) Revenue recognition

The Company earns its revenue primarily from contracts with customers for the sale of products. Revenue is recognized when control of the goods is transferred to the customer, which is when the performance obligation is satisfied and the Company is entitled to collect the consideration from the customer in exchange for these products. To determine the transaction price, the Company considers the effects of variable considerations such as rights of return and rebates. Payments made to customers for commercial services are recognized as distribution and selling expenses.

Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Company uses the expected value method to estimate the goods that will be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. For goods that are expected to be returned, the Company recognizes a refund liability and a corresponding adjustment to revenue.
Volume rebates

The Company provides retrospective volume rebates to certain customers when the conditions established in the contract are met. Rebates are offset against amounts payable by the customer and against the respective revenue. To estimate the variable consideration for the expected future rebates, the Company applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold.

4. Critical accounting judgments and key sources of estimation uncertainty

In the process of applying the Company's accounting policies, which are described in Note 3, management is required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. The effects of changes in accounting estimates are recognized in the period of the change and future periods if the change affects both.

a) *Critical judgment in applying accounting policies*

Consolidation of structured entities

As described in more detail in Note 7, BBU has entered into agreements with third party contractors (Independent Commercial Partners) in which it holds no direct or indirect interest but that qualify as structured entities (SE). The Company has concluded that some of these structured entities meet the requirements to be consolidated in accordance with IFRS 10 *Consolidated Financial Statements*.

b) *Key sources of estimation uncertainty*

i. Useful lives, residual values and depreciation methods for long-lived assets

As described in Note 3, the Company periodically reviews the estimated useful lives, residual values and depreciation methods of long-lived assets, including property, plant and equipment and intangibles. Additionally, for intangible assets, the Company determines whether their useful lives are finite or indefinite. The Company, with an effective date of January 1st, 2021, determined that the estimated useful life of the product displays ranges between 2 and 5 years; this change had an effect on the consolidated financial statements during the adoption period. In addition, as of January 1st, 2020, the Company determined that the estimated useful life of trays is 3 years, which had no significant impact on the consolidated financial statements.

ii. Incremental borrowing rate

The Company uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment at contract inception date. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

iii. Impairment of goodwill and indefinite-life intangible assets

Determining whether goodwill and indefinite-life intangible assets are impaired involves calculating the recoverable value of the cash-generating unit to which these assets have been allocated. Recoverable amount is the higher of fair value less costs of disposal and value-in-use. The calculation of the value-in-use requires the Company to determine the expected future cash flows from the cash-generating units, using an appropriate discount rate to calculate the present value.

iv. Fair value measurements

Derivative financial instruments are recognized in the statement of financial position at fair value at the reporting date. In addition, the fair value of certain financial instruments, mainly with respect to long-term debt, is disclosed in the accompanying notes, though there is no risk of adjustment to the related carrying amount (see Note 17). The Company has acquired businesses for which it is required to determine the fair value of the consideration paid, the identifiable assets acquired and liabilities assumed and, if applicable, the non-controlling interest at the date of the acquisition, as described in Note 1.

The fair values described above are estimated using valuation techniques that may include inputs that are not based on observable market data. The main assumptions used by management are described in the related notes. The Company considers that the valuation techniques and assumptions selected are appropriate for the determination of the fair values.

v. Employee benefits

The cost of defined benefit plans and MEPP (considered as defined benefits) is determined using actuarial valuations that involve assumptions related to discount rates, future salary increases, employee turnover rates and mortality rates, among others. Due to the long-term nature of these plans, the assumptions used for such estimates are subject to change.

vi. Recoverability of deferred income tax

To determine whether a deferred income tax asset related to tax losses carryforwards is impaired or if it will be recovered in the future, the Company analyses financial and tax projections to determine its recoverability.

vii. Insurance and other liabilities

Insurance risks in the United States of America related to the liability for general damages to third parties, car insurance and employee benefits are self-insured by the Company with coverage that is subject to specific limitations established in an insurance program. Provisions for claims are recorded on an incurred-claim basis. Insurable risk liabilities are determined using the Company's historical data. As of December 31, 2021, 2020 and 2019, the net liabilities amounted to $5,546, $5,309 and $4,650, respectively.

5. Trade accounts receivables and other accounts receivable

	2021	2020	2019
Trade receivables	$ 20,081	$ 17,946	$ 17,128
Allowance for expected credit loss (1)	(897)	(838)	(711)
	19,184	17,108	16,417
Notes receivable	23	29	30
Income tax, value added tax and other recoverable taxes (2) y (3)	5,738	8,685	8,047
Sundry debtors (4)	2,225	1,665	1,704
	$ 27,170	$ 27,487	$ 26,198

[1] During 2021 and 2020, the Company had no significant increases in its trade receivables balance nor was it necessary to implement changes in the model for estimating expected credit losses as a result of the COVID-19 pandemic.

[2] During 2021, the Company recovered value added tax corresponding to the year 2020 for $3,506, mainly in the subsidiaries of Mexico.

[3] During March 2019, the Company obtained certain favorable rulings on legal actions in Brazil related to some contributions, recognizing a right to recover. As of December 31, 2021 and 2020, the recoverable tax balance amounts to $170 and $388, respectively.

[4] As of December 31, 2021, this balance includes an amount of $569 receivable from the insurance claim associated with the casualty in the San Fernando plant in Argentina.

Credit terms on non-cash sales of goods range from 21 to 60 days, depending on the customer and local business policies of the subsidiaries of the Company.

6. Inventories

	2021	2020	2019
Raw materials, containers and packaging	**$ 5,966**	$ 4,490	$ 4,317
Work in progress	**111**	108	99
Finished goods	**4,864**	4,036	3,517
Spare parts	**1,400**	1,143	958
	12,341	9,777	8,891
Raw materials in transit	**1,369**	1,116	928
	$ 13,710	$ 10,893	$ 9,819

For the years ended December 31, 2021, 2020 and 2019, the Company recognized inventory usage of $106,199, $97,891 and $89,112, respectively, in cost of sales.

7. Structured entities

The Company, through its subsidiary BBU, enters into agreements with independent business partners for distribution rights to sell and distribute the Company's products through direct deliveries to retail stores in certain sales territories. The Company does not hold equity interests in any of the entities controlled by the independent business partners, some of which, finance the purchase of distribution rights through loans from financial institutions with the Company's support. To maintain working routes and ensure the delivery of products to customers, the Company assumes explicit and implicit commitments. The Company has concluded that all independent business partners that are legal entities qualify as Structured Entities (SE), primarily due to the financial and operative support they receive from the Company. Based on this, the SE are consolidated in the Company's financial statements.

An analysis of the assets and liabilities of independent operators before eliminations as of December 31, 2021, 2020 and 2019 is as follows:

	2021	2020	2019
Right of use – vehicles	$ 3,653	$ 3,441	$ 3,097
Distribution rights	8,138	7,631	6,770
Total assets	$ 11,791	$ 11,072	$ 9,867
Current portion of non-current debt:			
Obligations under finance leases	$ 807	$ 715	$ 637
Loans granted to independent business partners	45	46	42
Non-current debt:			
Obligations under finance leases	1,715	1,858	1,718
Loans granted to independent business partners	53	48	46
Debt with affiliates (net of accounts receivable)	6,581	5,966	5,271
Total liabilities	$ 9,201	$ 8,633	$ 7,714
Non-controlling interest	$ 2,590	$ 2,439	$ 2,153

Funding provided by BBU to independent business partners that have been classified as SE and consolidated are eliminated in the consolidated financial statements.

Non-current lease liabilities are secured by the vehicles subject to leases and do not represent additional claims on the Company's assets.

In addition, BBU has sold certain distribution rights to third-parties. These routes may be repurchased again from third-parties to operate or resell them. During 2021, 2020 and 2019, total buybacks, net of sales, were approximately $519, $351 and $513, respectively. When BBU buys a route from an unconsolidated entity, this transaction is accounted for in accordance with IFRS 3. BBU recognizes at the date of the buyback transaction, an impairment when the purchase price of the distribution rights es lower than its cost.

BBU funds up to 90% of the distribution rights sold to certain independent operators. The loans bear interest of between 6% and 11%, with a weighted monthly average of 10%, and are payable in 120 monthly installments. Independent operators make an initial payment to the Company for the remaining 10% of the purchase price. In most cases, an independent third-party finances the down payment. Both the Company and the financing of independent third parties are guaranteed by the distribution routes, equipment, customer lists, and other assets. The independent third-party has priority over the collateral.

Net gain or loss originating from the sale of routes to an entity that is consolidated under IFRS 10 is eliminated in consolidation. Net gain originating from the sale of the distribution rights to entities that are not consolidated under IFRS 10 is deferred primarily due to the financing provided by BBU and an independent third party. BBU recognizes the deferred gain on a straight-line basis over the remaining term of the note receivable after the independent operator obtains a 10% ownership level over the route and, where applicable, the one year put option has expired. BBU recognized losses of $580, $510 and $330 for the sale of routes during 2021, 2020 and 2019, respectively, which is reflected in different lines of the income statement.

8. Property, plant and equipment

A reconciliation of the carrying amount of intangible assets at the beginning and at the end of 2021, 2020 and 2019 is as follows:

	Balance as of January 1st, 2021	Additions and depreciation of the year (3)	Business combinations and PPA adjustments(1)	Transfers	Translation effect	Disposals	Impairment	Inflation restatement	Balance as of December 31, 2021
Investment:									
Buildings	$ 31,431	$ -	$ 629	$ 2,044	$ (24)	$ (233)	$ -	$ 409	$ 34,256
Manufacturing equipment	95,573	-	1,038	10,210	230	(1,570)	-	269	105,750
Vehicles	14,545	-	10	875	15	(515)	-	14	14,944
Office equipment and displays	1,703	-	17	2,248	1	(16)	-	-	3,953
Computer equipment	6,851	-	8	807	109	(772)	-	13	7,016
Total investment	150,103	-	1,702	16,184	331	(3,106)	-	705	165,919
Depreciation and impairment:									
Buildings	(16,511)	(1,622)	-	201	(42)	168	(1)	(274)	(18,081)
Manufacturing equipment	(47,249)	(6,272)	-	(14)	(224)	925	(282)	(7)	(53,123)
Vehicles	(6,556)	(928)	-	28	(15)	397	-	(8)	(7,082)
Office equipment and displays	(851)	(305)	-	15	(3)	14	-	-	(1,130)
Computer equipment	(5,531)	(696)	-	(2)	(91)	744	-	(12)	(5,588)
Total accumulated depreciation	(76,698)	(9,823)	-	228	(375)	2,248	(283)	(301)	(85,004)
	73,405	(9,823)	1,702	16,412	(44)	(858)	(283)	404	80,915
Land	8,261	-	464	35	(70)	(241)	(24)	112	8,537
Construction in process and machinery in transit	9,722	20,671	766	(16,563)	35	(5)	-	7	14,633
Less: Assets held for sale	(140)	-	-	(55)	1	-	-	-	(194)
Net investment	$ 91,248	$ 10,848	$ 2,932	$ (171)	$ (78)	$ (1,104)	$ (307)	$ 523	$ 103,891

	Balance as of January 1st, 2020	Additions and depreciation of the year (3)	Business combinations and PPA adjustments(1)	Transfers	Translation effect	Disposals	Impairment	Inflation restatement	Balance as of December 31, 2020
Investment:									
Buildings	$ 29,196	$ -	$ 253	$ 1,411	$ 890	$ (672)	$ -	$ 353	$ 31,431
Manufacturing equipment	85,079	-	757	9,127	2,470	(2,458)	-	598	95,573
Vehicles	14,511	-	3	640	133	(752)	-	10	14,545
Office equipment	1,564	-	9	116	44	(28)	-	(2)	1,703
Computer equipment	6,025	-	404	534	213	(333)	-	8	6,851
Total investment	136,375	-	1,426	11,828	3,750	(4,243)	-	967	150,103
Depreciation and impairment:									
Buildings	(14,475)	(2,028)	(4)	9	(273)	519	-	(259)	(16,511)
Manufacturing equipment	(41,993)	(5,990)	-	19	(938)	2,224	(191)	(380)	(47,249)
Vehicles	(6,192)	(932)	(1)	15	(73)	637	-	(10)	(6,556)
Office equipment	(739)	(131)	(5)	17	(20)	25	-	2	(851)
Computer equipment	(4,684)	(683)	(364)	18	(139)	329	-	(8)	(5,531)
Total accumulated depreciation	(68,083)	(9,764)	(374)	78	(1,443)	3,734	(191)	(655)	(76,698)
	68,292	(9,764)	1,052	11,906	2,307	(509)	(191)	312	73,405
Land	7,976	-	75	(98)	341	(116)	-	83	8,261
Construction in process and machinery in transit	8,346	13,218	-	(11,962)	143	(10)	-	(13)	9,722
Less: Assets held for sale	(273)	-	-	168	(35)	-	-	-	(140)
Net investment	$ 84,341	$ 3,454	$ 1,127	$ 14	$ 2,756	$ (635)	$ (191)	$ 382	$ 91,248

	Balance as of January 1st, 2019	Additions and depreciation of the year (3)	Business combinations and PPA adjustments(1)	Transfers (2)	Translation effect	Disposals	Impairment	Inflation restatement increment	Balance as of December 31, 2019
Investment:									
Buildings	$ 28,256	$ -	$ (117)	$ 2,326	$ (1,376)	$ (301)	$ -	$ 408	$ 29,196
Manufacturing equipment	82,214	-	(291)	7,965	(3,353)	(2,101)	-	645	85,079
Vehicles	18,107	-	10	(2,332)	(144)	(1,127)	-	(3)	14,511
Office equipment	1,235	-	(11)	396	(39)	(21)	-	4	1,564
Computer equipment	5,741	-	(18)	812	(202)	(324)	-	16	6,025
Total investment	135,553	-	(427)	9,167	(5,114)	(3,874)	-	1,070	136,375
Depreciation and impairment:									
Buildings	(12,326)	(1,803)	213	(1,252)	648	246	(52)	(149)	(14,475)
Manufacturing equipment	(41,653)	(4,934)	397	1,409	1,668	1,908	(296)	(492)	(41,993)
Vehicles	(7,137)	(918)	3	822	90	921	-	27	(6,192)
Office equipment	(707)	(97)	12	21	20	15	(1)	(2)	(739)
Computer equipment	(4,503)	(667)	17	5	160	318	-	(14)	(4,684)
Total accumulated depreciation	(66,326)	(8,419)	642	1,005	2,586	3,408	(349)	(630)	(68,083)
	69,227	(8,419)	215	10,172	(2,528)	(466)	(349)	440	68,292
Land	8,261	-	2	26	(385)	(21)	-	93	7,976
Construction in process and machinery in transit	9,909	13,117	-	(14,374)	(365)	-	-	59	8,346
Less: Assets held for sale	(154)	-	-	(109)	9	(19)	-	-	(273)
Net investment	$ 87,243	$ 4,698	$ 217	$ (4,285)	$ (3,269)	$ (506)	$ (349)	$ 592	$ 84,341

(1) This column includes the following business acquisitions: in 2021 Modern Foods, Emmy's Organics, Dulces del Campo, Popcornopolis, Aryzta Brasil and Kitty Industries; in 2020 Lender', Julitas, Bimbo QSR Kazakhstan, Siro Paterna, Blue Label and adjustments to the purchase price allocation of Siro Paterna; in 2019 Mr. Bagel's and adjustments to the purchase price allocation of Mankattan and Alimentos Nutra Bien recognized.

(2) Corresponds mainly to transfers of buildings and equipment to right-of-use assets.

(3) Includes depreciation of assets from business acquisitions from the acquisition date.

Impairment losses recognized during the year

In 2021, 2020 and 2019, the Company performed a review of unused buildings and manufacturing equipment, resulting in recognition of an impairment loss recognized in profit or loss of $307, $191 and $349, respectively.

As of December 31, 2020 and 2019, the Company performed its impairment analysis using the value-in-use of the manufacturing equipment in Argentina, and resulted in an impairment loss recognized in profit or loss of $89 and $117, respectively.

9. Right-of-use assets and lease liabilities

A reconciliation of the carrying amount of right-of-use assets at the beginning and at the end of 2021, 2020 and 2019 is as follows:

	Balance as of January 1st, 2021	Additions and depreciation of the year	Business combinations	Disposals	Early termination	Changes and initial costs	Translation effect	Inflation restatement increment	Balance as of December 31, 2021
Right-of-use assets:									
Buildings	$ 23,748	$ 2,658	$ 793	$ (506)	$ (540)	$ 1,040	$ 499	$ 9	$ 27,701
Vehicles	7,590	1,162	11	(67)	(508)	7	114	-	8,309
Other	286	125	8	(81)	(31)	1	(15)	-	293
	31,624	3,945	812	(654)	(1,079)	1,048	598	9	36,303
Assets under financial lease	5,483	22	-	(12)	-	321	101	-	5,915
Total right-of-use assets	37,107	3,967	812	(666)	(1,079)	1,369	699	9	42,218
Depreciation:									
Buildings	(4,681)	(3,099)	-	506	251	51	(30)	(7)	(7,009)
Vehicles	(2,023)	(1,253)	-	67	340	8	(24)	-	(2,885)
Other	(114)	(71)	-	81	9	-	(15)	-	(110)
	(6,818)	(4,423)	-	654	600	59	(69)	(7)	(10,004)
Assets under financial lease	(1,126)	(481)	-	12	-	4	131	-	(1,460)
Total accumulated depreciation	(7,944)	(4,904)	-	666	600	63	62	(7)	(11,464)
Right-of-use assets, net	$ 29,163	$ (937)	$ 812	$ -	$ (479)	$ 1,432	$ 761	$ 2	$ 30,754

	Balance as of January 1st, 2020	Additions and depreciation of the year	Business combinations	Disposals	Early termination	Changes and initial costs	Translation effect	Inflation restatement increment	Balance as of December 31, 2020
Right-of-use assets:									
Buildings	$ 18,917	$ 6,171	$ 32	$ (398)	$ (1,994)	$ 280	$ 735	$ 5	$ 23,748
Vehicles	6,277	1,620	-	(81)	(420)	(1)	195	-	7,590
Other	166	159	-	(22)	(28)	2	9	-	286
	25,360	7,950	32	(501)	(2,442)	281	939	5	31,624
Assets under financial lease	4,749	734	-	(283)	-	-	283	-	5,483
Total right-of-use assets	30,109	8,684	32	(784)	(2,442)	281	1,222	5	37,107
Depreciation:									
Buildings	(2,540)	(3,070)	-	398	450	79	4	(2)	(4,681)
Vehicles	(1,014)	(1,337)	-	81	232	-	15	-	(2,023)
Other	(61)	(75)	-	22	2	(1)	(1)	-	(114)
	(3,615)	(4,482)	-	501	684	78	18	(2)	(6,818)
Assets under financial lease	(944)	(467)	-	283	-	50	(48)	-	(1,126)
Total accumulated depreciation	(4,559)	(4,949)	-	784	684	128	(30)	(2)	(7,944)
Right-of-use assets, net	$ 25,550	$ 3,735	$ 32	$ -	$ (1,758)	$ 409	$ 1,192	$ 3	$ 29,163

	Balance as of January 1st, 2019[1]	Additions and depreciation of the year	Disposals	Early termination	Changes	Translation effect	Inflation restatement	Balance as of December 31, 2019
Right-of-use assets:								
Buildings	$ 15,893	$ 4,643	$ (101)	$ (2,001)	$ 651	$ (169)	$ 1	$ 18,917
Vehicles	4,996	1,945	(74)	(471)	8	(127)	-	6,277
Other	134	43	(4)	(5)	1	(3)	-	166
	21,023	6,631	(179)	(2,477)	660	(299)	1	25,360
Assets under financial lease	5,076	170	(303)	-	-	(194)	-	4,749
Total right-of-use assets	26,099	6,801	(482)	(2,477)	660	(493)	1	30,109
Depreciation:								
Buildings	-	(2,864)	101	198	(10)	35	-	(2,540)
Vehicles	-	(1,218)	74	106	-	24	-	(1,014)
Other	-	(69)	4	3	-	1	-	(61)
	-	(4,151)	179	307	(10)	60	-	(3,615)
Assets under financial lease	(900)	(385)	303	-	-	38	-	(944)
Total accumulated depreciation	(900)	(4,536)	482	307	(10)	98	-	(4,559)
Right-of-use assets, net	$ 25,199	$ 2,265	$ -	$ (2,170)	$ 650	$ (395)	$ 1	$ 25,550

(1) As a result of the application of the modified retrospective approach, the cumulative effects of initial adoption of IFRS 16 *Leases* were recognized on January 1st, 2019.

An analysis of changes in lease liabilities in 2021, 2020 and 2019 is as follows:

	Capitalized operating leases	**Finance leases**	**Total**
Balance as of January 1st, 2021	$ 25,865	$ 3,224	$ 29,089
Additions	3,945	22	3,967
Business combinations	753	-	753
Interest expense	974	281	1,255
Payments	(4,818)	(554)	(5,372)
Early termination	(509)	-	(509)
Modifications	1,362	-	1,362
COVID-19 rent concessions	(13)	-	(13)
Foreign exchange effects	4	2	6
Translation effect	503	108	611
Balance as of December 31, 2021	28,066	3,083	31,149
Less - current portion	(4,910)	(883)	(5,793)
	$ 23,156	$ 2,200	$ 25,356

	Capitalized operating leases	Finance leases	Total
Balance as of January 1st, 2020	$ 22,402	$ 2,938	$ 25,340
Additions	7,950	734	8,684
Business combinations	32	-	32
Interest expense	1,039	33	1,072
Payments	(4,964)	(580)	(5,544)
Early termination	(1,831)	-	(1,831)
Modifications	340	-	340
COVID-19 rent concessions	(46)	-	(46)
Foreign exchange effects	16	8	24
Translation effect	927	91	1,018
Balance as of December 31, 2020	25,865	3,224	29,089
Less - current portion	(4,356)	(797)	(5,153)
	$ 21,509	$ 2,427	$ 23,936

	Capitalized operating leases	Finance leases	Total
Balance as of January 1st, 2019[1]	$ 21,023	$ 3,197	$ 24,220
Additions	6,631	170	6,801
Interest expense	1,013	28	1,041
Payments	(4,446)	(338)	(4,784)
Early termination	(2,208)	-	(2,208)
Modifications	655	-	655
Foreign exchange effects	(4)	-	(4)
Translation effect	(262)	(119)	(381)
Balance as of December 31, 2019	22,402	2,938	25,340
Less - current portion	(3,916)	(683)	(4,599)
	$ 18,486	$ 2,255	$ 20,741

(1) Effects of initial adoption of IFRS 16 *Leases*.

An analysis of the maturities of non-current lease liabilities are as follows:

	Capitalized operating leases	Finance leases	Total
2023	$ 3,652	$ 786	$ 4,438
2024	3,121	587	3,708
2025	2,542	367	2,909
2026	2,049	210	2,259
2027 and thereafter	11,792	250	12,042
	$ 23,156	$ 2,200	$ 25,356

10. Investments in Associates

An analysis of investments in associates as of December 31, 2021, 2020 and 2019 is as follows:

Associate	Activity	% equity interest	2021	2020	2019
Beta San Miguel, S.A. de C.V.	Sugar refinery	8	$ 1,110	$ 1,044	$ 968
Mundo Dulce, S.A. de C.V.	Confectionery	50	373	359	347
Fábrica de Galletas La Moderna, S.A. de C.V.	Cookies	50	363	345	321
Grupo La Moderna, S.A. de C.V.	Holding company	4	312	305	278
Congelación y Almacenaje del Centro, S.A. de C.V.	Warehouse	15	222	224	236
Fin Común Servicios Financieros, S.A. de C.V. (1)	Financial services	43	258	184	180
Fruitex de México, S.A.P.I. de C.V.	Foods	16	295	-	-
Productos Rich, S.A. de C.V.	Baking	18	174	170	169
B37 Ventures II, LLP	Food technology	72	454	-	-
Other	Other	Various	891	512	372
			$ 4,452	$ 3,143	$ 2,871

(1) The percentage of participation in 2020 and 2019 was 41%.

The associate entities are incorporated and operate primarily in Mexico and are accounted for using the equity method in the consolidated financial statements.

Beta San Miguel, S.A. de C.V., Grupo La Moderna, S.A. de C.V., Congelación y Almacenaje del Centro, S.A. de C.V., Productos Rich, S.A. de C.V. and Fruitex de México S.A.P.I de C.V. and other entities, are all considered associates, since the Company has significant influence over these companies given that it is a member of the Board of Directors of such associates.

The investment in B37 Ventures II, LLP is not considered a subsidiary since the Company does not have control over it according to IFRS 10 Consolidated Financial Statements.

A summary of the changes in the Company's investments in associates is as follows:

	2021	2020	2019
Balance as of January 1st	$ 3,143	$ 2,871	$ 2,645
Acquisitions and capital contributions	1,016	163	49
Dividends received	(59)	(93)	(72)
Share of profit	247	194	249
Other	105	8	-
Balance as of December 31	$ 4,452	$ 3,143	$ 2,871

11. Intangible Assets

An analysis of intangible assets by geographical segment as of December 31, 2021, 2020 and 2019 is as follows:

		2021		2020		2019
Mexico	$	**2,540**	$	2,592	$	2,733
North America		**42,712**		41,589		39,769
EAA		**10,364**		9,580		7,576
Latin America		**1,349**		1,246		1,240
	$	**56,965**	$	55,007	$	51,318

An analysis of intangible assets by item as of December 31, 2021, 2020 and 2019 is as follows:

	Average useful life		2021		2020		2019
Trademarks	Indefinite	$	**37,268**	$	35,548	$	34,410
Use and distribution rights	Indefinite		**8,680**		8,525		7,734
			45,948		44,073		42,144
Trademarks	4 to 40 years		**1,445**		1,393		311
Customer relationships	7 to 40 years		**21,881**		20,269		17,526
Licenses and software	2 to 8 years		**3,944**		2,973		2,441
Non-competition agreements	2 to 5 years		**189**		187		158
Other			**1,314**		1,508		1,464
			28,773		26,330		21,900
Accumulated amortization and impairment			**(17,756)**		(15,396)		(12,726)
		$	**56,965**	$	55,007	$	51,318

The accumulated impairment in the value of trademarks with indefinite useful lives as of December 31, 2021, 2020 and 2019 is $4,346, $4,170 and $3,544, respectively.

The customer relationships that resulted from the Company's acquisitions are as follows:

			Net carrying amount					
	Year of acquisition	Remaining useful life (years)		2021		2020		2019
Bimbo QSR	2017	21 to 36	$	**4,122**	$	4,226	$	4,054
Canada Bread	2014	14		**2,045**		2,099		2,343
Weston Foods, Inc.	2009	5		**1,771**		2,062		2,261
Siro Paterna	2020	23		**1,321**		1,449		-
Sara Lee Bakery Group, Inc.	2011	8		**841**		921		965

A reconciliation of the carrying amount of intangible assets at the beginning and at the end of 2021, 2020 and 2019 is as follows:

Cost

	Trademarks	Use and distribution rights	Customer relationships	Licenses and software	Non-competition agreements	Other	Total
Balance as of January 1, 2019	$ 35,626	$ 7,928	$ 17,870	$ 2,223	$ 165	$ 1,457	$ 65,269
Structured entities	-	132	-	-	-	-	132
Additions	-	-	-	264	-	-	264
Business combinations and PPA adjustments	133	-	247	-	1	16	397
Transfers	(34)	-	-	-	-	-	(34)
Translation effect	(1,004)	(326)	(591)	(46)	(8)	(9)	(1,984)
Balance as of December 31, 2019	34,721	7,734	17,526	2,441	158	1,464	64,044
Structured entities	-	351	-	-	-	-	351
Additions	156	-	30	342	-	-	528
Business combinations and PPA adjustments	10	-	1,477	37	15	7	1,546
Transfers	-	-	(9)	-	-	16	7
Translation effect	2,054	440	1,245	153	14	21	3,927
Balance as of December 31, 2020	36,941	8,525	20,269	2,973	187	1,508	70,403
Structured entities	-	77	-	-	-	-	77
Additions	-	-	-	882	-	-	882
Disposals	-	(260)	-	-	-	-	(260)
Business combinations and PPA adjustments [1]	1,251	88	1,105	7	5	-	2,456
Transfers	-	-	-	-	-	(201)	(201)
Translation effect	521	250	507	82	(3)	7	1,364
Balance as of December 31, 2021	$ 38,713	$ 8,680	$ 21,881	$ 3,944	$ 189	$ 1,314	$ 74,721

[1] Includes $166 corresponding to the difference between the exchange rate of the business acquisition and the year-end exchange rate.

Accumulated amortization and impairment

	Trademarks	Use and distribution rights	Customer relationships	Licenses and software	Non-competition agreements	Other	Total
Balance as of January 1, 2019	$ (2,923)	$ (485)	$ (5,322)	$ (1,685)	$ (120)	$ (258)	$ (10,793)
Impairment in structured entities	-	(99)	-	-	-	-	(99)
Amortization expense	(5)	-	(856)	(328)	(6)	(223)	(1,418)
Impairment	(847)	-	-	-	-	(6)	(853)
Translation effect	170	19	205	37	3	3	437
Balance as of December 31, 2019	(3,605)	(565)	(5,973)	(1,976)	(123)	(484)	(12,726)
Reversal of impairment in structured entities	-	103	-	-	-	-	103
Amortization expense	(34)	-	(944)	(283)	(8)	(269)	(1,538)
Impairment	(204)	-	-	(4)	-	-	(208)
Translation effect	(421)	(30)	(439)	(117)	(14)	(6)	(1,027)
Balance as of December 31, 2020	(4,264)	(492)	(7,356)	(2,380)	(145)	(759)	(15,396)
Reversal of impairment in structured entities	-	72	-	-	-	-	72
Amortization expense	(35)	(3)	(960)	(293)	(8)	(241)	(1,540)
Impairment	(135)	-	-	-	-	-	(135)
Transfers	-	(483)	-	-	-	-	(483)
Translation effect	12	(14)	(203)	(72)	3	-	(274)
Balance as of December 31, 2021	$ (4,422)	$ (920)	$ (8,519)	$ (2,745)	$ (150)	$ (1,000)	$ (17,756)
Net balance as of December 31, 2019	$ 31,116	$ 7,169	$ 11,553	$ 465	$ 35	$ 980	$ 51,318
Net balance as of December 31, 2020	$ 32,677	$ 8,033	$ 12,913	$ 593	$ 42	$ 749	$ 55,007
Net balance as of December 31, 2021	$ 34,293	$ 7,675	$ 13,447	$ 1,197	$ 39	$ 314	$ 56,965

Amortization of intangible assets is recognized under administrative expenses.

In 2021, 2020 and 2019, the Company recognized impairment in the value of trademarks of $135, $204 and $847, respectively.

For the purpose of impairment tests, the fair value of trademarks was estimated using the relief-from-royalty method with royalty rates ranging from 2% to 5%, and with 3% being the rate used for most trademarks. Fair value is determined based on the market share of the trademarks in the countries in which they are sold. This method is primarily applied in the USA.

Impairment tests of distribution rights are performed by determining a fair value, which is estimated based on a multiple applied to the average weekly sales of the last twelve months of operation. The multiple used is in a range that varies depending on the region in which the market is located.

12. Goodwill

An analysis of goodwill by geographical area is as follows:

	2021	2020	2019
Goodwill:			
Mexico	$ 2,306	$ 2,084	$ 1,471
North America	69,339	63,665	59,950
EAA	12,772	11,720	10,444
Latin America	4,154	3,125	3,019
	$ 88,571	$ 80,594	$ 74,884
Accumulated impairment:			
Mexico	$ (1,204)	$ (1,194)	$ (577)
North America	(6,690)	(6,482)	(6,122)
EAA	(4,299)	(4,122)	(3,486)
Latin America	(1,813)	(1,892)	(1,905)
	(14,006)	(13,690)	(12,090)
	$ 74,565	$ 66,904	$ 62,794

The movements in goodwill for the years ended December 31, 2021, 2020 and 2019 are as follows:

	2021	2020	2019
Balance as of January 1st	$ 66,904	$ 62,794	$ 65,513
Acquisitions in business combinations (Note 1) (1)	6,983	2,086	35
Impairment	(324)	(779)	(17)
Transfers	201	18	34
Reclassifications due to adjustments to the values of business combinations (2)	(1,125)	(1,398)	(512)
Translation effect	1,926	4,183	(2,259)
Balance as of December 31	$ 74,565	$ 66,904	$ 62,794

(1) In 2021, includes $118 corresponding to the difference between the exchange rate of the business acquisition and the year-end exchange rate.

(2) In 2021, includes $19 corresponding to the difference between the exchange rate of the business acquisition and the year-end exchange rate.

An analysis of movements in cumulative impairment losses as of December 31 is as follows:

	2021	2020	2019
Balance as of January 1st	$ 13,690	$ 12,090	$ 12,610
Impairment for the year	324	779	17
Translation effect	(8)	821	(537)
Balance as of December 31	$ 14,006	$ 13,690	$ 12,090

Key assumptions used in the value-in-use calculations

An analysis of the key assumptions of the primary cash-generating units used in impairment tests is as follows:

	Discount rate (1)			Average growth			Capex over net sales		
	2021	2020	2019	**2021**	2020	2019	**2021**	2020	2019
Mexico	**8.45%**	9.66%	8.90%	**6.96%**	7.17%	3.10%	**2.41%**	5.45%	2.20%
USA	**6.95%**	6.95%	6.50%	**5.12%**	3.92%	5.33%	**2.69%**	2.95%	2.86%
Canada	**5.75%**	6.50%	6.25%	**1.99%**	1.97%	2.20%	**3.19%**	3.74%	3.00%
Spain	**6.00%**	6.50%	6.50%	**3.38%**	2.10%	2.10%	**5.97%**	3.70%	3.70%
Brazil	**9.75%**	10.25%	10.25%	**8.28%**	7.04%	5.20%	**5.72%**	7.51%	5.90%

(1) Discount rate after income tax

The projections developed by the Company in the impairment models consider assumptions based on the current macroeconomic conditions of each CGU, including any future impacts generated by the COVID-19 pandemic.

As of December 31, 2021, the Company performed a sensitivity analysis on its main cash-generating units, considering an of 50 basis-point increase in the discount rate or a 100 basis-point decrease in the average growth rate, without giving rise to additional impairment.

Allocation of goodwill to cash-generating units

For impairment testing purposes, goodwill is allocated to cash-generating units, which are mainly the USA, Canada, Spain and others.

The carrying amount of goodwill assigned to each cash-generating unit, after impairment losses, is as follows:

		2021		2020		2019
USA	**$**	**47,549**	$	42,724	$	40,396
Canada		**15,003**		14,362		13,335
Spain		**1,520**		1,522		1,175
Other CGUs		**10,493**		8,296		7,888
	$	**74,565**	$	66,904	$	62,794

USA

The recoverable amount of the CGU is the higher of the asset's value in use and its fair value less costs of disposal. As of December 31, 2021, the value in use was higher and in order to calculate this amount, the Company applied the discounted cash flow method, which consists of applying a discount rate to the projected cash flows of the CGU. The discount rate used is the weighted average cost of capital (WACC), which considers the cost of capital contributed by the shareholder (CAPEM) and the cost of financial debt. The planning horizon was 5 years plus a perpetuity that considers the normalized cash flow with projected country's inflation rate.

After applying the aforementioned methodology, the Company concluded that there is no impairment in the value of the goodwill of this CGU.

China

The Company used the discounted cash flow method, which considers a discount rate applied to projected cash flows provided by the CGU. The discount rate used is the weighted average cost of capital (WACC), which considers the cost of capital contributed by the shareholder (CAPEM) and the cost of bond debt. The planning horizon was 7 years plus a perpetuity that considers the normalized cash flow with projected country's inflation rate.

Based on the application of this methodology, the Company identified impairment in the China CGU's goodwill of $315 in 2021, which was recognized as other expenses in profit or loss.

Rest of CGUs

For the rest of the CGUs, the value in use was higher than the carrying amount and no impairment losses were recognized.

13. Debt

	Fair value	Book value 2021	Book value 2020	Book value 2019
International bonds:				
On May 17, 2021 the Company, through its subsidiary Bimbo Bakeries USA, Inc., issued a bond under Rule 144 A and Regulation S of the Securities and Exchange Commission (SEC) for USD 600 million, maturing on May 17, 2051. Such bond pays a fixed interest rate of 4.000% payable on a semi-annual basis. The proceeds from this issuance were used to refinance the Company's debt, extending the average maturity. Given the guaranteed structure, this instrument has the same ranking (pari passu) as the rest of Grupo Bimbo's issues.	**$ 13,481**	**$ 12,350**	$ -	$ -
On September 6, 2019 the Company issued a bond under Rule 144 A and Regulation S of the Securities and Exchange Commission (SEC) for USD 600 million, maturing on September 6, 2049. Such bond pays a fixed interest rate of 4.000% payable on a semi-annual basis. The proceeds from this issuance were used to refinance the Company's debt, extending the average maturity. See Note 17.2.3 (e).	**13,323**	**12,245**	11,898	11,307
On November 10, 2017 the Company issued a bond under Rule 144 A and Regulation S of the SEC for USD 650 million, maturing on November 10, 2047. Such bond pays a fixed interest rate of 4.70% payable on a semi-annual basis. The proceeds from this issuance were used to refinance the Company's debt, extending the average maturity.	**16,052**	**13,379**	12,967	12,249
On June 27, 2014 the Company issued a bond under Rule 144 A and Regulation S of the SEC for USD 800 million, maturing on June 27, 2024. Such bond pays a fixed interest rate of 3.875% payable on a semi-annual basis. The proceeds from this issuance were used to refinance the Company's debt, extending the average maturity. See Note 17.2.3 (a) and (b).	**17,393**	**16,467**	15,959	15,076
On June 27, 2014 the Company issued a bond under Rule 144 A and Regulation S of the SEC for USD 500 million, maturing on June 27, 2044. Such bond pays a fixed interest rate of 4.875% payable on a semi-annual basis. The proceeds from this issuance were used to refinance the Company's debt, extending the average maturity. See Note 17.2.3 (c).	**12,319**	**10,292**	9,974	9,423

	Fair value	Book value 2021	Book value 2020	Book value 2019
On January 25, 2012 the Company issued a bond under Rule 144 A and Regulation S of the SEC for USD 800 million, maturing on January 25, 2022. Such bond pays a fixed interest rate of 4.50% payable on a semi-annual basis. The proceeds from this issuance were used to refinance the Company's debt, extending the average maturity.	**4,084**	**4,072**	15,915	15,076
On June 30, 2010 the Company issued a bond under Rule 144 A and Regulation S of the SEC for USD 800 million, maturing on June 30, 2020. Such bond pays a fixed interest rate of 4.875% payable on a semi-annual basis. The proceeds from this issuance were used to refinance the Company's debt, extending the average maturity. On October 8, 2019, the Company made a partial payment of principal of USD 600 million; and on June 30, 2020, the Company paid the remaining outstanding balance of USD 200 million. See Note 17.2.3 (d).	-	-	-	3,769
Structured notes:				
As of December 31, 2021, the Company has issued the following structured notes, payable upon maturity:				
Bimbo 17- Issued on October 6, 2017. This structured note matures on September 24, 2027 and pays a fixed interest rate of 8.18%. The proceeds from this issuance were used to refinance the Company's debt, extending the average maturity, as well as the partial payment of the Bimbo QSR acquisition.	**9,232**	**9,633**	9,633	9,633
Bimbo 16- Issued on September 14, 2016. This structured note matures on September 2, 2026 and pays a fixed interest rate of 7.56%. The proceeds from this issuance were used to refinance the Company's debt, extending the average maturity.	**7,381**	**7,706**	7,706	7,706

	Fair value	2021	2020	2019
Revolving committed line of credit (multicurrency)				
On September 14, 2021 the Company renewed and amended the terms and conditions of the committed multicurrency line of credit, which is linked to sustainability. The financial institutions engaged in this line of credit are BBVA Bancomer S.A., Citibank N.A., HSBC México S.A., Banco Santander S.A., JPMorgan Chase Bank N.A., Bank of America N.A., ING Bank N.V., MUFG Bank, Ltd. and Mizuho Bank, Ltd. The total amount is up to USD 1,750 million, with USD 875 million maturing on September 14, 2023 and USD 875 million on September 14, 2026. The drawdowns against this line of credit bear interest at the London Interbank Offered Rate (LIBOR) plus 0.95% for drawdowns made in USD, at the Canadian Dollar Offered Rate (CDOR) plus 0.95% for drawdowns made in Canadian dollars, at the Interbank Equilibrium Interest Rate (TIIE) plus 0.725% for drawdowns made in Mexican pesos, and at the Euro Interbank Offered Rate (EURIBOR) plus 0.95% for drawdowns made in euros.				
In 2021, 2020 and 2019, the Company has made drawdowns against and payments to this line of credit. During 2021, the drawdowns and payments totaled $15,291.	-	-	-	95
Unsecured working capital loans -				
The Company occasionally enters into short-term unsecured loans to meet its working capital needs. During 2021, the drawdowns and payments totaled $430.	-	-	-	770
Other: Certain subsidiaries have entered into other direct loan contracts to meet their working capital needs. The maturity dates for such loans range from 2021 to 2028. During 2021, the drawdowns and payments totaled $11,413 and $5,905, respectively.	**7,483**	**7,483**	1,708	2,154
Debt issuance expenses	**(772)**	**(772)**	(531)	(586)
	99,976	**92,855**	85,229	86,672
Less:				
Current portion of non-current debt	**(10,625)**	**(10,625)**	(600)	(5,408)
Non-current debt	**$ 89,351**	**$ 82,230**	$ 84,629	$ 81,264

An analysis of maturities of non-current debt as of December 31, 2021 is as follows:

Year	Amount
2023	$ 149
2024	17,126
2025	88
2026	7,659
2027 and thereafter	57,208
	$ 82,230

A reconciliation of the Company's debt at the beginning and at the end of the year is as follows:

Debt	2021	2020	2019
Beginning balance	$ 85,229	$ 86,672	$ 89,846
Proceeds from loans, net of debt issuance expenses	38,924	34,818	22,815
Repayments of loans	(33,535)	(40,745)	(22,640)
Debt issuance expenses amortization	60	55	(221)
Effects of remeasurements	2,177	4,429	(3,128)
Ending balance	$ 92,855	$ 85,229	$ 86,672

All international bonds and revolving committed credit lines are guaranteed by the primary subsidiaries of Grupo Bimbo. As of December 31, 2020 and 2019, the Company has complied with all of its obligations established in the loan agreements, including certain required financial ratios: leverage ratio and interest coverage ratio. As of December 31, 2021, the Company has complied with the established obligations that include the financial ratio of interest coverage and leverage while it was in force. Such ratios are calculated considering a Conformed EBITDA according to the provisions established in the applicable loan agreements. These ratios may differ to similar calculations used by others.

14. Other accounts payable and accrued liabilities

	2021	2020	2019
Other accounts payable:			
Other taxes payable	$ 3,378	$ 4,357	$ 2,685
Other creditors	2,133	1,806	1,860
	5,511	6,163	4,545
Accrued liabilities:			
Employee compensation and bonuses	$ 10,152	$ 11,473	$ 8,517
Advertising and promotion	2,026	1,682	909
Fees and consultations	1,734	1,193	1,133
Insurance and guaranty bonds	1,566	594	562
Taxes and contributions	842	559	563
Interest payable and bank fees	817	999	954
Supplies and fuel	777	1,263	713
Other	677	975	577
	18,591	18,738	13,928
	$ 24,102	$ 24,901	$ 18,473

15. Related party balances and transactions

Balances and transactions between Grupo Bimbo and its subsidiaries, which are related parties, have been eliminated in preparing the consolidated financial statements and are not disclosed in this note. Information on the Company's transactions with related parties is provided below.

a) Business transactions

An analysis of transactions carried out with related parties in the normal course of the Company's operations is as follows:

	2021	2020	2019
Purchase of raw materials			
Associates:			
Beta San Miguel, S.A. de C.V.	$ **2,584**	$ 2,390	$ 1,685
Other associates	**7**	9	8
Related parties:			
Frexport, S.A. de C.V.	**871**	749	669
Other related parties	**61**	59	38
Finished product purchases			
Associates:			
Fábrica de Galletas La Moderna, S.A. de C.V.	$ **1,083**	$ 1,149	$ 877
Mundo Dulce, S.A. de C.V.	**914**	803	833
Pan-Glo de México, S. de R.L. de C.V.	**200**	239	67
Other associates	**2**	3	2
Stationary, uniforms and other			
Associates:			
Efform, S.A. de C.V.	$ **365**	$ 344	$ 276
Uniformes y Equipo Industrial, S.A. de C.V.	**202**	186	120
Sociedad Industrial de Equipos y Servicios, S.A. de C.V.	**234**	112	334
Other associates	**29**	42	92
Related parties:			
Automotriz Coacalco-Vallejo, S.A.P.I de C.V.	**33**	50	82
Autotab, S.A. de C.V.	**3**	3	221
Other related parties	**257**	204	137
Financial services:			
Associates:			
Fin Común Servicios Financieros, S.A. de C.V.	$ **1,094**	$ 893	$ 810

Balances receivable due from related parties consist of unsecured accounts and are payable in cash. No guarantees have been given or received with related parties.

b) Accounts payable to related parties

Net balances payable due to related parties are as follows:

		2021		2020		2019
Associates:						
Beta San Miguel, S.A. de C.V.	$	**801**	$	747	$	616
Fábrica de Galletas La Moderna, S.A. de C.V.		**144**		132		129
Mundo Dulce, S.A. de C.V.		**107**		81		65
Efform, S.A. de C.V.		**83**		77		11
Uniformes y Equipo Industrial, S.A. de C.V.		**80**		48		30
Sociedad Industrial de Equipos y Servicios, S.A. de C.V.		**58**		40		87
Pan-Glo de México, S. de R. L. de C.V.		**34**		17		16
Related parties:						
Frexport, S.A. de C.V.		**119**		112		148
Proarce, S.A. de C.V.		**33**		37		30
Makymat, S.A. de C.V.		**26**		20		18
Automotriz Coacalco-Vallejo, S.A.P.I de C.V.		**8**		10		8
Other associates and related parties		**34**		13		39
	$	**1,527**	$	1,334	$	1,197

c) Compensation of key management personnel

Compensation for the Company's Board of Directors and other key management personnel for the years ended December 31, 2021, 2020 and 2019 totaled $845, $973 and $1,194, respectively. This compensation is determined based on the employee's performance and market trends and is approved by the Board of Directors.

16. Income Tax

Income tax in Mexico

The income tax rate enacted for 2021, 2020 and 2019 was 30% and it is expected that it will remain the same in subsequent years.

Tax reforms

Mexico

Tax reform 2021

On October 26, 2021, a series of tax modifications were approved in Mexico that are effective as of January 1, 2022, mainly aimed at strengthening the control mechanisms by tax authorities (new requirements, formalities and presentation of notices in case of certain transactions).

It is expected that these tax reforms will not generate a financial impact for the group, but a series of formal obligations and tax compliance that the Company will comply when applicable.

Tax reform 2019

On October 30, 2019, a series of tax reforms effective as of January 1st, 2020 were approved in Mexico. The main changes are as follows:

1. The deduction of net interest is limited to 30% of the adjusted tax profit.
2. Non-deductibility of payments made to entities located in low tax jurisdictions (REFIPRES).
3. A new obligation is established for taxpayers consisting of disclosing to the tax authorities' certain transactions that are considered "Tax Schemes Subject to Reporting".
4. Modifications to certain definitions of Title VI of the Income Tax Law (REFIPRES income).

To date, the Company has complied with its obligation to disclose tax schemes subject to reporting corresponding to fiscal years 2021 and 2020.

Reform in labor subcontracting in Mexico

On April 23, 2021, a decree was published in the Official Gazette of the Federation that adds and repeals various articles of the Federal Labor Law, Social Security Law, Law of the National Housing Fund Institute for Workers, Fiscal Code of the Federation, Income Tax Law and the Value Added Tax Law, to regulate the figure of labor subcontracting in Mexico in accordance with the following:

a) The prohibition of personnel subcontracting for activities that are part of the corporate purpose of the company or its predominant economic activity;
b) The regulation and limitation of the tax deduction of specialized subcontracting services other than the corporate purpose and the predominant economic activity of the contracting company;
c) Registration in the Ministry of Labor and Social Welfare and registration in the public registry of subcontracting companies for specialized services and works, joint and several liability in the event of non-compliance, and the granting of a period of three months to subcontracted workers be part of the payroll of the real employer;
d) The establishment of a limit of 3 months of Statutory employee profit sharing.

As of December 31, 2021, the effects of this reform on the Company were as follows:

General actions:

- Adequacy of service contracts in cases identified as specialized.
- Compliance with state obligations: presentation of contracts for specialized services.
- Fulfillment of obligations in terms of receiving, safeguarding and validating documents of specialized service providers.
- Identification of specialized service providers complying with the criteria of the Ministry of Labor and Social Welfare (STPS).
- Change management: internal and external communication and training.

Services provided among Group companies and services provided to third parties:

- Review of the corporate purpose of Grupo Bimbo companies and services provided.
- Obtaining the Registry of Providers of Specialized Services or Specialized Works of the corresponding companies.
- Functional analysis to hire personnel in accordance with the company's corporate purpose.
- Assignment of a CEO and personnel to Grupo Bimbo.

<u>Spain</u>

As of January 1, 2021, the Law 11/2020 on General State Budgets for the year 2021 ("LPGE"), issued on December 30, 2020, published amendments to the Corporation Tax Law that include:

Limitations to the mechanisms to correct/eliminate double taxation:

a) The exemption to avoid double taxation is limited to 95% of dividends and the sale of shares, as these amounts are reduced by 5% for management expenses. In the case of tax consolidation, the amount included in the tax base will not be subject to elimination.
b) In the same way, the deduction limit is also reduced to avoid international double taxation on dividends and on sale of shares to 95% of the full quota that would correspond to pay in Spain on this income if it had been obtained in Spanish territory.

Limitations of financial expenses:

Through the 2021 LPGE, the methodology for calculating deductible net financial expenses for corporate income tax purposes has been modified, among others; limiting the deductibility of net financial expenses for the year to 30%, by excluding from the determination of operating profit, those dividends from shares whose acquisition value is greater than 20 million euros and do not reach a percentage of participation of 5%.

To date, no significant impacts have been determined as a result of this tax reform in the Spanish subsidiaries.

Income tax in other countries

Subsidiaries established abroad calculate income tax based on the individual performance of each subsidiary and in accordance with the regulations of each country. U.S. regulations allow the filing of a consolidated income tax return. As of 2013, Spanish regulations allow the filing of a consolidated tax return. As of 2019, French regulations allow the filing of a consolidated tax return.

Except for the subsidiaries mentioned above, each subsidiary calculates and pays income tax as an individual legal entity. The annual tax returns are filed within the six months following the end of the fiscal year. Additionally, the subsidiaries must make provisional payments during each fiscal year.

The tax rates applicable in other countries where the Company operates and the period in which tax losses may be applied, are as follows:

	Statutory income tax rate					Expiration of tax loss carryforwards	
	2021		2020		2019		
Argentina	**35**	(a)	25		30	5	(b)
Brazil	**34**		34		34		(c)
Canada	**15**	(d)	15	(d)	15	20	(h)
Spain	**25**		25		25		(e)
USA	**21**	(f)	21		21		(g)
Mexico	**30**		30		30	10	

The tax losses generated by the Company are mainly in Mexico, Brazil, Argentina and Spain.

(a) From 2021 and in the coming years, the corporate rate is 35%. Such rate will depend on the range of the accumulated taxable profit generated.

(b) Losses on the sale of shares or other equity investments may only be offset against income of the same nature. Tax losses from foreign sources may only be carried forward against income from foreign sources.

(c) Tax losses may be applied indefinitely but may only be offset each year up to an amount equivalent to 30% of the net taxable profit for each year.

(d) The corporate income tax rate is a combination of the federal corporate tax rate 15%, and relevant state (provincial) corporate income tax rates where the Company has a permanent establishment. State tax rates range from 10% to 16%; therefore, the combined tax rate may range from 25% to 31%.

(e) Tax loss carryforwards have no expiration date; however, their application is limited to 25% of the net taxable profit for the year.

(f) The corporate income tax rate is a combination of the federal rate, which is 21%, and the state rates where the Company has a permanent establishment. State rates range from 0% to 12%, therefore, the combined tax rate may range from 21% to 33%.

(g) As a result of the tax reform, tax loss carryforwards have no expiration date; however, their amortization is limited to 80% of the taxable profit generated for the year.

(h) The Company's tax losses may be carried back against the three prior years.

At the date of issue of these consolidated financial statements, no changes have been disclosed for the corporate tax rates in subsequent years, except in:

- France, where the tax rate was changed from 28% in 2020 to 26.5% in 2021, and as of 2022 it will be 25%.
- Russia, where the tax rate was changed from 15.5% in 2020 to 16.5% in 2021.
- Turkey, where the tax rate was changed from 22% in 2020 to 25% in 2021.
- Colombia, where the tax rate was changed from 31% in 2021 to 35% in 2022.

Operations in the USA, Canada, Uruguay, Colombia, Guatemala, Panama, Honduras, Nicaragua and Ecuador are subject to minimum income tax payments or substitutive tax.

Analysis of provisions, effective tax rate and deferred effects

a) The Company's consolidated income tax is as follows:

	2021	2020	2019
Income tax:			
Current income tax	$ 8,096	$ 5,215	$ 3,926
Deferred income tax	588	781	723
	8,684	5,996	4,649
Income tax – uncertain tax positions	287	196	84
	$ 8,971	$ 6,192	$ 4,733

b) A reconciliation of the statutory income tax rate to the effective income tax rate in Mexico expressed as a percentage of the profit before income tax for the years ended December 31, 2021, 2020 and 2019 is as follows:

	2021	2020	2019
Profit before income tax	$ 26,353	$ 16,744	$ 12,108
Statutory income tax rate	30%	30%	30%
Income tax at statutory tax rate	7,906	5,023	3,632
Plus/(less) the tax effects of the following items:			
Inflationary effects of monetary accounts in the statement of financial position and statement of profit or loss	1,015	552	605
Non-deductible expenses and other	890	793	655
Non-taxable profit and tax incentives	(322)	(420)	(699)
Difference in tax rates and currency of subsidiaries in different tax jurisdictions	(505)	(220)	(53)
Effects on tax values of property, plant and equipment	(589)	(314)	(253)
Share of loss of associates	(74)	(58)	(75)
Unrecognized available tax loss carryforwards	650	836	921
Income tax recognized in profit or loss	$ 8,971	$ 6,192	$ 4,733
Effective income tax rate	34.0%	37.0%	39.1%

To determine their deferred income tax as of December 31, 2021, 2020 and 2019, the Company's subsidiaries applied the income tax rate that will be in effect when the temporary differences giving rise to deferred taxes are expected to reverse.

c) The primary items that generate deferred income tax as of December 31, are as follows:

	Balance as of January 1st, 2021	Effects through profit or loss	Effects through comprehensive income	Translation effect	Business combinations	Balance as of December 31, 2021
Allowance for expected credit loss	$ (283)	$ (18)	$ -	$ -	$ -	$ (301)
Inventories and advances	(59)	75	-	-	-	16
Property, plant and equipment	5,026	(525)	-	-	-	4,501
Intangible assets and other assets	8,068	565	-	(641)	(123)	7,869
Other reserves and provisions	(13,922)	989	432	-	-	(12,501)
Current employee profit sharing	(299)	(201)	-	-	-	(500)
Available tax loss carryforwards	(568)	265	-	-	-	(303)
Net economic hedge	-	(77)	77	-	-	-
Lease assets and liabilities, net	(329)	(140)	-	-	-	(469)
Derivative financial instruments	399	(345)	860	-	-	914
Total deferred income tax (asset), net	$ (1,967)	$ 588	$ 1,369	$ (641)	$ (123)	$ (774)

	Balance as of January 1st, 2020	Effects through profit or loss	Effects through comprehensive income	Translation effect	Business combinations	Balance as of December 31, 2020
Allowance for expected credit loss	$ (288)	$ 5	$ -	$ -	$ -	$ (283)
Inventories and advances	(31)	(28)	-	-	-	(59)
Property, plant and equipment	3,606	1,420	-	-	-	5,026
Intangible assets and other assets (1)	10,709	(3,059)	-	(21)	439	8,068
Other reserves and provisions	(11,430)	(2,347)	(145)	-	-	(13,922)
Current employee profit sharing	(352)	53	-	-	-	(299)
Available tax loss carryforwards	(1,381)	3,722	(2,909)	-	-	(568)
Net economic hedge	-	645	(645)	-	-	-
Lease assets and liabilities, net	(173)	(156)	-	-	-	(329)
Derivative financial instruments	(9)	526	(118)	-	-	399
Total deferred income tax liability/(asset), net	$ 651	$ 781	$ (3,817)	$ (21)	$ 439	$ (1,967)

(1) During 2020, the Company recognized a deferred tax asset on intangible assets of $4,270.

	Balance as of January 1st, 2019	Effects through profit or loss	Effects through comprehensive income	Reclassifications	Translation effect	Balance as of December 31, 2019
Allowance for expected credit loss	$ (245)	$ (43)	$ -	$ -	$ -	$ (288)
Inventories and advances	(44)	13	-	-	-	(31)
Property, plant and equipment	4,654	(1,048)	-	-	-	3,606
Intangible assets and other assets	10,367	442	-	-	(100)	10,709
Other reserves and provisions	(9,649)	(423)	(1,358)	-	-	(11,430)
Current employee profit sharing	(421)	69	-	-	-	(352)
Available tax loss carryforwards	(2,152)	1,523	-	(752)	-	(1,381)
Net economic hedge	-	(744)	744	-	-	-
Lease assets and liabilities, net	-	(173)	-	-	-	(173)
Derivative financial instruments	-	431	(440)	-	-	(9)
Other items	(676)	676	-	-	-	-
Total liability, net	$ 1,834	$ 723	$ (1,054)	$ (752)	$ (100)	$ 651

The deferred income tax assets and liabilities are presented separately in the consolidated statement of financial position, since they correspond to different taxable entities and tax authorities. An analysis is as follows:

		2021		2020		2019
Deferred income tax asset	$	(7,861)	$	(8,733)	$	(4,590)
Deferred income tax liability		7,087		6,766		5,241
Total deferred income tax (asset)/liability, net	$	(774)	$	(1,967)	$	651

The Company has determined that the undistributed earnings of its foreign subsidiaries will not be distributed in the foreseeable future. As of December 31, 2021, there are undistributed earnings for temporary differences related to investments in subsidiaries and associates for which no deferred tax liabilities have been recognized. In the same date, the amount of undistributed earnings for temporary differences related to subsidiaries is immaterial.

As of December 31, 2021, the Company's unused tax losses have the following expiration dates:

Year		Amount
2022	$	663
2023		961
2024		1,068
2025		944
2026		1,936
2027		162
2028		11
2029		2
2030 and thereafter		25,525
		31,272
Unrecognized available tax loss carryforwards		(30,031)
Total	$	1,241

Certain subsidiaries that have tax losses have not recognized the deferred tax asset, since they do not have sufficient taxable income or projected earnings to estimate the time for recovery of such tax losses. Unrecognized accumulated benefits of such tax losses were $8,644 in 2021, $7,637 in 2020 and $12,515 in 2019.

Some subsidiaries have unused tax losses. The unused tax losses for which a deferred tax asset has been recognized can be recovered, provided that they meet certain requirements. As of December 31, 2021, the Company expects to recover such tax losses through the reversal of temporary differences and future taxable profits.

17. Financial instruments

1. Financial instruments by category as of December 31 is as follows:

	2021	2020	2019	Category / Hierarchy
Assets				
Financial assets:				
Cash and cash equivalents	$ 8,748	$ 9,268	$ 6,251	Fair value – Level 1
Trade accounts receivables and other accounts receivable, net	21,432	18,802	18,152	Amortized cost
Derivative financial instruments	1,293	871	143	Fair value - Level 1 and 2
Guarantee deposits for derivative financial instruments	-	-	325	Fair value - Level 1
Total current assets	31,473	28,941	24,871	
Other non-current assets	273	85	63	Amortized cost
Other non-current assets – plan asset surpluses and other assets	1,657	913	652	Fair value - Level 1, 2 and 3
Derivative financial instruments	1,962	267	1,533	Fair value - Level 1 and 2
Total assets	$ 35,365	$ 30,206	$ 27,119	
Liabilities				
Financial liabilities:				
Current portion of non-current debt	$ 10,625	$ 600	$ 5,408	Amortized cost
Trade accounts payable	35,752	26,679	22,972	Amortized cost
Other accounts payable	1,998	1,790	1,852	Amortized cost
Accounts payable to related parties	1,527	1,334	1,197	Amortized cost
Guarantee withdrawals for derivative financial instruments	392	398	-	Fair value - Level 1
Derivative financial instruments	169	1,183	673	Fair value - Level 1 and 2
Total current liabilities	50,463	31,984	32,102	
Non-current debt	82,230	84,629	81,264	Amortized cost
Derivative financial instruments	67	214	437	Fair value - Level 1 and 2
Total liabilities	$ 132,760	$ 116,827	$ 113,803	

2. Risk management

During the normal course of its operations, the Company is exposed to risks inherent to financial variables, as well as changes in the prices of some of its raw materials that are traded in international markets. The Company has established an orderly risk management process that assesses the nature and extent of those risks.

The primary financial risks to which the Company is exposed are as follows:

- Market risk
- Interest rate risk
- Foreign currency risk
- Commodity price risk
- Liquidity risk
- Credit risk
- Equity risk

The risk management process includes the following activities:

- Identify, evaluate and monitor external and internal risks that could have a significant impact on the Company
- Prioritize risks
- Ensure risk assignment and monitoring
- Validate bodies and/or those responsible for risk management
- Validate the progress made in the management of each prioritized risk
- Review the consistency of open positions in respect of the corporate strategy
- Make recommendations

Since the variables to which the Company is exposed are dynamic, hedging strategies are evaluated and monitored periodically. Such strategies are reported to the relevant governing body within the Company. The primary purpose of hedging strategies is to achieve a neutral and balanced position in relation to the risk exposure caused by certain financial variables.

2.1 Market risk

The Company is exposed to interest rate and foreign currency exchange risks, as well as commodity price risks. The Company occasionally uses derivative financial instruments to mitigate the potential impact of fluctuations in these variables and prices on its financial performance. The Company considers that the derivative financial instruments it enters into provide flexibility that allows for greater financial stability and better visibility and certainty regarding future costs and expenses.

The Company determines the target amounts and parameters of the primary positions for which the derivative financial instruments are contracted in order to minimize one or more of the risks generated by a transaction or group of transactions associated with the primary position.

The Company only enters into derivative financial instruments with financial institutions of well-known solvency and within the limits set for each institution.

The main types of derivative financial instruments used by the Company are as follows:

a) Contracts that establish a mutual obligation to exchange cash flows on preestablished future dates, at the nominal or reference value (swaps):
   1. Interest rate swaps to balance the mix of fixed and variable interest rates used for financial liabilities
   2. Cross currency swaps, to change the currency in which both the principal and interest of a financial liability are expressed

b) Foreign currency forwards
c) Foreign currency call options
d) Foreign currency denominated zero-cost call and put options (zero-cost collars)
e) Raw materials futures
f) Options on raw material futures
g) Commodity swaps

Market risk exposure is monitored and reported on an ongoing basis.

The Company's policy is to contract derivative financial instruments for the sole purpose of hedging its foreign currency risk. Accordingly, in order to contract a derivative financial instrument, it must necessarily be associated with a primary position that exposes the Company to a specific risk. Consequently, the notional amounts of the Company's derivative financial instruments must be consistent with the amounts of the primary positions that are being hedged. The Company does not contract derivative financial instruments to obtain earnings from premiums. If the Company decides to enter into a hedging strategy whereby options are combined, the net premiums paid/collected must represent a cash outflow.

An analysis of the Company's derivative financial instruments is as follows:

	2021		2020		2019	
	Book value	**Changes in OCI**	Book value	Changes in OCI	Book value	Changes in OCI
Assets						
Current assets:						
Forwards	$ -	$ -	$ -	$ -	$ -	$ 30
Forwards on raw materials	92	92	-	-	-	-
Foreign exchange options	-	-	-	-	-	(26)
Futures:						
Fair value of raw materials	953	152	684	595	-	-
Swaps:						
Fair value of raw materials and energetics	248	174	187	132	143	129
Total current derivative financial instruments	$ 1,293	$ 418	$ 871	$ 727	$ 143	$ 133
Non-current assets:						
Cross currency swap	$ 1,951	$ 428	$ 267	$ 27	$ 1,533	$ (545)
Swaps:						
Fair value of raw materials and energetics	9	9	-	-	-	-
Forwards on raw materials	2	2	-	-	-	-
Forwards	-	-	-	-	-	(7)
Total non-current derivative financial instruments	$ 1,962	$ 439	$ 267	$ 27	$ 1,533	$ (552)
Liabilities						
Current liabilities:						
Foreign currency forwards	$ 169	$ 175	399	(170)	233	(198)
Forwards on raw materials	-	784	784	(456)	325	(256)
Cross currency swap	-	-	-	(26)	8	26
Swaps:						
Fair value of raw materials and energetics	-	-	-	107	107	680
Total current derivative financial instruments	$ 169	$ 959	$ 1,183	$ (545)	$ 673	$ 252
Total non-current derivative financial instruments	$ 67	$ 1,203	$ 214	$ (636)	$ 437	$ (1,168)
Equity:						
Total valuation of cash flow hedges, net of accrued interest	$ 767	$ 3,018	$ (2,251)	$ (427)	$ (1,825)	$ (1,335)
Closed contracts for unused futures	(6)	(30)	24	41	(16)	(18)
	761	2,988	(2,227)	(386)	(1,841)	(1,353)
Deferred income tax, net	(184)	(860)	676	116	559	440
Other comprehensive (loss)/income	$ 577	$ 2,128	$ (1,551)	$ (270)	$ (1,282)	$ (913)

2.2 Management of interest rate risk

The Company is exposed to interest rate risk, mainly with respect to its financial liabilities. The risk is managed through an adequate mix of fixed and variable rates, which on occasion, is achieved by contracting derivative financial instruments, such as interest rate swaps, which are accounted for as hedging instruments when they meet with the corresponding criteria.

As a result of the COVID-19 pandemic, volatility in financial markets led to fluctuations in interest rates, particularly in short-term rates. Since most of the Company's financial liabilities bear interest at long-term fixed rates, these fluctuations did not have a material effect on the consolidated financial statements during 2021 an 2020.

Company management considers that the interest rate risk related to its financial assets is limited, since they are generally current assets.

As of December 31, 2021 and 2020, the Company had no non-current debt bearing interest at variable rates. As of December 31, 2019, the Company had non-current debt bearing interest at variable rates tied to the LIBOR and TIIE rates.

2.3 Management of foreign currency risk

The Company carries out transactions in different foreign currencies and presents its consolidated financial statements in Mexican pesos. Accordingly, it is exposed to foreign currency risk (i.e. due to forecasted purchases of raw materials, contracts and monetary assets and liabilities) and foreign currency translation risk (i.e. due to net investments in foreign subsidiaries). The Company is mainly exposed to foreign currency risk associated with the performance of the Mexican peso against the American dollar and the Canadian dollar, and the Canadian dollar against the USD.

As a result of the COVID-19 pandemic, during 2021, there was no volatility in financial markets nor did led to fluctuations in exchange rates. However, the Company did not modify its foreign currency risk management strategy. In 2020, volatility in financial markets led to fluctuations in exchange rates. However, the Company did not modify its foreign currency risk management strategy.

- Management of foreign currency translation risk

The Company has investments in foreign subsidiaries whose functional currency is not the Mexican peso, which exposes it to foreign currency translation risk. The Company has contracted intercompany financial assets and liabilities with those foreign subsidiaries in various currencies, which also generates foreign currency translation risks.

Foreign currency translation risk is mitigated mostly through the issuance of one or more loans denominated in currencies other than the functional currency to naturally hedge exposure to foreign currency and presented as a net investment in foreign subsidiaries.

As of December 31, 2021, 2020 and 2019, the loans in USD (described in Note 13) that have been designated as hedges on the net investment in foreign subsidiaries amount to USD 1,295 million, USD 1,521 million and USD 2,550 million, respectively. On December 28, 2020, the company discontinued the hedge accounting of the international bond due on January 25, 2022, for a notional amount of USD 797 million.

As of December 31, 2021, 2020 and 2019, the loans that have been designated as hedges on the net investment in foreign subsidiaries amount to CAD 354 million, CAD 354 million and CAD 290 million, respectively (see Note 17, 2.3 (a)).

As of December 31, 2021, the loans that have been designated as hedges on the net investment in foreign subsidiaries in Spain amount to EUR 126 million.

As of December 31, 2021, 2020 and 2019, the amount designated as a hedge for non-current intercompany asset positions is CAD 630 million, CAD 630 million and CAD 630 million, respectively.

As of December 31, 2021, the amount designated as a hedge for non-current intercompany asset positions is USD 748 million.

To test hedge effectiveness, the Company compares the changes in the fair value of the hedging instrument against the changes in fair value of the hedged item attributable to the net investment.

Management of transactional foreign currency risk

The Company's risk management policy on transactional foreign currency risk consists of hedging expected cash flows, mainly with regard to expected obligations that qualify as hedged items, represented by "highly probable" forecasted transactions for purposes of hedge accounting. When the future purchase is made, the Company adjusts the non-financial asset hedged for the gain or loss previously recognized in OCI.

Foreign currency sensitivity

The sensitivity analyses below have been determined based on balances exposed to foreign currency risk, considering both derivative and non-derivative financial instruments at the reporting date; therefore, the analyses may not be representative of the foreign currency risk for the period due to changes in the balances exposed to such risk.

A depreciation/appreciation of one Mexican peso per USD that represents management's estimate of a reasonable potential change in the parity of both currencies would result in an increase/decrease of approximately $60 in profit or loss for the year ended December 31, 2021.

A depreciation/appreciation of one Mexican peso per Canadian dollar that represents management's estimate of a reasonable potential change in the parity of both currencies would result in an increase/decrease of approximately $1 in profit or loss for the year ended December 31, 2021.

A depreciation/appreciation of one Mexican peso per euro that represents management's estimate of a reasonable potential change in the parity of both currencies would result in an increase/decrease of approximately $1 in profit or loss for the year ended December 31, 2021.

Analysis of derivative financial instruments for hedging interest rate and foreign currency risk

An analysis of the derivatives used to hedge interest rate and foreign currency risks and their fair value as of December 31, 2020, 2019 and 2018 is as follows:

a) Swaps that translate the 144A bond of USD 800 million, which matures on June 27, 2024, to Canadian dollars and change the fixed interest rate in UDS to a fixed interest rate in Canadian dollars.

							Market value		
Notional amount	**Currency**	**Notional amount**	**Currency**	**Maturity**	**Rate collected**	**Rate paid**	**2021**	2020	2019
270	USD	290	CAD	27-jun-2024	3.875%	4.1125%	**$ -**	$ -	$ 976
270	USD	354	CAD	27-jun-2024	3.875%	3.9700%	**(171)**	(176)	-
							$ (171)	$ (176)	$ 976

b) Swaps that translate the 144A bond of USD 800 million, which matures on June 27, 2024, to Mexican pesos and change the fixed interest rate in USD to a fixed interest rate in Mexican pesos.

							Market value		
Notional amount	**Currency**	**Notional amount**	**Currency**	**Maturity**	**Rate collected**	**Rate paid**	**2021**	2020	2019
100	USD	1,827	MXN	27-jun-2024	3.875%	8.410%	**$ 339**	$ 189	$ 90
150	USD	2,744	MXN	27-jun-2024	3.875%	8.420%	**-**	-	132
150	USD	3,225	MXN	27-jun-2024	3.875%	7.160%	**103**	(130)	-
76	USD	1,392	MXN	27-jun-2024	3.875%	8.387%	**257**	143	69
204	USD	3,855	MXN	27-jun-2024	3.875%	8.320%	**-**	-	41
204	USD	4,376	MXN	27-jun-2024	3.875%	7.330%	**123**	(201)	-
							$ 822	$ 1	$ 332

c) Swaps that translate the 144A bond of USD 500 million, which matures on June 27, 2044, to Mexican pesos and change the fixed interest rate in USD to a fixed interest rate in Mexican pesos.

							Market value		
Notional amount	**Currency**	**Notional amount**	**Currency**	**Maturity**	**Rate collected**	**Rate paid**	**2021**	2020	2019
100	USD	1,829	MXN	27-jun-2028	4.875%	9.8385%	**$ 423**	$ 247	$ 95
100	USD	1,829	MXN	27-jun-2044	-	1.1900%	**245**	298	130
							$ 668	$ 545	$ 225

d) Swaps that translate a portion of 144A bond of USD 600 million, maturing on September 6, 2049, to Mexican pesos and change the fixed interest rate in USD to a fixed interest rate in Mexican pesos.

Notional amount	Currency	Notional amount	Currency	Maturity	Rate collected	Rate paid	Market value 2021	2020	2019
50	USD	1,075	MXN	06-mar-2030	4.00%	8.08%	$ 72	$ (20)	$ -
50	USD	1,033	MXN	06-sep-2030	4.00%	9.81%	5	(89)	-
50	USD	1,018	MXN	06-sep-2030	4.00%	9.67%	30	(58)	-
25	USD	495	MXN	06-sep-2030	4.00%	9.37%	44	2	-
25	USD	494	MXN	06-sep-2030	4.00%	9.34%	44	2	-
200	USD	3,733	MXP	06-sep-2049	-	2.98%	185	-	-
							$ 380	$ (163)	$ -

e) Swaps that translate a portion of 144A bond of USD 595 million, maturing on September 6, 2049, to Mexican pesos and change the fixed interest rate in USD to a fixed interest rate in euros.

Notional amount	Currency	Notional amount	Currency	Maturity	Rate collected	Rate paid	Market value 2021	2020	2019
150	USD	126	EUR	6-mar-2031	4.00%	2.11%	$ 252	$ -	$ -

f) Interest rate swap that hedges the variable rate in USD (LIBOR):

Notional amount	Currency	Maturity	Rate collected	Rate paid	Market value 2021	2020	2019
160	USD	30-jun-2031	3-month LIBOR	3.29%	$ -	$ 60	$ -

g) Long-term swaps to cover the price risk associated with raw materials and others:

Unit	Quantity	Average price	Quantity	Average price	Market value 2021	2020	2019
Barrels	14,300	50.66	14,950	48.32%	$ 9	$ -	$ -

h) Long-term forwards to cover the exchange risk associated with raw materials and others:

		December 2021		December 2020		December 2019		Market value		
Country	Currency	Notional amount	Average exchange rate	Notional amount	Average exchange rate	Notional amount	Average exchange rate	2021	2020	2019
Canada	USD/CAD	10	1.25	-	-	-	-	$ 3	$ -	$ -
Mexico	USD/MXN	3	22.52	-	-	-	-	(1)	-	-
								$ 2	$ -	$ -
Total non-current financial assets								$ 1,962	$ 267	$ 1,533

During 2020, the Company restructured the notional amounts and interest rates of some derivative financial instruments, as indicated in paragraphs a), b) and e), resulting in the collection of $2,096 corresponding to the fair value of these instruments at the time of the restructuring. The Company's risk management objectives were not modified as a result of this restructuring.

i) Non-current forwards to hedge foreign currency risk related to raw materials and other:

		December 2021		December 2020		December 2019		**Market value**		
Country	**Currency**	**Notional amount**	**Average exchange rate**	Notional amount	Average exchange rate	Notional amount	Average exchange rate	**2021**	2020	2019
Mexico	USD/MXN	2	20.78	12	20.15	-	-	**$ -**	$ 1	$ 2
Canada	USD/CAD	14	1.31	8	1.32	-	-	**-**	5	2
								$ -	$ 6	$ 4

j) Non-current forwards to hedge forecast transactions:

		December 2021		December 2020		December 2019		**Market value**		
Country	**Currency**	**Notional amount**	**Average exchange rate**	Notional amount	Average exchange rate	Notional amount	Average exchange rate	**2021**	2020	2019
Mexico	USD/MXN	-	-	58	20.85	15	22.38	**$ -**	$ 185	$ 37

k) Interest rate swap that hedges the variable rate in USD (LIBOR):

					Market value		
Notional amount	**Currency**	**Maturity**	**Rate collected**	**Rate paid**	**2021**	2020	2019
160	USD	30-jun-2020	3-month LIBOR	3.2865%	**$ -**	$ -	$ 377

l) Interest rate swap that hedges the variable rate in USD:

					Market value		
Notional amount	**Currency**	**Maturity**	**Rate collected**	**Rate paid**	**2021**	2020	2019
200	USD	24-may-2034	0.00%	1.69%	**$ 54**	$ -	$ -

In September 2019, the Company paid $1,070 for the early settlement of the interest rate swap for a notional of USD 320 million associated with the issuance of the international bond maturing in September 2049.

On June 24, 2020, the Company extended the maturity date of its interest rate swap for a notional of USD 160 million and settled the fair value at that date of $935 (see paragraph k). The characteristics of this instrument, valid until May 2021, are described in paragraph f); generating on that date the final settlement of the instrument in favor of the Company for $263; the Company's risk management objectives and strategy were not revised as a result of this restructuring.

m) Interest rate swap hedging forecasted flows related to financial leases in Italy:

Notional amount	Currency	Maturity	Rate collected	Rate paid	Market value 2021	Market value 2020	Market value 2019
8	EUR	03-feb-2031	3-month Euribor	1.28%	$ 7	$ 13	$ 10
7	EUR	03-mar-2031	3-month Euribor	1.25%	6	10	9
					$ 13	$ 23	$ 19
Total non-current financial liabilities					$ 67	$ 214	$ 437

Foreign currency hedges

There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign exchange and commodity forward contracts match the terms of the expected highly probable forecast transactions (i.e. notional amount and expected payment date). The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange and commodity forward contracts are identical to the hedged risk components.

As of December 31, 2021, 2020 and 2019, the Company had the following forwards to hedge forecast transactions:

		December 2021		December 2020		December 2019		Market value		
Country	Currency	Notional amount	Average exchange rate	Notional amount	Average exchange rate	Notional amount	Average exchange rate	2021	2020	2019
Mexico	MXN/CLP	894	40.24	1,022	35.19	1,075	39.67	$ 20	$ 6	$ (12)
Mexico	USD/MXN	252	21.39	273	21.72	225	20.35	(189)	(404)	(221)
Mexico	MXN/USD	51	20.48	799	19.97	-	-	-	2	-
Spain	EUR/RUB	-	-	10	92.20	-	-	-	(3)	-
								$ (169)	$ (399)	$ (233)

An analysis of the maturities of these forwards as of December 31, 2021 is as follows:

	< 1 Month	> 1 month < 3 months	> 3 months < 6 months	Total
Mexico				
Notional amount in Mexican pesos	-	-	894	894
Average exchange rate	-	-	40.24	40.24
Mexico				
Notional amount in USD	223	20	9	252
Average exchange rate	21.42	21.16	21.12	21.39
Mexico				
Notional amount in USD	51	-	-	51
Average exchange rate	20.48	-	-	20.48

As of December 31, 2019, the Company had the following cross-currency swap that translates a portion of the 144A Bond of USD 800 million to Mexican pesos. The swap matures on June 30, 2020 and changes the fixed interest rate in USD to a fixed interest rate in Mexican pesos.

							Market value		
Notional amount	**Currency**	**Notional amount**	**Currency**	**Maturity**	**Rate collected**	**Rate paid**	**2021**	2020	2019
100	USD	1,918	MXN	30-jun-2021	4.875%	9.438%	$ -	$ -	$ (8)

As of December 31, the Company had contracted the following forwards to hedge its foreign currency risk related to raw materials and other:

		December 2021		December 2020		December 2019		**Market value**		
Country	**Currency**	Notional amount	Average exchange rate	Notional amount	Average exchange rate	Notional amount	Average exchange rate	**2021**	2020	2019
Argentina	USD/ARS	**-**	**-**	5	94.68	3	73.34	**$ -**	$ (5)	$ (7)
Canada	USD/CAD	**125**	**1.26**	98	1.33	103	1.32	**17**	(74)	(27)
Canada	CAD/USD	**28**	**1.28**	19	1.29	-	-	**7**	2	-
Chile	USD/CLP	**37**	**795.93**	31	779.59	32	712.84	**65**	(68)	31
Colombia	USD/COP	**16**	**3,894.38**	14	3,747.20	5	3,471.73	**19**	(23)	(4)
Mexico	USD/MXN	**320**	**21.12**	344	21.91	301	20.40	**(43)**	(586)	(306)
Mexico	MXN/USD	**545**	**21.43**	414	20.17	-	-	**20**	6	-
Perú	USD/PEN	**25**	**4.03**	14	3.57	8	3.39	**-**	4	(3)
Uruguay	USD/UYU	**9**	**46.09**	10	44.47	5	38.12	**(2)**	(5)	(1)
France	USD/EUR	**6**	**1.16**	6	1.17	7	1.15	**2**	(6)	2
Russia	EUR/RUB	**1**	**73.76**	-	-	7	74.35	**1**	-	(2)
Russia	USD/RUB	**1**	**85.18**	1	74.03	2	66.67	**-**	-	(8)
Brazil	USD/BRL	**15**	**5.62**	37	5.44	-	-	**3**	(29)	-
Brazil	BRL/USD	**53**	**5.79**	8	5.58	-	-	**4**	2	-
Mexico	EUR/MXN	**1**	**25.29**	3	25.34	-	-	**(1)**	(2)	-
								$ 92	$ (784)	$ (325)

The maturities of these forwards as of December 31, 2021 are as follows:

	< 1 Month	**> 1 month < 3 months**	**> 3 months < 6 months**	**> 6 months < 9 months**	**> 9 months < 12 months**	**Total**
Canada						
Notional amount in USD	**10**	**24**	**36**	**31**	**24**	**125**
Average exchange rate	**1.28**	**1.27**	**1.25**	**1.24**	**1.25**	**1.26**
Canada						
Notional amount in Canadian dollars	**8**	**20**	**-**	**-**	**-**	**28**
Average exchange rate	**1.28**	**1.28**	**-**	**-**	**-**	**1.28**

	< 1 Month	> 1 month < 3 months	> 3 months < 6 months	> 6 months < 9 months	> 9 months < 12 months	Total
Chile						
Notional amount in USD	4	8	10	9	6	37
Average exchange rate	746.18	765.21	767.38	826.58	875.73	795.93
Colombia						
Notional amount in USD	2	3	5	3	3	16
Average exchange rate	3,747.66	3,808.29	3,860.54	3,961.76	4,048.86	3,894.38
Mexico						
Notional amount in USD	38	74	95	73	40	320
Average exchange rate	20.75	20.90	20.93	21.24	22.04	21.12
Mexico						
Notional amount in Mexican pesos	193	352	-	-	-	545
Average exchange rate	21.33	21.49	-	-	-	21.43
Peru						
Notional amount in USD	3	6	7	5	4	25
Average exchange rate	3.89	3.96	4.02	4.12	4.13	4.03
Uruguay						
Notional amount in USD	1	2	3	2	1	9
Average exchange rate	46.16	45.78	45.82	46.43	47.11	46.09
France						
Notional amount in USD	1	2	1	1	1	6
Average exchange rate	1.16	1.16	1.16	1.16	1.17	1.16
Russia						
Notional amount in USD	-	-	1	-	-	1
Average exchange rate	73.50	73.18	74.23	-	-	73.76
Russia						
Notional amount in euros	-	-	1	-	-	1
Average exchange rate	84.45	85.15	85.95	-	-	85.18
Brazil						
Notional amount in USD	4	6	4	1	-	15
Average exchange rate	5.46	5.55	5.78	6.06	-	5.62
Brazil						
Notional amount in BRL	13	21	16	3	-	53
Average exchange rate	5.71	5.77	5.87	5.99	-	5.79
Mexico						
Notional amount in euros	-	1	-	-	-	1
Average exchange rate	25.08	25.23	25.48	-	-	25.29

As of December 31, 2021, 2020 and 2019, the Company reclassified \$572, \$(302) and \$281, respectively, to cost of sales.

2.4 Management of commodity price risk

There is an economic relationship between the hedged items and the hedging instruments as the terms of purchases of raw materials match the terms of the expected highly probable forecast transactions (i.e. notional amount and expected payment date). The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the purchases of raw materials are identical to the hedged risk components.

In accordance with the Company's risk management policies, it enters into wheat, natural gas, and other commodity futures contracts to minimize the risk of variation in international prices of such commodities.

Wheat, the main commodity used by the Company, together with natural gas, are some of the commodities hedged. The transactions are carried out in well-known commodity markets and through their formal documentation, are designated as cash flow hedges of forecasted transactions. The Company performs prospective and retrospective effectiveness tests of the instruments to ensure that they mitigate the variability of cash flows from fluctuations in the price of such commodities.

As of December 31, 2021, 2020 and 2019, the Company has recognized, in other comprehensive income, closed wheat derivative contracts that have not yet been reclassified to cost of sales, since the wheat under these contracts has not been used for flour consumption.

Analysis of derivative transactions to hedge commodity price risk

As of December 31, the principal characteristics of the Company's futures contracts are as follows:

	2021			2020			2019		
	Contracts			Contracts			Contracts		
	Number	Maturity	Fair value	Number	Maturity	Fair value	Number	Maturity	Fair value
Diesel	1,841	Jan-22 a Dec-22	$ 245	3,471	Jan-21 to Jul-22	$ 7	2,210	Jan-20 to Mar-21	$ 23
Gasoline	764	Jan -22 a Dec-22	130	1,714	Jan-21 to Jul-22	54	1,168	Jan-20 to Mar-21	33
Natural gas	628	Jan -22 a Dec-22	(12)	533	Jan-21 to Dec-21	14	-	-	-
Polyethylene	84,269	Jan -22 a Dec-22	(124)	45,561	Jan-21 to Oct-21	112	-	-	-
Wheat	13,202	Jan -22 a Dec-22	936	8,334	Jan-21 to Dec-21	601	14,320	Feb-20 to Mar-21	58
Soybean oil	818	Jan -22 a Dec-22	14	678	Jan-21 to Dec-21	82	403	Jan-20 to Dec-20	29
Oil	23,400	Jan -22 a Dec-22	12	13,650	Jan-21 to Dec-21	1	-	-	-
Total current assets			$ 1,201			$ 871			$ 143
Polyethylene			$ -			$ -	31,303	Jan-20 to Dec-20	$ 63
Natural gas			-			-	1,000	Jan-20 to Jun-21	44
Total current liabilities			$ -			$ -			$ 107

As of December 31, 2021, 2020 and 2019, the Company reclassified $(924), $525 and $597, respectively, to cost of sales.

The fair values of these financial instruments used to hedge the raw material price risk are considered within Level 1 of the fair value hierarchy.

As of December 31, 2021, 2020 and 2019, the Company has not identified any embedded derivatives that require bifurcation.

Valuation techniques and assumptions applied to measure fair value

The fair value of the Company's financial assets and liabilities is calculated as follows:

The fair values of financial assets and financial liabilities with standard terms and conditions which are traded on active, liquid markets are determined based on their quoted market prices. Derivative financial instruments fall under this category; therefore, these instruments are classified within Level 1 of the fair value hierarchy described below.

The fair value of other financial assets and liabilities carried at fair value is determined in accordance with accepted pricing models, generally based on an analysis of the discounted cash flows.

As of December 31, 2021, 2020 and 2019, the carrying value of financial assets and liabilities does not vary significantly from their fair value.

These derivative financial instruments are considered within level 1 and 2 of the fair value hierarchy.

The valuation of the Company's structured notes was determined based on the market value with prices provided by Valuación Operativa y Referencias de Mercado S.A. de C.V. ("VALMER"), which is an entity supervised by the *Mexican National Banking and Securities Commission* (CNBV, Spanish acronym) that provides updated prices for financial instruments. This valuation is considered Level 1 in accordance with the hierarchy described below.

Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the consolidated statement of financial position are categorized within one of the following three hierarchy levels based on the data used in the valuation. Categorization within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

2.5 Management of liquidity risk

Liquidity risk management allows the Company to determine its short-term, medium-term and long-term cash flow needs, while seeking financial flexibility. The Company maintains sufficient liquidity through an orderly management of its resources and constant monitoring of cash flows, as well as through a variety of credit lines (some of them committed) with banking institutions and proper management of working capital. These actions ensure the payment of future obligations. Due to the nature of its business, the Company considers its liquidity risk to be low.

Obligations arising from accounts payables, derivative financial instruments and debt amortization are as follows:

	< 1 year	>1 year < 3 years	>3 years < 5 years	> 5 years	Total
Debt and interest	$ 14,926	$ 25,319	$ 14,807	$ 116,220	$ 171,272
Lease liabilities	5,793	9,762	6,168	16,206	37,929
Derivative financial instruments	-	136	486	276	898
Trade payables and accounts payable to related parties	37,279	-	-	-	37,279
Total	$ 57,998	$ 35,217	$ 21,461	$ 132,702	$ 247,378

2.6 Management of credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The Company recognizes a provision for expected credit losses for trade receivables. The Company uses a provision matrix to calculate expected credit losses for trade receivables. The provision matrix is initially based on the Company's historical credit loss experience and is subsequently adjusted for factors that are specific to the debtors, general economic conditions and an assessment of the current direction and forecast of future conditions at the reporting date, including the time value of money, when applicable.

With respect to transactions with derivative financial instruments related to interest rate and exchange rate hedges, and some commodities such as natural gas, these instruments are entered into bilaterally with counterparties of high repute that meet certain criteria mentioned below, and who maintain a significant and ongoing business relationship with the Company.

These counterparties are deemed of high repute, as they are sufficiently solvent, based on their "counterparty risk" rating from a rating agency, for current and non-current obligations in local and foreign currency.

The Company's transactions with derivative financial instruments related to raw materials are carried out in the following renowned markets:

a) Minneapolis Grain Exchange (MGE)
b) Kansas City Board of Trade (KCBOT)
c) Chicago Board of Trade (CBOT)
d) New York Mercantile Exchange (NYMEX)

The Company monitors counterparty credit risks on a monthly basis and performs the related measurements.

All derivative financial instrument transactions are performed under standardized derivatives contracts that are duly executed by the legal representatives of the Company and those of the counterparties.

The appendices and annexes to these derivative contracts establish the settlement and other relevant terms in accordance with the uses and practices of the Mexican market and the markets in which the Company operates.

Some derivative financial instrument contracts, appendices and annexes, through which bilateral derivative financial transactions are carried out, consider the establishment of a cash deposit or other securities to guarantee payment of obligations arising from such contracts. The credit limits established by the Company with its counterparties are large enough to support its current operations; however, the Company maintains cash deposits as collateral for payment of certain derivative financial instruments.

For commodities future contracts executed in well-known international markets, the Company is subject to the regulations of such markets. These regulations include, among others, establishing an initial margin call for futures contracts and subsequent margin calls required of the Company.

2.7 Management of equity structure

The Company maintains a balance between debt and equity in order to maximize the shareholders' return.

As of December 31, the equity structure and leverage ratio are as follows:

	2021	2020	2019
Debt (i)	$ 92,855	$ 85,229	$ 86,672
Cash and cash equivalents	(8,748)	(9,268)	(6,251)
Net debt	84,107	75,961	80,421
Equity	101,606	88,011	78,311
Net debt to equity	0.83 veces	0.86 veces	1.03 veces

(i) Debt is comprised of bank loans and current and non-current structured notes, net of amortizable transaction costs.

18. Employee benefits and welfare plans

An analysis of the net liability generated by employee benefits and long-term social welfare by geographical segment as of December 31, is as follows:

	2021	2020	2019
Retirement and post-retirement benefits			
Mexico	$ 3,618	$ 5,204	$ 6,180
USA	786	1,233	1,530
Canada	18	995	733
EAA and Latin America	545	479	330
Total liabilities from retirement and post-retirement benefits	4,967	7,911	8,773
Multi-employer pension plans – USA	19,227	20,343	17,319
Social welfare USA	4,012	3,754	3,184
Net plan assets presented in other assets	1,245	821	604
Long-term bonuses payable to employees	1,261	1,003	546
Total net liability	$ 30,712	$ 33,832	$ 30,426

a) Mexico

The Company has a defined benefit pension and seniority premium plan. The Company's funding policy is to make discretionary contributions. During 2021, 2020 and 2019, the Company contributed $1,150, $1,150 and $1,000, respectively, to the plan assets.

Seniority premiums consist of a one-time payment equal to 12-days' salary for each year worked based on the employee's final monthly salary (capped at twice the legal minimum daily wage) as stipulated in the employment contracts. Such benefits are granted to employees with 15 or more years of service.

The most recent actuarial valuations of the plan assets and present value of the defined benefit obligation were performed as of December 31, 2021, 2020 and 2019 based on independent actuarial calculations.

b) USA

The Company has a defined benefit pension plan that covers eligible employees. Some of the benefits of the plan for non-unionized workers were frozen. The Company's funding policy is to make discretionary contributions. As of December 31, 2021, 2020 and 2019, the contributions made to the plan total $203, $161 and $193, respectively.

The Company has also established post-retirement social welfare plans, which cover the medical expenses of certain eligible employees. The Company has insurance and pays these expenses as incurred.

The most recent actuarial valuations of the plan assets and present value of the defined benefit obligation were performed as of December 31, 2021, 2020 and 2019 based on independent actuarial calculations.

c) Canada

The Company has a defined benefit pension plan that covers all eligible employees. Some of the benefits of the plan for non-unionized workers were frozen. The Company's funding policy is to make discretionary contributions. The contributions made to the plan in 2021, 2020 and 2019 total $711, $172 and $152, respectively.

The most recent actuarial valuations of the plan assets and present value of the defined benefit obligation were performed as of December 31, 2021, 2020 and 2019 based on independent actuarial calculations.

The Company has also established a defined contribution plan through which contributions are paid as incurred. For the years ended December 31, 2021, 2020 and 2019, the contributions made to the plans total $74, $57 and $68, respectively.

The principal assumptions used in the actuarial valuations are as follows:

	2021	2020	2019
Mexico:			
Discount rate	**8.30%**	7.68%	7.57%
Salary increase rate	**4.50%**	4.50%	4.50%
Inflation rate	**3.50%**	4.00%	3.50%
Expected average weighted return	**7.68%**	7.57%	10.14%
USA:			
Discount rate	**2.73%**	2.30%	3.15%
Salary increase rate	**3.25%**	3.25%	3.25%
Inflation rate	**2.25%**	2.25%	2.50%
Expected average weighted return	**2.30%**	3.15%	4.20%
Canada:			
Discount rate	**2.90%**	2.50%	3.10%
Salary increase rate	**3.00%**	3.00%	3.00%
Inflation rate	**2.00%**	2.00%	2.00%
Expected average weighted return	**2.50%**	3.10%	3.90%

The assumptions related to the mortality rates used in the actuarial valuations are as follows:

	2021	2020	2019
Mexico:			
Mortality table	**EMSSA 2009**	EMSSA 2009	EMSSA 2009
USA:			
Mortality table	**MP-2021**	MP-2021	MP-2020
Canada:			
Mortality table	**CPM2014Priv**	CPM2014Priv	CPM2014Priv

Based on the aforementioned assumptions, the retirement and post-retirement benefits to be paid in the following years are as follows:

	Mexico	**USA**	**Canada**
2022	$ 420	$ 1,145	$ 303
2023	454	1,177	305
2024	516	1,203	306
2025	574	1,231	306
2026	621	1,241	306
2027 to 2031	2,669	5,792	1,525
	$ 5,254	$ 11,789	$ 3,051

An analysis of the amounts recognized in profit or loss and other comprehensive income with respect to defined benefit plans is as follows:

		2021		2020		2019
Amounts recognized in profit or loss:						
Current year service cost	$	**1,128**	$	991	$	717
Gain on plan settlements		**-**		(631)		-
Interest cost		**1,745**		1,851		1,618
Return on plan assets		**(1,324)**		(1,316)		(1,282)
		1,549		895		1,053
Actuarial (loss)/gain on defined benefits recognized in other comprehensive income:						
Mexico, USA and Canada:						
Experience adjustments to plan obligations		**911**		1,252		164
Effect of changes in demographic assumptions		**87**		(442)		(114)
Effect of changes in financial assumptions		**(3,534)** [1]		2,705 [2]		7,659
Actuarial (gain)/loss on estimate of plan assets [3]		**810**		(2,926)		(2,987)
EAA and Latin America		**183**		(227)		(7)
		(1,543)		362		4,715
	$	**6**	$	1,257	$	5,768

(1) Effects of a decrease in the discount rate in Mexico, the United States of America and Canada in 2021.

(2) The decrease against the previous year is due to the fact that the discount rate did not have significant changes, unlike the behavior of said rate in 2019, which presented a decrease of 2.57% compared to the 2018 discount rate.

(3) Effects of the decrease in the real rate of return, mainly in Mexico and the United States of America, in 2021

Of the current year service cost, $957, $808 and $567 were included in 2021, 2020 and 2019, respectively, in the consolidated statement of profit or loss as part of cost of sales and the remainder as part of general expenses. Interest costs and the expected return on plan assets are recognized as part of comprehensive finance cost.

An analysis of the amount recognized in the consolidated statement of financial position in respect of the Company's obligation regarding its defined benefits plans as of December 31, is as follows:

		2021		2020		2019
Present value of defined benefit obligation	$	**41,401**	$	42,386	$	37,840
Less - fair value of plan assets		**36,823**		34,790		29,254
		4,578		7,596		8,586
Plus - Retirement benefits for Latin America and EAA		**545**		479		330
Less - Current portion of retirement benefits recognized in accrued liabilities		**(156)**		(164)		(143)
Present value of unfunded defined benefits	$	**4,967**	$	7,911	$	8,773

An analysis of changes in the present value of the defined benefit obligation is as follows:

	2021	2020	2019
Present value of defined benefit obligation as of January 1st	$ 42,386	$ 37,839	$ 30,378
Current year service cost	1,128	991	717
Interest cost	1,745	1,851	1,618
Gains on plan settlements	-	(631)	-
Experience adjustments to plan obligations	911	1,252	164
Effect of changes in demographic assumptions	87	(442)	(114)
Effect of changes in financial assumptions (1)	(3,534)	2,705	7,659
Liabilities assumed in business combinations	-	1	
Translation effect	963	1,372	(756)
Benefits paid	(2,285)	(2,552)	(1,827)
Present value of defined benefit obligation as of December 31	$ 41,401	$ 42,386	$ 37,839

An analysis of changes in the fair value of plan assets is as follows:

	2021	2020	2019
Fair value of plan assets as of January 1st	$ 34,790	$ 29,253	$ 25,394
Return on plan assets	1,324	1,316	1,282
Actuarial (gain)/loss on estimate of plan assets (1)	(810)	2,926	2,987
Employer contributions	2,064	1,483	1,345
Translation effect	882	1,194	(681)
Benefits paid	(1,427)	(1,382)	(1,074)
Fair value of plan assets as of December 31	$ 36,823	$ 34,790	$ 29,253

Categories of plan assets:

	Fair value of plan assets		
	2021	2020	2019
Equity instruments	$ 7,247	$ 8,976	$ 6,875
Debt instruments	25,471	23,136	20,225
Other	4,105	2,678	2,153
	$ 36,823	$ 34,790	$ 29,253

The fair value of the equity and debt instruments shown above is measured based on market prices quoted in active markets.

The Company's technical committee, as well as the trust committees, are responsible for defining and monitoring the Company's investment strategy and policies on a quarterly basis in order to optimize the risk/return in the long-term.

Sensitivity analysis:

The significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate and the expected salary increase rate. The sensitivity analyses described below consider reasonable potential changes in the respective assumptions at the end of the reporting period, with all other assumptions remaining constant.

A sensitivity analysis considering a variance of 50 basis points in the assumptions as of December 31, 2021 is as follows:

	Mexico	USA	Canada
Discount rate increase	$ (1,275)	$ (1,221)	$ (332)
Discount rate decrease	1,455	1,347	393
Salary rate increase	(639)	(440)	(33)
Salary rate decrease	686	380	40

In the sensitivity analysis described above, the present value of the defined benefit obligation is calculated using the projected unit credit method at the end of the reporting period, which is the same method applied to calculate the liability for the defined benefit obligation recognized in the consolidated statement of financial position.

There were no changes in the methods or assumptions considered in the sensitivity analyses of prior years.

Duration of the defined benefit obligation

An analysis is as follows:

	Duration in years		
	2021	2020	2019
Mexico:			
Average duration	**20.20**	20.20	21.20
Active members	**26.50**	26.34	27.29
Retired members	**8.30**	9.42	9.56
USA:			
Average duration	**12.16**	12.83	12.27
Active members	**13.83**	14.48	13.89
Retired members	**9.46**	9.92	9.39
Deferred members	**12.94**	13.69	12.44
Canada:			
Average duration	**12.80**	13.40	13.10
Active members	**16.80**	17.30	16.80
Retired members	**9.30**	9.60	9.20
Deferred members	**18.40**	19.00	17.50

An analysis of the experience adjustments and other items is as follows:

	2021	2020	2019
Present value of defined benefit obligation	$ 41,401	$ 42,386	$ 37,839
Less - Fair value of plan assets	36,823	34,790	29,253
	$ 4,578		
Unfunded defined benefit obligation	$ 911	$ 7,596	$ 8,586
Experience adjustments to plan obligations and actuarial loss	$ (810)	$ 1,252	$ 164
Experience adjustments to plan assets	$ 41,401	$ 2,926	$ 2,987

The Company expects to make a contribution of $1,441 to the retirement and post-retirement benefit plans in 2022.

Multi-Employer Pension Plans (MEPP)

The Company participates in defined benefit MEPPs through its subsidiary BBU, that are administered and controlled by an independent board of trustees that generally consists of an equal number of union and employer representatives. BBU's responsibility to contribute to these plans is established pursuant to its collective agreements that cover its union-represented employees. These plans generally provide for retirement benefits for eligible employees with the applicable bargaining units, based on specific eligibility and participation requirements, vesting periods and benefit formulas.

Assets contributed to a MEPP by one employer may be used to provide benefits to employees of other participating employers. In the event other employers withdraw from a MEPP in which BBU participates, without satisfying their entire withdrawal liability, the amount of the unsatisfied withdrawal liability would be allocated to the remaining active employers.

Generally, allocation of withdrawal liability is related to BBU's contributions to the plan in relation to other employers' contributions to the plan and is subject to the collective bargaining process as well as approval from the Pension Benefit Guarantee Corporation.

If any of the MEPPs in which BBU participates enters critical status and its contributions are not sufficient to satisfy any rehabilitation plan funding schedule, the BBU could be required to make additional surcharge contributions to the MEPP based on a percentage of existing contributions required under the Company's labor agreement.

Unless the Company determines that it is probable that it will exit the MEPP, this type of plan is measured as a defined contribution plan, since the Company does not have sufficient information to perform the related calculations due to the collective nature of the plans and the Company's limited participation in the management of the plans. For the years ended December 31, 2021, 2020 and 2019, the contributions made to the MEPPs total $2,556, $2,592 and $2,705, respectively. The Company expects to contribute of $2,464 to the plan in 2022.

Liabilities recognized related to MEPPs are updated annually due to changes in wages, seniority and the combination of employees within the plan and are recorded in profit or loss for the year, in addition to amounts that are contributed regularly to different MEPPs.

If other employers exit the MEPP without satisfying the related obligations, the unpaid amount is distributed to the other active employers. Generally, the distribution of the liability resulting from the exit of the plan is based on the proportion of the Company's contributions to the plan compared to the contributions made by the other employers in the plan.

When it is probable that the Company will exit a MEPP, a provision is recognized for the present value of the estimated future cash outflows, discounted at the current rate (Note 19).

The movements of the MEPPs liability during the years ended December 31 were as follows:

	2021	2020	2019
Balance as of January 1st	$ 20,343	$ 17,319	$ 16,217
Remeasurement – (Note 22)	(2,005)	1,639	1,408
Financial cost – (Not3 23)	230	390	424
Effect of foreign exchange differences	659	995	(730)
Balance as of December 31	$ 19,227	$ 20,343	$ 17,319

In March 2021, the American Rescue Plan Act of 2021 ("ARPA)" was approved and signed into law by the United States federal government including a provision for special financial assistance for certain underfunded MEPPs. Based upon regulations issued in July 2021, it is expected that the underfunded MEPPs will be eligible to apply for financial assistance in 2022 and 2023. The approval timeline is uncertain, if approved, such funding could reduce BBU's contributions to underfunded MEPPs in the future, including withdrawal liabilities recognized by the Company on a provisional basis. The Company's management will continue to monitor and evaluate the potential impact of such application and potential approvals in the consolidated financial statements.

Social welfare benefit plan in USA

The Company has a social welfare post-retirement benefit plan that qualifies as a defined contribution plan. The amounts corresponding to this obligation are recognized in profit or loss as incurred. These obligations are classified as current or long-term welfare benefit plans and the amounts are recognized in the consolidated statement of financial position. These liabilities are classified as short-term and long-term and their amounts included in the statement of financial position are:

	2021	2020	2019
Social welfare:			
Short-term [a]	$ 1,511	$ 448	$ 413
Long-term	4,012	3,754	3,184
	$ 5,523	$ 4,202	$ 3,597

[a] Included in other accounts payable and accrued liabilities.

19. Other non-current liabilities

The other non-current liabilities as of December 31, are as follows:

	2021	2020	2019
Provisions	$ 5,793	$ 4,919	$ 4,386
Liabilities for exits from multi-employer plans	2,370	2,575	2,384
Deferred compensation	1,206	629	836
Virtual power purchase agreement	-	213	-
Other	453	662	435
	$ 9,822	$ 8,998	$ 8,041

In the other non-current liabilities caption, the Company has recognized provisions for lawsuits of different nature that arise in the normal course of its operations. The liabilities related to tax uncertainties were also recognized under the same caption. Based on this assessment, the Company has recognized the following amounts:

Type	2021	2020	2019
Tax	$ 1,191	$ 1,040	$ 1,000
Labor	711	873	789
Civil	110	111	254
Other	1	1	2
Uncertain tax positions	3,780	2,894	2,341
Total	$ 5,793	$ 4,919	$ 4,386

The movements in the Company's provisions and liabilities related to uncertain tax positions as of December 31, are as follows:

	2021	2020	2019
Balance as of January 1st	$ 4,919	$ 4,386	$ 3,639
Net increases	1,107	1,086	1,464
Payments	(177)	(337)	(554)
Effect of foreign exchange differences	(56)	(216)	(163)
Balance as of December 31	$ 5,793	$ 4,919	$ 4,386

As of December 31, 2021, the cumulative amount corresponding to tax, civil and labor lawsuits deemed as less than probable, but more than remote by the Company's internal attorneys is $408. However, the Company considers that such lawsuits will not have a material effect on its consolidated financial position or operating results.

Brazil:

As a result of the purchase of property, plant and equipment and intangible assets in Brazil in connection with the Firenze brand in 2008, the Company was subject to tax liens as the presumed successor to companies that participate in these actions. On January 7, 2021, the Company signed an agreement with the corresponding authorities related to the above process, which implies payments during 7 years following the signing of said agreement with the option to settle in advance at any time. As a consequence of the above, as of December 31, 2021, $15 is presented in other accounts payable, as well as $284 in other long-term liabilities.

In addition, the Company has secured its labor and civil lawsuits with security deposits totaling $226, which are presented as part of other non-current assets.

Canada:

The Competition Bureau of Canada in 2017 started an investigation into alleged collusion between various participants of the baked goods industry, including Canada Bread, although to date no formal accusations have been charged against the Company. The Company is cooperating with the Canadian authorities in this process. In addition, Grupo Bimbo and Canada Bread have been required in twelve class actions in connection with such investigation. Given the status of this legal process as of December 31, 2021, the Company has not recognized a provision related to this matter.

20. Equity

An analysis of the Company's equity as of December 31, 2021, 2020 and 2019 is as follows:

	2021		2020		2019	
	No. of shares	**Amount**	No. of shares	Amount	No. of shares	Amount
Fixed share capital:						
Series A	**4,516,329,661**	**$ 4,059**	4,533,758,587	$ 4,074	4,703,200,000	$ 4,227
Treasury shares	**(41,260,670)**	**(38)**	(13,419,417)	(13)	(77,195,600)	(71)
Total	**4,475,068,991**	**$ 4,021**	4,520,339,170	$ 4,061	4,626,004,400	$ 4,156

The Company's share capital has been fully subscribed and paid in. The Company's fixed share capital is represented by series "A" shares. The variable portion of the Company's share capital cannot exceed ten times the amount of minimum fixed share capital without right of withdrawal and must be represented by common registered series "B" shares with no par value and/or shares with limited voting rights and no par value of the series to be named when they are issued. Shares with limited voting rights cannot represent more than 25% of the Company's share capital.

i) At a regular shareholders' meeting held on April 30, 2021, the shareholders declared dividends of $4,502 ($1 per share), which were paid out of the Net taxed profits account (CUFIN, by its acronym in Spanish) in cash on May 7, 2021.

ii) At a regular shareholders' meeting held on April 30, 2021, the shareholders approved the cancellation of 17,428,926 Series "A" shares held in Treasury, resulting in a share capital and treasury shares reduction of $15.

iii) At an extraordinary shareholders' meeting held on October 19, 2020, the shareholders approved the cancellation of 169,441,413 Series "A" shares held in Treasury, resulting in a share capital and treasury shares reduction of $153.

iv) At a regular shareholders' meeting held on April 29, 2020, the shareholders declared dividends of $2,286, ($0.50 per share), which were paid out of the Net taxed profits account (CUFIN, by its acronym in Spanish) in cash on May 12, 2020.

v) At a regular shareholders' meeting held on April 29, 2019, the shareholders declared dividends of $2,103 ($0.45 per share), which were paid out of the CUFIN account in cash on May 13, 2019.

vi) Dividends paid to foreign individuals and corporations are subject to an additional 10% withholding tax. These tax withholdings are considered final income tax payments. Treaties to avoid double taxation may apply. The additional withholding tax is applicable to earnings generated since 2014.

vii) The Company's legal reserve is included in its retained earnings. In accordance with the Mexican Corporations Act, the Company is required to appropriate at least 5% of the net profit of each year to increase the legal reserve. This practice must be continued each year until the legal reserve reaches 20% of the value of the Company's share capital. The legal reserve may be capitalized but may not be distributed to the shareholders unless the Company is dissolved. Also, the legal reserve must be replenished if it is reduced for any reason. As of December 31, 2021, 2020 and 2019, the legal reserve is $500 (nominal amount).

viii) At regular shareholders' meetings held on April 29, 2020 and April 29, 2019, the shareholders agreed to increase the provision for repurchase of shares by $10,000 and $4,000, respectively (nominal amounts). The Company's provision for repurchase of shares is included in its retained earnings. The approved (nominal) amount of the provision is $15,200 and $5,200 as of December 31, 2020 and 2019, respectively. An analysis of movements in the provision is as follows:

	2021	2020	2019
Balance as of January 1st	**$ 8,838**	$ 2,483	$ 188
Increases	**-**	10,000	4,000
Repurchase of shares	**(1,861)**	(3,645)	(1,705)
Balance as of December 31,	**$ 6,977**	$ 8,838	$ 2,483

ix) Except for earnings distributed from the Restated contributed capital account (CUCA, by its acronym in Spanish) and the CUFIN account, dividends will be subject to the payment of corporate income tax at the statutory rate at that time. Income tax paid on dividends may be credited against income tax payable (annual or in prepayments) in the year of payment or either of the two immediately subsequent years.

x) As of December 31, the Company has the following tax balances:

	2021	2020	2019
Restated contributed capital account (CUCA)	**$ 31,760**	$ 30,834	$ 29,892
Net taxed profits account (CUFIN)	**87,424**	81,722	76,438

Other equity financial instrument

On April 17, 2018, Grupo Bimbo, S.A.B. de C.V. issued a perpetual subordinated bond of USD 500 million with no maturity date. The issuer has the option to redeem the bond in full, but not partially, five years after the date of issuance. The bond bears annual interest of 5.95%, which is payable semi-annually in arrears on January 17 and July 17. Such coupons are deferrable at the Company's discretion.

This bond is subordinated to the existing and future liabilities of the Company and its subsidiaries and the coupons for the periods accrued by this instrument must be paid prior to any distribution of dividends.

The amount of this equity instrument is recognized in equity.

The value of the equity instrument as of December 31, is as follows:

	2021	2020	2019
Perpetual subordinated bond - principal	**$ 9,044**	$ 9,044	$ 9,044
Issuance expenses	**(58)**	(58)	(58)
	8,986	8,986	8,986
Current income tax	**(124)**	1	(67)
Deferred income tax	**5**	9	12
Perpetual subordinated bond - principal	**$ 8,867**	$ 8,996	$ 8,931

As of December 31, 2021, 2020 and 2019, the Company made semi-annual coupon payments of $621, $648 and $595, respectively, and recognized an income tax effect of $(187), $(194) and $(178), respectively. Therefore, retained earnings decreased by $435, $454 and $417, respectively.

21. Costs and expenses based on their nature

An analysis of cost of sales and distribution, administrative, selling and other general expenses recognized in the consolidated statement of profit or loss for the years ended December 31 is as follows:

	2021	2020	2019
Cost of sales:			
Raw materials	**$ 106,199**	$ 97,891	$ 89,112
Salaries and benefits	**32,020**	31,053	27,758
Freight, fuel and maintenance	**12,583**	12,583	11,447
Depreciation	**7,109**	6,586	6,088
Professional and consulting services and c	**1,738**	1,492	1,433
Short-term and low value lease expense	**1,030**	1,014	1,182
Indirect taxes	**944**	956	806
Travel expenses	**91**	64	165
Other production expenses	**1,861**	969	193
	$ 163,575	$ 152,608	$ 138,184

	2021	2020	2019
Distribution, selling, administrative and other expenses:			
Salaries and benefits	**$ 70,123**	$ 66,521	$ 57,755
Freight, fuel and maintenance	**35,593**	37,036	32,411
Advertising and promotional expenses	**13,579**	12,559	11,004
Professional and consulting services	**13,803**	9,845	7,844
Depreciation and amortization	**9,266**	9,665	8,285
Logistics expenses	**3,993**	3,596	3,125
Remeasurement of multi-employer pension plans (MEPP)	**(2,247)**	2,494	1,762
Integration expenses	**724**	1,968	2,435
Indirect taxes	**1,562**	1,494	1,161
Restructuring expenses	**2,059**	1,143	724
Short-term and low value lease expense	**1,153**	1,003	959
Travel expenses	**1,179**	801	1,420
Other	**399**	4,910	4,438
	$ 151,186	$ 153,035	$ 133,323

22. Other expenses, net

An analysis of other expenses is as follows:

	2021	2020	2019
(Gain) on sale of property, plant and equipment	**$ (187)**	$ (117)	$ (28)
Impairment of goodwill	**324**	779	17
Impairment of trademarks and distribution rights	**63**	105	951
Restructuring expenses	**2,059**	1,143	724
Labor obligations	**19**	52	-
Usufruct amortization	**201**	220	220
Other non-current assets amortization	**106**	-	-
Remeasurement of multi-employer pension plans (MEPP) (Note 18)	**(2,005)**	1,639	1,408
Provision for updating other non-current liabilities	**(242)**	855	354
Other	**(138)**	497	367
	$ 200	$ 5,173	$ 4,013

23. Interest expense

	2021	2020	2019
Interest on debt	**$ 5,550**	$ 7,017	$ 6,181
Interest on lease liabilities	**1,255**	1,072	1,041
Net interest on pension plans	**421**	535	336
Interest for updating MEPPs	**230**	390	424
Other finance costs	**428**	410	579
	$ 7,884	$ 9,424	$ 8,561

24. Commitments

Guarantees and/or guarantors

1. Grupo Bimbo, S.A.B. de C.V. and some of its subsidiaries have issued letters of credit to guarantee certain ordinary obligations and contingent risks related to the labor obligations of some of its subsidiaries. As of December 31, 2021, 2020 and 2019, the value of such letters of credit is USD244, USD248 and USD286 million, respectively.

2. As of September 2019, the Company acts as guarantor in voluntary payment program in North America between the suppliers and Bank of America, under which the suppliers discount their invoices. As of December 31, 2021, 2020 and 2019, the balance of $2,237, $1,521 and $764, respectively, under this program is presented as part of trade payables.

3. The Company has created a trust that allows suppliers of its subsidiaries in Mexico to obtain financing through a factoring program operated by Nacional Financiera, S.N.C. (Nafinsa). As of December 31, 2021, 2020 and 2019, the liability payable to Nafinsa under this program totals $1,734, $1,152 and $908, respectively.

4. The Company entered into an energy self-supply contract which requires it to acquire certain amounts of renewable energy at a fixed price that will be updated based the National Consumer Price Index (NCPI). Although the contracts have the characteristics of a derivative financial instrument, they fall within the exception of "own-use"; therefore, they are recognized in the consolidated financial statements as the consumption of energy occurs. An analysis of the main characteristics of these contracts is as follows:

Country	Contracting date	Start date	Term	Energy commitments 2021
Mexico	12/02/2008	11/01/2012	18 years	326 MXN
Peru	08/05/2019	09/01/2019	3 years	0.15 USD
Argentina	09/05/2019	01/01/2020	15 years	1.8 USD
Chile	02/22/2020	04/01/2021	8 years	0.7 USD
Panama	12/22/2020	07/01/2021	5 years	0.32 USD
Colombia	12/22/2021	01/01/2022	8 years	1.2 USD
Brazil	12/03/2021	01/01/2022	3 years	2.1 USD

5. On March 30, 2018, the Company, through BBU, entered into a virtual wind energy supply agreement in the United States for a term of 12 years, which is recognized as a financial asset measured at fair value through profit or loss, net of the related deferred gain, which will accrue over the term of the agreement.

   As of December 31, 2021, 2020 and 2029, the net financial asset/(liability) of $336, $(213) and $47, respectively, is recognized as part of other non-current assets/(liabilities). In 2021, 2020 and 2019, the Company recognized $68 $71 and $27, respectively, under comprehensive financing cost corresponding to the amortization of the liability, and $(512), $345 and $(49), respectively, for changes in the fair value of assets/(liabilities).

6. On February 1st, 2021, the Company, through Canada Bread, entered into a virtual wind and solar energy supply agreement in Canada for a term of 15 years, which will be recognized as financial asset measured at fair value through profit and loss net of the effects of the associated deferred income and that will be accrued during the term of the contract. The start date of operation of this contract will be on January 1st, 2023.

25. Segment information

The information used by Company management for purposes of resource allocation and assessment of segment performance is focused on four geographical areas: Mexico, North America, Latin America and EAA.

The Company considers that the qualitative and quantitative aspects considered for grouping of operating segments described above have a similar nature for all of the periods presented and show a similar performance in the long-term. The key factors evaluated for the appropriate aggregation of the operating segments include but are not limited to: (i) similar customer base, (ii) |similar product nature, (iii) production and distribution process characteristics, (iv) similar governments, (v) inflation trends and (vi) monetary trends.

An analysis of the primary data by geographical area in which the Company operates for the years ended December 31 is as follows:

	2021					
	Mexico	North America	Latin America	EAA	Eliminated on consolidation	Total
Net sales	$ 118,661	$ 176,275	$ 31,376	$ 34,195	$ (11,620)	$ 348,887
Sales between segments	$ (11,156)	$ (336)	$ (25)	$ (103)	$ 11,620	$ -
Consolidated net sales	$ 107,505	$ 175,939	$ 31,351	$ 34,092	$ -	$ 348,887
Operating profit (*)	$ 18,373	$ 16,076	$ 345	$ 292	$ (960)	$ 34,126
Depreciation and amortization	$ 4,156	$ 8,472	$ 1,687	$ 2,060	$ -	$ 16,375
Impairment of non-current assets	$ 144	$ 57	$ 142	$ 351	$ -	$ 694
Other items not affecting cash flows	$ -	$ (2,247)	$ 19	$ 1	$ 210	$ (2,017)
Adjusted EBITDA (*) (**)	$ 22,673	$ 22,358	$ 2,193	$ 2,704	$ (750)	$ 49,178
Net profit - Equity holders of the parent	$ 16,546	$ 8,864	$ (1,227)	$ (729)	$ (7,538)	$ 15,916
Income tax	$ 5,641	$ 2,804	$ 377	$ 149	$ -	$ 8,971
Interest income	$ 836	$ 99	$ 56	$ 29	$ (647)	$ 373
Interest expense (***)	$ 6,313	$ 1,685	$ 436	$ 97	$ (647)	$ 7,884
Total assets	$ 78,386	$ 202,347	$ 30,121	$ 45,860	$ (19,074)	$ 337,640
Total liabilities	$ 111,439	$ 100,225	$ 13,191	$ 12,499	$ (1,320)	$ 236,034
Purchase of property, plant and equipment	$ 6,913	$ 8,550	$ 3,065	$ 2,143	$ -	$ 20,671

	2020					
	Mexico	North America	Latin America	EAA	Eliminated on consolidation	Total
Net sales	$ 104,593	$ 176,395	$ 29,081	$ 30,029	$ (9,047)	$ 331,051
Sales between segments	$ (8,711)	$ (247)	$ (24)	$ (65)	$ 9,047	$ -
Consolidated net sales	$ 95,882	$ 176,148	$ 29,057	$ 29,964	$ -	$ 331,051
Operating profit (*)	$ 14,976	$ 11,195	$ (402)	$ 168	$ (529)	$ 25,408
Depreciation and amortization	$ 3,819	$ 9,006	$ 1,554	$ 1,872	$ -	$ 16,251
Impairment of non-current assets	$ 598	$ (1)	$ 223	$ 255	$ -	$ 1,075
Other items not affecting cash flows	$ (228)	$ 2,494	$ 53	$ -	$ 140	$ 2,459
Adjusted EBITDA (*) (**)	$ 19,165	$ 22,694	$ 1,428	$ 2,295	$ (389)	$ 45,193
Net profit - Equity holders of the parent	$ 9,211	$ 4,039	$ (2,132)	$ (498)	$ (1,509)	$ 9,111
Income tax	$ 4,874	$ 974	$ 237	$ 107	$ -	$ 6,192
Interest income	$ 652	$ 83	$ 59	$ 76	$ (483)	$ 387
Interest expense (***)	$ 6,838	$ 2,268	$ 715	$ 86	$ (483)	$ 9,424
Total assets	$ 72,528	$ 186,298	$ 24,586	$ 42,089	$ (17,850)	$ 307,651
Total liabilities	$ 115,668	$ 81,790	$ 11,764	$ 11,447	$ (1,029)	$ 219,640
Purchase of property, plant and equipment	$ 3,738	$ 5,416	$ 1,448	$ 2,616	$ -	$ 13,218

	2019					
	Mexico	North America	Latin America	EAA	Eliminated on consolidation	Total
Net sales	$ 102,688	$ 144,005	$ 27,144	$ 26,655	$ (8,566)	$ 291,926
Sales between segments	$ (7,746)	$ (651)	$ (19)	$ (150)	$ 8,566	$ -
Consolidated net sales	$ 94,942	$ 143,354	$ 27,125	$ 26,505	$ -	$ 291,926
Operating profit (*)	$ 15,966	$ 6,094	$ (1,337)	$ 136	$ (440)	$ 20,419
Depreciation and amortization	$ 3,622	$ 7,679	$ 1,569	$ 1,503	$ -	$ 14,373
Impairment of non-current assets	$ 248	$ 683	$ 359	$ 28	$ -	$ 1,318
Other items not affecting cash flows	$ 3	$ 1,760	$ 1	$ 1	$ (1)	$ 1,764
Adjusted EBITDA (*) (**)	$ 19,839	$ 16,216	$ 592	$ 1,668	$ (441)	$ 37,874
Net profit - Equity holders of the parent	$ 6,780	$ 501	$ (3,048)	$ (914)	$ 3,000	$ 6,319
Income tax	$ 4,172	$ 29	$ 208	$ 324	$ -	$ 4,733
Interest income	$ 685	$ 125	$ 179	$ 47	$ (476)	$ 560
Interest expense (***)	$ 6,503	$ 1,884	$ 567	$ 83	$ (476)	$ 8,561
Total assets	$ 68,556	$ 153,634	$ 23,494	$ 35,072	$ (1,675)	$ 279,081
Total liabilities	$ 115,749	$ 64,830	$ 10,993	$ 10,107	$ (909)	$ 200,770
Purchase of property, plant and equipment	$ 5,006	$ 4,641	$ 1,163	$ 2,307	$ -	$ 13,117

(*) Does not include intercompany royalties.
(**) The Company determines the Adjusted EBITDA as operating profit plus depreciation, amortization, impairment and other non-cash items, mainly the adjustments for valuation of MEPPs. Adjusted EBITDA differs from Conformed EBITDA mentioned in Note 13.
(***) Includes monetary position gains and losses.

For the years ended December 31, 2021, 2020 and 2019, sales to the Company's largest customer represent 14.50%, 14.32% and 13.50%, respectively, of the consolidated net sales of the Company, which correspond mainly to the Mexico, USA and Canada regions. There are no other customers whose sales exceed 10% of the Company's total consolidated sales.

26. Subsequent Events

International bond payment

On January 25, 2022, the Company paid USD198 million of the 144A international bond due on the same date. The payment was financed through the multi-currency revolving line.

Conflict between Russia and Ukraine

On February 21, 2022, Russia and Ukraine ceased its diplomatic relationship and a military conflict between the two countries began. In response to the conflict, some Western countries began to implement sanctions against Russia, including sanctions against financial institutions, people involved in the invasion of Ukraine, airspace restrictions, and other government sanctions such as the prohibition of sale, supply, transfer or export of certain goods and technology. In addition, the measures and reactions that Russia could have in the face of the sanctions that were imposed on it are uncertain.

At this time, it is not possible to predict the magnitude of the economic, political and social consequences that will result from the conflict, considering that the Company has a presence in Ukraine and Russia. Due to the current international situation, and in line with the Company's values, on February 23, 2022 the Company reported the temporary suspension of operations at the Ukraine plant and on March 14, 2022 the suspension of sales under the Bimbo brand, as well as of new capital and marketing investments in Russia.

Although the Company considers that both actions will not have a material impact on its business, it will continue to monitor and evaluate the situation as circumstances evolve, since external factors over which the Company has no control, such as political, economic or social developments arising from the conflict, could have an adverse negative effect on the global market or on the business, financial condition, results of operations and perspectives of the Company.

27. Authorization of the Consolidated Financial Statements

On March 23, 2022, the accompanying consolidated financial statements were authorized by the Company's Chief Executive Officer, Daniel Servitje Montull, and the Board of Directors. Consequently, these consolidated financial statements do not reflect the facts and circumstances that occurred after that date and are subject to the approval of the shareholders, who have the authority to modify these consolidated financial statements in accordance with the Mexican Corporations Act.

Mexico City, April 4th, 2022

To the Board of Directors of
Grupo bimbo, S.A.B. de C.V.

Dear members of the Board of Directors,

In conformity with the provisions of the Stock Market Act, the Company's bylaws and the Regulations of the Audit and Corporate Practices Committee of Grupo Bimbo, S. A. B. de C. V. ("The Group", "The Company", "The society"), I hereby submit to you the report of the activities carried out by the Audit and Corporate Practices Committee ("the Committee") for the year ending December 31, 2021. During the course of our workings we were mindful of the recommendations set forth in the Code of Best Corporate Practices.

Based on the previously approved work program, the Committee met seven times during the year, and we discussed the topics we are legally required to address, and carried out the activities described below:

INTERNAL CONTROL

With the assistance of both Internal and External Auditors, we verified that management had established general guidelines for internal control, as well as the necessary procedures for their application and enforcement. In addition, we followed up on the observations made by both auditing bodies in the performance of their duties.

The members of Management responsible for such matters presented the action plans corresponding to the observations resulting from the internal audit, so our contact with them was frequent and their responses satisfactory.

The Committee learned about the functions of the Global Internal Control and Risk Management Department during the year, specifically the Control Self-Assessment (CSA) within the organizations, and in most of the operational processes, the results of such self-assessments, reliability levels, as well as the follow-up of action plans.

The project for monitoring regulatory compliance at plants and work centers and the implementation of the Microfocus system for identity and access management were presented, and it was recommended that the internal control structures of the organizations be strengthened.

CODE OF ETHICS

With the support of the Internal Audit Department and other areas of the Company, we verified compliance by the associates of the Company with the Group's current Code of Ethics.

We learned of the results and central issues identified in maintaining a hotline for The Group associates, and management informed us of the actions taken in those cases.

EXTERNAL AUDIT

We were in constant contact with the representative of the EY firm to follow up on the relevant issues and know the activities carried out during the year, along with the Company's management. The audit of the consolidated financial statements as of December 31, 2021 has been completed and the result was satisfactory.

We approved the contract and fees for these auditing services for the years 2021 and 2022, including additional fees for the growth of the Group and other permitted services. We ensured that these payments did not compromise the independence of that firm.

The external auditors presented their approach, work program and areas of interaction with Grupo Bimbo's Internal Audit department; the Committee approved this presentation.

An inquiry was made by the external auditors, to this Committee, about the knowledge of relevant fraud, complaints to financial information, concerns about related party transactions and/or knowledge of possible violations of laws or regulations, to which, the Committee responded to the external auditors that they had no knowledge of the above stated.

We maintained direct and close communication with the external auditors, and they informed us on a quarterly basis of the progress of their work and any observations they had; we took note of their comments on the quarterly and annual financial statements. We were promptly informed of their conclusions and reports on the annual financial statements.

We reviewed the content in a timely manner of the Prior Notice to the issuance of the External Audit Report (or Independent Auditor's Report) made in accordance with the International Auditing Standards on the consolidated financial statements of the Company as of December 31, 2021 and for the year ended on that date, which have been prepared in accordance with International Financial Reporting Standards (hereinafter IFRS), issued by the Independent External Auditor of the Company and legal representative of Mancera, S.C. (or EY Mexico), in order to comply with the provisions of Article 35 of the General Provisions Applicable to Supervised Entities and Issuers by the National Banking and Stock Commission that Contract External Audit Services of Basic Financial Statements (hereinafter Provisions, Sole Circular of External Auditors or CUAE).

In addition, we conducted an evaluation of the services of the external auditing firm for the year 2021 and were promptly informed of the preliminary financial statements.

INTERNAL AUDIT

The audit plan for the year 2022 was approved, consisting of a total of 444 audits in 29 different countries. The auditable universe was reviewed in detail, including legal entities, factories, sales centers, systems, and projects, among others, and the analysis of business risks that will be covered by the audits. In addition, the annual budget of the internal audit department was approved, as well as the agenda and schedule of meetings of this Committee for 2022.

At each of the meetings of this Committee, we received and approved the periodical reports on the progress of the approved work program. We followed up on the observations and suggestions made by Internal Audit and ensured that management resolved the internal control deviations indicated; therefore, we consider that the status of this system is reasonably correct.

We authorized an annual training plan for personnel of the area and verified its effectiveness. A number of specialized professional firms participated actively in that plan to maintain the members with updated information on the appropriate topics.

The Committee authorized the Internal Audit Department to renew the services of the firm Baker Tilly for internal audit work in finance and information technology for the operations of Bimbo QSR and the firm PwC for co-sourcing in India. The use of external audit firms was also authorized for general information technology controls assurance projects.

In compliance with the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors, The Committee approved the update of Grupo Bimbo´s Internal Audit Charter, the Internal Audit VP confirmed to the Committee the independence of the internal audit activity, the risks assumed by the operation, the conflicts that currently occur with the auditors and the mitigation plan for these conflicts were presented.

SECURITY

The Global VP of Security and Assets reported on the main security events during the year. Special attention was given to the increase in criminal events, as well as assaults on delivery vehicles. There has been an increase in the number of working groups with the authorities in the area of transportation theft, training for associates, and the penalization of omissions and investigations with the prosecutor's offices.

INFORMATION TECHNOLOGY

The Global CIO presented the progress of the company's cybersecurity strategy, as well as the identification of relevant risks, in addition to access and identity management and personal data security, third party risks, data structure, and especially the privacy and data protection awareness campaign for all Grupo Bimbo associates and followed up on the implementation of Oracle in the cloud in the different organizations of the group.

FINANCIAL INFORMATION AND ACCOUNTING POLICIES

In collaboration with the parties responsible for the preparation of the company's quarterly and annual financial statements, we reviewed them, recommended their approval to the Board of Directors, and granted the authorization to publish them. To carry out this process we considered the opinion and observations issued by the external auditors.

The Committee approved, at the request of the Global Controller's Office, the company's accounting policies for the year 2021, which are unchanged with respect to 2020.

With the support of the internal and external auditors and in order to express an opinion on the financial statements, we ensured that the criteria, accounting policies and information used by Management to prepare the financial information were appropriate and sufficient and had been applied consistently with the previous year, considering the changes applicable both in the year and for the previous year, related to IFRS. Consequently, the information presented by Management fairly reflects the Company's financial position, results of operations, changes in stockholders' equity and cash flows.

COMPLIANCE WITH REGULATORY STANDARDS AND APPLICABLE LAW CONTINGENCIES

We ensured the existence and reliability of the internal controls established by the company to fully comply with the different legal provisions to which it is subject, making sure that they were adequately disclosed in the financial information. All of the above with the support of the internal and external auditors.

At the end of each quarter, we reviewed the different tax, legal and labor contingencies existing in the company and we made sure that the procedure established to identify them was integral and consistently followed, so that Management had the elements for their timely and adequate follow-up. We reviewed the status and progress of the activities related to the cases that continue to be faced in Canada, Brazil and Portugal based on the information generated, the opinion of the law firms handling the cases in those countries and the progress of the investigations carried out by the local authorities.

The PwC firm presented the annual evaluation of its transfer pricing work. They commented on the activities that have generated a positive evaluation, as well as the areas for improvement, related to information flows and delivery times. The Committee acknowledged and was satisfied with the evaluation and progress in the relationship.

The Global Insurance Department presented the progress of the relevant topics such as Natural Risks Insurance, Fire Risk, Personal Insurance, COVID Protection Insurance, an overview of recent claims in Argentina and follow-up to the 2019 Vachon incident, as well as a current outlook of the global insurance market. Additionally, the finalization of the GB Insurance Captive project was discussed. Finally, the review of limits to cybersecurity, Crime, D&O, and property insurance was mentioned.

The Corporate Management Department presented the progress of acquired businesses in the process of integration, as well as the identified risks associated with these acquisitions. The Committee acknowledged the work that has been done in recent years to strengthen and professionalize these processes.

The Global Department of Institutional Relations informed the Committee about the new transformation strategy from Línea Comenta to 'COMENTA', which includes a change of image, digital iconography, new communication channels and new messages. The Committee was informed about the number and types of cases reported, the levels of attention and the inclusion of potential fraud cases in the category of breaches of integrity to align it with the fraud risk management model.

The Global Procurement Department presented its report on the performance of the main raw materials for the year 2021. The inflationary trend is present in almost all geographies, along with an increase in demand which has stressed the global supply chain. An acceleration of the post-COVID economy is forecasted for the coming months. The strategy has focused on adequate hedging of purchase positions, particularly for wheat positions, due to potential future price volatility.

The Global Food Safety and Quality Department commented on the integration process of the new global strategy, the overview of this new function, as well as the strategy designed for an independent Food Safety and Quality operating model. The new dynamic audit model from the new function complemented with increased plant coverage by the Global Internal Audit Department was presented. The new Global VP of Food Safety and Quality will report directly to general management and will work with the VPs of each organization.

COMPLIANCE OF OTHER OBLIGATIONS

We held the meetings with the directors and officers of the Administration that we considered necessary to keep us informed of the progress of the Society and the relevant and unusual activities and events.

We were informed of the significant matters that could imply possible non-compliance with the operating policies, internal control system and accounting record policies, and we were informed of the corrective measures taken in each of them and found them satisfactory.

We did not deem it necessary to request the support and opinion of independent experts, since the matters discussed in each session were duly supported by the related information and therefore the conclusions, we reached were satisfactory for the Board members of the Committee.

RELATED PARTY TRANSACTIONS

We reviewed and recommended to the Board for its approval, each and every one of the operations with related parties that require approval by the Board of Directors for the 2021 fiscal year, as well as the recurring operations that are projected to be carried out during the 2022 fiscal year and that require approval by the Board of Directors.

MANAGEMENT EVALUATION

We reviewed and recommended to the Board for its approval, the evaluation of the management and compensation of the Chief Executive Officer, as well as the members of the Executive Committee for the 2021 fiscal year, previously reviewed and recommended by the Evaluation and Performance Committee.

In my capacity as Chairman of the Audit and Corporate Practices Committee, I reported to the Board of Directors the activities that we developed collegially within the Committee.

The work that we conducted was duly documented in minutes prepared for each meeting, which were reviewed and approved in a timely manner by the Committee members.

Sincerely,

E. Vallejo

Edmundo Vallejo Venegas
Chairman of the Audit and Corporate Practices Committee
Grupo Bimbo, S. A. B. de C. V.

Mexico City, April 18, 2021

To the Board of Directors of
Grupo bimbo, S.A.B. de C.V.

Dear members of the Board of Directors,

In conformity with the provisions of the Securities Market Act, the corporate charter of this Company and the Regulations of the Audit and Corporate Practices Committee of Grupo Bimbo, S.A.B. de C.V. {the "Group" or the "Company"), I hereby present to you the report of the activities carried out by the Audit and Corporate Practices Committee {the "Committee") during the year ended December 31, 2020. In carrying out our work, we abided by the recommendations established in the Code of Best Corporate Practices.

Based on the previously approved work plan, the Committee met seven times during the year, in which it discussed the issues it is legally obligated to consider and carried out the activities described below:

INTERNAL CONTROLS

With the assistance of both Internal and External Auditors, we verified that management had established general guidelines for internal control, as well as the necessary procedures for their application and enforcement. In addition, we followed up on the remarks and observations made by the external and internal auditors in performance of their duties.

The members of Management responsible for such matters presented the plans of action corresponding to the observations resulting from the internal audit, so our contact with them was frequent and their responses satisfactory.

The Committee learned about the functions of the Global Internal Control and Risk Management Department during the year, specifically the Control Self-Assessment (CSA) activities, with positive progress and results in terms of the coverage achieved, the progress of the projects at global level, and its coverage of different areas and organizations.

The Committee learned about the global analysis of Cybersecurity risk under the remote work modality. A tool for the Identity Access Management (IAM) project and the consultants for its implementation for 2021 were selected. Also, the issued corporate policies, the company's segregation of duties conflict resolution, and the external auditor's recommendations to compliance for the improvement of the control environment were followed.

Also, we learned through the Global Controllership Department of the project that is being carried out, jointly with Deloitte, to establish a financial information control model according to the Sarbanes-Oxley Act (SOX), a model that is voluntarily implemented by Management, for the comprehensive improvement of the company's controls.

CODE OF ETHICS

With the support of the Internal Audit Department and other areas of the Company, we verified compliance by the associates of the Company with the Group's current Code of Ethics.

We learned of the results and central issues identified in maintaining a hotline for Group associates, and management informed us of the actions taken in those cases.

EXTERNAL AUDIT

We were in constant contact with the representative of the EY firm to follow up on the relevant issues and know the activities carried out during the year, along with the Company's management. The audit of the consolidated financial statements as of December 31, 2020 has been completed and the opinion was clean.

We approved the fee for these auditing services for 2020 and 2021, including additional fees to account for the growth of the Group and other permitted services. We ensured that these payments did not compromise the independence of that firm.

The external auditors presented their approach and work program and areas of interaction with Grupo Bimbo's Internal Audit department; the Committee approved this presentation.

An inquiry was made by the external auditors, to this Committee, about the knowledge of relevant fraud, complaints to financial information, concern about related party transactions and/or knowledge of possible violations of laws or regulations, to which, the Committee gave a negative answer to these questions.

We maintained direct and close communication with the external auditors, and they informed us on a quarterly basis of the progress of their work and any observations they had; we took note of their comments on the quarterly and annual financial statements. We were promptly informed of their conclusions and reports on the annual financial statements.

We reviewed the content in a timely manner of the Prior Notice to the issuance of the External Audit Report (or Independent Auditor's Report) made in accordance with the International Auditing Standards on the consolidated financial statements of the Company as of December 31, 2020 and for the year ended on that date, which have been prepared in accordance with International Financial Reporting Standards (hereinafter IFRS), issued by the Independent External Auditor of the Company and legal representative of Mancera, SC (or EY Mexico), in order to comply with the provisions of Article 35 of the General Provisions Applicable to Supervised Entities and Issuers by the National Banking and Securities Commission that Contract External Audit Services of Basic Financial Statements (hereinafter Provisions, Sole Circular of External Auditors or CUAE).

In addition, we conducted an evaluation of the services of the external auditing firm for the year 2020 and were promptly informed of the preliminary financial statements.

INTERNAL AUDIT

We reviewed and approved the department's budget, as well as the audit plan for 2021, corresponding to a total of 428 audits in 28 different countries. The auditable universe between legal entities, bakeries, sales centers, systems and projects, among others, was reviewed in detail. Likewise, the annual budget for internal audit department and the agenda and schedule of sessions of this Committee for 2021 were approved.

In each of this Committee's meetings, we received and approved regular reports on the progress of the approved work plan. Specifically, Audit plan changes related to the execution as a result of the pandemic, to virtual, remote models, and with the intensive use of technology, the data analysis through the execution of Audits under the Agile framework. The changes to the plan included the analysis of the Business Continuity Plans of all Bimbo organizations, as a result of the Pandemic.

We followed up on the comments and suggestions made by the Internal Audit Department and verified that Management resolved any deviations from the established internal controls, and we therefore consider the status of that system to be reasonably correct.

We authorized an annual training plan for personnel of the area and verified its effectiveness. A number of specialized professional firms participated actively in that plan to maintain the members with updated information on the appropriate topics.

The Committee authorized the Internal Audit Department to use the services of the firm Baker Tilly for internal audit work on Finance and Information Technologies, for the operations of Bimbo QSR in South Africa and China, and of PwC for a Co-sourcing in India with a maximum of 5 auditors.

The project to develop a Fraud Risk Management scheme for Grupo Bimbo was submitted to this committee for consideration and approval. The governance model was proposed, with oversight by the Audit Committee, the execution by the Internal Audit VP, and the Governance through a Committee composed of Internal Control Security, Compliance, People, Controllership, and Internal Audit Department. The model is comprised of 5 elements according to the 'COSO Fraud' regulations: Government Structure, Fraud Risk Assessment, Prevention and Detection, Investigation models, and corrective actions.

In compliance with the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors, The Committee approved the update of Grupo Bimbo´s Internal Audit Charter, the Internal Audit VP confirmed to the Committee the independence of the internal audit activity, the risks assumed by the operation, the conflicts that currently occur with the auditors and the mitigation plan for these conflicts were presented.

SECURITY

The report of the Global VP of Security and Protection was received, where he disclosed the relevant corporate risks and the actions taken, in the Group's companies' operations due to the security situation in various regions, highlighting organized crime, transport and cargo robberies, product theft and gender violence.

INFORMATION TECHNOLOGY

The Global VP of Infrastructure and Applications presented an annual report of the company's Global Cybersecurity Strategy, the identification of risks, according to ISO27000, the operation of the Security Operations Center (SOC), as well as mitigation measures, in particular, those caused by remote work due to the global situation of COVID and the company's training plans.

FINANCIAL INFORMATION AND ACCOUNTING POLICIES

We reviewed the quarterly and annual financial statements of the Company together with the parties responsible for their preparation, recommended their approval by the Board of Directors and authorized their publication. Throughout the process we took into account the opinions and remarks of the external auditors.

The Committee approved the request of the Global Controllership Department to the following changes to the Main Accounting Policies: a) Criteria for classifying Assets and Liabilities in the Short Term and Long Term, b) Simplification of the text of the Policy applicable to hyperinflationary accounting, c) Adjustment in the useful life ranges of Production Equipment and Furniture and d) Remarks around Uncertain Tax Treatments.

To arrive at an opinion on the financial statements, we verified, with the support of the internal and external auditors, that the accounting policies and standards and the information used by management in the preparation of the financial statements was appropriate and sufficient and had been applied in a consistent manner with the prior year, taking into account the changes in IFRS effective both in that year and the preceding year. As a result, the information presented by Management reasonably reflects the financial position, results of operations and cash flows of the Company.

COMPLIANCE WITH REGULATORY STANDARDS AND APPLICABLE LAW CONTINGENCIES

With the support of the internal and external auditors, we confirmed the existence and reliability of the controls established by the Company to assure compliance with the various legal provisions to which it is subject, and it was assured that these were appropriately disclosed in the financial information.

At the close of each quarter, we reviewed the Company's various financial, legal and labor contingencies and confirmed that appropriate procedures were in place and consistently followed, so that Management could identify and address them in an appropriate manner. The situation and progress of the activities related to the cases facing the group in Canada Brazil and Portugal were reviewed based on the information generated, the opinion of the law firms handling the cases in both countries and the progress of the investigations carried out by local authorities.

The PwC firm presented the annual evaluation of its work on transfer pricing. They commented on the activities that have generated a positive evaluation, as well as the improvement areas related to information flows and delivery times. The Committee took notice and was satisfied with the evaluation and progress in the relationship.

The Global Insurance Department commented on global insurance management, highlighting the need to strengthen prevention for cybersecurity risks, where new opportunities are identified in the recording of security incidents to evaluate their root cause, increase the frequency vulnerability analysis and the implementation of tools for monitoring and active protection of databases, and also insurance coverage against the implications of the Pandemic.

COMPLIANCE WITH OTHER OBLIGATIONS

We met with Management executives and officers as we considered necessary to remain apprised of the progress of the Company and any material or unusual activities and events. Special attention was given to the company's global strategy regarding to the effects of the pandemic, the functioning of the global crisis and business continuity committees, the performance of the raw material markets and the different hedging strategies, and finally the possible risks associated with the integration of new businesses.

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We obtained information about significant matters that could involve a possible breach of operating policies, the internal control system and policies on accounting records; and we were also informed of corrective measures taken in each case, finding them satisfactory.

We did not find it necessary to request the support or opinion of independent experts, because the issues raised in each meeting were duly supported by the information on hand, and the conclusions reached were satisfactory to Committee members.

TRANSACTIONS WITH RELATED PARTIES

We reviewed and recommended for approval by the Board, each and every related party transaction requiring approval by the Board of Directors for fiscal year 2020, as well as for recurring transactions that are expected to be conducted in fiscal year 2021 that require Board approval.

EVALUATION OF MANAGEMENT

We reviewed and recommended for approval by the Board, the evaluation of management and compensation of the Chief Executive Officer as well as the members Bimbo's Executive Committee for fiscal year 2020, previously reviewed and recommended by the Evaluation and Results Committee.

In my capacity as Chairman of the Audit and Corporate Practices Committee, I reported regularly to the Board of Directors on the activities conducted within the Committee.

The work that we conducted was duly documented in minutes of each meeting, which were reviewed and approved in a timely manner by the Committee members.

Sincerely,

Edmundo Vallejo Venegas
Chairman of the Audit and Corporate Practices Committee
Grupo Bimbo, S. A. B. de C. V.

Mexico City, March 18, 2020

To the Board of Directors of
Grupo Bimbo, S.A.B. de C.V.

Dear members of the Board of Directors.

In conformity with the provisions of the Securities Market Act, the corporate charter of this Company and the Regulations of the Audit and Corporate Practices Committee of Grupo Bimbo, S.A.B. de C.V. (the "Group" or the "Company"), I hereby present to you the report of the activities carried out by the Audit and Corporate Practices Committee (the "Committee") during the year ended December 31, 2019. In carrying out the work, we abided by the recommendations established in the Code of Best Corporate Practices.

Based on the previously approved work plan, the Committee met seven times during the year, in which it discussed the issues it is legally obligated to consider and carried out the activities described below:

INTERNAL CONTROLS

With the assistance of both Internal and External Auditors, we verified that management had established general guidelines for internal control, as well as the necessary procedures for their application and enforcement. In addition, we followed up on the remarks and observations made by the external and internal auditors in performance of their duties.

The members of Management responsible for such matters presented us with the plans of action corresponding to the observations resulting from the internal audit, so our contact with them was frequent and their responses satisfactory.

The Committee learned about the functions of the Global Division for Internal Control and Risk Management during the year, specifically the Control Self-Assessment (AEC) activities, with positive progress and results in terms of the coverage achieved and the progress of the projects to global level and its coverage of different areas and organizations.

The Committee learned about the progress of the Identity Access Management (IAM) project and its subsequent phases. It was reported that work is being done with the PwC firm in the 3rd stage of this project to improve the governance model in this matter, prior to the implementation of the access and identity management tool scheduled for 2020.

The conclusions were presented to compare the current business risks highlighted by some global organizations, experts in this field, with the risks identified by Grupo Bimbo, both operational and transformational. The identified risks were divided into two groups: 1) risks not considered in the group's priority list, and 2) risks where the Committee requests confirmation that the Management is treating it accordingly. The conclusions of this work were shared with the general management. The Enterprise Risk Management process was reported to already cover all organizations.

CODE OF ETHICS

With the support of the Internal Audit Department and other areas of the Company, we verified compliance by the associates of the Company with the Group's current Code of Ethics.

We learned of the results and central issues identified in maintaining a hotline for Group associates, and management informed us of the actions taken in those cases.

EXTERNAL AUDIT

We were in constant contact with the representative of the EY firm to follow up on relevant matters and learn about the activities carried out during the year, in conjunction with the Company's Management. The audit of the consolidated financial statements as of December 31, 2019 is complete and the opinion was clean. As of 2019, the firm is one in all the countries in which the Company operates.

We approved the fee for these auditing services, including additional fees to account for the growth of the Group and other permitted services. We ensured that these payments did not compromise the independence of that firm.

The Committee authorized the review by EY of the report of the internal audit function in the review of the GRI (Global Reporting Initiative) reports, for the purposes of the annual report to Grupo Bimbo, detecting areas of improvement in the understanding of the indicators, the documentary evidence support and the final validation process of the report.

EY presented its recommendations on corporate governance in relation to operations with related parties. The Committee requested management to review the policies for operations with subsidiaries and related parties to incorporate the concepts related to the powers and authorities of the Management, the Audit and Corporate Practices Committee and the Board of Directors. It was agreed that the regular business operations of the business with related parties will be evaluated annually by Internal Audit, without having to report quarterly to the Audit and Corporate Practices Committee.

The result of the evaluation that EY carried out to the Internal Audit function was presented, where it was determined that Grupo Bimbo complies with the regulations of the Institute of Internal Auditors (IIA), in accordance with the definition of internal audit, the fundamental principles, the and the code of ethics issued by said Institute, which implies that, starting in 2020, all internal audit reports may indicate that they comply with IIA standards.

The external auditors presented their approach and work program and areas of interaction with Grupo Bimbo's Internal Audit department, the Committee approved this presentation.

We maintained direct and close communication with the external auditors, and they informed us on a quarterly basis of the progress of their work and any observations they had; we took note of their comments on the quarterly and annual financial statements. We were promptly informed of their conclusions and reports on the annual financial statements.

We reviewed the content in a timely manner of the Prior Notice to the issuance of the External Audit Report (or Independent Auditor's Report) made in accordance with the International Auditing Standards on the consolidated financial statements of the Company as of December 31, 2019 and for the year ended on that date, which have been prepared in accordance with International Financial Reporting Standards (hereinafter IFRS), issued by the Independent External Auditor of the Company and legal representative of Mancera, SC (or EY Mexico), in order to comply with the provisions of Article 35 of the General Provisions Applicable to Supervised Entities and Issuers by the National Banking and Securities Commission that Contract External Audit Services of Basic Financial Statements (hereinafter Provisions, Sole Circular of External Auditors or CUAE).

In addition, we conducted an evaluation of the services of the external auditing firm for the year 2019 and were promptly informed of the preliminary financial statements.

INTERNAL AUDIT

The audit plan for the year 2020 was approved, corresponding to a total of 418 audits in 29 different countries. The auditable universe between legal entities, factories, sales centers, systems and projects, among others, was reviewed in detail. In particular, a request was made to closely monitor the company's cybersecurity risks globally.

In each of this Committee's meetings, we received and approved regular reports on the progress of the approved work plan.

We followed up on the comments and suggestions made by the Internal Audit area, and verified that Management resolved any deviations from the established internal controls, and we therefore consider the status of that system to be reasonably correct.

We authorized an annual training plan for personnel of the area and verified its effectiveness. A number of specialized professional firms participated actively in that plan to maintain the members with updated information on the appropriate topics.

The Committee authorized the Internal Audit Division to use the services of the firm Baker Tilly for internal audit work on finance and information technology, for the operations of Bimbo QSR in South Africa and China.

SECURITY

The report of the Global Chief Officer of Security and Protection was received, where he disclosed the relevant corporate risks, highlighting information theft, organized crime and labor infiltration. The relevant external and internal illicit acts were also reported, the use of inventory management systems in CVs and CEDIS being one of the most important control weaknesses. It was reported that this address is in the process of diagnosing the operations of BBU and Bimbo Canada.

INFORMATION TECHNOLOGIES

The Global Chief Officer of Systems Infrastructure presented a summary of the actions aimed at the prevention and mitigation of cybersecurity risk. This committee suggested management meet with external auditors to review best practices in the industry. Finally, it was suggested to reinforce the crisis containment plan and the business continuity plan, according to Grupo Bimbo's global policies on this matter.

FINANCIAL INFORMATION AND ACCOUNTING POLICIES

We reviewed the quarterly and annual financial statements of the Company together with the parties responsible for their preparation, recommended their approval by the Board of Directors, and authorized their publication. Throughout the process we took into account the opinions and remarks of the external auditors.

To arrive at an opinion on the financial statements, we verified, with the support of the internal and external auditors, that the accounting policies and standards and the information used by management in the preparation of the financial statements was appropriate and sufficient and had been applied in a consistent manner with the prior year, taking into account the changes in IFRS effective both in that year and the preceding year. As a result, the information presented by Management reasonably reflects the financial position, results of operations and cash flows of the Company.

COMPLIANCE WITH REGULATORY STANDARDS AND LAWS; CONTINGENCIES

With the support of the internal and external auditors, we confirmed the existence and reliability of the controls established by the Company to assure compliance with the various legal provisions to which it is subject, and assured that these were appropriately disclosed in the financial information.

At the close of each quarter, we reviewed the Company’s various tax, legal and labor contingencies and confirmed that appropriate procedures were in place and consistently followed, so that Management could identify and address them in an appropriate manner. The situation and progress of the activities related to the cases faced by the group in Canada and Brazil were reviewed based on the information generated, the opinion of the law firms handling the cases in both countries and the progress of the investigations carried out by local authorities.

The Global Fiscal Division presented the peculiarities of the BEPS and the progress made in carrying out the transfer pricing studies by PwC, their evaluation of the performance of this firm being very positive.

The Global Financial Planning Division commented on global insurance management, where it highlights the need to strengthen prevention for risks caused by natural disasters.

COMPLIANCE WITH OTHER OBLIGATIONS

We met with Management executives and officers as we considered necessary to remain abreast of the progress of the Company and any material or unusual activities and events.

We obtained information about significant matters that could involve a possible breach of operating policies, the internal control system and policies on accounting records, and we were also informed of corrective measures taken in each case, and found them satisfactory.

We did not find it necessary to request the support or opinion of independent experts, because the issues raised in each meeting were duly supported by the information on hand, and the conclusions reached were satisfactory to Committee members.

TRANSACTIONS WITH RELATED PARTIES

We reviewed and recommended for approval by the Board of each and every related party transaction requiring approval by the Board of Directors for fiscal year 2019, as well as for recurring transactions that are expected to be conducted in fiscal year 2020 that require Board approval.

EVALUATION OF MANAGEMENT

We reviewed and recommended for approval by the Board, the evaluation of management and compensation of the Chief Executive Officer as well as the members Bimbo's Executive Committee in 2019 previously reviewed and recommended by the Evaluation and Results Committee.

In my capacity as Chairman of the Audit and Corporate Practices Committee, I reported regularly to the Board of Directors on the activities conducted within the Committee.

The work that we conducted was duly documented in minutes of each meeting, which were reviewed and approved at the time by the Committee members.

Edmundo Vallejo Venegas
Presidente del Comité de Auditoría y Prácticas Societarias de
Grupo Bimbo, S. A. B. de C. V.