CONSOLIDATED FINANCIAL STATEMENTS

Annual Report of the Audit Committee

FOMENTO ECONÓMICO MEXICANO, S.A.B. DE C.V. Y SUBSIDIARIAS MONTERREY, N.L., MÉXICO

To the Board of Directors Fomento Económico Mexicano, S.A.B. de C.V.

In conformity with the provisions of the Securities Market Act, the corporate charter of this Company and the charter of the Audit Committee of FOMENTO ECONÓMICO MEXICANO, S.A.B. de C.V. (hereafter "the Committee and the Company"), I am pleased to present our Audit Committee Report for the year ended December 31, 2024. In carrying out our work, we abided by the regulations established by the Securities and Exchange Commission (SEC) and the New York Stock Exchange (NYSE) of the United States of America, the applicable provisions established by the National Banking and Securities Commission (CNBV) of Mexico, as well as the Code of Best Corporate Practices issued by the Business Coordinating Council of Mexico.

The Audit Committee's primary role is to assist the Board in fulfilling its oversight responsibilities in areas such as the integrity of financial reporting, the effectiveness of the risk management framework and system of internal controls as well as consideration of ethics and compliance matters. We are responsible for assessing the quality of the audit performed by, and the independence and objectivity of the external auditor. The Audit Committee also makes a recommendation to the Board on the appointment or reappointment of the external auditor. In addition, we oversee the work and quality of the internal audit function.

In accordance with the approved work program, the Committee formally convened four times on a quarterly basis and held additional meetings as needed. These meetings were convened to address a range of matters that required significant judgment and were of high importance to the Company's consolidated financial statements. The most pertinent activities undertaken by the Committee are outlined below:

Risk Assessment

Based on the information presented by Management and the External and Internal Auditors, the Committee evaluated the effectiveness of the risk management system established for the identification, assessment, and management of business risks of the Company, as well as for the implementation of measures to ensure its effective and efficient operation.

The Committee, in conjunction with Management, and both External and Internal Auditors, reviewed the critical risk factors which may affect the operations and assets of the Company, assessing whether they have been properly identified and managed.

The Committee receives regular reports from Management on the status of the organization's cybersecurity program, including any identified risks and the steps being taken to mitigate them. The Committee also reviews with Management the effectiveness of the organization's cybersecurity controls and considers whether additional measures are necessary to address any emerging threats. In addition, the Committee works closely with the organization's Internal and External Auditors to ensure that cybersecurity risks are properly assessed and monitored as part of the audit process.

The Audit Committee considers the Company's ESG risk management framework and regularly receives reports from Management as to ESG-related risk assessments, including climate impact, social responsibility, and governance practices, integrating these considerations into the overall enterprise risk management strategy, to ensure alignment with regulatory requirements, investor expectations and corporate sustainability goals. The Committee works with the Company's Internal Auditors to monitor the progress of ESG initiatives and evaluate the effectiveness of internal controls and the appropriate disclosure of ESG activities.

Internal Control

The Committee oversaw that Management, in conformity with its responsibilities regarding internal control, had established the general guidelines and the necessary procedures for their appropriate application and compliance. This process included presentations to the Audit Committee by the responsible areas of the most important subsidiaries. Additionally, the Committee properly followed on the comments and remarks made in this regard by the External and Internal Auditors, as a result of their findings.

The Committee observed the actions carried out by the Company in order to comply with section 404 of Sarbanes-Oxley Act and similar provisions issued by the CNBV, both related to the internal control system. During this process, the Committee carried out follow up reviews on implemented main preventive and corrective actions concerning internal control issues, as well as effectuated the presentation of the required information to the authorities.

External Audit

The Committee recommended to the Board of Directors the appointment of the External Auditors of the Company for the fiscal year 2024. For this purpose, The Committee verified their independence, under the criteria and rules applicable and established by the SEC and NYSE, as well as by the requirements established in the Law and in the general provisions applicable to entities and issuers supervised by the CNBV that engage in external audit services of financial statements, which entered into force on August 1st, 2019. The Committee analyzed the approach and work program of the External Auditors, as well as their coordination with the Internal Audit area.

The Committee reviewed, and submitted for approval of the Board of Directors, the Audit Committee Charter, in order to comply with the new provisions and regulations contained in the Single Circular of External Auditors, issued by the CNBV. Also, the Committee verified the proper compliance with these provisions, particularly those related to the responsibilities of the Committee and the requirements currently applicable to external auditors.

The Committee kept frequent and direct communication with the External Auditors regarding the progress of their work and the observations they presented. The Committee was timely informed of the External Auditor conclusions and reports concerning the annual and quarterly financial statements, and it followed up on the implementation of the observations and recommendations they developed during their work.

The Committee authorized the fees paid to the External Auditors for audit services and other permitted services, ensuring that they do not interfere with their independence and that they comply with the provisions established in this regard by this Committee and by the Board of Directors.

The Committee conducted an annual evaluation of the External Auditors, which included an assessment of all additional services provided. The results of this evaluation were reported to the Board of Directors.

Internal Audit

To preserve its independence and objectivity, the Internal Audit group reports directly to the Audit Committee. In terms of interaction between the Committee and the Internal Auditors, the following can be noted:

The Committee reviewed and approved appropriately, the Internal Audit annual program and the budget for the fiscal year. For its preparation, Internal Audit participated in the risk assessment process and in the validation of the internal control system.

The Committee received periodic reports regarding the progress of the approved work program, including the variations that may have existed, as well as the corresponding causes.

The Committee followed up on the observations and suggestions that Internal Auditors developed, as well as their timely correction.

The Committee oversaw that an annual training plan for internal auditors had properly been carried out.

The Committee reviewed and discussed with the Chief Audit Executive the results of the performance appraisal of the Internal Audit service, performed by the business units under the oversight of the Committee itself.

Financial Information. Accounting Policies and Reports to Third Parties

The Committee reviewed with the responsible officials the reasonableness and consistency of quarterly and annual financial statements of the Company and recommended to the Board of Directors its approval and authorization for its publication. As part of this process, the Committee took into account the opinion and observations of the External Auditors, and validated that the criteria, accounting policies, and information used by Management to prepare the financial information for the fiscal year 2024 were adequate, sufficient, and that they had been applied consistently with respect to the previous year.

The review performed by the Committee also included the reports and any other financial information required by regulatory authorities in Mexico and in the United States of America, which, based on the results, the Committee recommended to the Board of Directors for their approval and authorization for publication.

Compliance with Applicable Laws and Regulations. Legal Issues and Contingencies

The Committee confirmed the existence and reliability of the controls implemented by the Company related to compliance with the different legal provisions to which it is obligated, assuring, when applicable, that appropriate disclosures were made in the financial statements. In that sense we monitor the progress of the Global Integrity and Compliance Program implemented by the Company.

The Committee periodically reviewed the existing fiscal, legal, and labor contingencies in the Company and its most important Subsidiaries, overseeing the effectiveness of the procedure implemented for its identification and monitoring, as well as its adequate disclosure and recording.

Management presented the main guidelines that govern the anti-corruption policy, as well as the dissemination and validation plan for compliance, which the Committee found adequate.

Code of Ethics

The Committee reviewed the updated version of the Company's Code of Ethics, which incorporates changes in light of the social environment in which the Company operates, and the Committee also validated that the Code has provisions regarding compliance with the laws against money laundering and anti-corruption applicable in the countries where the Company operates. Subsequently, the Committee recommended the approval of the Company's Code of Ethics to the Board of Directors.

With the support of Internal Audit, the Committee verified that the Company Code of Ethics had been acknowledged by all employees and Board members as well as the existence of adequate processes to update and disseminate it among employees, including the application of sanctions in those cases where violations were detected.

The Committee reviewed the complaints received through the Company's whistle-blowing system and followed up on their correct and timely attention.

Training

To comply with the training requirements of Committee's charter, during the year, its members attended specific courses on relevant topics, such as Internal Controls, Risk Management, Cybersecurity, ESG, Regulatory Compliance, Financial Information and Auditing.

Administrative Activities

In addition to the formal sessions of the Audit Committee, its members held additional sessions with Management to stay informed of the Company's progress and the relevant and unusual activities and events. The Committee also met with both External and Internal Auditors as a specific topic on the agenda, without the presence of Management, to discuss the progress of their work, limitations they could have had and to facilitate any private communication they wished to have with the Committee.

In this fiscal year, The Committee did not consider necessary to request the support and opinion of independent experts as the matters dealt in each session were duly supported by the information presented and therefore the conclusions reached were satisfactory for its members.

The Chairman of the Audit Committee reported quarterly to the Board of Directors the relevant issues arising from the work of the Committee.

The Committee verified the compliance with the requirements of education and experience by the financial expert of the Committee and the independence requirements for each member in accordance with the rules applicable in this matter.

The work carried out by the Committee was documented in the minutes for each meeting, which were reviewed and approved by the Committee members. These minutes are accessible for the Board of Directors' consultation and review.

The Committee performed the annual self-assessment and delivered the results to the Chairman of the Board of Directors. The results of the self-assessment were very satisfactory.

Sincerely,

Alberto Tiburcio Celorio

Chairman of the Audit Committee
Fomento Económico Mexicano, S.A.B. de C.V.
February 19th, 2025

Independent Auditor's Report

FOMENTO ECONÓMICO MEXICANO, S.A.B. DE C.V. AND SUBSIDIARIES MONTERREY, N.L., MEXICO

Board of Directors and Shareholders of Fomento Económico Mexicano, S.A.B. de C.V.

Opinion

We have audited the accompanying consolidated financial statements of Fomento Económico Mexicano, S.A.B. de C.V. and subsidiaries ("the Company"), which comprise the Consolidated Statement of Financial Position as at December 31, 2024, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2024, as well as their consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") ("IFRS Accounting Standards").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Company in accordance with the "International Code of Ethics for Professional Accountants (including International Independence Standards)" ("IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Mexico according with the "Codigo de Etica Profesional del Instituto Mexicano de Contadores Publicos" ("IMCP Code"), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

We have fulfilled the responsibilities described in the "Auditor's responsibilities 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 matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Impairment Tests for Cash Generating Units (CGU) Containing Goodwill, Distribution Rights and Other Indefinite Lived Intangible Assets - Coca-Cola FEMSA Colombia

Description and why the matter is of most significance

As at December 31, 2024, the Company has distribution rights, goodwill and other indefinite lived intangible assets with an aggregate carrying value of approximately $3,638 million allocated to Coca-Cola FEMSA Colombia. The related disclosures are included in Note 2.3.2.1, Note 3.16 and Note 13 to the consolidated financial statements, and distribution rights, goodwill and other indefinite lived intangible assets are tested for impairment annually at the cash generating unit (CGU) level. Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of (i) its fair value less costs to sell and (ii) its value in use.

Auditing management's annual distribution rights, goodwill and other indefinite lived intangible assets impairment test for the Coca-Cola FEMSA Colombia CGU was complex and highly judgmental due to the significant estimation required to determine the value in use of the CGU. In particular, the value in use estimates were sensitive to significant assumptions, such as the discount rate (weighted average cost of capital), revenue growth rates and operating margins.

How our audit addressed the key audit matter

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's distribution rights, goodwill and other indefinite lived intangible assets impairment review processes, including controls over management's review of the significant assumptions described above, projected financial information and the valuation model used to develop such estimates.

We performed procedures to assess the significant assumptions used in the determination of the value in use of the CGU that included, among others, evaluating the methodology applied by management in performing the impairment test, testing the completeness and accuracy of the projected financial information included in the impairment model, reconciling the carrying value to the general ledger and comparing the prospective financial information to Board approved business plans. We also involved our internal valuation specialists to assist with the evaluation of the discount rate and revenue growth rates used in the discounted cash flow model. We compared the revenue growth rates included in the cash flow projections to external sources of information and actual prior year revenue growth rates. We assessed the historical accuracy of management's estimates by comparing the forecast to actual results. We evaluated management's sensitivity analyses of the discount rate and revenue growth rates to evaluate the change in the value in use of the CGU that would result from changes in the assumptions.

Furthermore, we assessed the adequacy of the related disclosures provided in Notes 2.3.2.1, 3.16 and 13 to the consolidated financial statements.

Information Technology (IT) Systems and Controls over Financial Reporting

Description and why matter is of most significance

The Company's accounting and financial reporting processes are highly dependent on IT systems and automated controls. Consequently, there is a risk that deficiencies in the IT control environment, including controls preventing unauthorized access and changes to systems, as well as automated controls and IT-dependent manual controls, could lead to a material misstatement in the consolidated financial statements.

During the year, several deficiencies in the design and operation of manage access and manage change processes were identified for certain IT systems, and as consequence our audit approach was significantly modified due to the ineffective IT controls in such systems, which are used by the Company to process financial information that is relevant to the preparation of its consolidated financial statements.

How our audit addressed the key audit matter

We performed audit procedures to evaluate the Company's IT systems and controls over financial reporting, which included, among others, the following:

- Testing the design and operating effectiveness of controls related to the IT systems relevant for financial reporting. Our testing included controls related to access to programs and data as well as program development and changes and IT operations.
- For access to programs and data, our audit procedures included testing of addition of access rights, removal of access rights and monitoring of appropriate segregation of duties.
- For change management, our audit procedures included testing of the appropriateness of changes made, including appropriate segregation of duties.
- Evaluating key application controls and IT-dependent manual controls related to the generation of financial information.

We also performed incremental procedures, which included, among others, the following:

- For change management, we performed substantive procedures to verify changes made were appropriate and authorized and an appropriate review process for the changes was executed, as well as to verify the completeness and accuracy of the changes subject to management review.
- For access management, we performed substantive procedures focused on the privileged access granted to verify changes made were appropriate and to mitigate the risk of manipulating financial information that could have resulted from the granting of access for privileged accounts.
- Assessment of the design and evaluation of the operating effectiveness of compensating controls related to ineffective IT general controls.
- Analyzed modifications to key terms and conditions in the vendor master's data and performed testing for significant changes identified that required additional procedures.

Other information

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

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

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

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

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

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

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

Those charged with governance are responsible for overseeing the Company's 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

The partner in charge of the audit resulting in this independent auditor's report, is who signs it.

Mancera, S.C.
A member practice of
Ernst & Young Global Limited

C.P.C. Carlos Alberto Rochín Casanova
San Pedro Garza García, Nuevo León, México
April 4, 2025

Consolidated Statements of Financial Position

FOMENTO ECONÓMICO MEXICANO, S.A.B. DE C.V. AND SUBSIDIARIES MONTERREY, N.L., MEXICO
As of December 31, 2024 and December 31, 2023. In millions of U.S. dollars ($) and in millions of Mexican pesos (Ps.).

	Note		2024[1]		2024		2023
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	5	$	**6,705**	**Ps.**	**139,834**	Ps.	165,112
Investments	6		**2,072**		**43,212**		26,728
Trade receivables, net	7		**2,071**		**43,192**		38,863
Inventories	8		**3,235**		**67,464**		58,222
Recoverable taxes	25		**1,256**		**26,190**		20,738
Other current financial assets	9.2		**85**		**1,782**		16,860
Other current assets	9.1		**299**		**6,242**		3,817
Current assets held for sale	4.3.2		**690**		**14,395**		25,819
Total current assets			**16,413**		**342,311**		**356,159**
NON CURRENT ASSETS							
Equity method accounted investees	10		**1,376**		**28,697**		26,247
Property, plant and equipment, net	11		**8,511**		**177,511**		141,530
Right-of-use assets, net	12		**4,697**		**97,960**		87,941
Intangible assets, net	13		**7,017**		**146,336**		143,218
Deferred tax assets	25		**1,290**		**26,912**		27,598
Other non-current financial assets	14		**1,116**		**23,280**		14,667
Other non-current assets, net	14		**409**		**8,529**		8,496
Total non-current assets			**24,416**		**509,225**		449,697
TOTAL ASSETS		$	**40,829**	**Ps.**	**851,536**	Ps.	805,856
LIABILITIES AND EQUITY							
CURRENT LIABILITIES							
Bank loans and notes payable	19	$	**181**	**Ps.**	**3,775**	Ps.	2,453
Current portion of non-current debt	19		**141**		**2,947**		5,998
Lease liabilities	12		**661**		**13,796**		12,236
Interest payable			**86**		**1,802**		1,677
Trade payable			**4,647**		**96,912**		81,518
Accounts payable	26		**1,552**		**32,370**		26,772
Income tax payable			**346**		**7,207**		9,666
Other current financial liabilities	26		**1,782**		**37,169**		30,492
Current liabilities held for sale	4.3.2		**333**		**6,952**		11,569
Total current liabilities			**9,729**		**202,930**		182,381
NON-CURRENT LIABILITIES							
Bank loans and notes payable	19		**6,784**		**141,482**		128,373
Non-current portion lease liabilities	12		**4,521**		**94,299**		83,837
Employee benefits	17		**430**		**8,968**		6,920
Deferred tax liabilities	25		**417**		**8,693**		7,371
Other non-current financial liabilities	26		**324**		**6,759**		9,665
Provisions	26		**186**		**3,875**		4,323
Other non-current liabilities	26		**163**		**3,399**		4,617
Total non-current liabilities			**12,825**		**267,475**		245,106
TOTAL LIABILITIES			**22,554**		**470,405**		427,487
EQUITY							
Capital stock			**156**		**3,261**		3,348
Additional paid-in capital			**(124)**		**(2,586)**		17,599
Retained earnings			**14,691**		**306,400**		304,653
Other comprehensive income (loss)			**(459)**		**(9,573)**		(21,740)
Equity attributable to equity holders of the parent			**14,265**		**297,502**		303,860
Non-controlling interest	22		**4,010**		**83,629**		74,509
TOTAL EQUITY			**18,275**		**381,131**		378,369
TOTAL LIABILITIES AND EQUITY		$	**40,829**	**Ps.**	**851,536**	Ps.	805,856

(1) Convenience translation to U.S. dollars ($) – See Note 2.2.4
The accompanying notes are an integral part of these consolidated statements of financial position.

Consolidated Income Statements

FOMENTO ECONÓMICO MEXICANO, S.A.B. DE C.V. AND SUBSIDIARIES MONTERREY, N.L., MEXICO
For the years ended December 31, 2024, and December 31, 2023 and 2022. In millions of U.S. dollars ($) and in millions of Mexican pesos (Ps.), except for earnings per share amounts.

	Note		2024[1]		2024		2023		2022
Net sales		$	**37,187**	Ps.	**775,551**	Ps.	699,640	Ps.	595,543
Other operating revenues			**289**		**6,034**		3,052		1,465
Total revenues	28		**37,476**		**781,585**		702,692		597,008
Cost of goods sold	8		**22,060**		**460,072**		423,185		355,490
Gross profit			**15,416**		**321,513**		279,507		241,518
Administrative expenses			**1,874**		**39,085**		32,307		28,077
Selling expenses			**10,163**		**211,966**		188,732		149,145
Other income	20		**172**		**3,588**		13,102		1,051
Other expenses	20		**453**		**9,440**		6,252		2,896
Interest expense	19		**959**		**20,002**		14,916		15,853
Interest income	19		**571**		**11,910**		17,609		3,769
Foreign exchange gain (loss), net			**572**		**11,929**		(9,849)		(3,696)
Gain on monetary position for subsidiaries in hyperinflationary economies			**10**		**209**		94		531
Market value loss on financial instruments			**(101)**		**(2,109)**		(440)		(706)
Income before income taxes and share in the profit of equity method accounted investees			**3,191**		**66,547**		57,816		46,496
Income taxes	25		**1,219**		**25,433**		12,971		13,275
Share in the (loss) profit of equity method accounted investees, net of income taxes	10		**(48)**		**(993)**		(406)		99
Net income from continuing operations			**1,924**		**40,121**		44,439		33,320
Net income from discontinued operations	4.3		**6**		**115**		32,238		1,423
CONSOLIDATED NET INCOME			**1,930**		**40,236**		76,677		34,743
Attributable to:									
Controlling interest			**1,283**		**26,735**		65,689		23,909
Non-controlling interest			**647**		**13,501**		10,988		10,834
CONSOLIDATED NET INCOME		$	**1,930**	Ps.	**40,236**	Ps.	76,677	Ps.	34,743
Basic earnings per share from continuing operations attributable to equity holders of the parent									
Per series "B" share	24	$	**0.06**	Ps.	**1.34**	Ps.	1.67	Ps.	1.12
Per series "D" share	24		**0.08**		**1.70**		2.09		1.40
Diluted earnings per share from continuing operations attributable to equity holders of the parent									
Per series "B" share	24		**0.06**		**1.33**		1.67		1.12
Per series "D" share	24		**0.08**		**1.69**		2.09		1.40
Basic earnings per share from discontinued operations attributable to equity holders of the parent									
Per series "B" share	24		**—**		**0.01**		1.61		0.07
Per series "D" share	24		**—**		**0.01**		2.02		0.09
Diluted earnings per share from discontinued operations attributable to equity holders of the parent									
Per series "B" share	24		**—**		**0.01**		1.61		0.07
Per series "D" share	24		**—**		**0.01**		2.01		0.09

(1) Convenience translation to U.S. dollars ($) – See Note 2.2.4
The accompanying notes are an integral part of these consolidated income statements.

Consolidated Statements of Comprehensive Income (Loss)

FOMENTO ECONÓMICO MEXICANO, S.A.B. DE C.V. AND SUBSIDIARIES MONTERREY, N.L., MEXICO
For the years ended December 31, 2024 and December 31, 2023 and 2022. In millions of U.S. dollars ($) and in millions of Mexican pesos (Ps.).

	Note		2024[1]		2024		2023		2022
CONSOLIDATED NET INCOME		**$**	**1,930**	**Ps.**	**40,236**	Ps.	76,677	Ps.	34,743
Items that will be reclassified to consolidated net income in subsequent periods, net of income tax:									
Valuation of the effective portion of derivative financial instruments	21		**77**		**1,610**		(928)		(2,240)
(Loss) income on hedge of net investments in foreign operations	19		**—**		**—**		(5,153)		3,677
Exchange differences loss on the translation of foreign operations and equity method accounted investees			**688**		**14,347**		(17,986)		(17,430)
Share of other comprehensive income of equity method accounted investees	10		**12**		**260**		6,097		2,369
Total items that will be reclassified to consolidated net income in subsequent periods, net of income tax			**777**		**16,217**		(17,970)		(13,624)
Items that will not to be reclassified to consolidated net income in subsequent periods, net of income tax:									
(Loss) gain due to changes in the fair value in equity financial instruments			**(20)**		**(426)**		1,356		(2,236)
Share of other comprehensive income of equity method accounted investees			**—**		**—**		897		267
(Loss) gain on remeasurements of the net defined benefit liability			**(49)**		**(1,016)**		160		661
Total items that will not be reclassified to consolidated net income in subsequent periods, net of income tax			**(69)**		**(1,442)**		2,413		(1,308)
Other comprehensive income (loss), net of income tax			**708**		**14,775**		(15,557)		(14,932)
Consolidated comprehensive income, net of income tax		**$**	**2,638**	**Ps.**	**55,011**	Ps.	61,120	Ps.	19,811
Attributable to:									
Equity holders of the parent			**1,866**		**38,902**		53,598		11,175
Non-controlling interest			**772**		**16,109**		7,522		8,636
Consolidated comprehensive income, net of income tax		**$**	**2,638**	**Ps.**	**55,011**	Ps.	61,120	Ps.	19,811

(1) Convenience translation to U.S. dollars ($) – See Note 2.2.4
The accompanying notes are an integral part of these consolidated statements of comprehensive income.

Consolidated Statements of Changes in Equity

FOMENTO ECONÓMICO MEXICANO, S.A.B. DE C.V. AND SUBSIDIARIES MONTERREY, N.L., MEXICO
For the years ended December 31, 2024 and December 31, 2023 and 2022. In millions of U.S. dollars ($) and in millions of Mexican pesos (Ps.).

	Notes	Capital Stock	Additional paid-in capital	Retained earnings	Fair value in equity financial instrument	Valuation of the effective portion of derivative financial instrument	Exchange differences on the translation of foreign operations and equity accounted investees	Remeasurements of the net defined benefit liability	Equity atributable to equity holders of the parent	Non-controlling interest	Total equity
Balances as of January 1, 2022		**Ps. 3,348**	**Ps. 17,862**	**Ps. 238,306**	**Ps. 683**	**Ps. 4,230**	**Ps. 440**	**Ps. (2,268)**	**Ps. 262,601**	**Ps. 72,516**	**Ps. 335,117**
Consolidated net income		—	—	23,909	—	—	—	—	23,909	10,834	34,743
Other comprehensive income (loss), net		—	—	—	(2,236)	(1,709)	(9,545)	756	(12,734)	(2,198)	(14,932)
Total other comprehensive income (loss)		—	—	23,909	(2,236)	(1,709)	(9,545)	756	11,175	8,636	19,811
Dividends declared and paid	22,23	—	—	(11,358)	—	—	—	—	(11,358)	(6,176)	(17,534)
Issuance (purchased) share-based compensation plans	18	(1)	147	—	—	—	—	—	146	(57)	89
Acquisition of non-controlling interest		—	(295)	—	—	—	—	—	(295)	(74)	(369)
Contribution from non-controlling interest		—	—	—	—	—	—	—	—	352	352
Other movements in equity method accounted investees, net of income tax	10	—	—	335	—	—	—	—	335	—	335
Balances as of December 31, 2022		**Ps. 3,347**	**Ps. 17,714**	**Ps. 251,192**	**Ps. (1,553)**	**Ps. 2,521**	**Ps. (9,105)**	**Ps. (1,512)**	**Ps. 262,604**	**Ps. 75,197**	**Ps. 337,801**
Consolidated net income		—	—	65,689	—	—	—	—	65,689	10,988	76,677
Sale of Heineken investment		—	—	—	—	—	—	—	—	—	—
Other comprehensive income (loss), net		—	—	—	1,357	(1,228)	(13,190)	970	(12,091)	(3,466)	(15,557)
Total other comprehensive income (loss)		—	—	65,689	1,357	(1,228)	(13,190)	970	53,598	7,522	61,120
Dividends declared and paid	22,23	—	—	(12,247)	—	—	—	—	(12,247)	(6,551)	(18,798)
Issuance of share-based compensation plans	18	1	(115)	—	—	—	—	—	(114)	22	(92)
Disposal of businesses		—	—	—	—	—	—	—	—	(1,681)	(1,681)
Other movements in equity method accounted investees, net of income tax	10	—	—	19	—	—	—	—	19	—	19
Balances as of December 31, 2023		**Ps. 3,348**	**Ps. 17,599**	**Ps. 304,653**	**Ps. (196)**	**Ps. 1,293**	**Ps. (22,295)**	**Ps. (542)**	**Ps. 303,860**	**Ps. 74,509**	**Ps. 378,369**
Consolidated net income		—	—	26,735	—	—	—	—	26,735	13,501	40,236
Other comprehensive income (loss), net		—	—	—	(426)	701	12,431	(539)	12,167	2,608	14,775
Total other comprehensive income (loss)		—	—	26,735	(426)	701	12,431	(539)	38,902	16,109	55,011
Dividends declared and partially paid	22,23	—	—	(24,991)	—	—	—	—	(24,991)	(6,801)	(31,792)
Issuance of share-based compensation plans	18	(1)	40	—	—	—	—	—	39	(5)	34
Other acquisitions and remeasurements	22	—	—	3	—	—	—	—	3	(186)	(183)
Shares repurchase	23	(86)	(20,225)	—	—	—	—	—	(20,311)	3	(20,308)
Balances as of December 31, 2024		**Ps. 3,261**	**Ps. (2,586)**	**Ps. 306,400**	**Ps. (622)**	**Ps. 1,994**	**Ps. (9,864)**	**Ps. (1,081)**	**Ps. 297,502**	**Ps. 83,629**	**Ps. 381,131**

The accompanying notes are an integral part of these consolidated statements of changes in equity.

Consolidated Statements of Cash Flows

FOMENTO ECONÓMICO MEXICANO, S.A.B. DE C.V. AND SUBSIDIARIES MONTERREY, N.L., MEXICO
For the years ended December 31, 2024, and December 31, 2023 and 2022. In millions of U.S. dollars ($) and in millions of Mexican pesos (Ps.).

	Note		2024[1]		2024		2023 (Revised)		2022 (Revised)
OPERATING ACTIVITIES									
Net income from discontinuing operations		**$**	**6**	**Ps.**	**115**	Ps.	32,238	Ps.	1,423
Income before income taxes from continuing operations			**3,143**		**65,554**		57,410		47,715
			3,149		**65,669**		89,648		49,138
Non-cash items adjustments:									
Operating non-cash expenses (income)			**32**		**663**		(1,063)		3,075
Non-cash movements in post-employment and other non-current employee benefits obligations	17.4		**47**		**983**		910		—
Allowance of expected credit losses	7.2		**56**		**1,176**		1,367		—
Depreciation	11,12		**1,688**		**35,199**		31,896		27,831
Amortization of intangible assets and deferred charges	13		**197**		**4,111**		2,121		2,696
Gain on sale of long-lived assets and investment in equity instruments	20		**(7)**		**(150)**		(7,185)		(308)
Gain on sale of shares of Imbera	4.3.2		**(200)**		**(4,165)**		—		—
Gain on sale of shares in Heineken	4.3.1		**—**		**—**		(33,070)		—
Dividends received	20		**—**		**—**		(3,311)		—
Disposal of long-lived assets	20		**45**		**939**		466		416
Impairment of long-lived assets	20		**134**		**2,801**		1,248		833
Share of the loss (profit) of equity method accounted investees, net of income taxes	10		**48**		**993**		406		(7,458)
Interest income			**(571)**		**(11,910)**		(17,609)		(3,842)
Interest expense	19		**959**		**20,002**		14,916		16,314
Foreign exchange (gain) loss, net			**(572)**		**(11,929)**		9,849		3,729
(Gain) on monetary position for subsidiaries in hyperinflationary economies			**(10)**		**(209)**		(94)		(527)
Market value loss on financial instruments	21		**101**		**2,109**		440		706
Net cash flows from operating activities before changes in operating accounts			**5,096**		**106,282**		90,935		92,603
Trade accounts receivable and other current assets			**(468)**		**(9,761)**		(12,125)		(5,685)
Other current financial assets			**2**		**45**		799		(457)
Inventories			**(322)**		**(6,720)**		(6,442)		(6,860)
Derivative financial instruments			**—**		**—**		—		5
Trade accounts payable and other accounts			**555**		**11,578**		11,177		12,006
Other non-current liabilities			**(172)**		**(3,582)**		659		471
Other current financial liabilities			**7**		**150**		3,959		2,291
Employee benefits paid	17.5		**(50)**		**(1,039)**		(1,070)		(691)
			4,648		**96,953**		87,892		93,683
Income taxes paid			**(1,332)**		**(27,785)**		(29,507)		(18,304)
Net cash generated by (used in) operating activities from discontinuing operations			**112**		**2,342**		(8,706)		(2,803)
Net cash generated by operating activities			**3,429**		**71,510**		49,679		72,576

Consolidated Statements of Cash Flows

FOMENTO ECONÓMICO MEXICANO, S.A.B. DE C.V. AND SUBSIDIARIES MONTERREY, N.L., MEXICO
For the years ended December 31, 2024, and December 31, 2023 and 2022. In millions of U.S. dollars ($) and in millions of Mexican pesos (Ps.).

	Note	2024[1]	2024	2023 (Revised)	2022 (Revised)
INVESTING ACTIVITIES					
Business acquisition by Coca-Cola FEMSA, net of cash acquired	4	—	—	—	(2,356)
Business acquisition by Proximity Americas Division, net of cash acquired	4	(360)	(7,517)	(3,786)	(1,263)
Business acquisition of Valora, net of cash acquired	4	—	—	(424)	(20,504)
Other businesses acquisitions, net of cash acquired		—	—	—	(59)
Investment in equity method accounted investees	10	(36)	(750)	(1,202)	(542)
Other equity investments		8	167	—	1,593
Proceeds from disposal of investment in Imbera	4.3.2	366	7,637	—	—
Proceeds from disposal of investment in Heineken	4.3.1	—	—	133,222	—
Proceeds from disposal of investment in JRD		834	17,386	7,967	—
Proceeds from disposal of Envoy	10	—	—	24,468	—
Purchases of cash investments		(419)	(8,740)	(26,725)	—
Proceeds from maturities of cash investments		—	—	—	21,830
Interest received		568	11,842	8,871	3,639
Derivative financial instruments		—	—	(199)	(560)
Dividends received from equity method accounted investees and other investees	10,20	1	19	3,449	2,602
Property, plant and equipment acquisitions	11	(2,094)	(43,682)	(34,814)	(29,354)
Proceeds from disposal of property, plant and equipment		42	872	857	462
Acquisition of intangible assets	13	(174)	(3,631)	(3,306)	(2,118)
Investment in other assets		(21)	(433)	(737)	(1,499)
Collections of other assets		16	327	775	181
Other non-current assets		(26)	(539)	(1,550)	(1,500)
Net cash (used in) generated by investing activities by discontinuing operations		(292)	(6,080)	25,426	(16,984)
Net cash (used in) generated by investing activities		(1,587)	(33,122)	132,292	(46,432)
FINANCING ACTIVITIES					
Proceeds from bank loans and notes payable	19.1	58	1,207	11,238	15,855
Payments of bank loans and notes payable	19.1	(305)	(6,364)	(43,421)	(9,882)
Interest paid		(413)	(8,603)	(10,587)	(8,259)
Derivative financial instruments		(176)	(3,661)	5,882	103
Dividends paid	23	(1,203)	(25,080)	(18,798)	(17,506)
Contributions from non-controlling interest		—	—	—	5
Shares repurchase	23	(974)	(20,311)	—	—
Acquisition of non-controlling interest		—	—	—	(266)
Interest paid on leases liabilities	12	(362)	(7,553)	(6,718)	(5,376)
Payments of leases	12	(581)	(12,122)	(9,453)	(7,915)
Other financing activities		(14)	(286)	32	(1,430)
Net cash used in financing activities from discontinuing operations		(61)	(1,276)	(20,727)	(1,227)
Net cash used in financing activities		(4,031)	(84,049)	(92,552)	(35,898)
(Decrease) increase in cash and cash equivalents		(2,189)	(45,661)	89,419	(9,754)
Increase in cash and cash equivalents from discontinuing operations		47	977	—	—
Cash and cash equivalents at the beginning of the period		7,917	165,112	83,439	97,407
Effects of exchange rate changes and inflation effects on cash and cash equivalents held in foreign currencies		930	19,406	(7,746)	(4,214)
Cash and cash equivalents at the end of the period		$ 6,705	Ps. 139,834	Ps. 165,112	Ps. 83,439

(1) Convenience translation to U.S. dollars ($) – See Note 2.2.4
The accompanying notes are an integral part of these consolidated statements of cash flows.

Notes Consolidated Financial Statements

FOMENTO ECONÓMICO MEXICANO, S.A.B. DE C.V. AND SUBSIDIARIES MONTERREY, N.L., MEXICO
As of December 31, 2024 and December 31, 2023. In millions of U.S. dollars ($) and in millions of Mexican pesos (Ps.).

Note 1. Company Business

Fomento Económico Mexicano, S.A.B. de C.V. and subsidiaries ("FEMSA," the Company or the Group), incorporated under the laws of Mexico on May 30, 1936 for a duration of 99 years. The duration can be extended indefinitely by resolution of the shareholders of the Company. FEMSA is a public company established as a *Sociedad anónima bursátil de capital variable* under the Mexican laws that owns subsidiaries that are direct and indirect sub-holding companies in businesses in which the Company operates in the beverage industry through Coca-Cola FEMSA; retail industry through Proximity, Fuel and Health Divisions; and transport logistic services industry. The Company's principal headquarters are located at General Anaya No. 601 Pte., Colonia Bella Vista, Monterrey, Nuevo León 64410, Mexico. The Company's telephone number at this location is (+52-81) 8328-6000.

The following is a description of the Company's businesses, along with its interest ownership in each reportable segment:

Business	% Ownership 2024	% Ownership 2023	Activities
Coca-Cola FEMSA, S.A.B. de C.V. and subsidiaries ("Coca-Cola FEMSA")	**47.2% (56.0% of the voting shares)**	47.2% (56.0% of the voting shares)	Production, distribution and marketing of certain Coca-Cola trademark beverages in Mexico, Guatemala, Nicaragua, Costa Rica, Panama, Colombia, Venezuela, Brazil, Argentina and Uruguay. As of December 31, 2024, The Coca-Cola Company ("TCCC") indirectly owns 27.8% of Coca-Cola FEMSA's capital stock. In addition, shares representing 25% of Coca-Cola FEMSA's capital stock are traded on the Bolsa Mexicana de Valores (Mexican Stock Exchange "BMV") and the New York Stock Exchange, Inc. ("NYSE") in the form of American Depositary Shares ("ADS").
Proximity Americas Division (4)	**100%**	100%	Small-box retail chain format operations in Mexico, Colombia, Peru, Chile, Brazil and the United States mainly under the trade name "OXXO."
Proximity Europe Division (2)	**100%**	100%	Small-box retail and foodvenience chain operated by Valora through its portfolio of brands (k kiosk, Brezelkönig, BackWerk, Ditsch, Press & Books, avec, Caffè Spettacolo and ok.–) located in Switzerland, Germany, Austria, Luxembourg and the Netherlands.
Fuel Division	**100%**	100%	Retail service stations for fuels, motor oils, lubricants and car care products under the trade name "OXXO Gas" with operations in Mexico.
Health Division	**100%**	100%	Drugstores operations in Chile, Colombia and Ecuador, mainly under the trademark "Cruz Verde", "Fybeca" and "Sana Sana"; and in Mexico under various brands such as "YZA"," La Moderna" and "Farmacon."
Heineken investment (3)	**0.9%**	0.9%	Heineken N.V. and Heineken Holding N.V. shares, which represented an aggregate of 0.9% economic interest in both entities ("Heineken Group").
Other businesses (1)	**100%**	100%	Transport logistics services, and maintenance to subsidiary companies and third parties with operations mainly in Mexico, Brazil and Colombia. Proximity discount grocery business whose value proposition is based on a low-cost model to provide consumers with a selection of national and private label products at the most competitive prices.Tech and innovation business unit focused on building a value added digital and financial ecosystem under the trade name "Spin".

(1) In 2023 the Company finalized the merger of Envoy Solutions, LLC with Brady Plus, retaining an economic interest of 37% in IFS TopCo. See Note 10.

(2) As described in Note 4, on October 7, 2022, the Company acquired 96.87% of ownership in Valora Holding AG. Through that date and until December 31, 2022, the Company continued acquiring ownership of Valora, having 98.15% at the end of the year. As of December 31, 2023, the Company owned 100% of Valora Holding AG.

(3) During 2023, the Company sold its investment in Heineken Group. See Note 10.

(4) During 2024, the Company completed the acquisition of 100% of the retail operation of Delek US Holdings, see Note 4.1.2

Note 2. Basis of Preparation

2.1 Statement of compliance

The consolidated financial statements of the Company as of December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The issuance of the financial statements and the corresponding notes was authorized by the Chief Financial Officer and the Corporate Controller on April 4, 2025. These consolidated financial statements and its accompanying notes will be presented at the Company's shareholder meeting on April 11, 2025, and will be authorized for issuance to the Mexican Stock Exchange by the Company's Board of Directors on the same date. Subsequent events have been considered through that date (see Note 30). The Company's shareholders have the power to approve or modify the Company's consolidated financial statements.

2.2 Basis of measurement and presentation

2.2.1 General considerations

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

- Derivative financial instruments.
- Trust assets of post-employment and other long-term employee benefit plans.
- Investments in equity instruments and some financial liabilities.
- Assets and liabilities held for sale. See Note 3.17.

The carrying values of assets and liabilities designated as hedged items in fair value hedges that would otherwise be carried at amortized cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

The financial statements of subsidiaries in a hyperinflationary economy are stated in terms of the measuring unit at the end of the reporting period.

2.2.2 Presentation of the consolidated income statements

The Company's consolidated income statements classifies its costs and expenses by function according to the industry practices in which the Company operates.

2.2.3 Presentation of consolidated statements of cash flows

The Company's consolidated statement of cash flows is presented using the indirect method.

2.2.4 Convenience translation to U.S. dollars ($)

The consolidated financial statements are stated in millions of Mexican pesos ("Ps.") and rounded to the nearest million unless stated otherwise. However, solely for the convenience of the readers, the consolidated statement of financial position, as of December 31, 2024, the consolidated income statement, the consolidated statement of comprehensive income and consolidated statement of cash flows for the year ended December 31, 2024 were converted into U.S. dollars at the closing exchange rate of Ps. 20.8557 Mexican pesos per U.S. dollar as published by the Federal Reserve Bank of New York as of December 31, 2024. This arithmetic conversion should not be construed as a representation that amounts expressed in Mexican pesos may be converted into U.S. dollars at that or any other exchange rate.

As explained in Note 2.1 above, as of March 28, 2025 the exchange rate was Ps. 20.4198 per U.S. dollar, an appreciation of 2.1% since December 31, 2024.

2.3 Critical accounting judgments and estimates

For the application of the Company's accounting policies, which are described in Note 3, management is required to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if it affects only such period or in the current and subsequent periods if the revision affects both.

2.3.1 Judgments and estimations

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effects on the consolidated financial statements.

2.3.1.1 Useful lives of property, plant and equipment and intangible assets with definite useful lives

Property, plant and equipment, including returnable bottles which are expected to provide benefits over more than one year, as well as intangible assets with definite useful lives are depreciated/amortized over their estimated useful lives. The Company bases its estimates on the experience of its technical personnel as well as its experience in the industry for similar assets, see Notes 3.14, 3.18, 11 and 13.

2.3.1.2 Equity method accounted investees

Associates

If the Company holds, directly or indirectly, 20 percent or more of the voting power of the investee, it is presumed that it has significant influence, unless it can be clearly demonstrated that this is not the case. If the Company holds, directly or indirectly, less than 20 percent of the voting power of the investee, it is presumed that the Company does not have significant influence, unless such influence can be demonstrated. Decisions regarding the propriety of utilizing the equity method of accounting for a less than 20 percent-owned corporate investee requires a careful evaluation of voting rights and their impact on the Company's ability to exercise significant influence. Management considers the existence of the following circumstances which may indicate that the Company is able to exercise significant influence over a less than 20 percent-owned corporate investee:

- Representation on the board of directors or equivalent governing body of the investee;
- Participation in policy-making processes, including participation in decisions about dividends or other distributions;
- Material transactions between the Company and the investee;
- Interchange of managerial personnel; or
- Provision of essential technical information.

Management also considers the existence and effect of potential voting rights that are currently exercisable or exchangeable when assessing whether the Company has significant influence.

In addition, the Company evaluates certain indicators that provide evidence of significant influence, such as:

- Whether the extent of the Company's ownership is significant relative to other shareholders (i.e. a lack of concentration of other shareholders);
- Whether the Company's significant shareholders or officers hold an additional investment in the investee; and
- Whether the Company is a part of an investee's board of director committees, such as the executive committee or the finance committee.

2.3.1.3 Leases

The Company periodically evaluates the reasonability of the assumptions used in the calculation of the right-of-use asset and lease liability. The results of these evaluations are recognized in the consolidated statement of financial position.

Information on assumptions and estimates that have a significant risk of resulting in an adjustment to the carrying value of right-of-use assets and lease liabilities, and the related statement of income accounts, include the following:

- If the Company is reasonably certain to exercise an option to extend a lease agreement or not exercise an option to terminate a lease agreement before its termination date, considering all the facts and circumstances that create an economic incentive for the Company to exercise, or not, such options, taking into account whether the lease option is enforceable and when the Company has the unilateral right to apply the option in question.
- Determination of the non-cancellable period for evergreen contracts and lifelong leases, considering whether the Company is reasonably certain to terminate the lease and/or estimating a reasonable period for the use of the asset, based on significant leasehold improvements made on the leased properties that provide reasonable certainty to the Company about the remaining period to obtain the benefits of such improvements on leased properties.

The Company estimates the Incremental Borrowing Rate ("IBR") using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

2.3.2 Key sources of estimation uncertainty

The following are the assumptions and other sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the subsequent financial period. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes would be included in the assumptions when they occur.

2.3.2.1 Impairment of indefinite-lived intangible assets, goodwill and depreciable long-lived assets

Intangible assets with indefinite lives including goodwill are subject to impairment tests annually or whenever indicators of impairment are present. An impairment exists when the carrying value of an asset or cash-generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculations are based on available data from binding sales agreements in arm's length transactions of similar assets or observable market prices less incremental costs for disposing of the asset. To determine whether such assets are impaired, the Company calculates an estimation of the value-in-use of the CGU to which such assets have been allocated. Impairment losses are recognized in current earnings for the excess of the carrying amount of the asset or CGU over its recoverable amount.

The Company assesses at each reporting date whether there is an indication that a long-lived asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows expected to be generated from the use of the asset or CGU 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available.

If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries, or other available fair value indicators.

The key assumptions used to determine the recoverable amount for the Company's CGUs, including a sensitivity analysis, are further explained in Notes 3.18 and 13.

2.3.2.2 Tax, labor and legal contingencies and provisions

The Company is subject to various claims and contingencies related to tax, labor and legal proceedings as described in Note 26. Due to their nature, such legal proceedings involve inherent uncertainties including, but not limited to, court rulings, negotiations between affected parties and governmental actions. Management periodically assesses the probability of loss for such contingencies and accrues a provision and/or discloses the relevant circumstances, as appropriate. If the potential loss of any claim or legal proceeding is considered probable and the amount can be reasonably estimated, the Company accrues a provision for the estimated loss. Management's judgment must be exercised to determine the likelihood of such a loss and an estimate of the amount, due to the subjective nature of the loss.

Management periodically evaluates positions taken in tax returns concerning situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

The Company operates in numerous tax jurisdictions and is subject to periodic tax audits, in the normal course of business, by local tax authorities on a range of tax matters in relation to corporate tax, transfer pricing and indirect taxes. The impact of changes in local tax regulations and ongoing inspections by local tax authorities could materially impact the amounts recorded in the financial statements. Where the amount of tax payable is uncertain, the Company establishes provisions based on management's estimates with respect to the likelihood of material tax exposures and the probable amount of the liability.

2.3.2.3 Fair value measurements

The Company measures all financial instruments at fair value.

The fair values of derivative financial instruments are determined considering quoted prices in recognized markets. If such instruments are not traded, fair value is determined by applying techniques based upon technical models supported by sufficient reliable and verifiable data, recognized in the financial sector. The Company bases its forward price curves upon market price quotations. Management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments, see Note 21.

In the initial recognition of an equity instrument that is not held for trading, under the "other" business model, the Company may irrevocably choose to present changes in the fair value of the investment in Other Comprehensive Income ("OCI"). This choice is made for each investment. Equity instruments are subsequently measured at fair value. Dividends are recognized as other income in the consolidated income statement unless the dividend represents a recovery of part of the cost of the investment. Other net gains and losses, related to changes in fair value, are recognized in OCI and are considered items that will not be reclassified to consolidated net income in subsequent periods.

For 2024 and 2023, the Company measured at its fair value less cost to sell of the assets and liabilities held for sale related to its Strategic Businesses (see Note 3.17 and Note 4).

In the initial recognition of the Company's investment in IFS Top Co, the fair value of the initial investment was determined through a valuation using the estimated discounted cash flows of the share of the retained investment. The Company uses the equity method for subsequent valuation of this investment.

2.3.2.4 Business combinations

Businesses combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, the liabilities assumed by the Company from the former owners of the acquiree, the amount of any non-controlling interest in the acquiree, and the equity interests issued by the Company in exchange for control of the acquiree.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognized and measured at their fair value, except that:

- Deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements 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 compensation arrangements of the acquiree or share-based compensation arrangements of the Company entered into to replace share-based compensation arrangements of the acquiree are measured in accordance with IFRS 2, *Share-based Payment*, at the acquisition date, see Note 3.25;

- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, are measured in accordance with that standard; and

- Indemnifiable assets are recognized at the acquisition date on the same basis as the indemnified liability subject to any contractual limitations.

For each acquisition, management's judgment is exercised to determine the fair value of the assets acquired, the liabilities assumed and any non-controlling interest in the acquiree, applying estimates or judgments in techniques used, especially in forecasting CGU's cash flows, in the computation of weighted average cost of capital ("WACC") and estimation of inflation during the identification of intangible assets with indefinite lives including goodwill and distribution and trademark rights, and estimation of useful lives of acquired intangible assets with definite lives, mainly, customer relationships.

2.4 Application of recently issued accounting standards

The Company has applied the following amendments to IFRS during 2024. None of the amendments had a significant impact on the Company's consolidated financial statements:

2.4.1 Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

As a result of implementing the amendments, the Company has provided additional disclosures about its supplier finance arrangement. Please refer to Note 21.11.

2.4.2 Classification of Liabilities as Current or Non-current - Amendments to IAS 1

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of 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, 2024 and must be applied retrospectively. The Company assessed the impact that the amendments would have on current practice and determined that there are no effects to disclose.

2.4.3 Lease Liability in a Sale and Leaseback - Amendments to IFRS 16

The amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right-of-use it retains. The amendments are applied retrospectively for annual periods beginning on or after January 1, 2024. Early application is permitted. The Company assessed the impact that the amendments would have on current practice and determined that there are no effects to disclose.

2.5 Financial impacts arising from Floods and Hurricanes in Mexico and Brazil in Coca-Cola FEMSA

For the years ended on December 31, 2024 and 2023, Coca-Cola FEMSA encountered significant impacts because some natural disasters such as hurricanes and flooding, which affected its operations in certain plants of Mexico and Brazil. These natural disasters had repercussions on both its facilities including inventories and property, plant and equipment, supply chain and therefore business activity, which have influenced the reported financial outcomes of both years.

In Mexico, the effects of Hurricane Otis in 2023 and Hurricane John in 2024 affected the Coca-Cola FEMSA facilities located in Acapulco, Guerrero. The consequences of these natural disasters included material damage to inventories of raw material and finished products as well as property, plant and equipment and buildings, that needed to be restore. In Brazil, the heavy rainfall and flooding in Rio Grande do Sul affected the facilities at the Porto Alegre plant, resulting in temporary interruptions in production and distribution, the material damage to inventories of raw material and finished products as well as property, plant and equipment and buildings, that needed to be restore.

In both cases, to maintain product supply in the region, operations were restructured, leading to an increase in logistical costs. For both events, insurance claims were activated, and the progress of agreements led to the recognition of recoveries that partially mitigated the economic impacts.

As of December 31, 2024, write-offs originated by damaged assets, additional expenses incurred, as well as the insurance recoveries received until as of December 31, 2024 are recorded as follows:

		Write-off for damaged assets
Inventories	Ps.	613
Property, plant and equipment		1,081
Additional expenses & losses		1,612
Subtotal		3,306
Insurance recovery (1)		(1,669)
Total	Ps.	1,637

(1) As of December 31, 2024, the Company recorded an accounts receivable of Ps.334 in the "others" caption, reflecting the outstanding cash flow from the insurance recovery, the net cash flow received was of Ps. 1,335, of which Ps. 1,090 are associated to operating activities and Ps. 245 to investing activities.

Note 3. Material Accounting Policies

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and can affect those returns through its power over the investee.

Specifically, the Company controls an investee if and only if the Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangements with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Company's voting rights and potential voting rights.

The Company re-assesses 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. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Company and the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Company's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full-on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Company loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary.
- Derecognizes the carrying amount of any non-controlling interests.
- Derecognizes the cumulative translation differences recorded in equity.
- Recognizes the fair value of the consideration received.
- Recognizes the fair value of any investment retained.
- Recognizes any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Company had directly disposed of the related assets or liabilities.

3.1.1 Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are measured at carrying amount and reflected in equity as part of additional paid-in capital.

3.2 Business combinations

Business combinations are accounted for using the acquisition method at the acquisition date, which is the date on which control is transferred to the Company. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or the proportionate share of the acquiree's identifiable net assets.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the Company's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets of the acquiree and the liabilities assumed. If the net of the acquisition-date amounts of the identifiable assets of the acquiree and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the Company's previously held an interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Costs, other than those associated with the issuance of debt or equity securities, that the Company incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognized at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent considerations are recognized in consolidated net income.

Indemnification assets are recognized at the acquisition date on the same basis as the indemnified liability subject to any contractual limitations.

If the initial accounting 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 in which the accounting is incomplete and discloses that its allocation is preliminary. Those provisional amounts are adjusted retrospectively during the measurement period (not greater than 12 months from the acquisition date), 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.

Sometimes obtaining control of an acquiree in which equity interest is held immediately before the acquisition date is considered as a business combination achieved in stages also referred to as a step acquisition. The Company remeasures its previously held equity interest in the acquiree at its acquisition-date fair value and recognizes the resulting gain or loss, if any, in profit or loss. Also, the changes in the value of equity interest in the acquiree recognized in OCI is recognized on the same basis as required if the Company had disposed directly of the previously held equity interest, see Note 3.13.

The acquisition method of accounting for a business combination applies to those combinations that may take the following forms:

a) The acquiree repurchases a sufficient number of its shares for the Company to obtain control.

b) Minority veto rights lapse that previously kept the Company from controlling an acquiree in which it held the majority voting rights.

c) The Company and the acquiree agree to combine their businesses by contract alone in which it transfers no consideration in exchange for control and no equity interest is held in the acquiree, either on the acquisition date or previously.

3.3 Foreign currencies, consolidation of foreign subsidiaries and accounting of equity method accounted investees

In preparing the financial statements of each subsidiary and accounting for equity method accounted investees, transactions in currencies other than the individual entity's functional currency (foreign currencies) are recognized at the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-measured.

Exchange differences on monetary items are recognized in the consolidated net income in the period in which they arise except for:

- The variations in the net investment in foreign subsidiaries generated by exchange rate fluctuation which are included in OCI, which is recorded in equity as part of cumulative translation adjustment within the accumulated other comprehensive income; and

- Exchange differences on transactions entered into to hedge certain foreign currency risks.

Foreign exchange differences on monetary items are recognized in profit or loss. Their classification in the consolidated income statements depends on their nature. Differences arising from fluctuations related to operating activities are presented in the "*other expenses*" line (see Note 20) while fluctuations related to non-operating activities such as financing activities are presented as part of the "foreign exchange gain (loss)" line in the consolidated income statements.

For incorporation into the Company's consolidated financial statements, each foreign subsidiary, associate or joint venture's individual financial statements are translated into Mexican pesos, as follows:

- For entities operating in hyperinflationary economic environments, the inflation effects of the origin country are recognized under IAS 29, *Financial Reporting in Hyperinflationary Economies*, and subsequently translated into Mexican pesos using the year-end exchange rate for the consolidated statements of financial position and consolidated income statements and comprehensive income; and

- For entities operating in non-hyperinflationary economic environments, assets and liabilities are translated into Mexican pesos using the year-end exchange rate, equity is translated into Mexican pesos using the historical exchange rate, and the consolidated income statements and comprehensive income are translated using the exchange rate at the date of each transaction. The Company uses the average exchange rate of each month if the exchange rate does not fluctuate significantly.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of exchange differences on translation of foreign subsidiaries and associates are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (i.e., partial disposals of associates or joint ventures that do not result in the Company losing significant influence or joint control), the proportionate share of the exchange differences on translation of foreign subsidiaries and associates is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Foreign exchange differences arising are recognized in equity as part of the cumulative translation adjustment.

The translation of assets and liabilities denominated in foreign currencies into Mexican pesos is for consolidation purposes and does not indicate that the Company could realize or settle the reported value of those assets and liabilities in Mexican pesos. Additionally, this does not indicate that the Company could return or distribute the reported Mexican peso value in equity to its shareholders.

Exchange Rates of Local Currencies Translated to Mexican Pesos [1]

		Average Exchange Rate for			Exchange Rate as of	
Country or Zone	**Functional / Recording Currency**	**2024**	**2023**	**2022**	**December 31, 2024**	**December 31, 2023**
Guatemala	Quetzal	**2.36**	2.27	2.60	**2.63**	2.16
Costa Rica	Colon	**0.04**	0.03	0.03	**0.04**	0.03
Panama	U.S. dollar	**18.30**	17.77	20.13	**20.27**	16.89
Colombia	Colombian peso	**0.004**	0.004	0.01	**0.005**	0.01
Nicaragua	Cordoba	**0.50**	0.49	0.56	**0.55**	0.46
Argentina	Argentine peso	**0.02**	0.07	0.16	**0.02**	0.02
Brazil	Reais	**3.40**	3.56	3.90	**3.27**	3.49
Chile	Chilean peso	**0.02**	0.02	0.02	**0.02**	0.02
Euro Zone	Euro (€)	**19.82**	19.19	21.17	**21.29**	18.76
Peru	Nuevo Sol	**4.87**	4.74	5.24	**5.38**	4.55
Ecuador	U.S. dollar	**18.30**	17.77	20.13	**20.27**	16.89
United States	U.S. dollar	**18.30**	17.77	20.13	**20.27**	16.89
Uruguay	Uruguayan peso	**0.46**	0.46	0.49	**0.46**	0.43
Switzerland	Swiss franc	**20.78**	19.77	—	**22.43**	20.11

(1) Exchange rates published by the Central Bank of each country where the Company operates, except for Panama and Ecuador.

3.4 Recognition of the effects of inflation in countries with hyperinflationary economic environments

The Company recognizes the effects of inflation on the financial information of its subsidiaries that operate in hyperinflationary economic environments (when cumulative inflation of the three preceding years is approaching, or exceeds, 100% or more in addition to other qualitative factors), which consists of:

- Using inflation factors to restate non-monetary assets, such as inventories, property, plant and equipment, net, intangible assets, net including related costs and expenses when such assets are consumed or depreciated;

- Applying the appropriate inflation factors to restate capital stock, additional paid-in capital, net income, retained earnings and items of other comprehensive income by the necessary amount to maintain the purchasing power equivalent in the currency of the subsidiary on the dates such capital was contributed, or income was generated up to the date the consolidated financial statements are presented; and

- Including the monetary position gain or loss in the consolidated income statements in the caption "Gain on monetary position for subsidiaries in hyperinflationary economies".

The Company restates the financial information of the Argentine subsidiary that operates in a hyperinflationary economic environment using the consumer price index ("CPI") of the country.

As of December 31, 2024, 2023, and 2022, the operations of the Company are classified as follows:

Country	Cumulative Inflation 2022 - 2024	Type of Economy	Cumulative Inflation 2021 - 2023	Type of Economy	Cumulative Inflation 2020 - 2022	Type of Economy
Mexico	**17.6%**	**Non-hyperinflationary**	21.1%	Non-hyperinflationary	19.4%	Non-hyperinflationary
Guatemala	**15.7%**	**Non-hyperinflationary**	17.3%	Non-hyperinflationary	18.0%	Non-hyperinflationary
Costa Rica	**6.9%**	**Non-hyperinflationary**	9.5%	Non-hyperinflationary	12.4%	Non-hyperinflationary
Panama	**3.8%**	**Non-hyperinflationary**	6.7%	Non-hyperinflationary	3.1%	Non-hyperinflationary
Colombia	**30.0%**	**Non-hyperinflationary**	30.6%	Non-hyperinflationary	21.4%	Non-hyperinflationary
Nicaragua	**21.2%**	**Non-hyperinflationary**	26.3%	Non-hyperinflationary	23.1%	Non-hyperinflationary
Argentina (a)	**1221.0%**	**Hyperinflationary**	815.6%	Hyperinflationary	300.3%	Hyperinflationary
Brazil	**16.0%**	**Non-hyperinflationary**	21.8%	Non-hyperinflationary	21.7%	Non-hyperinflationary
Euro Zone	**15.1%**	**Non-hyperinflationary**	18.0%	Non-hyperinflationary	14.6%	Non-hyperinflationary
Chile	**22.5%**	**Non-hyperinflationary**	25.6%	Non-hyperinflationary	20.9%	Non-hyperinflationary
Peru	**14.2%**	**Non-hyperinflationary**	19.2%	Non-hyperinflationary	15.4%	Non-hyperinflationary
Ecuador	**5.7%**	**Non-hyperinflationary**	7.2%	Non-hyperinflationary	5.8%	Non-hyperinflationary
United States	**13.2%**	**Non-hyperinflationary**	17.8%	Non-hyperinflationary	13.8%	Non-hyperinflationary
Uruguay	**20.1%**	**Non-hyperinflationary**	22.9%	Non-hyperinflationary	27.9%	Non-hyperinflationary
Germany	**8.5%**	**Non-hyperinflationary**	24.1%	Non-hyperinflationary	—	Non-hyperinflationary
Netherlands	**15.5%**	**Non-hyperinflationary**	19.1%	Non-hyperinflationary	—	Non-hyperinflationary
Austria	**18.7%**	**Non-hyperinflationary**	21.3%	Non-hyperinflationary	—	Non-hyperinflationary
Luxembourg	**14.3%**	**Non-hyperinflationary**	17.3%	Non-hyperinflationary	—	Non-hyperinflationary
Switzerland	**5.3%**	**Non-hyperinflationary**	6.2%	Non-hyperinflationary	—	Non-hyperinflationary

a) Argentina

Beginning on July 1, 2018, Argentina became a hyperinflationary economy because, among some other economic factors, the last three years' cumulative inflation in Argentina exceeded 100% according to the several economic indices that exist in the country. The financial information for the Company's Argentine subsidiary has been adjusted to recognize the inflationary effects since January 1, 2018 through:

- Using inflation factors to restate non-monetary assets, such as inventories, property, plant and equipment, net, intangible assets, net, including related costs and expenses when such assets are consumed or depreciated.

- Recognizing the monetary position gain or loss in the consolidated net income.

The FACPCE (Federación Argentina de Consejos Profesionales de Ciencias Económicas) approved on September 29, 2018 and published on October 5, 2018, a resolution which defines, among other things, that the index price to determine the restatement coefficient (Based on a series that applies the Consumer Price Index ("CPI") from January 2017 with the Wholesale Domestic Price Index ("WDPI") until this date, and computing November and December 2015 using the CPI- of Ciudad del Gran Buenos Aires ("CGBA") variation).

3.5 Cash and cash equivalents and restricted cash

Cash is comprised of deposits in bank accounts that generate interest on the available balance. Cash equivalents are mainly represented by short-term bank deposits and fixed-income investments (overnight), both with maturities of three months or less, and their carrying values approximate fair value. All credit card, debit card and electronic transfer transactions that process in less than 1.5 days are classified as cash and cash equivalents. The amount due from banks for these transactions classified as cash and cash equivalents amounts to Ps. 3,971 and Ps. 2,315 as of December 31, 2024 and 2023, respectively.

The Company also maintains restricted cash which is pledged as collateral to meet certain contractual obligations. Restricted cash is presented within other current financial assets given that, by their nature, the restrictions are short-term (Note 9.2).

3.6 Investments

The investments include debt securities and bank deposits with a maturity of more than three months but less than twelve as of the acquisition date.

Management determines the appropriate classification of investments at the time of purchase and evaluates that classification at the date of each statement of financial position, see Note 6.

3.7 Financial assets

Financial assets are classified within the following business models depending on management's objective: (i) "held to maturity to recover cash flows," (ii) "held to maturity and to sell financial assets" and (iii) "others or held for trading," including derivatives designated as hedging instruments in an effective hedge, as appropriate. The classification depends on the nature and purpose of holding the financial assets and is determined at the time of initial recognition.

The Company performs a portfolio–level assessment of the business model in which a financial asset is managed to accomplish the Company's risk management purposes. The information that is considered within the evaluation includes:

- The policies and objectives of the Company about the portfolio and the practical implementation of policies;
- Performance and evaluation of the Company's portfolio including accounts receivable;
- Risks that affect the performance of the business model and how those risks are managed;
- Any compensation related to the performance of the portfolio; and
- Frequency, volume and timing of sales of financial assets in previous periods together with the reasons for said sales and expectations regarding future sales activities.

The Company's financial assets include cash, cash equivalents and restricted cash, investments with maturities of more than three months and accounts receivable, derivative financial instruments and other financial assets.

For the initial recognition of a financial asset, the Company measures it at fair value plus the transaction costs that are directly attributable to the purchase thereof, if said asset is not measured at fair value through profit or loss. Accounts receivable that do not have a significant financing component are measured and recognized at the transaction price. The rest of the financial assets are recognized only when the Company is part of the contractual provisions of the instrument.

The fair value of an asset is measured using assumptions that would be used by market participants when valuing the asset, assuming that the transaction is orderly and takes place in the principal or the most advantageous market for the asset.

Financial assets are classified, at initial recognition, as measured at: amortized cost, fair value with changes in other comprehensive income – debt or equity investments – and fair value through profit or loss. The classification depends on the objective by which the financial asset is acquired.

Financial assets are not reclassified after their initial recognition unless the Company changes the business model to manage the financial assets; in which case, all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

3.7.1 Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets the following two conditions and is not designated as fair value through profit and loss ("FVTPL"):

- It's managed within a business model whose objective is to maintain financial assets to recover the contractual cash flows; and
- The contractual terms are only payments at specified dates of the principal and interest on the amount of the outstanding principal, or solely payments of principal and interest ("SPPI").

The amortized cost of a financial asset is the amount of the initial recognition less the principal payments, plus or minus the accumulated amortization using the effective interest rate method of any difference between the initial amount and the amount as of the maturity and, for financial assets, adjusted for any impairment losses. The exchange fluctuation and impairment are recognized in the consolidated income statement.

3.7.2 Effective interest rate method ("ERR")

The effective interest rate method consists of calculating the amortized cost of loans and accounts receivables and other financial assets (measured at amortized cost) and allocating interest income/expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3.7.3 Financial assets at fair value with changes in other comprehensive income ("FVOCI")

A financial asset is measured at FVOCI if it meets the following two conditions and is not designated as FVTPL:

- It's managed within a business model whose objective is achieved through the collection of contractual cash flows and the sale of financial assets; and
- The contractual terms are solely principal and interest payments.

These assets are subsequently measured at fair value. The interest income calculated using the internal rate of return ("IRR"), the exchange fluctuation and any impairment are recognized in profit and loss. Other gains and losses, related to changes in fair value, are recognized in OCI. In the case of derecognition or reclassification, the accumulated gains and losses in OCI are reclassified to profit and loss.

In the initial recognition of an equity instrument that is not held for trading, under the "other" business model, the Company may irrevocably choose to present changes in the fair value of the investment in OCI. This choice has to be made for each investment. Equity instruments are subsequently measured at fair value. Dividends are recognized as other income in results unless the dividend represents a recovery of part of the cost of the investment. Other net gains and losses, related to changes in fair value, are recognized in OCI and are not reclassified to consolidated net income in subsequent periods.

3.7.4 Financial assets at fair value through profit or loss ("FVTPL")

Financial assets designated as FVTPL include financial assets held for trading and financial assets designated at initial recognition as FVTPL. Financial assets are classified as held for trading if they are acquired to sell in the short-term. Derivatives, including embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined in IFRS 9. Financial assets designated as FVTPL are recorded in the consolidated statements of financial position with changes in fair value presented as interest expense (net negative changes in fair value) or interest income (net positive changes in fair value) in the consolidated income statements, including any dividend income.

3.7.5 Evaluation that contractual cash flows are solely principal and interest payments ("SPPI")

To classify a financial asset within one of the three different categories, the Company determines whether the contractual cash flows of the asset are only principal and interest payments. The Company considers the contractual terms of the financial instrument and whether the financial asset contains any contractual term that could change the timing or amount of the contractual cash flows in such a way that it would not meet the SPPI criteria. In making this evaluation, the Company considers the following:

- Contingent events that would change the amount or timing of cash flows;
- Terms that can adjust the contractual coupon rate, including variable interest rate characteristics;
- Prepayment and extension features; and
- Characteristics that limit the Company's right to obtain cash flows.

A prepaid feature is consistent with the characteristics of SPPI if the prepayment amount substantially represents the amounts of the principal and interest pending payment, which could include reasonable compensation for early termination of the contract. Additionally, a financial asset acquired or originated with a premium or discount to its contractual amount and at initial recognition the fair value of the prepaid characteristic is insignificant, the asset will pass the test of the contractual characteristics of cash flow if the amount of the prepayment represents substantially the contractual amount and accrued interest (but not paid); which may include additional compensation for the early termination of the contract.

3.7.6 Impairment of financial assets

The Company recognizes impairment due to expected credit loss ("ECL") in:

- Financial assets measured at amortized cost;
- Debt investments measured at FVOCI; and
- Other contractual assets.

Impairment losses on accounts receivable and contractual assets are measured at the amount that equals the lifetime ECL, whether or not it has a significant financing component. The Company applies the criteria to all accounts receivable and contractual assets, together or separately.

The Company measures impairment losses at an amount equal to ECL for the lifetime, except for the following:

- Debt instruments classified as low credit risk; and
- Other debt instruments in which the credit risk (non-recoverability risk over the financial instrument's expected life) has not increased significantly since the initial recognition.

In determining whether the credit risk of a financial asset has increased significantly since initial recognition and estimating the ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. It includes qualitative and quantitative analysis based on Company's experience and credit assessment.

The impairment loss is a weighted estimate of the probability of expected loss. The amount of impairment loss is measured as the present value of any lack of liquidity (the difference between the contractual cash flows that correspond to the Company and the cash flows that management expects to receive). The expected credit loss is discounted at the original effective interest rate of the financial asset.

The Company evaluates if there was evidence of impairment on a regular basis or when an impairment indicator exists. Some observable data that financial assets were impaired includes:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as default or past due event;
- Granting concessions due to the borrower's financial difficulties which the Company would not consider in other circumstances;
- Indicators that the borrower will enter bankruptcy or other financial reorganization;
- The disappearance of an active market for a financial instrument because of financial difficulties; or
- Information indicating that there was a measurable decrease in the expected cash flows of a group of financial assets.

For an equity instrument, evidence of impairment includes a significant decrease in its fair value lower than its carrying value.

The impairment loss on financial assets measured at amortized cost reduces the book value and for financial assets measured at FVOCI, the impairment loss is recognized as a loss within OCI.

3.7.7 Derecognition

A financial asset (or, where 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 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.

3.7.8 Offsetting of financial instruments

Financial assets are required to be offset against financial liabilities and the net amount reported in the consolidated statement of financial position if, and only if, the Company:

- Currently has an enforceable legal right to offset the recognized amounts; and
- Intends to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

3.8 Other financial assets

Other financial assets include long-term accounts receivable, derivative financial instruments and recoverable contingencies acquired from business combinations. Long-term accounts receivable with a stated term are measured at amortized cost using the effective interest method, less any impairment.

3.9 Derivative financial instruments

The Company is exposed to different risks related to cash flows, liquidity, market and third-party credit. As a result, the Company contracts different derivative financial instruments to reduce its exposure to the risk of exchange rate fluctuations between the Mexican peso and other currencies, and interest rate fluctuations associated with its borrowings denominated in foreign currencies and the exposure to the risk of fluctuation in the costs of certain raw materials.

The Company recognizes all derivative financial instruments and hedging activities in the consolidated statement of financial position as either an asset or liability measured at FVTPL or FVOCI, considering quoted prices in recognized markets. If such instruments are not traded in a formal market, fair value is determined by applying techniques based upon technical models supported by sufficient, reliable and verifiable market data. Changes in the fair value of derivative financial instruments are recorded each period in current earnings or otherwise as a component of cumulative other comprehensive income based on the item being hedged and the effectiveness of the hedge.

3.9.1 Hedge accounting

The Company designates certain hedging instruments, which include derivatives to cover foreign currency risk, as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

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

3.9.2 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 other comprehensive income under the heading valuation of the effective portion of derivative financial instruments. The gain or loss relating to the ineffective portion is recognized immediately in the “market value (gain) loss on financial instruments” line item within the consolidated income statements.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to consolidated net income in the periods when the hedged item is recognized in consolidated net income, in the same line of the consolidated income statements as the recognized hedged item.

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 cumulative other comprehensive income in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in consolidated net income. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in consolidated net income.

3.9.2.1 Fair value hedges

For hedged items carried at fair value, the change in the fair value of a hedging derivative is recognized in the consolidated income statement as foreign exchange gain or loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the consolidated income statement as "foreign exchange gain or loss".

For fair value hedges relating to items carried at amortized cost, the change in the fair value of the effective portion of the hedge is recognized first as an adjustment to the carrying value of the hedged item and then is amortized through profit or loss over the remaining term of the hedge using the EIR method. EIR amortization may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognized, the unamortized fair value is recognized immediately in profit or loss.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in profit and loss.

3.9.2.2 Hedge of net investment in a foreign business

The Company designates debt securities as a hedge of certain net investment in foreign subsidiaries and applies hedge accounting to foreign currency differences arising between the currency of its investments abroad and the functional currency of the holding company (Mexican peso), regardless of whether the net investment is held directly or through a sub-holding company.

Differences in foreign currency that arise in the conversion of a financial liability designated as a hedge of a net investment in a foreign operation are recognized in other comprehensive income in the exchange differences in the "translation of foreign operations and associates" caption, to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognized as market value gain or loss on financial instruments within the consolidated income statements. When part of the hedge of net investment is disposed, the corresponding accumulated foreign currency translation effect is recognized as part of the gain or loss on the disposal in discontinued operations within the consolidated income statement. In the case of an equity instrument measured at FVOCI, the corresponding accumulated foreign currency translation effects remains as part of OCI.

3.10 Fair value measurement

The Company measures financial instruments, such as derivatives, and certain non-financial assets, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortized cost are disclosed in Notes 14 and 19.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in either:

- the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted prices (unadjusted) 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 or indirectly.
- Level 3 — Unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

For assets and liabilities that are recognized in the consolidated financial statements regularly, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company determines the policies and procedures for both recurring fair value measurements, such as those described in Note 21 and unquoted liabilities such as debt described in Note 19.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.11 Inventories and cost of goods sold

Inventories are measured at a the lower of cost and net realizable value. The net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Inventories represent the acquisition or production cost that is incurred when purchasing or producing a product and are based on the weighted average cost formula. The operating segments of the Company use different inventory costing methodologies to value their inventories, such as the weighted average cost method in Coca-Cola FEMSA, Proximity Europe, the distribution centers of Proximity Americas, as well as the Health Division; retail method (a method to estimate the average cost) for most stores within Proximity Americas; and the acquisition method in the Fuel Division.

Cost of goods sold includes expenses related to the purchase of raw materials used in the production process, as well as labor costs (wages and other benefits), depreciation of production facilities, equipment and other costs, including fuel, electricity, equipment maintenance and inspection; expenses related to the purchase of goods and services used in the sale process of the Company's products and expenses related to the purchase of gasoline, diesel and all engine lubricants used in the sale process of the Company.

Management makes judgments regarding write-downs to determine the net realizable value of the inventory. These write-downs consider factors such as age and condition of goods as well as recent market data to assess the estimated future demand for goods.

3.12 Other current and non-current assets

Other current assets, which will be realized within less than one year from the reporting date, are comprised of prepaid assets and product promotion agreements with customers.

Prepaid assets principally consist of advances to suppliers of raw materials, advertising, promotional, leasing and insurance costs, and are recognized as other current assets at the time of the cash disbursement. Prepaid assets are initially recorded as an asset and are subsequently amortized in the appropriate caption in the consolidated income statement when goods or services have been received.

The Company has prepaid advertising costs which consist of television and radio advertising airtime in advance. These prepaids are generally amortized over the period based on the transmission of the television and radio spots. The related production costs are recognized in the consolidated income statement as incurred.

Coca-Cola FEMSA has agreements with customers for the right to sell and promote Coca-Cola FEMSA's products over a certain period. The majority of these agreements have terms of more than one year, and the related costs are amortized using the straight-line method over the term of the contract and deducted from Net sales as consideration paid to customers. During the years ended December 31, 2024, and December 31, 2023 and 2022, such amortization aggregated to Ps. 258, Ps. 304 and Ps. 295, respectively. See Note 9.1 and Note 14.1.

3.13 Equity method accounted investees

Associates are those entities over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not control over those policies. Upon loss of significant influence over the associate, the Company measures and recognizes any retained investment at its fair value.

Investments in associates are accounted for using the equity method and initially recognized at cost, which comprises the investment's purchase price and any directly attributable expenditure necessary to acquire it. The carrying value of the investment is adjusted to recognize changes in the Company's shareholding of the associate since the acquisition date. The financial statements of the associates are prepared for the same reporting period as the Company.

The consolidated financial statements include the Company's share of the associates consolidated net income and other comprehensive income, after adjustments to align the accounting policies with those of the Company, from the date that significant influence commences until the date that significant influence ceases.

Profits and losses resulting from 'upstream' and 'downstream' transactions between the Company (including its consolidated subsidiaries) and an associate are recognized in the consolidated financial statements only to the extent of unrelated investors' interests in the associate. 'Upstream' transactions are, for example, sales of assets from an associate to the Company. 'Downstream' transactions are, for example, sales of assets from the Company to an associate. The Company's share in the associate's profits and losses resulting from these transactions is eliminated.

When the Company's share of losses exceeds the carrying amount of the investment in the associate, including any advances, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Company has a legal or constructive obligation to pay the associate or has to make payments on behalf of the associate.

Goodwill identified at the acquisition date is presented as part of the investment in shares of the associate in the consolidated statement of financial position. Any goodwill arising on the acquisition of the Company's interest in an associate is measured in accordance with the Company's accounting policy for goodwill arising in a business combination, see Note 3.2 and Note 10.

After the application of the equity method, the Company determines whether it is necessary to recognize an impairment loss on its investment in its associate. Goodwill that forms part of the carrying amount of the net investment in an associate or a joint venture is not separately recognized and therefore is not tested for impairment separately. Instead, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 as a single asset, by comparing its recoverable amount. The Company determines at each reporting date whether there is any objective evidence that the investment in the associates is impaired. If this is the case, the Company determines the amount of impairment as the difference between the recoverable amount of the investment and its carrying value and recognizes the amount in the share in profit or loss of equity method accounted investees, net of tax in the consolidated income statements.

If an investment interest is reduced but continues to be classified as an associate, the Company reclassifies to profits or losses the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to the reduction in ownership interest if the gain or loss would be required to be reclassified to consolidated net income on the disposal of the related investment.

The Company reclassifies in each case proportionate to the interest disposed of the following amounts recognized in other comprehensive income: i) foreign exchange differences, ii) accumulated hedging gains and losses, iii) any other amount previously recognized that would have been recognized in net income if the associate had directly disposed of the asset to which it relates.

Upon loss of significant influence over the associate, the Company measures and recognizes any retained investment at its fair value.

A joint arrangement is an arrangement in which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Company classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Company's rights to the assets and obligations for the liabilities of the arrangements.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The Company recognizes its interest in the joint ventures as an investment and accounts for that investment using the equity method. For the years ended December 31, 2024, 2023 and 2022 the Company does not have an interest in joint operations.

If an investment interest is reduced but continues to be classified as joint arrangement, the Company reclassifies to profits or losses the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to the reduction in ownership interest if the gain or loss would be required to be reclassified to consolidated net income on the partial disposal of the related investment.

The Company reclassifies the proportion of the interest disposed of a joint venture investment based on the overall reduction in the investment. During the years ended December 31, 2024, 2023, and 2022 the Company did not have any significant disposals or partial disposals of joint arrangements.

Upon loss of joint control over a joint venture, the Company measures and recognizes any retained investment at its fair value.

3.14 Property, plant and equipment

Property, plant, and equipment are initially recorded at their cost of acquisition and/or construction and are presented net of accumulated depreciation and accumulated impairment losses, if any. The borrowing costs related to the acquisition or construction of qualifying assets are capitalized as part of the cost of that asset, if material.

Major maintenance costs are capitalized as part of the total acquisition cost. Routine maintenance and repair costs are expensed as incurred.

Investments in progress consist of long-lived assets not yet in service or, in other words, that are not yet ready for the purpose that they were bought, built or developed. The Company expects to complete those investments during the following 12 months.

Depreciation is computed using the straight-line method over the asset's estimated useful life. Where an item of property, plant and equipment comprises major components having different useful lives, the components are accounted and depreciated for as separate items of property, plant and equipment.

During 2022, Coca-Cola FEMSA reviewed the useful lives of its property, plant and equipment, and determined changes in its estimated useful lives of these assets. The financial impact of this change for 2022 was immaterial. Changes in these estimates were applied prospectively.

The estimated useful lives of the Company's assets are as follows:

	Years
Buildings	20-50
Machinery and equipment	5-25
Distribution equipment	4-14
Refrigeration equipment	7-10
Returnable bottles	1.5-4
Leasehold improvements	The shorter of the lease term or 20 years
Information technology equipment	3-4
Other equipment	2-15

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds (if any) and the carrying amount of the asset and is recognized in the consolidated income statement.

Returnable and non-returnable bottles:

Coca-Cola FEMSA has two types of bottles: returnable and non-returnable.

- Non-returnable bottles are expensed in the consolidated income statement at the time of the sale of the product.

- Returnable bottles are classified as long-lived assets as a component of property, plant and equipment. Returnable bottles are recorded at acquisition cost. Depreciation of returnable bottles is computed using the straight-line method over their estimated useful lives of the bottles.

There are two types of returnable bottles:

- Those that are in Coca-Cola FEMSA's control within its facilities, plants and distribution centers; and

- Those that have been placed in the hands of customers, and still belong to Coca-Cola FEMSA.

Returnable bottles that have been placed in the hands of customers are subject to an agreement with a retailer under which Coca-Cola FEMSA retains ownership. These bottles are monitored by sales personnel during periodic visits to retailers and Coca-Cola FEMSA has the right to charge any breakage identified to the retailer. Bottles that are not subject to such agreements are expensed when placed in the hands of retailers.

Coca-Cola FEMSA's returnable bottles are depreciated according to their estimated useful lives (four years for glass bottles and 1.5 years for PET bottles). Deposits received from customers are amortized over the same estimated useful lives of the bottles.

3.15 Leases

The Company assesses at its inception whether a contract is, or contains, a lease when the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. The Company assesses whether a contract is a lease arrangement, when:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the lessor has substantive substitution rights, then the asset is not identified;
- The Company has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. When the use of the asset is predetermined, the Company has the right to direct the use of the asset if either: i) it has the right to operate the asset; or ii) it designed the asset in a way that predetermines how and for what purpose it will be used.

The Company enters into leases mainly for land and buildings for its retail stores and other buildings for its offices. In general, lease agreements for retail stores last 15 years, and office space agreements generally have terms between three and five years.

As a lessee

Initial recognition

At the lease commencement date, the Company recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date. The right-of-use asset considers any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments to be made over the lease term. The future lease payments are discounted using the Company's incremental borrowing rate, which is considered as the rate that the Company would negotiate when obtaining financing for a similar period, and with a similar guarantee, to obtain an asset of a similar value to the leased asset. For the Company, the discount rate used to measure the right of use asset and its lease liability is the rate related to the cost of financing for the Company from the consolidated perspective ("*Ultimate Parent Company*").

Lease payments included in the measurement of the lease liability, comprise the following:

- Fixed payments, including in-substance fixed payments, less any incentives receivable;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- The exercise price under a purchase option that the Company is reasonably certain to exercise, an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early; and
- Amounts expected to be payable to the lessor under residual value guarantees.

The Company does not recognize a right-of-use asset and a lease liability for short-term leases that have a lease term of 12 months or less and leases of low-value assets, mainly technological equipment used by the employees, such as computers, handheld devices, and printers. The Company recognizes the lease payments associated with these leases as an expense in the consolidated statement of income as they are incurred.

Subsequent measurement

The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term. In addition, the right-of-use asset is periodically adjusted for impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortized cost using the effective interest rate method. The Company remeasures the lease liability when there is a modification in the lease term or amounts of expected payments under a residual value guarantee and when it arises from a change in an index or rate, without modifying the incremental borrowing rate (unless it results from a change in a floating rate). The lease liability is remeasured using a new incremental borrowing rate at the date of the modification when:

- An extension or termination option is exercised modifying the non-cancellable period of the contract; or
- The Company changes its assessment of whether it will exercise a purchase option of the underlying asset.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying value amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

A modification to the lease agreement is accounted for as a separate lease if both of the following conditions are met: i) the modification increases the scope of the lease by adding the right-to-use one or more underlying assets, and ii) the consideration for the lease increases by an amount proportional to the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the contract.

In the consolidated statement of income, the interest expense from the lease liability is recognized as a component of interest expense, unless it is directly attributable to qualifying assets, in which case it is capitalized in accordance with the Company's accounting policy on borrowing costs. Depreciation of the right-of-use asset is recognized in the consolidated statement of income.

Leasehold improvements on lease agreements are recognized as a part of property, plant and equipment in the consolidated financial statements and are amortized using the straight-line method over the shorter of either the useful life of the assets or the related lease term.

All intra-group right-of-use assets and lease liabilities, interest expenses, depreciation and cash flows relating to transactions between subsidiaries of the Company are eliminated on consolidation.

3.16 Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance and represent payments whose benefits will be received in future years. Intangible assets acquired separately are measured at initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as of the date of acquisition (see Note 3.2). Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite, in accordance with the period over which the Company expects to receive the benefits.

Intangible assets with finite useful lives are amortized and mainly consist of:

- Customer relationships intangible assets acquired in a business combination, are recognized on acquisition and recorded at fair value. After initial recognition, customer relationships intangible assets are stated at cost less accumulated amortization and any impairment losses. Amortization is charged to the consolidated income statement on a straight-line basis over the estimated useful economic lives which range from 6 to 25 years.

- Technology costs and management system costs incurred during the development stage which are currently in use. Such amounts are capitalized and then amortized using the straight-line method over their expected useful lives, with a range in useful lives from 3 to 10 years. Expenditures that do not fulfill the requirements for capitalization are expensed as incurred.

- Alcohol licenses are amortized using the straight-line method over their estimated useful lives, which are estimated at 12 years.

Amortized intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or group of assets may not be recoverable through its expected future cash flows.

Intangible assets with indefinite useful lives consist of:

- Rights to produce and distribute Coca-Cola trademark products in the Company's territories.

As of December 31, 2024, Coca-Cola FEMSA had four bottler agreements in Mexico, (i) Valley of Mexico territory, which is up for renewal in June 2033, (ii) Southeast territory, which is up for renewal in June 2033, (iii) Bajio territory, which is up for renewal in May 2025 and (iv) Golfo territory, which is up for renewal in May 2025. As of December 31, 2024, Coca-Cola FEMSA had one bottler agreement in Brazil, which is up for renewal in October 2027. As of December 31, 2024, Coca-Cola FEMSA had three bottler agreements in Guatemala, which are up for renewal in March 2035 (one contract) and April 2028 (two contracts).

In addition, Coca-Cola FEMSA had one bottler agreement in each country which is up for renewal as follows: Argentina, which is up for renewal in September 2034; Colombia which is up for renewal in June 2034; Panama which is up for renewal in November 2034; Costa Rica which is up for renewal in September 2027; Nicaragua which is up for renewal in May 2026; and Uruguay which is up for renewal in June 2028.

As of December 31, 2024, Coca-Cola FEMSA's Venezuela investee had one bottler agreement, which is up for renewal in August 2026.

The bottler agreements are automatically renewable for ten-year terms, subject to the right of either party to give prior notice that it does not wish to renew a specific agreement. In addition, these agreements generally may be terminated in the case of material breach. Termination would prevent Coca-Cola FEMSA from selling Coca-Cola trademark beverages in the affected territory and would have an adverse effect on the Company´s business, financial conditions and results from operations.

- Trademark rights include Health Division's trademark rights which consist of standalone beauty store retail banners, pharmaceutical distribution to third-party clients and the production of generic and bio equivalent pharmaceuticals.

Intangible assets with an indefinite life are not amortized and are subject to impairment tests on an annual basis as well as whenever certain circumstances indicate that the carrying amount of those intangible assets may exceed their recoverable value.

3.17 Non-current assets held for sale and discontinued operations

The Company classifies non-current assets and disposal groups as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuous operational use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. The sale is considered highly probable if the following conditions are met:

- The appropriate level of management must be committed to a plan to sell the asset (or disposal group);
- An active program to locate a buyer and complete the plan must have been initiated;
- The asset (disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (or disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. For the year ended on December 31, 2024 the Company has assets and liabilities held for sale. See Note 4.

Discontinued operations are excluded from the continuing operations and are also presented as a single line item as earnings (loss) after income taxes of discontinued operations in the consolidated income statement.

For the year ended on December 31, 2024, 2023 and 2022 the Company has discontinued operations related to its investment in Heineken and other significant businesses that have been disposed or are in the process of being sold. See Note 4.

3.18 Impairment of long-lived assets

At the end of each reporting period, the Company reviews the carrying amounts of its long-lived tangible and intangible assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest CGUs for which a reasonable and consistent allocation basis can be identified.

For impairment testing, goodwill acquired in a business combination is allocated at the acquisition date to each of the group's CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

For goodwill and other indefinite-lived intangible assets, the Company tests for impairment on an annual basis and whenever certain circumstances indicate that the carrying amount of the related CGU might exceed its recoverable amount.

The recoverable amount is the higher of fair value less costs to sell and 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, as discussed in Note 2.3.2.1.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized immediately in consolidated net income.

Where the conditions leading to an impairment loss no longer exist, it is subsequently reversed. That is, the carrying amount of the asset (or CGU) 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 CGU) in prior years. A reversal of an impairment loss is recognized immediately in consolidated net income. Impairment losses related to goodwill are not reversible.

For the years ended December 31, 2024, 2023 and 2022, the Company recognized impairment losses of Ps. 2,801, Ps. 1,248 and Ps. 833, respectively (see Note 20).

3.19 Financial liabilities and equity instruments

3.19.1 Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3.19.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized as a deduction from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's equity instruments.

3.19.3 Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at amortized cost, except for derivative instruments designated as hedging instruments in an effective hedge, which are recognized at FVTPL. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value less, in the case of loans and borrowings, directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings, and derivative financial instruments, see Note 3.9.

Subsequent measurement

The subsequent measurement of the Company's financial liabilities depends on their classification as described below.

3.19.4 Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated income statements when the liabilities are derecognized.

Amortized cost is calculated by taking into account 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 in the consolidated income statements, see Note 19.

3.19.5 Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, canceled 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 consolidated income statements.

3.20 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 the Company 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 consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

The Company recognizes a provision for a loss contingency when it is probable (i.e. the probability that the event will occur is greater than the probability that it will not) that certain effects related to past events, would materialize and can be reasonably quantified. These events and their financial impact are also disclosed as loss contingencies in the consolidated financial statements when the risk of loss is deemed to be other than remote. The Company does not recognize an asset for a gain contingency until the gain is virtually certain, see Note 26.

Restructuring provisions are recognized only when the recognition criteria for provisions are satisfied. The Company has a constructive obligation when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, there is a detailed estimate of the associated costs, and an appropriate timeline. Furthermore, the employees affected must have been notified of the plan's main features.

3.21 Post-employment and other short and long-term employee benefits

Post-employment and other long-term employee benefits include obligations for pension and retirement plans, seniority premiums and postretirement medical services.

In Mexico, the economic benefits from employee benefits and retirement pensions are granted to employees with 10 years of service and minimum age of 60. In addition, in accordance with Mexican Labor Law, the Company provides seniority premium benefits to its employees under certain circumstances. The seniority premium benefits consist of a one-time payment equivalent to 12 days wages for each year of service (at the employee's most recent salary, but not to exceed twice the legal minimum wage), payable to all employees with 15 or more years of service, as well as to certain employees terminated involuntarily before the vesting of their seniority premium benefit. For qualifying employees, the Company also provides certain post-employment healthcare benefits such as the medical-surgical services, pharmaceuticals, and hospitals.

For defined benefit retirement plans and other long-term employee benefits, such as the Company's sponsored pension and retirement plans, seniority premiums and postretirement medical service plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. All remeasurement effects of the Company's defined benefit obligation such as actuarial gains and losses are recognized directly in OCI. The Company presents service costs within cost of goods sold, administrative and selling expenses in the consolidated income statements. The Company presents net interest cost within interest expense in the consolidated income statements. The projected benefit obligation recognized in the consolidated statement of financial position represents the present value of the defined benefit obligation as of the end of each reporting period. Certain subsidiaries of the Company have established plan assets for the payment of pension benefits, seniority premiums and postretirement medical services through irrevocable trusts of which the employees are named as beneficiaries, which serve to decrease the unfunded status of such plans' related obligations.

Costs related to compensated absences, such as vacations and vacation premiums, are recognized on an accrual basis.

Employee profit sharing ("PTU") in Mexico is paid by the Company's Mexican subsidiaries to its eligible employees. In Mexico, PTU is computed at the rate of 10% of the individual company taxable income. PTU in Mexico is calculated from the same taxable income for income tax, except for the following: a) neither tax losses from prior years nor the PTU paid during the year are deductible; and b) payments to employees that are exempt from taxes are fully deductible in the PTU computation.

The amendment to the Federal Labor Law established a limit on the amount to be paid for profit sharing to employees, which indicates that the amount of PTU assigned to each employee may not exceed the equivalent of three months of the employee's current salary, or the average PTU received by the employee in the previous three years, whichever is greater. If the PTU determined is less than or equal to this limit, the PTU will be determined by applying 10% of the individual company taxable income. If the PTU determined exceeds this limit, the limit would apply and this should be considered the PTU for the period.

A settlement occurs when an employer enters into a transaction that eliminates all further legal or constructive obligations for part or all of the benefits provided under a defined benefit plan. A curtailment arises from an isolated event such as the closing of a plant, discontinuance of an operation or termination or suspension of a plan. Gains or losses on the settlement or curtailment of a defined benefit plan are recognized when the settlement or curtailment occurs.

3.22 Revenue recognition

The Company recognizes revenue when the control of performance obligations included in the contract is transferred to the customer. Control refers to the ability that the customer has to direct the use and also to obtain substantially all the benefits of the goods or services exchanged. These benefits are generally paid on a short-term basis.

Management defined the following as indicators to analyze the timing and circumstances as well as the amount by which the revenues would be recognized:

- Identify the contract(s) with a customer (written, oral or any other according to business practices);
- Evaluate the goods and services promised in the customer contract and identifying how each performance obligation in the contract will be transferred to the customer;
- Consider the contractual terms jointly with business practices to determine the transaction price. The transaction price is the amount of the consideration the Company expects to receive in exchange for transferring the promised goods and services to the customer, excluding tax on sales. The expected consideration in a contract may include fixed amounts, variable amounts or both;
- Allocate the transaction price to each performance obligations in the contract (to each good and service that is different) for an amount that represents the consideration to which the entity expects to receive in exchange for the goods and services arranged with the customer; and
- Recognize revenue when (or as) the entity satisfies a performance obligation in exchange for promised goods and services.

All of the above conditions are typically met at the point in time that goods are delivered to the customer at the customers' facilities. The net sales reflect the effect of agreements with customers, the units delivered at list price, net of variable considerations such as promotions and discounts, which are measure based on the amounts agreed with customers using the expected value method.

The benefits granted from suppliers to the Company as discounts and incentives are recognized as benefits in the cost of goods sold because the Company does not have a separate performance obligation.

When the Company is not the primary responsible party for selling goods or providing services to its customers, it recognizes revenues on a net basis as an agent, in the net sales line item which are generated mainly by Proximity Americas.

All the conditions mentioned above are accomplished normally when the goods are delivered to the customer, usually payment terms varies from 0 to 90 days.

The Company generates revenues for the following activities:

Sale of goods

Includes the sales of goods by all the subsidiaries of the Company, mainly the sale of beverages of the leading brand of Coca-Cola and the sale or consumption of goods in the small-format stores of the Proximity Americas, Proximity Europe, Health Division and Fuel Division; in which the revenue is recognized at the point of time those products were sold to the customers. See Note 28.

Rendering of services

Includes the revenues of distribution services, maintenance services and packing of raw materials that the Company recognizes as revenues as the related performance obligation is satisfied. The Company recognizes revenues for the rendering of services during the period in which the performance obligation is satisfied when the following conditions are met:

- The customer receives and consumes simultaneously the benefits, as the Company satisfies the obligation;
- The customer controls the related assets, even if the Company improves them;
- The revenues can be measured reliably; and
- It is probable that economic benefits will flow to the Company.

Rewards programs

The Company recognizes a contract liability for the obligation to award additional benefits to its customers mainly from reward points granted by Proximity Americas and Fuel Division. Management considers in determining that liability, the amount of points granted to its customers and revenue is recognized when the reward points are redeemed or expired and the related inventory is transferred to the customer. These contract liabilities as of December 31, 2024 and 2023 amounted to Ps. 418 and Ps. 267, respectively and are included as part of the "trades payable" caption.

Variable consideration

The Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. Some contracts include promotions, discounts or any other variable allowances that may be granted to the customers. These estimates are based on the commercial agreements celebrated with the customers and on the historical performance for the customer.

Sales discounts are considered variable consideration and are reflected in the client's invoice. Therefore discounts are recognized at the moment of sale (sales are recorded net of discounts).

In the wholesaler channel, retail products are sold at a discount based on volume, considering total sales during certain period. Revenues on these sales are recognized based on the price established in the agreement, net of variable consideration for discounts for estimated volume. The Company uses its accumulated experience to estimate discounts, using the expected value method.

Significant financing component

There is no significant financing component, due to the fact that the majority of sales are made either in cash or on credit with payment terms of less than one year.

Contracts costs

The incremental costs for obtaining a customer contract are recognized as an asset if the Company expects to recover those costs. The incremental costs are those incurred to obtain a contract and that would not be incurred if the contract hadn't been obtained. The Company recognizes these costs as incurred in the consolidated income statement when the associated revenue is realized in a period equal to or less than one year. The contract costs, are amortized on a straight-line basis over the terms of the related revenue contracts, reflecting how the goods and services are transferred to the client. Any other costs that are related to the fulfillment of a contract with a customer and not within the scope of another IFRS standard (e.g. IAS 2, *Inventories*), are recorded as an asset if they meet the following criteria:

- The costs relate directly to a contract that the Company expects to identify specifically;
- The costs generate or improve the resources of the Company that will be applied to satisfy, or continue satisfying performance obligations in the future; and
- The costs are expected to be recovered.

The contract asset is amortized in the same manner as the goods and services are transferred to the customer. Accordingly, the asset is recognized in the consolidated income statement through its amortization in the same period in which the related revenue is recognized. For the years ended December 31, 2024, 2023 and 2022, contract costs were not significant.

3.23 Administrative and selling expenses

Administrative expenses include labor costs (salaries and other benefits, including PTU of employees not directly involved in the sale or production of the Company's products, as well as professional service fees, the depreciation of office facilities, amortization of capitalized information technology system implementation costs and any other similar costs.

Selling expenses include:

- Distribution: labor costs, outbound freight costs, warehousing costs of finished products, write-off of returnable bottles in the distribution process, depreciation and maintenance of trucks and other distribution facilities and equipment. For the years ended December 31, 2024, 2023, and 2022, these distribution costs amounted to Ps. 39,035, Ps. 34,615 and Ps. 30,721, respectively;

- Sales: labor costs (salaries and other benefits including PTU) and sales commissions paid to sales personnel; and

- Marketing: promotional expenses and advertising costs.

3.24 Income taxes

The income tax expense represents the sum of the current tax payable and deferred tax. Income taxes are charged to the consolidated income statements, except when they relate to items that are recognized in other comprehensive income or directly in equity.

Uncertain tax positions

The Company operates in numerous tax jurisdictions and is subject to periodic tax inspections, in the normal course of business, by local tax authorities on a range of tax matters in relation to corporate income tax.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

3.24.1 Current income taxes

Income taxes are recognized in the results, however, in the case of inflationary effects, penalties and surcharges derived from income taxes from previous years, they are recognized within the line of other expenses and other income before the income taxes line item in the consolidated income statement of the Company since Management considers that the aforementioned inflationary effects, penalties and surcharges are not an integral part of the income taxes of the year (see Note 25.8).

3.24.2 Deferred income taxes

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, including tax loss carryforwards and certain tax credits, to the extent that it is probable that future taxable profits, reversal of existing taxable temporary differences and future tax planning strategies will create taxable profits that will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from initial recognition of goodwill (no recognition of deferred tax liabilities) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In the case of Brazil, where certain goodwill amounts are at times deductible for tax purposes, the Company recognizes as part of the acquisition method a deferred tax asset for the tax effect of the excess of the tax basis over the related carrying value.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred income taxes are classified as a long-term asset or liability, regardless of when the temporary differences are expected to reverse.

Deferred tax relating to items recognized in the other comprehensive income is recognized in correlation to the underlying transaction in OCI.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the how the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Company offsets tax assets and liabilities only if it has a legally enforceable right to offset current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities related to income taxes are levied by the same tax authority.

In Mexico, the income tax rate was 30% for 2024, 2023 and 2022, and currently Management has no reason to believe that the tax rate will change in the foreseeable future. The tax rates for other countries is disclosed in Note 25.

3.25 Share-based payments arrangements

Senior executives of the Company receive remuneration in the form of FEMSA and Coca-Cola FEMSA share-based payment transactions, whereby the employees render services as consideration for equity instruments. Under this stock incentive plan, eligible executive officers and senior management are entitled to receive a special annual bonus in cash, after withholding applicable taxes, to purchase FEMSA and Coca-Cola FEMSA shares traded in the Mexican Stock Exchange. This plan uses the EVA result achieved, and their individual performance as its main evaluation metric. The Company makes a cash contribution to the administrative trust (which is controlled and consolidated by FEMSA) in the amount of the individual executive's special bonus. The administrative trust then uses the funds to purchase FEMSA and Coca-Cola FEMSA shares or options (as instructed by the Corporate Practices Committee). The equity instruments are granted and then held by an administrative trust controlled and consolidated by the Company until vesting. They are accounted for as equity-settled transactions. The award of equity instruments is based on a fixed monetary value on the grant date.

Equity-settled share-based payments to these employees are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed and recognized based on the graded vesting method over the vesting period at 33% per year over three-year period, based on the Company's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in the consolidated income statements such that the cumulative expense reflects the revised estimate.

3.26 Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its shares. Basic EPS is calculated by dividing the consolidated net income attributable to equity holders of the parent by the weighted average number of shares outstanding during the period adjusted for the weighted average of own shares purchased in the year. Diluted EPS is determined by adjusting the weighted average number of shares outstanding including the weighted average of the Company's own shares purchased in the year for the effects of all potentially dilutive securities, which comprise share rights granted to employees described above. See Note 24.

Note 4. Business Combinations and Disposals

4.1 Business Combinations

The Company consummated certain business acquisitions during 2024, 2023 and 2022. The results and cash flows of the acquired operations have been included in the consolidated financial statements since the date on which the Company obtained control of the business, as disclosed below. Therefore, the consolidated income statement, the consolidated statements of financial position and the consolidated statements of cash flows in the year of such acquisitions are not comparable with previous periods. The consolidated statements of cash flows show the cash outflow for the acquired operations, net of the cash acquired related to those acquisitions.

Acquisitions completed in the periods presented and disclosed below are presented according to their relative importance to the consolidated financial statements, not necessarily following a chronological order.

4.1.1 Proximity Division - Europe

During October 2022, the Company (through Proximity Europe Division) completed the acquisition of 96.87% of Valora Holding AG. (herein "Valora"), for Ps. 22,475 in all-cash consideration, looking to develop the convenience and food service market in Europe, the remaining economic interest of 3.13% was acquired during February 2023 for Ps. 673 in all-cash consideration. The acquisition costs amounted to Ps. 252.

The final allocation of the purchase price to the fair value of the net assets acquired is as follows:

		2022
Other current assets, including cash acquired of Ps. 1,971	Ps.	2,988
Clients		2,581
Inventories		2,967
Right of use assets		21,299
Trademark rights		8,699
Franchise contracts		447
Other non-current assets		7,581
Total assets		46,562
Deferred tax liability		(1,325)
Other liabilities		(35,055)
Net assets acquired		10,182
Goodwill arising on acquisition		12,966
Total consideration transferred		23,148
Cash acquired		(1,971)
Net cash paid		21,177

(1) In 2022 the PPA was pending finalization, as the allocation of the value in the assets was still in process, As a result of the purchase price allocation which was finalized in 2023, additional fair value adjustments were recognized in 2023 as follows: an increase in the fair value of total assets of Ps. 10,482 (from which Ps. 7,617 are trademark rights as indefinite life intangible assets, Ps. 447 are franchise contracts, Ps. 2,743 are right of use asset and Ps. 325 are other non-current assets), a related deferred tax liability for Ps. 1,887 and a decrease in goodwill of Ps. 7,395. Trademark rights and goodwill both included in the same financial statement caption, indefinite life intangibles. The Company did not retrospectively adjust the provisional amounts recognized in the statement of financial position and the income statement (amortization for definite life intangibles) at the acquisition date given the amounts recognized in the current period are insignificant.

The Company expects to recover the amounts allocated as goodwill through synergies, building on FEMSA's capabilities by leveraging its expertise in the organization and management of small-format proximity stores.

The income statement information of this acquisition for the period from the acquisition date through December 31, 2022 is as follows:

Income Statement		2022
Total revenues	Ps.	10,064
Income before income taxes		229
Net loss	Ps.	(72)

4.1.2 Proximity Americas Division

In September 2024, the Company (through Proximity Americas Division) completed the acquisition of 100% of the retail operation of Delek US Holdings, Inc. (herein "Delek"), a chain of convenience stores located in the United States, for Ps. 7,683 in all-cash consideration, looking to develop the convenience market in that country. The acquisition costs amounted to Ps. 61.

The preliminary allocation of the purchase price to the fair value of the net assets acquired is as follows:

		2024
Other current assets, including cash acquired of Ps. 166	**Ps.**	**191**
Inventories		**762**
Property, plant and equipment		**3,133**
Right-of-use assets		**555**
Other intangible assets		**1,216**
Total assets		**5,857**
Total liabilities		**(910)**
Net assets acquired		**4,948**
Goodwill pending of allocation		**2,735**
Total consideration transferred		**7,683**
Cash acquired		**(166)**
Net cash paid	**Ps.**	**7,517**

The Company expects to recover the amounts allocated as goodwill through synergies, building on FEMSA's capabilities by leveraging its expertise in the organization and management of convenience stores. Additionally, this goodwill is deductible for US tax purposes over a period of 15 years.

The income statement information of this acquisition for the period from the acquisition date through December 31, 2024 is as follows:

Income Statement		2024
Total revenues	**Ps.**	**3,672**
Loss before income taxes		**(5)**
Net loss	**Ps.**	**(5)**

4.1.3 Envoy Solutions LLC

In May 2022, the Company (through Envoy Solutions LLC) completed the acquisition of 100% of Sigma Supply of North America, LLC. (herein "Sigma Supply"), for Ps. 7,385 in all-cash consideration.

The final allocation of the purchase price to the fair value of the net assets acquired is as follows:

		2022
Current assets, including cash acquired of Ps. 5	Ps.	132
Accounts receivable		1,252
Inventory		1,206
Customer relationships		3,893
Trademark rights		8
Total non-current assets		860
Total assets		7,351
Total liabilities		(2,104)
Net assets acquired		5,247
Goodwill arising on acquisition		2,138
Total consideration transferred		7,385
Cash acquired		(5)
Net cash paid [2]		7,380

(1) In 2022 the PPA was pending finalization, as the allocation of the value in the assets was still in process, As a result of the purchase price allocation which was finalized in 2023, additional fair value adjustments were recognized in 2023 as follows: an increase in total net assets of Ps. 4,635 (from which Ps. 3,893 are customer relationships and Ps. 8 are trademark rights), and a decrease in goodwill of Ps. 3,824. Trademark rights and goodwill both included in the same financial statement caption, indefinite life intangibles. The Company did not retrospectively adjust the provisional amounts recognized in the statement of financial position and the income statement (amortization for definite life intangibles) at the acquisition date given the amounts recognized in the current period are insignificant.

(2) Cash flow from this acquisition is included as part of discontinued operations on the consolidated statements of cash flows.

The Company expected to recover the amounts allocated as goodwill through its strategy of creating a national distribution platform in the US, building on FEMSA's capabilities by leveraging its expertise in the organization and management of supply chains and distribution systems in adjacent businesses. Additionally, this goodwill is deductible for US tax purposes over a period of 15 years.

The income statement information of this acquisition for the period from the acquisition date through December 31, 2022 is as follows:

Income Statement		2022
Total revenues	Ps.	5,718
Income before income taxes		463
Net income	Ps.	463

4.2 Other acquisitions

4.2.1 Spin

In March 2023, the Company (through Spin) completed the acquisition of 100% of NetPay S.A.P.I. de C.V. (herein "NetPay"), a small business focused on processing electronic transactions for small and medium-sized businesses, for Ps. 4,422 in all-cash consideration.

The final allocation of the purchase price to the fair value of the net assets acquired is as follows:

		2023
Total current assets, including cash acquired of Ps. 39	Ps.	271
Customer relationships		188
Trademark rights		26
Technology cost		145
Total non-current assets		97
Total assets		727
Total liabilities		(223)
Net assets acquired		504
Goodwill arising on acquisition		3,918
Total consideration transferred		4,422
Earn out		(596)
Cash acquired		(39)
Net cash paid	Ps.	3,787

The Company expects to recover the amounts allocated as goodwill through synergies, building on FEMSA's capabilities by leveraging its expertise in the organization and management in digital business.

The income statement information of this acquisition for the period from the acquisition date through December 31, 2023 is as follows:

Income Statement		2023
Total revenues	Ps.	1,527
Income before income taxes		2
Net loss	Ps.	(11)

4.2.2 Coca-Cola FEMSA

In January 2022, the Company (through Coca-Cola FEMSA) completed the acquisition of 100% of CVI Refrigerantes Ltda. (herein "CVI"), to expand its geographic footprint, for Ps. 1,947 in all-cash consideration. CVI was a bottler of Coca-Cola trademark products which operated in Rio Grande do Sul, Brazil. CVI is included in the Company's results since the acquisition date.

The final allocation of the purchase price to the fair value of the net assets acquired is as follows:

		2022
Total current assets, including cash acquired of Ps. 104	Ps.	615
Total non-current assets		972
Distribution rights		894
Total assets		2,481
Total liabilities		(731)
Net assets acquired		1,750
Goodwill arising on acquisition		197
Total consideration transferred		1,947
Consideration not paid on acquisition date		(186)
Consideration paid in acquisition date, net		1,761
Cash acquired of CVI		(104)
Net cash paid	Ps.	1,657

Total revenues of CVI for the period from the acquisition date through to December 31, 2022 were Ps.1,923. Goodwill was allocated on the South America segment.

In November 2022, the Company (through Coca-Cola FEMSA) completed the acquisition of 100% of the business of "Agua Cristal" from Bepensa, a Mexican business group, in the Southeast region of Mexico for Ps. 699 in all-cash consideration transferred. The business of "Agua Cristal" is included in the Company results since December 2022. The Company booked mainly property, plant and equipment for Ps. 448, other indefinite lived intangible assets for Ps. 228, goodwill for Ps. 8 and the amount of liabilities assumed was not significant.

4.2.3 Proximity Americas Division

In February 2022, the Company (through Proximity Americas Division) completed the acquisition of 100% of Ok Market (herein "Ok Market"), a chain of small-format proximity stores in Chile, for Ps. 1,269 in all-cash consideration.

The final allocation of the purchase price to the fair value of the net assets acquired is as follows:

		2022
Total current assets, including cash acquired of Ps. 6	Ps.	463
Total non-current assets		1,238
Total assets		1,701
Total liabilities		(1,055)
Net assets acquired		646
Goodwill arising on acquisition		623
Total consideration transferred		1,269
Cash acquired		(6)
Net cash paid	Ps.	1,263

The Company expects to recover the amounts allocated as goodwill through synergies, building on FEMSA's capabilities by leveraging its expertise in the organization and management of small-format proximity stores.

The income statement information of this acquisition for the period from the acquisition date through December 31, 2022 is as follows:

Income Statement		2022
Total revenues	Ps.	2,635
Income before income taxes		314
Net income	Ps.	204

4.2.4 Envoy Solutions LLC

During 2022, the Company (through Envoy Solutions LLC) completed the acquisition of 100% of ATRA Janitorial Supply Co., LLC. (herein "Atra"), Hughes Enterprises, LLC. (herein "Hughes"), Sunbelt Packaging, LLC. (herein "Sunbelt"), H.T. Berry Company, LLC. (herein "H.T. Berry") and other smaller acquisitions for Ps. 8,203 in all-cash consideration.

The final allocation of the purchase price to the fair value of the net assets acquired is as follows:

		2022
Total current assets, including cash acquired of Ps. 85	Ps.	2,103
Customer relationships		1,269
Trademark rights		14
Total non-current assets		909
Total assets		4,295
Total liabilities		(1,535)
Net assets acquired		2,760
Goodwill arising on acquisition		5,443
Total consideration transferred		8,203
Cash acquired		(85)
Net cash paid [(2)]	Ps.	8,118

(1) In 2022 the PPA was pending finalization, as the allocation of the value in the assets was still in process, As a result of the purchase price allocation which was finalized in 2023, additional fair value adjustments were recognized in 2023 as follows: an increase in total net assets of Ps. 1,783 (from which Ps. 1,269 are customer relationships and Ps. 14 are trademark rights), and a decrease in goodwill of Ps. 1,054. Trademark rights and goodwill both included in the same financial statement caption, indefinite life intangibles. The Company did not retrospectively adjust the provisional amounts recognized in the statement of financial position and the income statement (amortization for definite life intangibles) at the acquisition date given the amounts recognized in the current period are insignificant.

(2) Cash flow from this acquisition is included as part of discontinued operations on the consolidated statements of cash flows.

The Company expected to recover the amounts allocated as goodwill through its strategy of creating a national distribution platform in the US, building on FEMSA's capabilities by leveraging its expertise in the organization and management of supply chains and distribution systems in adjacent businesses. Additionally, this goodwill is deductible for US tax purposes over a period of 15 years.

The income statement information of these acquisitions for the period from the acquisition date through December 31, 2022 is as follows:

Income Statement		2022
Total revenues	Ps.	2,148
Income before income taxes		115
Net income	Ps.	115

Unaudited Pro Forma Financial Data

The following unaudited consolidated pro forma financial data represent the Company's historical financial information, adjusted to give effect to (i) the acquisition of Delek as if this acquisition had occurred on January 1, 2024; and (ii) certain accounting adjustments mainly related to the pro forma depreciation of fixed assets and amortization of definite life intangibles of the acquired companies.

Unaudited consolidated pro forma financial data for the acquisitions is as follows:

		For the year ended December 31, 2024
Total revenues	**Ps.**	**796,086**
Income before income taxes and share of the profit of equity method accounted investees		**67,776**
Net income		**41,465**
Basic net controlling interest income per share Series "B"	**Ps.**	**1.39**
Basic net controlling interest income per share Series "D"		**1.74**

The following unaudited consolidated pro forma financial data represent the Company's historical financial information, adjusted to give effect to (i) the acquisition of NetPay as if this acquisition had occurred on January 1, 2023; and (ii) certain accounting adjustments mainly related to the pro forma depreciation of fixed assets and amortization of definite life intangibles of the acquired companies.

Unaudited consolidated pro forma financial data for the acquisitions is as follows:

		For the year ended December 31, 2023
Total revenues	Ps.	710,327
Income before income taxes and share of the profit of equity method accounted investees		57,826
Net income		76,622
Basic net controlling interest income per share Series "B"	Ps.	3.27
Basic net controlling interest income per share Series "D"		4.09

The following unaudited consolidated pro forma financial data represent the Company's historical financial information, adjusted to give effect to (i) the acquisitions of Valora, Sigma Supply and the other acquisitions made by Envoy Solutions LLC as if these acquisitions had occurred on January 1, 2022; and (ii) certain accounting adjustments mainly related to the pro forma depreciation of fixed assets and amortization of definite life intangibles of the acquired companies.

Unaudited consolidated pro forma financial data for the acquisitions is as follows:

		For the year ended December 31, 2022
Total revenues	Ps.	730,624
Income before income taxes and share of the profit of equity method accounted investees		43,318
Net income		34,864
Basic net controlling interest loss per share Series "B"	Ps.	1.20
Basic net controlling interest loss per share Series "D"		1.50

4.3. Disposals (Discontinued Operations)

4.3.1 Heineken

On February 16, 2023, the Company sold a portion of its investment in Heineken Group for a total amount of EUR 3.2 billion all in cash consideration. After this transaction FEMSA's economic interest decreased from 14.76% to 8.13%. As a result, FEMSA's appointed directors resigned from Heineken's Boards and the Company lost its significant influence over this investment, discontinuing the use of the equity method of accounting for the Heineken Investment.

On May 31, 2023, the Company sold the majority of its economic interest in Heineken Group common shares through an accelerated book building of shares for a total amount of EUR 3.3 billion with the exception of the retained shares recognized at fair value a financial asset underlying the Company's unsecured exchangeable bonds, which represent less than 1% of an economic interest for the amount of EUR 500 million redeemable for shares of Heineken Holding N.V. see Note 14.

Because of its importance as a substantial business for the Company, which includes its geographical footprint, the investment in Heineken was classified as a discontinued operation for all the years presented in these consolidated financial statements; the results related with the equity method were presented in the profit after tax from discontinued operations in the consolidated statements of income. The consolidated statements of income comparative figures have therefore been restated accordingly.

All other notes to the consolidated financial statements include amounts for continued operations, unless indicated otherwise.

A summary of the results of the discontinued operation from January 1 to December 31, 2023, corresponding to Heineken's equity method, is shown below:

		December 31, 2023
Proceeds from the sale of shares	Ps.	133,222
Cost of sale of shares		106,273
		26,949
Expenses related to the sale		(430)
Recycling:		
Foreign exchange loss of the equity method		(9,235)
Gain on the remeasurement of the value of derivative instruments		738
Employee benefits		(1,247)
Cancellation effects of hedge of foreign net investment (Note 19)		5,763
		(3,981)
Equity method:		
Results for the period, net of tax		619
Foreign exchange of the period		(2,141)
		(1,523)
Change in investment recognition:		
Gain on revaluation at fair value of the shares		26,820
Taxes		
Cancellation of deferred tax asset related to the investment		(4,134)
Tax paid on the sale of shares		(10,697)
Gain on sale of shares reclassified to discontinued operations	**Ps.**	**33,003**

For the year ended December 31, 2022, the amount of discontinued operations was Ps. 7,359, related with the equity method of Heineken.

After the sale of the economic interest in Heineken, the remaining shares linked to the exchangeable bond are classified as a financial asset within the consolidated statement of financial position and amounted to Ps. 6,440 and Ps. 7,514 as of December 31, 2024 and 2023, respectively. See Note 14.2.

The investment in Heineken represented a business segment until 2023. With this investment being classified as discontinued operations, the investment in Heineken segment is no longer presented in the segment note as it no longer meets the definition of a reportable segment and therefore prior periods have been restated as such for purposes of comparability (see Note 27).

4.3.2 Plan for Disposal of Strategic Businesses

The following companies were part of the Strategic businesses operation segment:

- AlPunto, which is a group of companies focused on the production and distribution of coolers, commercial refrigeration equipment, plastic boxes, food processing, preservation and weighing equipment.
- Solistica, dedicated to providing 3PL comprehensive logistics solutions to FEMSA companies and to external customers.
- Envoy, a business related with the specialized distribution of cleaning products and consumables in the United States.

On February 15, 2023, the Company publicly announced FEMSA Forward Strategy which consists on maximize long term value creation by focusing on its core business verticals and exploring alternatives for strategic businesses. Therefore, the Company started the process for the divestment of these businesses during 2023.

On December 31, 2023, the Company identified the AlPunto and Solistica businesses as held for sale and are therefore presented as held for sale and discontinued operations. As of December 31, 2024, Solistica businesses and plastic solutions operations from AlPunto continue presented as held for sale and discontinued operations. The major classes of assets and liabilities classified as held for sale as at December 31, 2024 and 2023 are, as follows:

		2024	2023
Cash	Ps.	**977**	319
Trade receivables		**4,758**	6,837
Inventories		**324**	2,636
Other current assets		**625**	596
Total Current Assets		**6,684**	10,387
Property, plant and equipment		**2,577**	3,830
Right-of-use assets		**2,710**	2,827
Intangible assets		**1,507**	6,250
Other assets		**917**	2,525
Total Assets		**14,395**	25,819
Lease liabilities		**703**	674
Operating liabilities		**3,099**	7,631
Total Current Liabilities		**3,802**	8,305
Non-current portion lease liabilities		**2,329**	2,391
Employee benefits		**189**	479
Other liabilities		**632**	396
Total Liabilities	Ps.	**6,952**	11,569

On October 31, 2023, the Company finalized the merger of Envoy Solutions, LLC into Brady Plus ("IFS TopCo LLC"), with Envoy continuing its operations as a wholly-owned subsidiary of Brady IFS. As a result of the transaction, the Company lost control over Envoy and recognized a gain of disposal of Ps. 163 million in the consolidated income statement for 2023. Following the merger, the Company received approximately US$1.5 billion in cash and acquired a 37% ownership stake in the newly formed entity measured at fair value. The remaining ownership, approximately 63%, was acquired by existing Brady Plus equity holders, represented by Sponsor Co, LLC, and the existing non-controlling interest of Envoy Solutions. Subsequently, the Company recognizes its investment in Brady IFS under the equity method given that it exercises significant influence over the entity.

On November 1, 2024, the Company finalized the sale of its refrigeration and food service equipment operations, Imbera and Torrey, to Mill Point Capital LLC for a total amount of Ps. 8,172 million. This amount is composed of Ps. 7,637 million in cash and Ps. 534 million in a credit note. As a result of the transaction, the Company lost control over the businesses described and recognized a gain of disposal of Ps. 4,165, reclassified to discontinued operations.

		December 31, 2024
Proceeds from the sale of shares	Ps.	**8,172**
Cost of sale of shares		**5,063**
		3,109
Expenses related to the sale		**(65)**
Recycling:		
Foreign exchange loss		**(1,755)**
Employee benefits		**(21)**
		(1,776)
Income of period:		
Net Income		**3,238**
Taxes:		
Cancellation of deferred tax		**195**
Current tax expense		**(536)**
		(341)
Gain on sale of shares reclassified to discontinued operations	Ps.	**4,165**

Strategic Businesses were presented within the Logistics and Distributions segment until 2023. With these businesses being classified as discontinued operations, the Logistics and Distributions segment is no longer presented in the segment note as it no longer meets the definition of a reportable segment and therefore prior periods have been restated as such for purposes of comparability (see Note 27).

The results of the discontinued operations related to these dispositions, which are all part of the same disposal decision related to the FEMSA Forward strategy, for the years ended are shown below:

		2024		2023		2022
Net sales	**Ps.**	**20,200**	Ps.	80,634	Ps.	76,194
Cost of goods sold		**17,572**		62,275		66,044
Gross profit		**2,628**		18,359		10,150
Operating profit		**1,258**		3,997		1,972
Loss before income taxes of discontinued operations		**(2,756)**		(1,334)		(4,816)
Income taxes		**(1,294)**		511		(1,120)
Gain on sale of discontinued operations		**4,165**		59		—
Net income (loss) of the period of discontinued operations [(1)]	**Ps.**	**115**	Ps.	(765)	Ps.	(5,936)
Heineken		**—**		33,003		7,359
Total discontinued operations	**Ps.**	**115**	Ps.	32,238	Ps.	1,423

(1) Includes impairment loss related to Logistics and Distribution for an amount of Ps. 4,879 and Ps. 3,955 in 2024 and 2023, respectively.

Note 5. Cash and Cash Equivalents

Includes cash on hand and in bank deposits and cash equivalents, which are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value, with a maturity date of three months or less at their acquisition date. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statements of financial position and cash flows are comprised of the following:

		December 31, 2024		December 31, 2023
Cash and bank balances	**Ps.**	**48,572**	Ps.	90,114
Cash equivalents (see Note 3.5)		**91,262**		74,998
	Ps.	**139,834**	Ps.	165,112

Note 6. Investments

As of December 31, 2024 and 2023, current investments with a maturity greater than three months but less than twelve months are carried at amortized cost, and their carrying value is similar to their fair value. The following is a detail of such investments:

Fixed-rate		2024		2023
Bank deposits				
Acquisition cost	**Ps.**	**42,949**	Ps.	26,354
Accrued interest		**263**		374
Total investments	**Ps.**	**43,212**	Ps.	26,728

Note 7. Trade Accounts Receivable, Net

		December 31, 2024		December 31, 2023
Trade accounts receivable	**Ps.**	**37,972**	Ps.	34,047
The Coca-Cola Company (see Note 15)		**491**		378
Loans to employees		**119**		114
Heineken Group		**268**		352
Others		**7,321**		6,507
		46,171		41,398
Allowance for expected credit losses		**(2,979)**		(2,535)
	Ps.	**43,192**	Ps.	38,863

7.1 Trade receivables

Trade receivables representing rights arising from sales and loans to employees or any other similar concept, are presented net of discounts and the allowance for expected credit losses.

Coca-Cola FEMSA has accounts receivable from The Coca-Cola Company arising from the latter's participation in advertising and promotional programs.

Because 3% of the trade accounts receivables are unrecoverable, the Company does not have customers classified as "high risk," which would be eligible to have special management conditions for the credit risk.

The allowance is calculated under an expected loss model that recognizes the impairment losses throughout the life of the contract. For this particular case, because the accounts receivable are generally outstanding for less than one year, the Company defined an impairment estimation model under a simplified approach of expected loss through a parametric model.

The parameters used within the model are:

- Breach probability;
- Loss severity;
- Financing rate;
- Special recovery rate; and
- Breach exposure.

Aging of accounts receivable (days current or outstanding)

		December 31, 2024		December 31, 2023
Current	**Ps.**	**30,045**	Ps.	25,424
0-30 days		**7,605**		9,892
31-60 days		**1,343**		1,398
61-90 days		**683**		835
91-120 days		**393**		1,017
120+ days		**6,102**		2,832
Total	**Ps.**	**46,171**	Ps.	41,398

7.2 Changes in the allowance for expected credit losses

		2024		2023		2022
Balance at the beginning of the period	**Ps.**	**2,535**	Ps.	2,238	Ps.	1,951
Allowance for the period		**1,176**		1,367		1,060
Additions (write-offs) of uncollectible accounts		**(831)**		(557)		(945)
Addition from business combinations		**69**		3		166
Effects of changes in foreign exchange rates		**99**		(26)		6
Disposal of businesses		**(69)**		(490)		—
Balance at the end of the period	**Ps.**	**2,979**	Ps.	2,535	Ps.	2,238

In determining the recoverability of trade receivables, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and dispersed.

In 2024 the Company recognized a write-off in Health Division for an amount of Ps. 506 related with trades receivables in Colombia due to uncertainty in collection with one of the main institutional customers.

7.3 Payments from The Coca-Cola Company

The Coca-Cola Company participates in certain marketing and promotional programs. Contributions received by the Company are recognized as a reduction in selling expenses. For the years ended December 31, 2024 and December 31, 2023, and December 31, 2022 contributions received were Ps. 2,012, Ps. 2,450 and Ps. 1,170, respectively.

Note 8. Inventories

		December 31, 2024		December 31, 2023
Finished products	**Ps.**	**60,152**	Ps.	51,939
Raw materials		**4,545**		3,701
Spare parts		**1,636**		1,145
Work in process		**758**		899
Inventories in transit		**373**		538
	Ps.	**67,464**	Ps.	58,222

For the years ended December 31, 2024, December 31, 2023 and December 31, 2022, the Company recognized write-downs of its inventories for Ps. 3,717, Ps. 3,278 and Ps. 2,089 to net realizable value, respectively.

For the years ended December 31, 2024, December 31, 2023 and December 31, 2022, changes in inventories are comprised of the following and included in the consolidated income statement under the cost of goods sold caption:

		2024		2023		2022
Changes in inventories of finished goods and work in process	**Ps.**	**317,608**	Ps.	286,346	Ps.	234,174
Raw materials and consumables used		**126,040**		115,542		84,984
Total	**Ps.**	**443,648**	Ps.	401,888	Ps.	319,158

Note 9. Other Current Assets and Other Current Financial Assets

9.1 Other current assets

		December 31, 2024		December 31, 2023
Prepaid expenses	**Ps.**	**5,197**	Ps.	3,331
Agreements with customers, net of accumulated amortization		**132**		126
Licenses		**502**		233
Other		**411**		127
	Ps.	**6,242**	Ps.	3,817

As of December 31, 2024 and 2023, the Company's prepaid expenses are as follows:

		December 31, 2024		December 31, 2023
Advances for inventories	**Ps.**	**2,309**	Ps.	1,826
Advertising and promotional expenses paid in advance		**1,535**		96
Advances to service suppliers		**131**		4
Prepaid leases		**78**		63
Prepaid insurance		**262**		674
Others		**882**		668
	Ps.	**5,197**	Ps.	3,331

For the years ended December 31, 2024, 2023 and 2022, the Company's advertising and promotional expenses amounted to Ps. 7,286, Ps. 6,778 and Ps. 5,768, respectively.

9.2 Other current financial assets

		2024		2023
Restricted cash	**Ps.**	**349**	Ps.	304
Derivative financial instruments (see Note 21)		**1,278**		431
Notes receivable (1)		**155**		16,125
	Ps.	**1,782**	Ps.	16,860

(1) In 2023, the Company sold its investment in Jetro Restaurant Depot. As part of the purchase sale agreement, a note receivable was agreed for U.S.$933 (Ps. 15,954), and in 2024, the Company collected this note receivable for U.S. $946 (Ps. 17,386) which included accrued interest.

The Company has pledged part of its cash to fulfill the collateral requirements for the accounts payable in different currencies. As of December 31, 2024 and 2023, the restricted cash pledged was held in:

		2024		2023
U.S. Dollars	**Ps.**	**349**	Ps.	304

The restricted cash in U.S. Dollars corresponds to operations in Brazil and relates to short term deposits in order to fulfill the collateral requirements for accounts payable.

Note 10. Equity Method Accounted Investees

As of December 31, 2024 and 2023, Company's equity method accounted investees are as follows:

			Ownership Percentage		Carrying Value	
Investee	Principal Activity	Place of Incorporation	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
IFS TopCo LLC [3]	Distribution	United States	**37.1%**	37.1%	**17,356**	15,032
Coca-Cola FEMSA:						
Joint ventures:						
Dispensadoras de Café, S.A.P.I. de C.V.	Services	Mexico	**50.0%**	50.0%	**239**	223
Fountain Agua Mineral, L.T.D.A.	Beverages	Brazil	**50.0%**	50.0%	**818**	808
Planta Nueva Ecología De Tabasco, S.A. de C.V.	Recycling	Mexico	**50.0%**	50.0%	**1,392**	1,139
Associates:						
Promotora Industrial Azucarera, S.A. de C.V. ("PIASA")	Sugar production	Mexico	**36.4%**	36.4%	**3,654**	3,454
Industria Envasadora de Querétaro, S.A. de C.V. ("IEQSA")	Canned bottling	Mexico	**26.5%**	26.5%	**195**	215
Industria Mexicana de Reciclaje, S.A. de C.V. ("IMER")	Recycling	Mexico	**35.0%**	35.0%	**91**	99
Jugos del Valle, S.A.P.I. de C.V.	Beverages	Mexico	**28.2%**	28.2%	**3,466**	2,831
Leao Alimentos e Bebidas, L.T.D.A.	Beverages	Brazil	**25.1%**	25.1%	**212**	298
Alimentos de Soja S.A.U.	Beverages	Argentina	**10.7%**	10.7%	**48**	23
Other investments in Coca-Cola FEMSA	Various	Various	**Various**	Various	**118**	156
Proximity Americas Division:						
Joint ventures:						
Raizen Conveniências	Proximity	Brazil	**50.0%**	50.0%	**929**	1,636
Other investments [1] [3]	Various	Various	**Various**	Various	**179**	333
					Ps. 28,697	Ps. 26,247

(1) Associate.
(2) Joint ventures.
(3) As a result of the merger between Envoy Solutions and Brady Plus during October 2023, the Company owns 37.1% of the shares of IFS TopCo LLC, having significant influence over this investee, mainly because it has appointed directors who participate in the Board of IFS TopCo LLC (see Note 4).

Coca-Cola FEMSA's investments

During 2024 Coca-Cola FEMSA received dividends from Industria Envasadora de Querétaro, S.A. de C.V. ("IEQSA") for an amount of Ps. 19.

During 2024 and 2023 Coca-Cola FEMSA made capital contributions to Jugos del Valle, S.A.P.I. de C.V. for an amount of Ps. 482 and Ps. 466, and sold shares for an amount of Ps. 24 on 2023. Also its ownership decreased due to a corporate restructuring.

During 2024 and 2023 Coca-Cola FEMSA made capital contributions to Planta Nueva Ecología de Tabasco S.A. de C.V. for an amount of Ps. 320 and Ps. 506, respectively. There were no changes in the ownership percentage as a result of capital contributions made by the other shareholders.

During 2023 Coca-Cola FEMSA received dividends from Promotora Mexicana de Embotelladores, S.A. de C.V. ("PIASA") for an amount of Ps. 79.

During 2023, Coca-Cola FEMSA recognized an impairment on its investment in Alimentos de Soja S.A.U. for an amount of Ps. 143 recognized in the South America segment.

During 2022 Coca-Cola FEMSA received dividends from Industria Envasadora de Querétaro, S.A. de C.V. ("IEQSA") for the amount of Ps. 16.

For the years ended December 31, 2024, 2023 and 2022 the equity earnings recognized for associates of Coca-Cola FEMSA were Ps. 294, Ps. 25 and Ps. 194, respectively.

For the years ended December 31, 2024 the equity earnings recognized for joint ventures of Coca-Cola FEMSA were Ps. 12. In December 2023 and 2022, the equity earnings recognized for joint ventures of Coca-Cola FEMSA Ps. 190 and Ps. 192, respectively.

IFS TopCo LLC

On October 31, 2023, the Company entered into a definitive agreement with Brady Plus to create a new distribution platform for the facility cleaning, food disposables and packaging industries in the United States. The Company received Ps. 24,468 (U.S. $1.5 billion) in cash and maintains a 37.1% equity interest in the new combined entity IFS TopCo LLC.

For the years ended in December 31, 2024 the Company completed the purchase price allocation and determined the fair value of this investment and goodwill as described below. The fair value of the investment derived from the transaction was Ps. 15,032 (U.S. $890 million) (see Note 4.3.2).

Reconciliation from the equity of the associate IFS TopCo LLC to the investment of the Company.

	December 31, 2024				December 31, 2023			
Amounts in millions		**Peso**		**U.S. dollars**		**Peso**		**U.S. dollars**
Equity attributable to the equity interest in IFS TopCo	**Ps.**	**41,564**	**$**	**2,051**	Ps.	36,169	$	2,141
Economic ownership percentage		**37.08%**		**37.08%**		37.08%		37.08%
Investment in IFS TopCo investment exclusive of goodwill	**Ps.**	**15,413**	**$**	**760**	Ps.	13,412	$	794
Goodwill allocated		**1,943**		**96**		1,620		96
IFS TopCo investment [1]	**Ps.**	**17,356**	**$**	**856**	Ps.	15,032	$	890

(1) IFS TopCo purchase price allocation was finalized during the twelve month remeasurement period after the acquisition date.

For the year ended December 31, 2024, 2023 and 2022, the Company's share of other comprehensive income from equity investees, net of taxes are as follows:

		2024		2023		2022
Items that may be reclassified to consolidated net income:						
Valuation of the effective portion of derivative financial instruments	**Ps.**	**(32)**	Ps.	(526)	Ps.	(286)
Exchange differences on translating foreign operations		**292**		6,623		2,655
Total	**Ps.**	**260**	Ps.	6,097	Ps.	2,369
Items that may not be reclassified to consolidated net income in subsequent periods:						
Remeasurements of the net defined benefit liability	**Ps.**	**—**	Ps.	897	Ps.	267

For the years ended December 31, 2024, 2023 and 2022 the equity earnings (loss) recognized for other associates were Ps. 2,071, Ps. (621), and Ps. 287, respectively.

Note 11. Property, Plant and Equipment

Cost	Land	Buildings	Machinery and Equipment	Refrigeration Equipment	Returnable Bottles	Investments in Fixed Assets in Progress	Leasehold Improvements	Other	Total
Cost as of January 1, 2022	Ps. 10,113	Ps. 28,109	Ps. 90,084	Ps. 16,563	Ps. 19,432	Ps. 10,736	Ps. 27,759	Ps. 1,051	Ps. 203,847
Additions [1]	447	774	8,237	939	4,124	15,597	2,669	397	33,184
Additions from business acquisitions	201	1,268	4,478	126	8	699	175	—	6,955
Changes in the fair value of past acquisitions	—	—	(68)	—	—	—	36	(19)	(51)
Transfer of completed projects in progress	159	1,571	4,794	2,485	645	(9,954)	290	10	—
Transfer (to)/from assets classified as held for sale	—	—	(107)	—	—	—	—	—	(107)
Disposals	(33)	(259)	(3,362)	(1,072)	(381)	(290)	(214)	(15)	(5,626)
Effects of changes in foreign exchange rates	(458)	(1,167)	(1,955)	(1,276)	(1,707)	(589)	641	(166)	(6,677)
Effects on the recognition of inflation effects	222	735	2,903	536	849	7	—	(2)	5,250
Cost as of December 31, 2022	Ps. 10,651	Ps. 31,031	Ps. 105,004	Ps. 18,301	Ps. 22,970	Ps. 16,206	Ps. 31,356	Ps. 1,256	Ps. 236,775
Cost as of January 1, 2023	Ps. 10,651	Ps. 31,031	Ps. 105,004	Ps. 18,301	Ps. 22,970	Ps. 16,206	Ps. 31,356	Ps. 1,256	Ps. 236,775
Additions [1]	135	319	9,193	855	2,782	18,376	4,572	566	36,798
Additions from business acquisitions	—	—	64	—	—	2	—	—	66
Business combinations from disposals	—	—	70	—	—	—	—	—	70
Changes in the fair value of past acquisitions	73	(15)	189	—	—	—	—	10	257
Transfer of completed projects in progress	558	1,582	6,008	2,346	2,110	(12,621)	3	14	—
Transfer to/(from) assets classified as held for sale	—	—	57	—	—	—	—	—	57
Disposals	(327)	(799)	(9,656)	(1,245)	(270)	(322)	(1,012)	(100)	(13,731)
Disposal of Envoy Solutions	—	—	(1,001)	—	—	(91)	(200)	(17)	(1,309)
Effects of changes in foreign exchange rates	(523)	(2,174)	(5,845)	(1,299)	(2,155)	(1,109)	(266)	(371)	(13,742)
Effects on the recognition of inflation effects	177	587	1,897	400	655	123	4	—	3,843
Cost as of December 31, 2023	Ps. 10,744	Ps. 30,531	Ps. 105,980	Ps. 19,358	Ps. 26,092	Ps. 20,564	Ps. 34,457	Ps. 1,358	Ps. 249,084
Cost as of January 1, 2024	**Ps. 10,744**	**Ps. 30,531**	**Ps. 105,980**	**Ps. 19,358**	**Ps. 26,092**	**Ps. 20,564**	**Ps. 34,457**	**Ps. 1,358**	**Ps. 249,084**
Additions [1]	**1,738**	**1,073**	**8,659**	**3,506**	**2,619**	**23,661**	**5,775**	**407**	**47,438**
Additions from business acquisitions	**833**	**1,296**	**1,009**	**—**	**—**	**—**	**—**	**—**	**3,138**
Transfer of completed projects in progress	**348**	**948**	**(768)**	**9,029**	**2,215**	**(13,226)**	**199**	**1,255**	**—**
Disposals	**(106)**	**(362)**	**(3,513)**	**(1,077)**	**(455)**	**(260)**	**(104)**	**(213)**	**(6,090)**
Effects of changes in foreign exchange rates	**(131)**	**11**	**9,710**	**4,052**	**1,110**	**917**	**498**	**707**	**16,874**
Effects on the recognition of inflation effects	**278**	**978**	**3,142**	**813**	**1,325**	**188**	**—**	**—**	**6,724**
Cost as of December 31, 2024	**Ps. 13,704**	**Ps. 34,475**	**Ps. 124,219**	**Ps. 35,681**	**Ps. 32,906**	**Ps. 31,844**	**Ps. 40,825**	**Ps. 3,514**	**Ps. 317,168**

(1) Total includes Ps. 3,756, Ps. 890 and Ps. 2,278 outstanding payment to suppliers, as of December 31, 2024, 2023 and 2022 respectively.

(2) Investments in fixed assets in progress are expected to be completed and transferred to other fixed assets categories within next twelve months.

Accumulated Depreciation	Land	Buildings	Machinery and Equipment	Refrigeration Equipment	Returnable Bottles	Investments in Fixed Assets in Progress	Leasehold Improvements	Other	Total
Accumulated Depreciation as of January 1, 2022	Ps. —	Ps. (8,421)	Ps. (46,262)	Ps. (9,300)	Ps. (12,674)	Ps. 4	Ps. (11,532)	Ps. (515)	Ps. (88,700)
Depreciation for the year	—	(1,393)	(9,107)	(2,015)	(3,234)	—	(2,456)	(134)	(18,339)
Transfer to/(from) assets classified as held for sale	—	—	89	—	—	—	—	—	89
Disposals	—	217	3,319	936	305	—	248	12	5,037
Effects of changes in foreign exchange rates	—	298	745	860	1,274	—	(766)	144	2,555
Changes in value on the recognition of inflation effects	—	(244)	(2,034)	(354)	(745)	—	(5)	(34)	(3,416)
Accumulated Depreciation as of December 31, 2022	Ps. —	Ps. (9,543)	Ps. (53,250)	Ps. (9,873)	Ps. (15,074)	Ps. 4	Ps. (14,511)	Ps. (527)	Ps. (102,774)
Accumulated Depreciation as of January 1, 2023	Ps. —	Ps. (9,543)	Ps. (53,250)	Ps. (9,873)	Ps. (15,074)	Ps. 4	Ps. (14,511)	Ps. (527)	Ps. (102,774)
Depreciation for the year	—	(1,021)	(10,309)	(1,844)	(3,257)	—	(2,784)	(196)	(19,411)
Disposals	—	260	6,494	1,249	261	(4)	592	63	8,915
Transfer to/(from) assets classified as held for sale	—	—	(43)	—	—	—	—	—	(43)
Disposal of Envoy Solutions	—	—	344	—	—	—	70	(38)	376
Effects of changes in foreign exchange rates	—	708	3,898	793	1,783	—	398	241	7,821
Changes in value on the recognition of inflation effects	—	(218)	(1,265)	(291)	(649)	—	(2)	(13)	(2,438)
Accumulated Depreciation as of December 31, 2023	Ps. —	Ps. (9,814)	Ps. (54,131)	Ps. (9,966)	Ps. (16,936)	Ps. —	Ps. (16,237)	Ps. (470)	Ps. (107,554)
Accumulated Depreciation as of January 1, 2024	**Ps. —**	**Ps. (9,814)**	**Ps. (54,131)**	**Ps. (9,966)**	**Ps. (16,936)**	**Ps. —**	**Ps. (16,237)**	**Ps. (470)**	**Ps. (107,554)**
Depreciation for the year	**—**	**(2,062)**	**(8,606)**	**(2,961)**	**(3,878)**	**—**	**(2,958)**	**(437)**	**(20,902)**
Disposals	**—**	**398**	**2,660**	**940**	**365**	**—**	**84**	**185**	**4,632**
Effects of changes in foreign exchange rates	**—**	**153**	**(7,739)**	**(2,728)**	**(819)**	**—**	**(332)**	**(213)**	**(11,678)**
Changes in value on the recognition of inflation effects	**—**	**(382)**	**(2,106)**	**(494)**	**(1,123)**	**—**	**(6)**	**(44)**	**(4,155)**
Accumulated Depreciation as of December 31, 2024	**Ps. —**	**Ps. (11,707)**	**Ps. (69,922)**	**Ps. (15,209)**	**Ps. (22,391)**	**Ps. —**	**Ps. (19,449)**	**Ps. (979)**	**Ps. (139,657)**
Carrying Amount									
As of December 31, 2022	Ps. 10,651	Ps. 21,488	Ps. 51,754	Ps. 8,428	Ps. 7,896	Ps. 16,210	Ps. 16,845	Ps. 729	Ps. 134,001
As of December 31, 2023	Ps. 10,744	Ps. 20,717	Ps. 51,849	Ps. 9,392	Ps. 9,156	Ps. 20,564	Ps. 18,220	Ps. 888	Ps. 141,530
As of December 31, 2024	**Ps. 13,704**	**Ps. 22,768**	**Ps. 54,297**	**Ps. 20,472**	**Ps. 10,515**	**Ps. 31,844**	**Ps. 21,376**	**Ps. 2,535**	**Ps. 177,511**

Note 12. Leases

During 2024, the changes in the Company's right-of-use assets were as follows:

		Land and buildings	Other (1)	Total
Cost as of January 1, 2024	**Ps.**	**86,051**	**1,890**	**87,941**
Additions		**16,480**	**1,040**	**17,520**
Additions from business combinations		**445**	**5**	**450**
Disposals		**(2,912)**	**(365)**	**(3,277)**
Remeasurements		**4,812**	**711**	**5,523**
Depreciation		**(13,361)**	**(936)**	**(14,297)**
Effects of changes in foreign exchange rates and restatement effects associated with hyperinflationary economies		**3,826**	**274**	**4,100**
Right-of-use assets, net as of December 31 2024	**Ps.**	**95,341**	**2,619**	**97,960**

(1) Other assets mainly include transportation equipment and servers.

As of December 31, 2024, the lease liabilities are integrated as follows:

		December 31, 2024
Maturity analysis – contractual undiscounted cash flows		
Less than one year	**Ps.**	**22,011**
One to five years		**69,385**
Five to ten years		**46,089**
More than ten years		**20,464**
Total undiscounted lease liabilities on December 31		**157,949**
Lease liabilities included in the statement of financial position on December 31		**108,095**
Current		**13,796**
Non-Current	**Ps.**	**94,299**

As December 31, 2024, the weighted average incremental borrowing rate was 9.93%.

The interest expense for leases reported in the consolidated income statement for the year ended December 31, 2024 was Ps. 7,235.

The expense relating to short-term leases and leases of low-value assets for the year ended December 31, 2024 was Ps. 567 included in the consolidated income statement in selling expenses.

For the year ended December 31, 2024, the amounts recognized in the consolidated statement of cash flows related to leases paid, including interest paid derived from leases, are Ps. 19,675.

During 2023, the changes in the Company's right-of-use assets was as follows:

		Land and buildings	Other (1)	Total
Cost as of January 1, 2023	Ps.	81,753	2,213	83,966
Additions		21,858	772	22,630
Changes in fair value of past acquisitions		2,774	30	2,804
Transfer (from)/to assets classified as held for sale		(6,721)	(618)	(7,339)
Disposals		(5,956)	(141)	(6,097)
Remeasurements		8,416	674	9,090
Depreciation		(13,889)	(879)	(14,768)
Effects of changes in foreign exchange rates and restatement effects associated with hyperinflationary economies		(2,184)	(161)	(2,345)
Right-of-use assets, net as of December 31 2023	Ps.	86,051	1,890	87,941

(1) Other assets mainly include transportation equipment and servers.

As of December 31, 2023, the lease liabilities are integrated as follows:

		December 31, 2023
Maturity analysis – contractual undiscounted cash flows		
Less than one year	Ps.	24,267
One to five years		57,694
Five to ten years		40,107
More than ten years		18,700
Total undiscounted lease liabilities on December 31		140,768
Lease liabilities included in the statement of financial position on December 31		96,073
Current		12,236
Non-Current	Ps.	83,837

As of December 31, 2023, the weighted average incremental borrowing rate was 9.79%.

The interest expense for leases reported in the consolidated income statement for the year ended December 31, 2023 and 2022 was Ps. 6,841 and Ps. 5,789, respectively.

The expense relating to short-term leases and leases of low-value assets for the year ended December 31, 2023 and 2022 was Ps. 10 and Ps. 841, respectively.

For the year ended December 31, 2023 and 2022, the amounts recognized in the consolidated statement of cash flows related to leases paid, including interest paid derived from leases, are Ps. 16,171 and Ps. 13,291, respectively.

12.1 Land and buildings leases

The Company leases land for construction of its retail stores mainly and some buildings for its office space. The leases of retail stores typically run for an average useful life of 15 years, and leases of office space for three to five years. Some leases include an option to renew the lease for an additional period at the end of the contract term.

Some leases provide for additional rent payments that are based on changes in the National Consumer and Price Index, or sales that the Company makes at the leased store in the period.

Variable lease payments based on sales

Some leases of retail stores contain variable lease payments that are based on sales that the Company makes at the store. Variable rental payments were not material for the year ended December 31, 2024 and 2023.

The Company expects the relative proportions of fixed and variable lease payments to remain broadly consistent in future years.

Extension options

Some leases of office buildings, cellars and retail stores contain extension options exercisable by the Company up to one year before the end of the non-cancellable contract period. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by FEMSA and not by the lessor, in other words, the lessee has the unilateral right to exercise the extension option. The Company assesses at lease commencement whether it is reasonably certain to exercise the extension options. FEMSA reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control. Except for some business units, FEMSA considers that the “reasonably certain” criteria are met when a new lease contract is signed by both the Company and the lessor, which usually occurs within a short period of the expiration of the current lease term. Extension options on leases do not represent a significant impact on the right-of-use assets on December 31, 2024 and December 31, 2023.

12.2 Other leases

The Company leases vehicles, servers and equipment, with lease terms from three to five years. In some cases, the Company has options to purchase the assets at the end of the contract term. At the commencement date, the Company does not expect to exercise the purchase options.

FEMSA also leases IT equipment and machinery with contract terms from one to three years. These leases are short-term and/or leases of low-value items. The Company has elected not to recognize right-of-use assets and lease liabilities for these types of leases.

Note 13. Intangible Assets

	Rights to Produce and Distribute Coca-Cola Trademark Products	Goodwill	Trademark Rights	Other Indefinite Lived Intangible Assets	Total Unamortized Intangible Assets	Technology Costs and Management Systems	Customer Relationships (1)	Alcohol Licenses	Other	Total Amortized Intangible Assets	Total Intangible Assets
Cost as of January 1, 2022	Ps. 75,396	Ps. 57,351	Ps. 8,073	Ps. 1,413	Ps. 142,233	Ps. 10,661	Ps. 10,800	Ps. 2,006	Ps. 2,470	Ps. 25,937	Ps. 168,170
Additions	—	22	—	12	34	672	—	50	1,476	2,198	2,232
Acquisitions from business combinations (see Note 4)	1,116	33,715	1,077	—	35,908	373	—	—	1,054	1,427	37,335
Changes in fair value of past acquisitions	—	(2,557)	—	—	(2,557)	—	2,955	—	—	2,955	398
Internal developments	—	—	—	—	—	10	—	—	—	10	10
Transfer of completed development systems	—	—	—	—	—	65	—	(50)	(15)	—	—
Disposals	—	—	—	(2)	(2)	(891)	(3)	(29)	—	(923)	(925)
Effect of movements in exchange rates	(756)	(2,057)	(106)	(158)	(3,077)	15	(264)	—	466	217	(2,860)
Changes in value on the recognition of inflation effects	—	—	—	—	—	—	—	—	80	80	80
Impairment	—	(770)	—	—	(770)	—	—	—	—	—	(770)
Cost as of December 31, 2022	Ps. 75,756	Ps. 85,704	Ps. 9,044	Ps. 1,265	Ps. 171,769	Ps. 10,905	Ps. 13,488	Ps. 1,977	Ps. 5,531	Ps. 31,901	Ps. 203,670
Cost as of January 1, 2023	Ps. 75,756	Ps. 85,704	Ps. 9,044	Ps. 1,265	Ps. 171,769	Ps. 10,905	Ps. 13,488	Ps. 1,977	Ps. 5,531	Ps. 31,901	Ps. 203,670
Additions	—	—	—	4	4	1,966	—	261	1,174	3,401	3,405
Acquisitions from business combinations (see Note 4)	—	3,918	26	—	3,944	145	188	—	25	358	4,302
Changes in fair value of past acquisitions	—	(12,273)	7,683	—	(4,590)	—	5,162	—	(117)	5,045	455
Business disposals	(12)	(25,036)	(3,009)	(56)	(28,113)	(482)	(17,788)	—	(29)	(18,299)	(46,412)
Transfer of completed development systems	(224)	—	—	227	3	292	—	—	(295)	(3)	—
Disposals	—	(2)	—	(2)	(4)	(197)	—	(161)	(235)	(593)	(597)
Effect of movements in exchange rates	(1,568)	(3,744)	(810)	45	(6,077)	(424)	(814)	—	(683)	(1,921)	(7,998)
Changes in value on the recognition of inflation effects	—	—	—	—	—	—	—	—	70	70	70
Impairment	—	(4,995)	—	—	(4,995)	—	—	—	—	—	(4,995)
Business combinations from disposals	—	1,950	—	—	1,950	—	—	—	—	—	1,950
Cost as of December 31, 2023	Ps. 73,952	Ps. 45,522	Ps. 12,934	Ps. 1,483	Ps. 133,891	Ps. 12,205	Ps. 236	Ps. 2,077	Ps. 5,441	Ps. 19,959	Ps. 153,850

(1) Includes customer relationships related to the acquisitions through Envoy Solutions disclosed in Note 4.

	Rights to Produce and Distribute Coca-Cola Trademark Products	Goodwill	Trademark Rights	Other Indefinite Lived Intangible Assets	Total Unamortized Intangible Assets	Technology Costs and Management Systems	Customer Relationships (1)	Alcohol Licenses	Other	Total Amortized Intangible Assets	Total Intangible Assets
Cost as of January 1, 2024	**Ps. 73,952**	**Ps. 45,522**	**Ps. 12,934**	**Ps. 1,483**	**Ps. 133,891**	**Ps. 12,205**	**Ps. 236**	**Ps. 2,077**	**Ps. 5,441**	**Ps. 19,959**	**Ps. 153,850**
Additions	—	461	—	95	556	1,774	3	88	1,210	3,075	3,631
Acquisitions from business combinations (see Note 4)	—	2,809	—	—	2,809	—	—	—	1,216	1,216	4,025
Changes in fair value of past acquisitions	—	—	—	—	—	—	(3)	—	3	—	—
Transfer of completed development systems	—	—	—	—	—	670	—	—	(670)	—	—
Disposals	—	—	—	(50)	(50)	(76)	—	—	(31)	(107)	(157)
Effect of move-ments in exchange rates	657	(371)	289	22	597	2,434	466	145	(867)	2,178	2,775
Changes in value on the recognition of inflation effects	—	—	—	—	—	256	—	—	(123)	133	133
Impairment	—	(1,797)	(1,004)	—	(2,801)	—	—	—	—	—	(2,801)
Cost as of December 31, 2024	**Ps. 74,609**	**Ps. 46,624**	**Ps. 12,219**	**Ps. 1,550**	**Ps. 135,002**	**Ps. 17,263**	**Ps. 702**	**Ps. 2,310**	**Ps. 6,179**	**Ps. 26,454**	**Ps. 161,456**

(1) Includes customer relationships related to the acquisitions through Envoy Solutions disclosed in Note 4.

Amortization and Impairment Losses	Rights to Produce and Distribute Coca-Cola Trademark Products	Goodwill	Trademark Rights	Other Indefinite Lived Intangible Assets	Total Unamortized Intangible Assets	Technology Costs and Management Systems	Customer Relationships [1]	Alcohol Licenses	Other	Total Amortized Intangible Assets	Total Intangible Assets
Amortization as of January 1 2022	Ps. —	Ps. —	Ps. —	Ps. —	Ps. —	Ps. (6,414)	Ps. (1,608)	Ps. (838)	Ps. (1,172)	Ps. (10,032)	Ps. (10,032)
Amortization expense	—	—	—	—	—	(1,312)	(915)	(104)	(365)	(2,696)	(2,696)
Disposals	—	—	—	—	—	992	157	3	—	1,152	1,152
Effect of movements in exchange rates	—	—	—	—	—	(193)	(786)	—	(248)	(1,227)	(1,227)
Changes in value on the recognition of inflation effects	—	—	—	—	—	(94)	—	—	(1)	(95)	(95)
Amortization as of December 31 2022	Ps. —	Ps. —	Ps. —	Ps. —	Ps. —	Ps. (7,021)	Ps. (3,152)	Ps. (939)	Ps. (1,786)	Ps. (12,898)	Ps. (12,898)
Amortization as of January 1 2023	Ps. —	Ps. —	Ps. —	Ps. —	Ps. —	Ps. (7,021)	Ps. (3,152)	Ps. (939)	Ps. (1,786)	Ps. (12,898)	Ps. (12,898)
Amortization expense	—	—	—	—	—	(1,519)	(1,113)	(116)	(547)	(3,295)	(3,295)
Disposals	—	—	—	—	—	161	—	—	209	370	370
Business disposals	—	—	—	—	—	276	4,010	—	51	4,337	4,337
Impairment	—	—	(36)	—	(36)	—	—	—	—	—	(36)
Effect of movements in exchange rates	—	—	—	—	—	578	188	15	187	968	968
Changes in value on the recognition of inflation effects	—	—	—	—	—	(78)	—	—	—	(78)	(78)
Amortization as of December 31 2023	Ps. —	Ps. —	Ps. (36)	Ps. —	Ps. (36)	Ps. (7,603)	Ps. (67)	Ps. (1,040)	Ps. (1,886)	Ps. (10,596)	Ps. (10,632)
Amortization as of January 1 2024	**Ps. —**	**Ps. —**	**Ps. (36)**	**Ps. —**	**Ps. (36)**	**Ps. (7,603)**	**Ps. (67)**	**Ps. (1,040)**	**Ps. (1,886)**	**Ps. (10,596)**	**Ps. (10,632)**
Amortization expense	**—**	**—**	**—**	**—**	**—**	**(1,895)**	**(17)**	**(226)**	**(479)**	**(2,617)**	**(2,617)**
Disposals	**—**	**—**	**—**	**—**	**—**	**56**	**27**	**—**	**2**	**85**	**85**
Effect of movements in exchange rates	**(745)**	**—**	**—**	**—**	**(745)**	**(648)**	**(413)**	**126**	**(147)**	**(1,082)**	**(1,827)**
Changes in value on the recognition of inflation effects	**—**	**—**	**—**	**—**	**—**	**(129)**	**—**	**—**	**—**	**(129)**	**(129)**
Amortization as of December 31 2024	**Ps. (745)**	**Ps. —**	**Ps. (36)**	**Ps. —**	**Ps. (781)**	**Ps. (10,219)**	**Ps. (470)**	**Ps. (1,140)**	**Ps. (2,510)**	**Ps. (14,339)**	**Ps. (15,120)**
Carrying Amount											
As of December 31 2022	Ps. 75,756	Ps. 85,704	Ps. 9,044	Ps. 1,265	Ps. 171,769	Ps. 3,884	Ps. 10,336	Ps. 1,038	Ps. 3,745	Ps. 19,003	Ps. 190,772
As of December 31 2023	Ps. 73,952	Ps. 45,522	Ps. 12,898	Ps. 1,483	Ps. 133,855	Ps. 4,602	Ps. 169	Ps. 1,037	Ps. 3,555	Ps. 9,363	Ps. 143,218
As of December 31 2024	**Ps. 73,864**	**Ps. 46,624**	**Ps. 12,183**	**Ps. 1,550**	**Ps. 134,221**	**Ps. 7,044**	**Ps. 232**	**Ps. 1,170**	**Ps. 3,669**	**Ps. 12,115**	**Ps. 146,336**

For the years ended December 31, 2024, December 31, 2023 and 2022, allocation for amortization expense is as follows:

		2024		2023		2022
Cost of goods sold	**Ps.**	**49**	Ps.	1,229	Ps.	207
Administrative expenses		**649**		1,257		1,771
Selling expenses		**1,919**		809		718
	Ps.	**2,617**	**Ps.**	3,295	Ps.	2,696

The average remaining period for the Company's intangible assets that are subject to amortization is as follows:

	Years
Technology Costs and Management Systems	3 - 10
Customer Relationships	6 - 25
Alcohol Licenses	12

Coca-Cola FEMSA Impairment Tests for cash-generating Units Containing Goodwill, Distribution Rights and Other indefinite lived intangible assets

For the purpose of impairment testing, goodwill and distribution rights are allocated and monitored on an individual country basis, which is considered to be the CGU.

The aggregate carrying amounts of goodwill, distribution rights and other indefinite lived intangible assets allocated to each CGU are as follows:

		December 31, 2024		December 31, 2023
Mexico	**Ps.**	**57,689**	Ps.	56,662
Guatemala		**1,695**		1,684
Nicaragua		**404**		404
Costa Rica		**1,439**		1,418
Panama		**1,170**		1,169
Colombia		**3,638**		3,635
Brazil		**28,199**		30,018
Argentina		**512**		245
Uruguay		**2,452**		2,381
Total	**Ps.**	**97,198**	Ps.	97,616

The foregoing forecasts were projected based on actual operating results and the five- year business plan that reflect the outcomes that Coca-Cola FEMSA considers most likely to occur based on the current situation of each of the CGUs including the macroeconomic situation in each CGU, the foregoing forecasts could differ from the results obtained over time.

The value in use of CGUs is determined based on the method of discounted cash flows. The key assumptions used to calculate value in use are: expected volume growth rate, expected annual long-term inflation, and the WACC used to discount the projected flows.

To determine the discount rate, Coca-Cola FEMSA uses the WACC for each of the cash generating units in real terms and as described in following paragraphs.

The estimated discount rates to perform the impairment test for each CGU considers market participants' assumptions. Market participants were selected considering the size, operations and characteristics of the businesses that are similar to those of Coca-Cola FEMSA.

The discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated into the projected cash flows. The discount rate calculation is based on the opportunity cost to a market participant, considering the specific circumstances of Coca-Cola FEMSA and its operating segments and is derived from its WACC. The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by Coca-Cola FEMSA's investors. The cost of debt is based on the interest-bearing of Coca-Cola FEMSA, which is equivalent to the cost of debt based on the conditions that a creditor would assess in the market. Segment-specific risk is incorporated by applying beta factors which are evaluated annually based on publicly available market data.

Market participant assumptions are important because, not only do they include industry data for growth rates, management also assesses how the CGU's position, relative to its competitors, might change over the forecasted period.

The key assumptions used for the value-in-use calculations are as follows:

- Cash flows were projected based on actual operating results and the five-year business plan.
- For discounting cash flows to get the recoverable amount of the units, Coca-Cola FEMSA applies the WACC for each CGU, and the calculation assumes a size premium adjustments.

The key assumptions by CGU for impairment testing as of December 31, 2024 were as follows:

CGU	Pre-tax WACC	Post-tax WACC	Expected Annual Long-Term Inflation 2025-2029	Expected Volume Growth Rates 2025-2029
Mexico	9.0%	6.3%	4.1%	5.4%
Brazil	10.9%	6.8%	3.6%	4.1%
Colombia	12.0%	7.9%	3.1%	6.6%
Argentina	16.0%	12.0%	35.1%	4.5%
Guatemala	9.5%	7.2%	4.0%	11.9%
Costa Rica	12.0%	8.5%	2.8%	6.6%
Nicaragua	23.0%	13.1%	3.5%	6.5%
Panama	11.7%	9.1%	1.8%	6.3%
Uruguay	9.5%	7.1%	5.1%	4.2%

The key assumptions by CGU for impairment testing as of December 31, 2023 were as follows:

CGU	Pre-tax WACC	Post-tax WACC	Expected Annual Long-Term Inflation 2024-2028	Expected Volume Growth Rates 2024-2028
Mexico	9.0%	6.3%	4.3%	4.4%
Brazil	10.1%	6.8%	3.8%	3.8%
Colombia	12.2%	7.7%	4.2%	6.8%
Argentina	20.8%	16.1%	70.8%	4.8%
Guatemala	9.3%	7.3%	4.0%	14.9%
Costa Rica	11.4%	8.8%	2.9%	6.6%
Nicaragua	23.3%	16.4%	2.6%	6.5%
Panama	11.6%	8.6%	2.0%	7.8%
Uruguay	9.7%	7.4%	5.7%	3.7%

Sensitivity to Changes in Assumptions

On December 31, 2024, Coca-Cola FEMSA performed an additional impairment sensitivity calculation, taking into account an adverse change in post-tax WACC, according to the country risk premium, using for each country the relative standard deviation between equity and sovereign bonds and an additional sensitivity to the volume of 100 basis points and concluded that no impairment would be recorded.

CGU	Change in Post-tax WACC	Change in Expected Volume Growth CAGR (1)	Effect on Valuation
Mexico	**+0.4 p.p.**	**-1.0%**	**Passes by 5x**
Brazil	**+0.5 p.p.**	**-1.0%**	**Passes by 1.9x**
Colombia	**+0.7 p.p.**	**-1.0%**	**Passes by 2.5x**
Argentina	**+1.7 p.p.**	**-1.0%**	**Passes by 5x**
Guatemala	**+0.5 p.p.**	**-1.0%**	**Passes by 7.3x**
Costa Rica	**+0.5 p.p.**	**-1.0%**	**Passes by 3.9x**
Nicaragua	**+1.7 p.p.**	**-1.0%**	**Passes by 2.1x**
Panama	**+0.6 p.p.**	**-1.0%**	**Passes by 3.6x**
Uruguay	**+0.1 p.p.**	**-1.0%**	**Passes by 3x**

(1) Compound Annual Growth Rate ("CAGR").

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources (historical data). Coca-Cola FEMSA consistently applied its methodology to determine CGU specific WACC's to perform its annual impairment testing.

Health Division Impairment Test for cash-generating Units Containing Goodwill and Trademark Rights

For the purpose of impairment testing, goodwill and trademark rights are allocated and monitored on an individual country basis by operating segment. The Company has identified its cash-generating units as follows: Mexico, Chile, Colombia and Ecuador.

As of December 31, 2024 in Health Division there is a carrying amount of goodwill and trademark rights allocated in all countries in which the Company operates as a cash generating unit with a total carrying amount of Ps. 7,074. The aggregate carrying amounts of goodwill and trademark rights allocated to each CGU as of December 31, 2024 are as follows: Chile Ps. 6,383, Colombia Ps. 660 and Ecuador Ps. 31. The aggregate carrying amounts of goodwill and trademark rights allocated to each CGU as of December 31, 2023 are as follows: Mexico Ps. 1,975, Chile Ps. 5,890, Colombia Ps. 634 and Ecuador Ps. 196. Mexico CGU was impaired in 2024 for Ps. 1,975.

The recoverable amounts are based on the value in use. The value in use of CGUs is determined based on the method of discounted cash flows. The key assumptions used in projecting cash flows are: expected sales growth rates, expected annual long-term inflation, and the WACC used to discount the projected cash flows. The cash flow forecasts could differ from the results obtained over time; however, the Company prepares its estimates based on the current situation of each of the CGUs or group of CGUs.

To determine the discount rate, the Company uses the WACC as determined for each of the cash generating units or group of the cash-generating units in real terms and as described in the following paragraphs.

The discount rates represent the current market assessment of the risks specific to each CGU or group of CGUs, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the opportunity cost to a market participant, considering the specific circumstances of the Company and its operating segments and is derived from its WACC.

Market participant assumptions are important because, not only do they include industry data for growth rates, management also assesses how the CGU's position, relative to its competitors, might change over the forecasted period.

The key assumptions used for the value-in-use calculations are as follows:

- Cash flows were projected based on actual operating results and the five-year business plan.
- For discounting cash flows to get the recoverable amount of the units, the Company applies the WACC for each CGU, and the calculation assumes a size premium adjustments.

The key assumptions by the significant CGU (Chile) in the Health Division (Mexico, Colombia and Ecuador are insignificant) for impairment test as of December 31, 2024 was as follows:

CGU	Pre-tax WACC	Post-tax WACC	Expected Annual Long-Term Inflation 2025-2029	Expected Sales Growth Rate
Chile	**6.8%**	**5.9%**	**3.1%**	**1.9%**

The key assumptions by the significant CGU in the Health Division for impairment test as of December 31, 2023 was as follows:

CGU	Pre-tax WACC	Post-tax WACC	Expected Annual Long-Term Inflation 2024-2028	Expected Sales Growth Rates 2024-2028
Chile	7.3%	6.4%	2.6%	0.2%

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources (historical data). The Company consistently applied its methodology to determine CGU specific WACCs to perform its annual impairment testing.

Sensitivity to Changes in Assumptions

On December 31, 2024, the Company performed an additional impairment sensitivity calculation, taking into account an adverse change in post-tax WACC, according to the country risk premium, using for each country the relative standard deviation between equity and sovereign bonds and a sensitivity analysis of sales that would be affected considering a contraction in economic conditions as a result of lower purchasing power of customers, which based on management estimation considered to be reasonably possible an effect of 50 basis points in the sale's CAGR, concluding that no impairment would be recognized.

The sensitivity test by the significant CGU in the Health Division as of December 31, 2024 was as follows:

CGU	Change in WACC	Change in Expected Sales Growth Rates CAGR	Effect on Valuation
Chile	**0.3 p.p.**	**(0.5)%**	**Passes by 6.24x**

Valora impairment testing for cash-generating units containing goodwill

The Company has identified its cash-generating units as a retail food distribution platform located in Europe for impairment testing purposes for goodwill and trademark rights.

As of December 31, 2024 in Valora there is a significant carrying amount of goodwill and trademarks allocated in the cash generating unit with a total carrying amount of Ps. 21,560.

The recoverable amounts are based on the value in use. The value in use of the CGU is determined based on the method of discounted cash flows. The key assumptions used in projecting cash flows are: expected sales growth rates, expected annual long-term inflation, and the WACC used to discount the projected cash flows. The cash flow forecasts could differ from the results obtained over time; however, the Company prepares its estimates based on the current situation of the CGU.

To determine the discount rate, the Company uses the WACC as determined for each of the cash generating units or group of the cash generating units in real terms and as described in following paragraphs.

The discount rates represent the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the opportunity cost to a market participant, considering the specific circumstances of the Company and its operating segments and is derived from its WACC.

Market participant assumptions are important because, not only do they include industry data for growth rates, management also assesses how the CGU's position, relative to its competitors, might change over the forecasted period.

The key assumptions used for the value-in-use calculations are as follows:

- Cash flows were projected based on actual operating results and the five-year business plan.
- For discounting cash flows to get the recoverable amount of the units, the Company applies the WACC for the CGU, and the calculation assumes a size premium adjustment.

The key assumptions by CGU for impairment test as of December 31, 2024 were as follows:

CGU	Pre-tax WACC	Post-tax WACC	Expected Annual Long-Term Inflation 2025-2029	Expected Sales Growth Rates
Valora	**5.7%**	**5.3%**	**1.0%**	**4.5%**

The key assumptions by CGU for impairment test as of December 31, 2023 was as follows:

CGU	Pre-tax WACC	Post-tax WACC	Expected Annual Long-Term Inflation 2024-2028	Expected Sales Growth Rates 2024-2028
Valora	5.8%	5.5%	1.4%	0.2%

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources (historical data). The Company consistently applied its methodology to determine CGU specific WACC's to perform its annual impairment testing.

Sensitivity to Changes in Assumptions

On December 31, 2024, the Company performed an additional impairment sensitivity calculation, taking into account an effect of 50 basis points in the sale's compound annual growth rate ("CAGR"), concluding that no impairment would be recognized.

CGU	Change in Expected Sales Growth CAGR	Effect on Valuation
Valora	**(0.5)%**	**Passes by 1.45x**

Note 14. Other Non-Current Assets and Other Non-Current Financial Assets

14.1 Other non-current assets

		December 31, 2024		December 31, 2023
Agreements with customers, net of accumulated amortization and other rights	**Ps.**	**1,015**	Ps.	766
Non-current prepaid advertising expenses		**228**		238
Guarantee deposits [1]		**1,472**		1,410
Prepaid bonuses		**451**		445
Advances to acquire property, plant and equipment		**1,744**		1,432
Recoverable taxes		**1,938**		2,120
Indemnifiable assets from business combinations [2]		**714**		1,030
Others		**967**		1,055
	Ps.	**8,529**	Ps.	8,496

(1) As it is customary in Brazil, the Company is required to guarantee tax, legal and labor contingencies by guarantee deposits including those related to business acquisitions. See Note 26.7.

(2) Corresponds to indemnification assets that are warranted by former Vonpar owners in accordance with the share purchase agreement.

14.2 Other non-current financial assets

		December 31, 2024		December 31, 2023
Non-current accounts receivable [2]	**Ps.**	**4,509**	Ps.	1,686
Derivative financial instruments (see Note 21)		**10,467**		3,880
Others		**1,864**		1,587
Other investments measured at FVTPL [1]		**6,440**		7,514
	Ps.	**23,280**	Ps.	14,667

(1) The Company maintains an investment in Heineken shares that are linked to the Exchangeable Bond issued in February 2023.

(2) Includes long-term notes receivable held to maturity for Ps. 690, as well as long-term receivable for Ps. 506 related to Health Division.

Note 15. Balances and Transactions with Related Parties and Affiliated Companies

The consolidated statements of financial position and consolidated income statements include the following balances and transactions with related parties and affiliated companies:

		December 31, 2024		December 31, 2023
Balances				
Due from The Coca-Cola Company (see Note 7) [1][5]	**Ps.**	**491**	Ps.	378
Balance with BBVA Bancomer, S.A. de C.V. [2]		**3,576**		5,233
Balance with Grupo Scotiabank Inverlat, S.A. [2]		**2,209**		3,897
Other receivables [1]		**76**		93
Due to The Coca-Cola Company [4][5]	**Ps.**	**784**	Ps.	1,196
Due to BBVA Bancomer, S.A. de C.V. [3]		**1,566**		1,651
Due to Grupo Financiero Scotiabank Inverlat, S.A. [4]		**30**		124
Other payables [4]		**1,225**		1,845

(1) Presented within trade receivables.

(2) Presented within cash and cash equivalents.

(3) Recorded within bank loans and notes payable.

(4) Recorded within trade payables.

(5) Non-controlling interest.

Balances due from related parties are considered to be recoverable. Accordingly, for the years ended December 31, 2024, 2023 and 2022, there was no expense resulting from uncollectible balances due from related parties.

Transactions		2024		2023		2022
Income:						
Services to Heineken Group (5)	**Ps.**	**—**	Ps.	—	Ps.	3,796
Logistic services to Jugos del Valle (1)		**566**		601		552
Interest revenues from BBVA Bancomer, S.A. de C.V. (3)		**2,732**		3,346		2,297
Interest revenues from Grupo Financiero Scotiabank Inverlat, S.A. (3)		**454**		413		455
Other revenues from related parties		**273**		1,671		963
Expenses:						
Purchase of concentrate from The Coca-Cola Company (2)	**Ps.**	**54,502**	Ps.	46,461	Ps.	43,717
Purchases of beer from Heineken Group (5)		**—**		—		16,006
Purchase of baked goods and snacks from Grupo Bimbo, S.A.B. de C.V. (3)		**7,249**		7,264		6,101
Advertisement expense paid to The Coca-Cola Company (2) (4)		**948**		869		545
Purchase of juices from Jugos del Valle, S.A.P.I. de C.V. (1)		**7,080**		5,301		4,990
Purchase of sugar from Promotora Industrial Azucarera, S.A. de C.V. (1)		**2,718**		2,841		2,841
Interest expense and fees paid to BBVA Bancomer, S.A. de C.V. (3)		**206**		215		472
Purchase of sugar from Beta San Miguel (1)		**722**		917		724
Purchases of inventories from Fountain Agua Mineral Ltda		**1,143**		638		—
Purchase of canned products from IEQSA (1)		**989**		843		577
Purchases from Sigma Alimentos (3)		**2,373**		2,466		—
Purchase of inventories from Leao Alimentos e Bebidas, L.T.D.A. (1)		**112**		181		215
Purchases of material from Ecolab, Inc (3)		**—**		—		99
Advertising paid to Grupo Televisa, S.A.B. (3)		**—**		196		123
Insurance premiums for policies with Grupo Nacional Provincial, S.A.B. (3)		**—**		—		10
Donations to Fundaciones FEMSA (3)		**344**		309		232
Donations to Difusión y Fomento Cultural, A.C.		**125**		123		20
Donations to ITESM (3)		**241**		237		371
Purchases of resine to IMER (1)		**356**		458		504
Other expenses with related parties		**88**		225		57

(1) Associates.

(2) Non-controlling interest.

(3) Members of the board of directors in FEMSA participate in the board of directors of this entity, management believes that due to this fact and the level of transactions with the entity, the disclosure provides relevant information to users.

(4) Net of the contributions from The Coca-Cola Company of Ps. 2,012, Ps. 2,450 and Ps. 1,170, for the years ended in 2024, 2023 and 2022, respectively.

(5) As a result of the Heineken share offering during 2023, Heineken is no longer considered a related party.

The aggregate compensation paid to executive officers and senior management were as follows:

		2024		2023		2022
Short-term employee benefits paid	**Ps.**	**1,914**	Ps.	3,742	Ps.	2,381
Postemployment benefits		**71**		54		53
Termination benefits		**117**		935		63
Share-based payments (Note 18.2)		**947**		943		866

Note 16. Balances and Transactions in Foreign Currencies

Assets, liabilities and transactions denominated in foreign currencies are those realized in a currency different than the functional currency of the Company. For the three years ended on December 31, 2024, 2023 and 2022, the assets, liabilities and transactions denominated in foreign currencies, expressed in Mexican pesos (contractual amounts) are as follows:

	Assets				Liabilities			
Balances		Short-Term		Long-Term		Short-Term		Long- Term
As of December 31, 2024								
U.S. dollars	**Ps.**	**93,411**	**Ps.**	**791**	**Ps.**	**7,981**	**Ps.**	**81,879**
Euros		**1,149**		**—**		**611**		**22,021**
Other currencies		**46**		**1,078**		**26**		**—**
Total	**Ps.**	**94,606**	**Ps.**	**1,869**	**Ps.**	**8,618**	**Ps.**	**103,900**
As of December 31, 2023								
U.S. dollars	Ps.	128,143	Ps.	895	Ps.	5,534	Ps.	71,969
Euros		4,311		—		498		19,404
Other currencies		46		1,311		6		—
Total	Ps.	132,500	Ps.	2,206	Ps.	6,038	Ps.	91,373

Transactions	Revenues	Other Operating Revenues	Purchases of Raw Materials	Interest Expense	Consulting Fees	Asset Acquisitions	Share Disposition	Other
For the year ended December 31, 2024								
U.S. dollars	**Ps. 8,008**	**Ps. 1,522**	**Ps. 25,063**	**Ps. 2,295**	**Ps. 1,654**	**Ps. 8**	**Ps. —**	**Ps. 6,597**
Euros	**69**	**—**	**—**	**2,471**	**186**	**—**	**—**	**—**
Other currencies	**21**	**—**	**—**	**—**	**4**	**—**	**—**	**—**
Total	**Ps. 8,098**	**Ps. 1,522**	**Ps. 25,063**	**Ps. 4,766**	**Ps. 1,844**	**Ps. 8**	**Ps. —**	**Ps. 6,597**
For the year ended December 31, 2023								
U.S. dollars	Ps. 13,322	Ps. 5,981	Ps. 21,806	Ps. 1,266	Ps. 815	Ps. 40	Ps. —	Ps. 5,022
Euros	3,064	1	185	288	782	—	3,120	11
Other currencies	9	2	—	—	—	3	—	—
Total	Ps. 16,395	Ps. 5,984	Ps. 21,991	Ps. 1,554	Ps. 1,597	Ps. 43	Ps. 3,120	Ps. 5,033
For the year ended December 31, 2022								
U.S. dollars	Ps. 6,373	Ps. 2,080	Ps. 25,247	Ps. 2,411	Ps. 1,011	Ps. 44	Ps. —	Ps. 4,245
Euros	651	1	253	226	11	3	—	779
Other currencies	—	—	—	—	16	—	—	—
Total	Ps. 7,024	Ps. 2,081	Ps. 25,500	Ps. 2,637	Ps. 1,038	Ps. 47	Ps. —	Ps. 5,024

Mexican peso exchange rates effective at the dates of the consolidated statements of financial position and the issuance date of the Company's consolidated financial statements were as follows:

	December 31,		March 28,
	2024	2023	2025
U.S. dollar	20.2683	16.8935	**20.0963**
Euro	21.5241	18.6896	**21.9752**

Note 17. Employee Benefits

The Company has various labor liabilities for employee benefits in connection with pension, seniority and post-retirement medical benefits. Benefits vary depending upon the country where the individual employees are located. Presented below is a discussion of the Company's labor liabilities in Mexico, which comprise the substantial majority of those recorded in the consolidated financial statements.

17.1 Assumptions

The Company annually evaluates the reasonableness of the assumptions used in its labor liability for post-employment and other non-current employee benefits computations.

Actuarial calculations for pension and retirement plans, seniority premiums and post-retirement medical benefits, as well as the associated cost for the period, were determined using the following long-term assumptions for Mexico:

Mexico	December 31, 2024	December 31, 2023	December 31, 2022
Financial:			
Discount rate used to calculate the defined benefit obligation	**10.50%**	10.20%	9.90%
Salary increase	**4.75%**	4.75%	4.75%
Future pension increases	**3.75%**	3.75%	3.75%
Healthcare cost increase rate	**6.00%**	6.00%	6.00%
Biometric:			
Mortality (1)	**EMSSA 2009**	EMSSA 2009	EMSSA 2009
Disability (2)	**IMSS 97**	IMSS-97	IMSS 97
Normal retirement age	**60 years**	60 years	60 years
Employee turnover table (3)	**BMAR 2007**	BMAR 2007	BMAR 2007

Measurement date December:

(1) EMSSA. Mexican Experience of social security.

(2) IMSS. Mexican Experience of Instituto Mexicano del Seguro Social.

(3) BMAR. Actuary experience.

In Mexico, the methodology used to determine the discount rate was the Yield or Internal Rate of Return ("IRR") which involves a yield curve. In this case, the expected rates for each period were taken from a yield curve of Mexican Federal Government Treasury Bonds (known as "CETES" in Mexico) because there is no deep market in high-quality corporate obligations in Mexican pesos.

In Mexico upon retirement, the Company purchases an annuity for the employee, which will be paid according to the option chosen by the employee.

Based on these assumptions, the amounts of benefits expected to be paid out in the following years are as follows:

	Pension and Retirement Plans	Seniority Premiums	Post-Retirement Medical Services	Total
2025	Ps. 1,589	Ps. 421	Ps. 23	**Ps. 2,033**
2026	949	285	24	**1,258**
2027	1,097	272	27	**1,396**
2028	969	265	29	**1,263**
2029	1,097	269	31	**1,397**
2030 to 2034	5,481	1,385	198	**7,064**

17.2 Balances of the liabilities for employee benefits

		December 31, 2024		December 31, 2023
Pension and Retirement Plans:				
Defined benefit obligation	**Ps.**	**17,866**	Ps.	15,560
Pension plan assets at fair value		**(16,227)**		(14,061)
Effect due to asset ceiling		**3,789**		3,098
Discontinued operations		**—**		(195)
Net defined benefit liability	**Ps.**	**5,428**	Ps.	4,402
Seniority Premiums:				
Defined benefit obligation	**Ps.**	**2,972**	Ps.	2,416
Seniority premium plan assets at fair value		**(126)**		(123)
Discontinued operations		**—**		(235)
Net defined benefit liability	**Ps.**	**2,846**	Ps.	2,058
Postretirement Medical Services:				
Defined benefit obligation	**Ps.**	**594**	Ps.	604
Medical services plan assets at fair value		**(108)**		(95)
Discontinued operations		**—**		(49)
Net defined benefit liability	**Ps.**	**486**	Ps.	460
Total Employee Benefits (1)	**Ps.**	**8,760**	Ps.	6,920

(1) As of December 31, 2024, it includes Ps. 208, corresponding to the Asset Ceiling effect of Valora, which is presented in other non-current assets in the consolidated statements of financial position.

17.3 Plan asset

Plan assets consist of fixed and variable return financial instruments recorded at fair value (Level 1), which are invested as follows:

	2024	2023
Fixed return:		
Traded securities	**5%**	4%
Bank instruments	**14%**	16%
Federal government instruments of the respective countries	**47%**	47%
Variable return:		
Publicly traded shares	**34%**	33%
	100%	100%

In Mexico, the regulatory framework for pension plans is established in the Income Tax Law and its Regulations, the Federal Labor Law and the Mexican Social Security Institute Law. None of these laws establish minimum funding levels or a minimum required level of contributions.

In Mexico, the Income Tax Law requires that, in the case of private plans, certain notifications must be submitted to the authorities and a certain level of instruments must be invested in Federal Government securities among others.

The Company's various pension plans have a technical committee that is responsible for verifying the correct operation of the plan with regard to the payment of benefits, actuarial valuations of the plan, and supervising the trustee. The committee is responsible for determining the investment portfolio and the types of instruments the fund will be invested in. The technical committee is also responsible for verifying the correct operation of the plans in all of the countries in which the Company has these benefits.

The risks related to the Company's employee benefit plans are primarily attributable to the plan assets. The Company's plan assets are invested in a diversified portfolio, which considers the term of the plan to invest in assets whose expected return coincides with the estimated future payments.

Since the Mexican Tax Law limits the plan's asset investment to 10% for related parties, this risk is not considered to be significant for purposes of the Company's Mexican subsidiaries.

In Mexico, the Company's policy is to invest at least 30% of the fund assets in Mexican Federal Government instruments. Guidelines for the target portfolio have been established for the remaining percentage and investment decisions are made to comply with these guidelines insofar as the market conditions and available funds allow.

In Mexico, the amounts and types of securities in related parties included in the portfolio fund are as follows:

		December 31, 2024		December 31, 2023
Debt:				
BBVA Bancomer, S.A de C.V.	**Ps.**	**43**	Ps.	46
Grupo Industrial Bimbo, S.A.B. de C. V.		**19**		18
Equity:				
Grupo Industrial Bimbo, S.A.B. de C. V.		**1**		1

For the years ended December 31, 2024, 2023 and 2022, the Company did not make significant contributions to the plan assets and does not expect to make material contributions to the plan assets during the following fiscal year. There are no restrictions placed on the trustee's ability to sell those securities. As of December 31, 2024 and 2023, the plan assets did not include securities of the Company in portfolio funds.

17.4 Amounts recognized in the consolidated income statements, the consolidated statements of comprehensive income and the consolidated statements of changes in equity

	Consolidated Income Statement				AOCI [1]
	Current Service Cost	Past Service Cost	Gain or Loss on Settlement or Curtailment	Net Interest on the Net Defined Benefit Liability	Remeasurements of the Net Defined Benefit Liability
December 31, 2024					
Pension and retirement plans	**Ps. 505**	**Ps. 304**	**Ps. (254)**	**Ps. 339**	**Ps. 2,019**
Seniority premiums	**394**	**89**	**(27)**	**200**	**441**
Postretirement medical services	**30**	**36**	**(25)**	**48**	**(56)**
Total	**Ps. 929**	**Ps. 429**	**Ps. (306)**	**Ps. 587**	**Ps. 2,404**
December 31, 2023					
Pension and retirement plans	Ps. 489	Ps. 288	Ps. (243)	Ps. 367	Ps. 1,311
Seniority premiums	345	21	(21)	178	117
Postretirement medical services	32	13	(14)	45	(29)
Total	Ps. 866	Ps. 322	Ps. (278)	Ps. 590	Ps. 1,399
December 31, 2022					
Pension and retirement plans	Ps. 534	Ps. 189	Ps. (220)	Ps. 313	Ps. 1,686
Seniority premiums	328	21	(27)	150	38
Postretirement medical services	32	26	(29)	45	(35)
Total	Ps. 894	Ps. 236	Ps. (276)	Ps. 508	Ps. 1,689

(1) Amounts accumulated in other comprehensive income as of the end of the period.

For the years ended December 31, 2024, 2023 and 2022, labor costs of Ps. 1,052, Ps. 910 and Ps. 854 have been included in the consolidated income statements in costs of goods sold, administrative expenses, and selling expenses. Net interest on the defined benefit liability has been included as part of interest expense (Note 19).

Remeasurements of the net defined benefit liability recognized in accumulated other comprehensive income are as follows:

	December 31, 2024	December 31, 2023	December 31, 2022
Amount accumulated in other comprehensive income as of the beginning of the period, net of tax	**Ps. 923**	Ps. 1,661	Ps. 2,078
Actuarial (gains) losses arising from exchange rates	**190**	(100)	(77)
Remeasurements during the year, net of tax	**931**	314	211
Actuarial (gains) and losses arising from changes in financial assumptions	**957**	223	(1,848)
Actuarial (gains) and losses arising from changes in demographic assumptions	**1**	(4)	(71)
Business Acquisitions	**—**	—	336
Return on plan assets	**(752)**	(92)	713
Changes in the effect of limiting a net defined benefit asset to the asset ceiling	**(286)**	(546)	319
Effect of settlement	**—**	(533)	—
Amount accumulated in other comprehensive income as of the end of the period, net of tax	**Ps. 1,964**	Ps. 923	Ps. 1,661

Remeasurements of the net defined benefit liability include the following:

- The return on plan assets, excluding amounts included in net interest expense.
- Actuarial gains and losses arising from changes in demographic assumptions.
- Actuarial gains and losses arising from changes in financial assumptions.

17.5 Changes in the balance of the defined benefit obligation for post-employment

		December 31, 2024		December 31, 2023		December 31, 2022
Pension and Retirement Plans:						
Initial balance	**Ps.**	**15,366**	Ps.	15,113	Ps.	8,015
Current service cost		**505**		489		534
Past service cost		**239**		288		163
Interest expense		**815**		820		687
Gain on settlement		**(254)**		(243)		(280)
Remeasurements of the net defined benefit obligation		**708**		531		(2,073)
Foreign exchange (gain) or loss		**1,793**		(48)		(79)
Benefits paid		**(1,430)**		(1,504)		(1,146)
Business acquisitions		**—**		—		9,189
Employees contributions		**105**		119		103
Local plans		**19**		—		—
Plan amendments		**—**		(4)		—
Discontinued operations		**—**		(195)		—
Ending balance	**Ps.**	**17,866**	Ps.	15,366	Ps.	15,113
Seniority Premiums:						
Initial balance	**Ps.**	**2,181**	Ps.	2,068	Ps.	2,108
Current service cost		**394**		345		328
Past service cost		**89**		21		7
Interest expense		**212**		191		160
Gain on settlement		**(27)**		(21)		(13)
Remeasurements of the net defined benefit obligation		**324**		66		(342)
Benefits paid		**(201)**		(254)		(180)
Discontinued operations		**—**		(235)		—
Ending balance	**Ps.**	**2,972**	Ps.	2,181	Ps.	2,068
Postretirement Medical Services:						
Initial balance	**Ps.**	**554**	Ps.	556	Ps.	647
Current service cost		**30**		32		32
Past service cost		**36**		13		26
Interest expense		**57**		54		52
Gain on settlement		**(25)**		(14)		(29)
Remeasurements of the net defined benefit obligation		**(27)**		5		(136)
Benefits paid		**(31)**		(43)		(36)
Discontinued operations		**—**		(49)		—
Ending balance	**Ps.**	**594**	Ps.	554	Ps.	556

17.6 Changes in the balance of plan assets

		December 31, 2024		December 31, 2023		December 31, 2022
Total Plan Assets:						
Initial balance	**Ps.**	**14,279**	Ps.	14,540	Ps.	3,170
Actual return on trust assets		**497**		522		(695)
Return on plan assets excluding amounts included in interest income		**886**		—		—
Foreign exchange loss		**1,288**		(150)		60
Life annuities		**(25)**		6		(3)
Business acquisitions		**—**		—		12,417
Benefits paid		**(623)**		(731)		(533)
Plan amendments		**(65)**		(126)		(101)
Employees´ contributions		**105**		102		103
Employer´s contributions		**133**		130		133
Administration cost		**(14)**		(14)		(11)
Ending balance	**Ps.**	**16,461**	Ps.	14,279	Ps.	14,540

As a result of the Company's investments in life annuities plans, management does not expect it will need to make material contributions to plan assets to meet its future obligations.

17.7 Variation in assumptions

The Company considers that the relevant actuarial assumptions that are subject to sensitivity and valued using the projected unit credit method, are the discount rate, the salary increase rate and healthcare cost increase rate. The reasons for choosing these assumptions are as follows:

- Discount rate: The rate that determines the value of the obligations over time.
- Salary increase rate: The rate that considers the salary increase which implies an increase in the benefit payable.
- Healthcare cost increase rate: The rate that considers the trends of health care costs which implies an impact on the postretirement medical service obligations and the cost for the year.

The following table presents the amount of defined benefit plan expense and OCI impact in absolute terms of a variation of 1% in the assumptions on the net defined benefit liability associated with the Company's defined benefit plans. The sensitivity of this 1% on the significant actuarial assumptions is based on projected long-term discount rates for Mexico and a yield curve projection of CETES:

+1%:	Consolidated Income Statement						OCI [1]	
Discount rate used to calculate the defined benefit obligation and the net interest on the net defined benefit liability		Current Service Cost		(Gain) or Loss on Settlement or Curtailment		Effect of Net Interest on the Net Defined Benefit Liability		Remeasurements of the Net Defined Benefit Liability
Pension and retirement plans	Ps.	771	Ps.	(252)	Ps.	283	Ps.	2,316
Seniority premiums		454		(25)		185		408
Postretirement medical services		54		(21)		38		(49)
Total	Ps.	1,279	Ps.	(298)	Ps.	506	Ps.	2,675
Expected salary increase								
Pension and retirement plans	Ps.	874	Ps.	(289)	Ps.	404	Ps.	2,564
Seniority premiums		512		(28)		205		455
Total	Ps.	1,386	Ps.	(317)	Ps.	609	Ps.	3,019
Assumed rate of increase in healthcare costs								
Postretirement medical services	Ps.	80	Ps.	(30)	Ps.	54	Ps.	(76)

-1%:	Consolidated Income Statement						OCI [1]	
Discount rate used to calculate the defined benefit obligation and the net interest on the net defined benefit liability		Current Service Cost		(Gain) or Loss on Settlement or Curtailment		Effect of Net Interest on the Net Defined Benefit Liability		Remeasurements of the Net Defined Benefit Liability
Pension and retirement plans	Ps.	873	Ps.	(280)	Ps.	446	Ps.	2,594
Seniority premiums		507		(29)		217		480
Postretirement medical services		79		(30)		55		(75)
Total	Ps.	1,459	Ps.	(339)	Ps.	718	Ps.	2,999
Expected salary increase								
Pension and retirement plans	Ps.	751	Ps.	(248)	Ps.	313	Ps.	2,334
Seniority premiums		453		(26)		194		425
Total	Ps.	1,204	Ps.	(274)	Ps.	507	Ps.	2,759
Assumed rate of increase in healthcare costs								
Postretirement medical services	Ps.	53	Ps.	(21)	Ps.	39	Ps.	(49)

(1) Amounts accumulated in other comprehensive income as of the end of the period.

17.8 Employee benefits expense

For the years ended December 31, 2024, 2023 and 2022, employee benefits expenses recognized in the consolidated income statements as cost of goods sold, administrative and selling expenses are as follows:

		2024		2023		2022
Wages and salaries	**Ps.**	**104,357**	Ps.	97,751	Ps.	83,433
Social security costs		**17,586**		15,941		13,511
Employee profit sharing		**2,694**		2,419		2,598
Post-employment benefits		**1,052**		910		854
Share-based payments (Note 15)		**947**		943		866
	Ps.	**126,636**	Ps.	117,964	Ps.	101,262

Note 18. Bonus Programs

18.1 Quantitative and qualitative objectives

The bonus program for executives is based on complying with certain goals established annually by management, which include quantitative and qualitative objectives, and special projects.

The quantitative objectives represent approximately 50% of the bonus and are based on the Economic Value Added ("EVA") methodology. The objective established for the executives at each entity is based on a combination of the EVA generated per entity and the EVA generated by the Company, calculated at approximately 70% and 30%, respectively. The qualitative objectives and special projects represent the remaining 50% of the annual bonus and are based on the critical success factors established at the beginning of the year for each executive.

The bonus amount is determined based on each eligible participant's level of responsibility and based on the EVA generated by the applicable business unit the employee works for. This formula is established by considering the level of responsibility within the organization, the employees' evaluation and competitive compensation in the market. The bonus is paid to the eligible employee on an annual basis and after withholding applicable taxes.

18.2 Share-based payment bonus plan

The Company has implemented a stock incentive plan for the benefit of its senior executives. As discussed above, this plan uses as its main evaluation metric the EVA. Under the EVA stock incentive plan, eligible employees are entitled to receive a special annual bonus (fixed amount), to be paid in shares of FEMSA or Coca-Cola FEMSA, as applicable or stock options (the plan considers providing stock options to employees; however, since inception only shares of FEMSA or Coca-Cola FEMSA have been granted).

The plan is managed by FEMSA's chief executive officer ("CEO"), with the support of the board of directors, together with the CEO of the respective sub-holding company. FEMSA's Board of Directors is responsible for approving the plan's structure, and the annual amount of the bonus. Each year, FEMSA's CEO in conjunction with the Evaluation and Compensation Committee of the board of directors and the CEO of the respective sub-holding company determines the employees eligible to participate in the plan and the bonus formula to determine the number of shares to be received. The shares vest ratably over a three-year period. FEMSA accounts for its share-based payment bonus plan as an equity-settled share-based payment transaction as it will ultimately settle its obligations with its employees by issuing its own shares or those of its subsidiary Coca-Cola FEMSA.

The Company contributes the individual employee's special bonus (after taxes) in cash to the Administrative Trust (which is controlled and consolidated by FEMSA), who then uses the funds to purchase FEMSA or Coca-Cola FEMSA shares (as instructed by the Administrative Trust's Technical Committee), which are then allocated to such employee. The Administrative Trust tracks the individual employees' account balance. FEMSA created the Administrative Trust to conduct the purchase of FEMSA and Coca-Cola FEMSA shares by each of its subsidiaries with eligible executives participating in the stock incentive plan. The Administrative Trust's objectives are to acquire FEMSA shares or shares of Coca-Cola FEMSA and to manage the shares granted to the individual employees based on instructions set forth by the Technical Committee. Once the shares are acquired following the Technical Committee's instructions, the Administrative Trust assigns to each participant their respective rights. As the trust is controlled and therefore consolidated by FEMSA, shares purchased in the market and held within the Administrative Trust are presented as treasury stock (as it relates to FEMSA's shares) or as a reduction of the non-controlling interest (as it relates to Coca-Cola FEMSA's shares) in the consolidated statement of changes in equity, within the line item "issuance (purchase) of share-based compensation plan". Should an employee leave prior to their shares vesting, such employee would lose the rights to such shares, which would then remain within the Administrative Trust and be able to be reallocated to other eligible employees as determined by the Company. The incentive plan target is expressed in months of salary, and the final amount payable is computed based on a percentage of compliance with the goals established every year. For the years ended December 31, 2024, December 31, 2023 and 2022, the compensation expense recorded in the consolidated income statement amounted to Ps. 947, Ps. 943 and Ps. 866, respectively.

All shares held in the Administrative Trust are considered outstanding for diluted earnings per share purposes and dividends on treasury shares are paid out and affect retained earnings.

As of December 31, 2024 and December 31, 2023, the changes in the number of shares held by the trust associated with the Company's share-based payment plans are as follows:

	Number of Shares			
	FEMSA UBD		KOF UBL	
	2024	2023	2024	2023
Beginning balance	**7,283,198**	5,723,019	**1,904,240**	1,860,379
Shares acquired by the administrative trust to employees	**2,768,091**	4,844,120	**904,246**	1,139,180
Shares released from administrative trust to employees upon vesting	**(3,843,052)**	(3,283,941)	**(933,835)**	(1,095,319)
Ending balance	**6,208,237**	7,283,198	**1,874,651**	1,904,240

The vesting period corresponding to the shares held by the trust as of December 31, 2024 is 2025-2027.

Note 19. Bank Loans and Notes Payable

(in millions of Mexican pesos)	As of December 31, (1) 2025	2026	2027	2028	2029	2030 and Thereafter	Carrying Value at December 31, 2024	Fair Value at December 31, 2024	Carrying Value at December 31, 2023
Short-term debt:									
Fixed-rate debt:									
Euros									
Bank loans	Ps. —	Ps. —	Ps. —	Ps. —	Ps. —	Ps. —	**Ps. —**	**Ps. —**	Ps. 15
Interest rate	—	—	—	—	—	—	**—**	**—**	2.6%
Argentine pesos									
Bank loans	638	—	—	—	—	—	**638**	**638**	72
Interest rate	50.1%	—	—	—	—	—	**50.1%**	**—**	130.0%
Chilean pesos									
Bank loans	460	—	—	—	—	—	**460**	**460**	633
Interest rate	6.4%	—	—	—	—	—	**6.4%**	**—**	9.6%
Colombian pesos									
Bank loans	345	—	—	—	—	—	**345**	**345**	—
Interest rate	10.4%	—	—	—	—	—	**10.4%**	**—**	—
Uruguayan pesos									
Bank loans	46	—	—	—	—	—	**46**	**46**	—
Interest rate	10.8%	—	—	—	—	—	**10.8%**	**—**	—
Variable-rate debt:									
Mexican pesos									
Bank loans	650	—	—	—	—	—	**650**	**650**	979
Interest rate	13.5%	—	—	—	—	—	**13.5%**	**—**	13.3%
Chilean pesos									
Bank loans	1,222	—	—	—	—	—	**1,222**	**1,222**	754
Interest rate	6.4%	—	—	—	—	—	**6.4%**	**—**	9.2%
Colombian pesos									
Bank loans	414	—	—	—	—	—	**414**	**414**	—
Interest rate	10.4%	—	—	—	—	—	**10.4%**	**—**	—
Total short-term debt	Ps. 3,775	Ps. —	Ps. —	Ps. —	Ps. —	Ps. —	**Ps. 3,775**	**Ps. 3,775**	Ps. 2,453

(1) All interest rates shown in this table are weighted average contractual annual rates.

(in millions of Mexican pesos)	As of December 31, [1] 2025	2026	2027	2028	2029	2030 and Thereafter	Carrying Value at December 31, 2024	Fair Value at December 31, 2024	Carrying Value at December 31, 2023 [1]
Long-term debt:									
Fixed-rate debt:									
Euro									
Senior unsecured notes	Ps. —	Ps. 10,457	Ps. —	Ps. 6,223	Ps. —	Ps. 5,068	**Ps. 21,748**	**Ps. 20,274**	Ps. 18,988
Interest rate	—	2.6%	—	0.5%	—	1.0%	**1.6%**	**—**	1.6%
Promissory notes	—	—	—	—	—	—	**—**	**—**	1,064
Interest rate	—	—	—	—	—	—	**—**	**—**	1.3%
Swiss franc									
Promissory notes	—	—	—	—	—	—	**—**	**—**	463
Interest rate	—	—	—	—	—	—	**—**	**—**	0.8%
U.S. dollars									
Yankee bond [2]	—	—	—	—	—	43,504	**43,504**	**39,586**	36,352
Interest rate	—	—	—	—	—	3.1%	**3.1%**	**—**	3.1%
Bank of NY (FEMSA USD 2043)	—	—	—	—	—	8,563	**8,563**	**7,283**	7,121
Interest rate [1]	—	—	—	—	—	4.4%	**4.4%**	**—**	4.4%
Bank of NY (FEMSA USD 2050)	—	—	—	—	—	27,249	**27,249**	**19,664**	26,162
Interest rate [1]	—	—	—	—	—	3.5%	**3.5%**	**—**	3.5%
Bank loans	138	—	2,331	—	—	—	**2,469**	**2,469**	2,083
Interest rate	6.7%	—	5.1%	—	—	—	**5.2%**	**—**	3.8%
Mexican pesos									
(CEBUR MXN L22-2L)	—	—	—	—	—	8,435	**8,435**	**8,110**	8,434
Interest rate [1]	—	—	—	—	—	9.7%	**9.7%**	**—**	9.7%
Domestic senior notes	—	—	8,495	9,961	—	5,493	**23,949**	**22,490**	23,946
Interest rate	—	—	7.9%	7.4%	—	10.0%	**8.1%**	**—**	8.1%
Bank loans	184	132	104	38	—	—	**458**	**458**	644
Interest rate	10.8%	11.8%	12.3%	12.9%	—	—	**11.6%**	**—**	11.4%
Brazilian reais									
Bank loans	—	—	—	—	—	—	**—**	**—**	21
Interest rate	—	—	—	—	—	—	**—**	**—**	6.9%
Chilean pesos									
Bank loans	—	—	—	—	—	—	**—**	**—**	27
Interest rate	—	—	—	—	—	—	**—**	**—**	9.3%
Subtotal	Ps. 322	Ps. 10,589	Ps. 10,930	Ps. 16,222	Ps. —	Ps. 98,312	**Ps. 136,375**	**Ps. 120,334**	Ps. 125,305

(1) All interest rates shown in this table are weighted average contractual annual rates.

(in millions of Mexican pesos)	As of December 31, (1) 2025	2026	2027	2028	2029	2030 and Thereafter	Carrying Value at December 31, 2024	Fair Value at December 31, 2024	Carrying Value at December 31, 2023 (1)
Variable-rate debt:									
Euro									
Promissory notes	Ps. —	Ps. —	Ps. —	Ps. —	Ps. —	Ps. —	**Ps. —**	**Ps. —**	Ps. 1,700
Interest rate	—	—	—	—	—	—	**—**	**—**	4.8%
Swiss franc									
Promissory notes	—	—	—	—	—	—	**—**	**—**	603
Interest rate	—	—	—	—	—	—	**—**	**—**	2.1%
Mexican pesos									
(CEBUR MXN L22)	—	—	826	—	—	—	**826**	**832**	826
Interest rate (1)	—	—	11.6%	—	—	—	**11.6%**	**—**	11.6%
Domestic senior notes	1,727	—	2,927	—	—	—	**4,654**	**4,659**	4,653
Interest rate (1)	10.5%	—	10.5%	—	—	—	**10.5%**	**—**	11.6%
Bank Loans	892	450	544	444	186	49	**2,565**	**2,566**	1,270
Interest rate (1)	13.4%	13.4%	12.6%	13.7%	13.8%	13.8%	**13.3%**	**—**	13.0%
Brazilian reais									
Bank loans	6	3	—	—	—	—	**9**	**8**	14
Interest rate	9.1%	9.1%	—	—	—	—	**9.1%**	**—**	8.9%
Subtotal	Ps. 2,625	Ps. 453	Ps. 4,297	Ps. 444	Ps. 186	Ps. 49	**Ps. 8,054**	**Ps. 8,065**	Ps. 9,066
Total long-term debt	Ps. 2,947	Ps. 11,042	Ps. 15,227	Ps. 16,666	Ps. 186	Ps. 98,361	**Ps. 144,429**	**Ps. 128,399**	Ps. 134,371
Current portion of long-term debt							**(2,947)**		(5,998)
Total debt (3)							**Ps. 148,204**		Ps. 136,824

(1) All interest rates shown in this table are weighted average contractual annual rates.

(2) Interest rate derivatives that have been designated as fair value hedge relationships have been used by Coca-Cola FEMSA to mitigate the volatility in the fair value of existing financing instruments due to changes in floating interest rate benchmarks. Gains and losses on these instruments are recorded in "Market value (gain) loss on financial instruments" in the period in which they occur. During December 31, 2024, the Company applied hedging to a portion of the Senior Notes of US$ 705, which are linked to an interest rate swap. Starting in 2022, the hedging gain or loss adjust the carrying amount of the hedged item and is recognized in the consolidated income statement under "Market value (gain) loss in financial instruments". During the year ended December 31, 2024, the Company recognized a gain of Ps. 383 in the consolidated income statement under "Market value (gain) loss in financial instruments", which offsets the loss on interest rate derivatives used to hedge debt denominated in USD, that resulted from increases in interest rates.

(3) For the years ended December 31, 2024 and 2023 the Company paid for amortization cost Ps. 1,122 and Ps. 1,121 respectively.

Hedging Derivative Financial Instruments (1)	2025	2026	2027	2028	2029	2030 and Thereafter	Total 2024	Total 2023
				(notional amounts in millions of Mexican pesos)`				
Cross-currency swaps:								
U.S. dollars to Mexican pesos								
Fixed to a variable (3) (4)	Ps. —	Ps. —	Ps. —	Ps. —	Ps. —	Ps. 14,330	**Ps. 14,330**	Ps. 6,031
Interest pay rate	—	—	—	—	—	8.9%	**8.9%**	56.1%
Interest receive rate	—	—	—	—	—	3.9%	**3.9%**	3.6%
Fixed to fixed	—	—	—	—	—	10,000	**10,000**	10,000
Interest pay rate	—	—	—	—	—	8.9%	**8.9%**	8.9%
Interest receive rate	—	—	—	—	—	3.5%	**3.5%**	3.5%
Fixed to fixed (2)								
Interest pay rate	—	—	—	—	—	9.4%	**9.4%**	9.4%
Interest receive rate	—	—	—	—	—	4.4%	**4.4%**	4.4%
U.S. dollars to Euro								
Fixed to fixed	—	—	—	6,819	—	5,595	**12,414**	10,940
Interest pay rate	—	—	—	1.7%	—	2.1%	**1.9%**	1.9%
Interest receive rate	—	—	—	0.5%	—	1.0%	**0.7%**	0.7%
U.S. dollars to Brazilian reais								
Fixed to variable	—	5,067	2,027	—	—	—	**7,094**	5,912
Interest pay rate	—	12.9%	2.8%	—	—	—	**12.1%**	11.6%
Interest receive rate	—	2.1%	2.8%	—	—	—	**2.3%**	2.3%
Fixed to fixed	—	—	—	—	—	9,729	**9,729**	8,109
Interest pay rate	—	—	—	—	—	8.0%	**8.0%**	8.0%
Interest receive rate	—	—	—	—	—	2.8%	**2.8%**	2.8%
Colombian pesos								
Fixed to fixed	—	1,184	—	—	—	—	**1,184**	987
Interest pay rate	—	6.3%	—	—	—	—	**6.3%**	6.3%
Interest receive rate	—	2.8%	—	—	—	—	**2.8%**	2.8%
Interest rate swaps:								
Fixed to variable rate:	—	—	—	—	—	10,134	**10,134**	8,447
Interest pay rate	—	—	—	—	—	4.8%	**4.8%**	5.7%
Interest receive rate	—	—	—	—	—	1.9%	**1.9%**	1.9%
Variable to a fixed rate:	—	—	2,331	—	—	—	**2,331**	1,943
Interest pay rate	—	—	3.6%	—	—	—	**3.6%**	3.6%
Interest receive rate	—	—	1.9%	—	—	—	**1.9%**	1.9%
Total	—	6,251	4,358	6,819	—	49,788	**67,216**	52,369

(1) All interest rates shown in this table are weighted average contractual annual rates.

(2) Cross Currency swaps which covers U.S. dollars to Mexican pesos with a notional of Ps. 24,330, that have a starting date in December 31, 2024; receiving a fixed rate of 4.4% and pay a fixed rate of 9.4%.

(3) Interest rate swaps with a notional amount of Ps. 12,465 that receive a variable rate of 1.9% and pay a fixed rate of 3.6%; joined with a cross-currency swaps, which covers U.S. dollars to Mexican pesos, that receives a fixed rate of 4.4% and pay a variable rate of 9.4%.

(4) In 2023, the Company had an unwind of part of its cross-currency swaps related with the debt prepayment.

For the years ended December 31, 2024, December 31, 2023 and December 31, 2022, the interest expense is comprised as follows:

		2024		2023		2022
Interest on debts and borrowings	**Ps.**	**8,817**	Ps.	8,555	Ps.	8,129
Interest expense charges for employee benefits (Note 17.4)		**587**		590		553
Derivative instruments		**3,188**		(1,891)		1,795
Finance operating charges		**175**		821		(413)
Interest expense for leases liabilities (Note 12)		**7,235**		6,841		5,789
	Ps.	**20,002**	Ps.	14,916	Ps.	15,853

For the years ended December 31, 2024, December 31, 2023 and December 31, 2022, the interest income is comprised as follows:

		2024		2023		2022
Tender Offer	**Ps.**	**782**	Ps.	6,961	Ps.	—
Interest on investments		**10,764**		9,566		3,782
Finance operating products		**305**		514		—
Others		**59**		568		(13)
	Ps.	**11,910**	Ps.	17,609	Ps.	3,769

On May 7, 2013, the Company issued long-term debt on the NYSE (Yankee Bond) in the amount of U.S. $1,000, which was made up of senior notes of U.S. $300 with a maturity of 10 years and a fixed interest rate of 2.875%; and senior notes of U.S. $700 with a maturity of 30 years and a fixed interest rate of 4.375%. In March 2023, the Company made a tender offer in international markets for a principal amount of U.S. $147 related to this Yankee Bond, with a settlement price of U.S. $130, which includes accrued expenses. The difference between the settlement price and the book value of the debt at the date of prepayment was recognized in the consolidated income statement, representing a gain of Ps. 346. Then, in May 2023, the Company paid the senior notes of U.S. $300 which became to maturity. Finally, in November 2023, the Company made an additional tender offer for a principal amount of U.S. $127 related to the same senior notes.

On January 16, 2020, the Company issued U.S. $1,500 3.500% Senior Unsecured Notes at an annual rate of 130 basis points over the relevant benchmark. In addition, on February 12, 2020, the Company placed a re-tap to its US-denominated SEC-registered Senior Unsecured Notes due 2050 and issued U.S. $300 3.500% at an annual rate of 137.5 basis points over the relevant benchmark, raising the total outstanding balance to U.S. $1,800 with an implied yield to maturity of 3.577%. In June 2020, the Company issued U.S. $700 3.500% Senior Unsecured Notes due 2050 with an implicit weighted performance of 3.358%. In March 2023, the Company made a tender offer in international markets for a principal amount of U.S. $943 related with these senior notes, with a settlement price of U.S. $715, which includes accrued expenses. The difference between the settlement price and the book value of the debt at the date of prepayment was recognized in the consolidated income statement, representing a gain of Ps. 4,199. In June 2024, the Company made a tender offer in International markets for a principal amount of U.S. $207 related with these senior notes. The difference between the settlement price and the book value of the debt at the date of prepayment was recognized in the consolidated income statement, representing a gain of Ps. 703.

The Company had designated a portion of these non-derivative financial liabilities as a hedge on the net investment. During 2023, the Company divested its investments in JRD and Envoy; as a result of these transactions, the net investment hedge was discontinued, recycling the effects of Envoy's hedge in the consolidated income statements, which amount to a gain of Ps. 3,910; while in the case of JRD's hedge, it remained in other comprehensive income, as this investment was classified as FVOCI, which amount to a gain of Ps. 1,188.

In April 2021, the Company issued €500 and €700 in debt certificates at a fixed rate of 1.0%, maturing in 2033 and 0.5% maturing in 2028, respectively. In March 2023, the Company made a tender offer in international markets for a principal amount of €404 in debt securities maturing in 2028 and €259 in debt securities maturing in 2033, with a settlement price of €347 for maturing in 2028 and €197 for maturing in 2033, which includes accrued expenses. The difference between the settlement price and the book value of the debt at the date of prepayment was recognized in the consolidated income statement, representing a loss of Ps. 616.

On May 21, 2021, this non-derivative financial liability was designated as a hedge of the net investment in Heineken. During 2023, the Company divested its investment in Heineken. Therefore, the net investment hedge was discontinued, recycling the effects of Heineken's hedge in the consolidated income statements, which amount to a gain of Ps. 5,763 (See Note 4.3.1).

In November 2022, the Company issued Ps. 8,446 and Ps. 827 in debt certificates at a fixed rate of 9.65%, maturing in 2032 and a floating rate of TIIE28 + 0.10%, maturing in 2027, respectively. The bond's interest rate depends on the Company achieving key performance indicators, and in the event that such indicators are not met by the dates established in the offering documents, (2027 and 2032), the interest rate on the will increase by 25 basis points. As of December 31, 2024 the Company continues monitoring and expects to meet these key performance indicators. In accordance with the terms of the Bonds, they are linked to FEMSA's Sustainability-Linked Bond Framework, the which was adopted and published by the Company in relation to the issuance of the Sustainability-Linked Bond denominated in Euros issued in 2021 in the international capital market, for €700 in senior notes maturing in 2028, and €500 in senior notes maturing in 2033.

In February 2023, as part of Heineken Offering shares, the Company issued debt on the Frankfurt Stock Exchange (FWB) in the amount of EUR 500 million which was made up of senior unsecured Exchangeable Bonds (EB) due 2026; with a fixed interest rate of 2.625% per annum payable annually. The aggregate principal amount of the EB will be repayable with Heineken Holding N.V. shares or cash, considering an initial exchange price of EUR 95.625, being a premium of 27.5%, to EUR 75.00, being the clearing price of each share. As of the issuance date, the initial exchange option shall be comprised of 5,228,758 shares. See Note 14.2.

Coca-Cola FEMSA has the following bonds:

a) registered with the Mexican stock exchange:

i) Ps. 8,500 (nominal value) with a maturity in 2027 and a fixed interest rate of 7.87%; ii) Ps. 1,727 (nominal value) with a maturity date in 2025 and a floating interest rate of Equilibrium Interbank Interest Rate ("TIIE") + 0.08%; iii) Ps. 3,000 (nominal amount) with a maturity date in 2028 and fixed interest rate of 7.35%, iv) Ps. 6,965 (nominal amount) on a Sustainability-Linked Bond ("SLB") with a maturity date in 2028 and fixed rate of 7.36%, and v) Ps. 2,435 (nominal amount) on an SLB with a maturity date in 2026 and floating rate of TIIE + 0.05%, vi) Ps.5,500 (nominal amount) with a maturity date in 2029 and a fixed rate of 9.95%, vii) Ps.$500 (nominal amount) with a maturity date in 2026 and a floating rate of TIIE + 0.05%.

b) registered with the New York Stock Exchange:

i) Senior notes of U.S. $1,041 with a fixed interest rate of 2.75% and maturity on January 22, 2030; ii) Senior notes of US. $ 705 with interest at a fixed rate of 1.85% and maturity date on September 1, 2032 and iii) Senior notes of US. $ 489 with interest at a fixed rate of 5.25% and maturity date on November 26, 2043.

The Senior Notes are guaranteed by Coca-Cola FEMSA subsidiaries: Propimex, S. de R.L. de C.V., Comercializadora La Pureza de Bebidas, S. de R.L. de C.V., Controladora Interamericana de Bebidas, S. de R.L. de C.V., Grupo Embotellador Cimsa, S. de R.L. de C.V., Refrescos Victoria del Centro, S. de R.L. de C.V., and Yoli de Acapulco, S. de R.L. de C.V. (the "Guarantors").

During the third quarter of 2021, Coca-Cola FEMSA issued the first SLB in the Mexican market for a total of Ps. 9,400 in the modality of communicating vessels with maturities in 2025 and 2026 and with those resources prepaid bilateral loans denominated in Mexican pesos of: i) Ps. 3,760 with a maturity date of February 2025 and ii) Ps. 5,640 with an expiration date of August 2026. The bond's interest rate depends on us achieving key performance indicators, and in the event that such indicators are not met by the dates established in the offering documents, (2024 and 2026), the interest rate on the bonds will increase by 25 basis points. As of December 31, 2024 Coca-Cola FEMSA based on our external consulting firm review and the evidence presented by the Company, the indicator was complied and was reliably obtained, is fairly presented, has no significant deviations or omissions, and was prepared based on the requirements set forth in the supplement to the notes.

During the fourth quarter of 2022, Coca-Cola FEMSA repurchased a portion of the following notes registered with the SEC i) Senior notes of US. $ 209 with maturity date on January 2030, and ii) Senior notes of US. $111 with maturity date on November 2043, representing a net savings of Ps. 408 (nominal amounts). The amounts shown on the first paragraph already consider these repurchases.

Additionally during 2022, Coca-Cola FEMSA issued a social and sustainable bond in the Mexican Market on a dual-tranche transaction for an amount of Ps. 6,000.

During the second quarter of 2023, the Company paid on the maturity date May,12,2023 a Certificado Bursátil for i) Ps. 7,500 (nominal value) and a fixed interest rate of 5.46%.

Additionally, during 2024 and 2023, the Company obtained bank loans in Argentina for Ps. 657 and Ps. 73 respectively.

The Company has financing from different institutions under agreements that stipulate different restrictions and covenants, which mainly consist of maximum levels of leverage and capitalization as well as minimum consolidated net equity and debt and interest coverage ratios. As of the date of these consolidated financial statements, the Company complied with all restrictions and covenants contained in its financing agreements.

19.1 Reconciliation of liabilities arising from financing activities

	Carrying Value at, January 1, 2024	Cash Flows	Non-Cash Effects: Acquisitions	New Leases	Foreign Exchange Income (Loss)	Others [1]	Carrying Value at December 31, 2024
Bank loans	**Ps. 10,518**	Ps. 2,105	Ps. —	Ps. —	Ps. 504	Ps. (39)	**Ps. 13,088**
Notes payable	**126,306**	(7,262)	1,510	—	16,926	(2,364)	**135,116**
Total liabilities from financing activities	**136,824**	(5,157)	1,510	—	17,430	(2,403)	**148,204**
Lease liabilities	**96,073**	(19,675)	474	17,520	3,995	9,708	**108,095**
Total financing activities	**Ps. 232,897**	Ps. (24,832)	Ps. 1,984	Ps. 17,520	Ps. 21,425	Ps. 7,305	**Ps. 256,299**

(1) Includes mainly remeasurements of leases, and amortized costs.

	Carrying Value at, January 1, 2023	Cash Flows	Non-Cash Effects: Acquisition	New Leases	Foreign Exchange Income (Loss)	Others [1]	Carrying Value at December 31, 2023
Bank loans	Ps. 12,893	Ps. (1,526)	Ps. 3	Ps. —	Ps. (852)	Ps. —	Ps. 10,518
Notes payable	178,848	(30,657)	—	—	(15,364)	(6,521)	126,306
Total liabilities from financing activities	191,741	(32,183)	3	—	(16,216)	(6,521)	136,824
Lease liabilities	93,317	(16,171)	48	20,698	(1,891)	72	96,073
Total financing activities	Ps. 285,058	Ps. (48,354)	Ps. 51	Ps. 20,698	Ps. (18,107)	Ps. (6,449)	Ps. 232,897

(1) Includes mainly remeasurements of leases, and amortization of transaction costs.

	Carrying Value at, January 1, 2022	Cash Flows [2]	Non-Cash Effects: Acquisition	New Leases	Foreign Exchange Income (Loss)	Others [1]	Carrying Value at December 31, 2022
Bank loans	Ps. 7,580	Ps. (415)	Ps. 6,181	Ps. —	Ps. (78)	Ps. (375)	Ps. 12,893
Notes payable	183,005	6,718	—	—	(8,957)	(1,919)	178,848
Total liabilities from financing activities	190,585	6,303	6,181	—	(9,034)	(2,294)	191,741
Lease liabilities	62,355	(15,108)	21,933	10,686	(356)	13,807	93,317
Total liabilities from financing activities	252,940	(8,805)	28,114	10,686	(9,390)	11,513	285,058

(1) Includes mainly remeasurements of leases, and amortization of transaction costs.
(2) Cash flows of Total liabilities from financing activities include Ps. 5,973 from continuing operations and Ps. 330 from discontinued operations.

Note 20. Other Income and Expenses

		2024		2023		2022
Gain on sale of other assets	**Ps.**	**10**	Ps.	473	Ps.	—
Gain on sale of long-lived assets		**150**		400		301
Sale of waste material		**—**		—		2
Insurance recovery		**1,415**		279		64
Foreign exchange gain		**166**		815		124
Other investment in shares [(4)]		**—**		3,311		—
Recoveries of prior years taxes [(1)]		**316**		483		354
Investment in equity instruments [(5)]		**—**		6,785		113
Tax credit recovery		**1,154**		—		—
Other investments		**214**		415		—
Others		**163**		141		93
Other income	**Ps.**	**3,588**	Ps.	13,102	Ps.	1,051
Recoveries of prior years	**Ps.**	**—**	Ps.	958	Ps.	9
Impairment of long-lived assets [(2)]		**2,801**		1,248		833
Disposal of long-lived assets [(3)]		**939**		466		389
Contingencies, net (Note 26)		**170**		1,110		456
Severance payments		**2,007**		998		224
Donations		**865**		711		512
Legal fees and other expenses from past acquisitions		**41**		—		210
Items without tax requirements		**—**		139		96
Interest and penalties of previous years taxes		**763**		385		—
Tax credit recovery payment to former shareholders		**998**		—		—
Other		**856**		237		167
Other expenses	**Ps.**	**9,440**	Ps.	6,252	Ps.	2,896

(1) Following a favorable decision from Brazilian tax authorities received during 2020, Coca-Cola FEMSA has been entitled to reclaim indirect tax payments made in prior years in Brazil, resulting in the recognition of a tax credit and a positive effect on the "other income" captions of the consolidated income statements. See Note 25.1.1.

(2) Includes impairment losses in Proximity Americas and Health Division for an amount of Ps. 734 and Ps. 1,975, respectively, related to the Company's operation in Chile and Mexico, due to market conditions in 2024. Also includes impairment losses in Health Division related with the Company's operation in Ecuador for an amount of Ps. 596 and Ps. 770 in 2023 and 2022, respectively; due to market conditions; as well as an impairment loss in Mexico for an amount of Ps. 480 in 2023 related with a challenging competitive environment. Additionally, the Company recognized impairment losses in Coca-Cola FEMSA for its investment in Alimentos de Soja S.A.U. for an amount of Ps. 143 in 2023.

(3) Charges related to fixed assets retirement from ordinary operations and other long-lived assets.

(4) Related to dividends received from Heineken in 2023.

(5) In 2023, the Company sold its investment in Jetro Restaurant Depot.

Note 21. Financial Instruments

Fair Value of Financial Instruments

The Company's financial assets and liabilities that are measured at fair value are based on level 1 and 2 applying the income approach method, which estimates the fair value based on expected cash flows discounted to net present value. The following table summarizes the Company's financial assets and liabilities measured at fair value, as of December 31, 2024, and December 31, 2023:

	December 31, 2024		December 31, 2023	
	Level 1	Level 2	Level 1	Level 2
Financial instruments (current asset)	**40**	**1,238**	228	203
Financial instruments (non-current asset)	**16,461**	**16,907**	14,279	11,394
Financial instruments (current liability)	**320**	**8**	202	536
Financial instruments (non-current liability)	**—**	**4,625**	—	8,653

21.1 Total debt

The fair value of bank loans and notes payable is calculated based on the discounted value of contractual cash flows whereby the discount rate is estimated using rates currently offered for the debt of similar amounts and maturities, which is considered to be level 2 in the fair value hierarchy. The fair value of the Company's publicly traded debt is based on quoted market prices as of December 31, 2024 and December 31, 2023, which is considered to be level 1 in the fair value hierarchy.

		December 31, 2024		December 31, 2023
Carrying value	**Ps.**	**148,204**	Ps.	136,824
Fair value		**132,174**		125,043

21.2 Interest rate swaps

The Company uses interest rate swaps to offset the interest rate risk associated with its borrowings, under which it pays amounts based on a fixed rate and receives amounts based on a floating rate. These instruments have been designated as cash flow hedges and are recognized in the consolidated statement of financial position at their estimated fair value. The fair value is estimated using formal technical models. The valuation method involves discounting to present value the expected cash flows of interest, calculated from the rate curve of the cash flow currency, and expresses the net result in the reporting currency. Changes in fair value are recorded in cumulative other comprehensive income, net of taxes until the hedged amount is recorded in the consolidated income statements.

As of December 31, 2024, the Company has the following outstanding interest rate swap agreements:

Maturity Date		Notional Amount		Fair Value Liability December 31, 2024		Fair Value Asset December 31, 2024
2027	**Ps.**	**2,339**	**Ps.**	**—**	**Ps.**	**1**
2032		**10,134**		**(1,784)**		**—**

As of December 31, 2023, the Company has the following outstanding interest rate swap agreements:

Maturity Date		Notional Amount		Fair Value Liability December 31, 2023		Fair Value Asset December 31, 2023
2024	Ps.	2	Ps.	—	Ps.	65
2032		8,447		(1,381)		—

The net effect of expired contracts treated as hedges is recognized as interest expense within the consolidated income statements.

21.3 Forward agreements to purchase foreign currency

The Company has entered into forward agreements to reduce its exposure to the risk of exchange rate fluctuations between the Mexican peso and other currencies. Foreign exchange forward contracts measured at fair value are designated hedging instruments in cash flow hedges of forecast inflows in euros and forecast purchases of raw materials in U.S. dollars. These forecast transactions are considered highly probable.

These instruments are recognized in the consolidated statement of financial position at their estimated fair value which is determined based on prevailing market exchange rates to terminate the contracts at the end of the period. The price agreed in the instrument is compared to the current price of the market forward currency and is discounted to the present value of the rate curve of the relevant currency. Changes in the fair value of these forwards are recorded as part of cumulative other comprehensive income, net of taxes. Net gain/loss on expired contracts is recognized as part of the cost of goods sold when the raw material is included in sale transactions, and as a part of foreign exchange when the inflow in the foreign currency is received.

As of December 31, 2024, the Company had the following outstanding forward agreements to purchase foreign currency:

Maturity Date		Notional Amount		Fair Value Liability December 31, 2024		Fair Value Asset December 31, 2024
2025	**Ps.**	**8,052**	**Ps.**	**(138)**	**Ps.**	**560**

As of December 31, 2023, the Company had the following outstanding forward agreements to purchase foreign currency:

Maturity Date		Notional Amount		Fair Value Liability December 31, 2023		Fair Value Asset December 31, 2023
2024	Ps.	11,449	Ps.	(573)	Ps.	36

21.4 Cross-currency swaps

The Company has contracted for several cross-currency swaps to reduce the risks of exchange rate and interest rate fluctuations associated with its borrowings denominated in U.S. dollars and other foreign currencies. Cross-currency swaps contracts are designated as hedging instruments through which the Company changes the debt profile to its functional currency to reduce exchange exposure and interest rate.

These instruments are recognized in the consolidated statement of financial position at their estimated fair value which is estimated using formal technical models. The valuation method involves discounting to present value the expected cash flows of interest, calculated from the rate curve of the cash foreign currency, and expresses the net result in the reporting currency. These contracts are designated as financial instruments at fair value through profit or loss. The fair values changes related to those cross-currency swaps are recorded under the caption "market value gain (loss) on financial instruments," net of changes related to the long-term liability, within the consolidated income statements.

The Company has cross-currency contracts designated as cash flow hedges and are recognized in the consolidated statement of financial position at their estimated fair value. Changes in fair value are recorded in cumulative other comprehensive income, net of taxes until such time as the hedge amount is recorded in the consolidated income statement.

As of December 31, 2024, the Company had the following outstanding cross–currency swap agreements:

Maturity Date	Notional Amount	Fair Value Liability December 31, 2024	Fair Value Asset December 31, 2024
2025	Ps. **4,483**	Ps. **—**	Ps. **679**
2026	**7,243**	**(1)**	**547**
2027	**19,300**	**(137)**	**836**
2028	**6,819**	**(211)**	**—**
2029	**2,182**	**—**	**615**
2030	**26,086**	**(68)**	**3,166**
2033	**263**	**(31)**	**—**
2035	**10,000**	**(2,248)**	**—**
2043	**12,492**	**—**	**3,588**
2050	**3,471**	**—**	**1,714**

As of December 31, 2023, the Company had the following outstanding cross–currency swap agreements:

Maturity Date	Notional Amount	Fair Value Liability December 31, 2023	Fair Value Asset December 31, 2023
2024	Ps. 954	Ps. (35)	Ps. 103
2025	49,834	(2)	119
2026	6,045	(1,017)	98
2027	8,949	(1,391)	9
2028	6,009	—	89
2029	20	—	337
2030	13,633	(803)	—
2032	845	(51)	—
2033	4,931	—	117
2035	10,000	(3,809)	—
2043	5,398	—	1,877
2050	3,471	—	1,235

21.5 Commodity price contracts

The Company has entered into various commodity price contracts to reduce its exposure to the risk of fluctuation in the costs of certain raw materials. The fair value is estimated based on the market valuations to terminate the contracts at the end of the period. These instruments are designated as cash flow hedges and the changes in the fair value are recorded as part of "cumulative other comprehensive income."

The fair value of expired commodity price contracts was recorded in the cost of goods sold where the hedged item was recorded also in the cost of goods sold.

As of December 31, 2024, Coca-Cola FEMSA had the following sugar price contracts:

Maturity Date		Notional Amount		Fair Value Liability December 31, 2024		Fair Value Asset December 31, 2024
2025	Ps.	**3,108**	Ps.	**(183)**	Ps.	**6**
2026		**2,214**		**(118)**		**—**
2027		**440**		**(27)**		**—**

As of December 31, 2023, Coca-Cola FEMSA had the following sugar price contracts:

Maturity Date		Notional Amount		Fair Value Liability December 31, 2023		Fair Value Asset December 31, 2023
2024	Ps.	2,593	Ps.	(130)	Ps.	206
2025		745		(72)		—

As of December 31, 2024, Coca-Cola FEMSA had the following aluminum price contracts:

Maturity Date		Notional Amount		Fair Value Liability December 31, 2024		Fair Value Asset December 31, 2024
2025	Ps.	**828**	Ps.	**(2)**	Ps.	**33**

As of December 31, 2023, Coca-Cola FEMSA had the following aluminum price contracts:

Maturity Date		Notional Amount		Fair Value Liability December 31, 2023		Fair Value Asset December 31, 2023
2024	Ps.	647	Ps.	—	Ps.	21

As of December 31, 2024, the Company had the following diesel price contracts:

Maturity Date		Notional Amount		Fair Value Liability December 31, 2024		Fair Value Asset December 31, 2024
2025	Ps.	**22**	Ps.	**—**	Ps.	**—**

As of December 31, 2024, the Company had the following PX + MEG price contracts:

Maturity Date		Notional Amount		Fair Value Liability December 31, 2024		Fair Value Asset December 31, 2024
2025	Ps.	**72**	Ps.	**(5)**	Ps.	**—**

21.6 Exchangeable Bond (Embedded derivative)

As described in Note 19, in February 2023, the Company issued a exchangeable bond for EUR 500 million linked with the remaining Heineken economic interest, which is recognized as a liability component and embedded derivative (option). The bond (liability) is measured at amortized cost, while the written option is measured at fair value with through profit and losses. At the settlement date, depending on the decision of the bondholders, the exchangeable bond and the embedded derivative will be canceled against cash or Heineken Holding N.V. shares. As of December 31, 2024, the fair value of the option amounted to Ps. 0.

21.7 Options to purchase foreign currency

The Company has executed collar strategies to reduce exposure to the risk of exchange rate fluctuations. A collar is a strategy that combines call and put options, limiting the exposure to the risk of exchange rate fluctuations in a similar way as a forward agreement.

These instruments have been designated as cash flow hedges and are recognized in the consolidated statement of financial position at their estimated fair value which is determined based on prevailing market exchange rates to terminate the contracts at the end of the period. Throughout the term of the contract, changes in the fair value of these options, are recorded as part of "cumulative other comprehensive income". Net gain/(loss) on expired contracts including the net premium paid, is recognized as part of ,cost of goods sold when the hedged item is recorded in the consolidated income statements.

As of December 31, 2024, the Company had the following outstanding option agreements to purchase foreign currency:

Maturity Date	Notional Amount	Liability December 31, 2024	Asset December 31, 2024
2025	Ps. 3,701	Ps. (24)	Ps. 248

21.8 Net effects of expired contracts that met hedging criteria

	Impact in Consolidated Income Statement	December 31, 2024	December 31, 2023	December 31, 2022
Cross-currency swaps (1)	Interest expense	Ps. —	Ps. (392)	Ps. (1)
Cross-currency swaps (1)	Foreign exchange	—	(747)	(5)
Interest rate swaps	Interest expense	—	—	—
Forward agreements to purchase foreign currency	Foreign exchange	(3)	180	565
Commodity price contracts	Cost of goods sold	(15)	(430)	614
Options to purchase foreign currency	Cost of goods sold	39	—	—
Forward agreements to purchase foreign currency	Cost of goods sold	136	(1,834)	(681)

(1) This amount corresponds to the settlement of cross-currency swaps portfolio in Brazil presented as part of the other financial activities.

21.9 Net effect of changes in fair value of derivative financial instruments that did not meet the hedging criteria for accounting purposes.

Type of Derivatives	Impact in Consolidated Income Statement	December 31, 2024	December 31, 2023	December 31, 2022
Cross currency swaps and interest rate swaps	Market value gain (loss) on financial instruments	Ps. 938	Ps. 141	Ps. (2,270)

21.10 Risk management

The Company has exposure to the following financial risks:

- Market risk;
- Interest rate risk;
- Liquidity risk; and
- Credit risk.

The Company determines the existence of an economic relationship between the hedging instruments and the hedged item based on the currency, amount and timing of their respective cash flows. The Company evaluates whether the derivative designated in each hedging relationship is expected to be effective and that it has been effective to offset changes in the cash flows of the hedged item using the hypothetical derivative method.

In these hedging relationships, the main sources of inefficiency are:

- The effect of the credit risk of the counterparty and the Company on the fair value of foreign currency forward contracts; and
- Changes in the periods covered.

21.10.1 Market risk

Market risk is the risk that the fair value or the future cash flow of a financial instrument will fluctuate because of changes in market prices. Market prices include currency risk and commodity price risk.

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and commodity prices. The Company enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk, and commodity prices risk including:

- Forward agreements to purchase foreign currency to reduce its exposure to the risk of exchange rate fluctuations.
- Cross-currency swaps to reduce its exposure to the risk of exchange rate fluctuations.
- Commodity price contracts to reduce its exposure to the risk of fluctuation in the costs of certain raw materials.

The Company tracks the fair value (mark to market) of its derivative financial instruments and its possible changes using scenario analyses.

The following disclosures provide a sensitivity analysis of the market risks management considered to be reasonably possible at the end of the reporting period based on a stress test of the exchange rates according to an annualized volatility estimated with historic prices obtained for the underlying asset over a period, in the cases of derivative financial instruments related to foreign currency risk, which the Company is exposed to as it relates to in its existing hedging strategy:

Foreign Currency Risk	Change in Exchange Rate		Effect on Equity
2024			
FEMSA [(1)]	**+13% MXN/USD**	**Ps.**	**15**
	-13% MXN/USD		**(15)**
	+5% CHF/EUR		**125**
	-5% CHF/EUR		**(125)**
	+7% CHF/USD		**7**
	-7% CHF/USD		**(7)**
Coca-Cola FEMSA	**+13% MXN/USD**		**183**
	-13% MXN/USD		**(183)**
	+13% BRL/USD		**50**
	-13% BRL/USD		**(50)**
	+11% COP/USD		**34**
	-11% COP/USD		**(34)**
	+2% ARS/USD		**11**
	-2% ARS/USD		**(11)**
	+5% UYU/USD		**13**
	-5% UYU/USD		**(13)**
	+5% CRC/USD		**14**
	-5% CRC/USD		**(14)**
2023			
FEMSA [(1)]	+11% MXN/USD	Ps.	9
	-11% MXN/USD		(9)
	+7% CHF/EUR		78
	-7% CHF/EUR		(78)
	+7% EUR/USD		(6)
	-7% EUR/USD		6

Foreign Currency Risk	Change in Exchange Rate		Effect on Equity
Coca-Cola FEMSA	+11% MXN/USD		465
	-11% MXN/USD		(465)
	+12% BRL/USD		521
	-12% BRL/USD		(521)
	+16% COP/USD		225
	-16% COP/USD		(225)
	+120% ARS/USD		685
	-120% ARS/USD		(685)
	+5% UYU/USD		20
	-5% UYU/USD		(20)
	+7% CRC/USD		15
	-7% CRC/USD		(15)
2022			
FEMSA [(1)]	+10% MXN/USD	Ps.	6
	-10% MXN/USD		(6)
	+10% MXN/EUR		1
	-10% MXN/EUR		(1)
	+7% CHF/EUR		44
	-7% CHF/EUR		(44)
Coca-Cola FEMSA	+10% MXN/USD		512
	-10% MXN/USD		(512)
	+18% BRL/USD		550
	-18% BRL/USD		(550)
	+7% UYU/USD		25
	-7% UYU/USD		(25)
	+17% COP/USD		112
	-17% COP/USD		(112)
	+3% ARS/USD		10
	-3% ARS/USD		(10)
	+7% CRC/USD		24
	-7% CRC/USD		(24)

(1) Does not include Coca-Cola FEMSA.

Cross Currency Swaps [1]	Change in Exchange Rate	Effect on Equity	Effect on Profit or Loss
2024			
FEMSA [2]	**+13% MXN/USD**	**Ps. —**	**Ps. 2,424**
	-13% MXN/USD	**—**	**(2,424)**
	+13% BRL/USD	**—**	**163**
	-13% BRL/USD	**—**	**(163)**
	+6% PEN/USD	**—**	**16**
	-6% PEN/USD	**—**	**(16)**
	+11% COP/USD	**—**	**434**
	-11% COP/USD	**—**	**(434)**
	+12% CLP/USD	**—**	**709**
	-12% CLP/USD	**—**	**(709)**
Coca-Cola FEMSA	**+13% MXN/USD**	**1,863**	**—**
	-13% MXN/USD	**(1,863)**	**—**
	+13% BRL/USD	**2,187**	**—**
	-13% BRL/USD	**(2,187)**	**—**
2023			
FEMSA [2]	+14% CLP/USD	Ps. —	Ps. 678
	-14% CLP/USD	—	(678)
	+11% MXN/USD	—	1,796
	-11% MXN/USD	—	(1,796)
	+16% COP/USD	—	425
	-16% COP/USD	—	(425)
	+12% BRL/USD	—	34
	-12% BRL/USD	—	(34)
	+8% EUR/USD	—	742
	-8% EUR/USD	—	(742)
Coca-Cola FEMSA	+11% MXN/USD	1,314	—
	-11% MXN/USD	(1,314)	—
	+12% BRL/USD	1,683	—
	-12% BRL/USD	(1,683)	—

Cross Currency Swaps [1]	Change in Exchange Rate	Effect on Equity	Effect on Profit or Loss
2022			
FEMSA [2]	+21% CLP/USD	Ps. —	Ps. 966
	-21% CLP/USD	—	(996)
	+10% MXN/USD	—	2,647
	-10% MXN/USD	—	(2,647)
	+21% COP/USD	—	354
	-21% COP/USD	—	(354)
	+18% USD/BRL	—	18
	-18% USD/BRL	—	(18)
	+10% EUR/USD	—	1,315
	-10% EUR/USD	—	(1,315)
	+10% EUR/MXN	—	902
	-10% EUR/MXN	—	(902)
Coca-Cola FEMSA	+10% MXN/USD	1,220	—
	-10% MXN/USD	(1,220)	—
	+18% BRL/USD	2,893	—
	-18% BRL/USD	(2,893)	—

(1) Includes the sensitivity analysis effects of all derivative financial instruments related to foreign exchange risk.
(2) Does not include Coca-Cola FEMSA.

Net Cash in Foreign Currency [2]	Change in Exchange Rate		Effect on Profit or Loss
2024			
FEMSA [1]	**+13% EUR/ +13% USD**	**Ps.**	**14,855**
	-13% EUR/ -13% USD		**(14,855)**
Coca-Cola FEMSA	**+13% USD**		**1,397**
	-13% USD		**(1,397)**
2023			
FEMSA [1]	+11% EUR/ +11% USD	Ps.	14,617
	-11% EUR/ -11% USD		(14,617)
Coca-Cola FEMSA	+11% USD		1,797
	-11% USD		(1,797)
2022			
FEMSA [1]	+10% EUR/ +10% USD	Ps.	1,779
	-10% EUR/ -10% USD		(1,779)
Coca-Cola FEMSA	+10% USD		2,282
	-10% USD		(2,282)

(1) Does not include Coca-Cola FEMSA.
(2) Differential for the variation in total cash at the exchange rate as of December 31, 2024 and exchange rate sensitivity.

Commodity Price Contracts	Change in U.S.$ Rate		Effect on Equity
2024			
Coca-Cola FEMSA	**Sugar -29%**	**Ps.**	**(1,578)**
	Alumimum -22%	**Ps.**	**(189)**
2023			
Coca-Cola FEMSA	Sugar -29%	Ps.	(765)
	Alumimum -22%	Ps.	(2,812)
2022			
Coca-Cola FEMSA	Sugar -22%	Ps.	(333)
	Alumimum -35%	Ps.	(4,520)

Options to Purchase Foreign Currency (MXN to USD)	Change in U.S.$ Rate		Effect on Equity
2024			
Coca-Cola FEMSA	**-13%**	**Ps.**	**(136)**
2023			
Coca-Cola FEMSA	—	Ps.	—
2022			
Coca-Cola FEMSA	-35%	Ps.	(4,520)

Options to purchase foreign currency (BRL to USD)	Change in U.S.$ Rate		Effect on Equity
2024			
Coca-Cola FEMSA	**-13%**	**Ps.**	**(119)**
2023			
Coca-Cola FEMSA	—	Ps.	—
2022			
Coca-Cola FEMSA	—	Ps.	—

Options to purchase foreign currency (COP to USD)	Change in U.S.$ Rate		Effect on Equity
2024			
Coca-Cola FEMSA	**-11%**	**Ps.**	**(54)**
2023			
Coca-Cola FEMSA	—	Ps.	—
2022			
Coca-Cola FEMSA	—	Ps.	—

21.10.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk because it and its subsidiaries borrow funds at both fixed and variable interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and variable rate borrowings, and by the use of the different derivative financial instruments. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

The following disclosures provide a sensitivity analysis of the interest rate risks management considered to be reasonably possible at the end of the reporting period, which the Company is exposed to as it relates to its fixed and floating rate borrowings, which it considers in its existing hedging strategy:

Interest Rate Swap [1]	Change in Bps.	Effect on Equity	
2024			
FEMSA [2]	**(100 Bps.)**	**Ps.**	**(148)**
2023			
FEMSA [2]	(100 Bps.)	Ps.	(9)
2022			
FEMSA [2]	(100 Bps.)	Ps.	(90)

(1) The sensitivity analysis effects include all subsidiaries of the Company.
(2) Does not include Coca-Cola FEMSA.

Interest Effect of Unhedged Portion Bank Loans		2024		2023		2022
Change in interest rate		**+100 Bps.**		+100 Bps.		+100 Bps.
Effect on profit loss	**Ps.**	**(258)**	Ps.	(250)	Ps.	(249)

21.10.3 Liquidity risk

Each of the Company's sub-holding companies generally finances its operational and capital requirements on an independent basis. As of December 31, 2024 and December 31, 2023, 55% and 55%, respectively of the Company's outstanding consolidated total indebtedness was at the level of its sub-holding companies. This structure is attributable, in part, to the inclusion of third parties in the capital structure of Coca-Cola FEMSA. Currently, the Company's management expects to continue financing its operations and capital requirements (e.g., acquisitions, investments or capital expenditures) when it is considering domestic funding at the level of its sub-holding companies, otherwise; it is generally more convenient that its foreign operations would be financed directly through the Company because of more favorable terms of its financing market conditions. Nonetheless, sub-holdings companies may decide to incur indebtedness in the future to finance their operations and capital requirements of the Company's subsidiaries or significant acquisitions, investments or capital expenditures. As a holding company, the Company depends on dividends and other distributions from its subsidiaries to service the Company's indebtedness.

The Company's principal source of liquidity has generally been cash generated from its operations. The Company has traditionally been able to rely on cash generated from operations because a significant majority of the sales of Coca-Cola FEMSA and Proximity Division - Americas, Health Division and Fuel Division are on a cash or short-term credit basis, and OXXO stores can finance a significant portion of their initial and ongoing inventories with supplier credit. The Company's principal use of cash has generally been for capital expenditure programs, acquisitions, debt repayment and dividend payments.

Ultimate responsibility for liquidity risk management rests with the Company's board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity requirements. The management of the Company is accountable manages liquidity risk by maintaining adequate cash reserves and continuously monitoring the forecast and actual cash flows, and with a low concentration of maturities per year.

The Company has access to credit from national and international banking institutions to meet treasury needs. The Company has the highest rating for Mexican companies (AAA) given by independent rating agencies, allowing the Company to evaluate capital markets in case it needs resources.

As part of the Company's financing policy, management expects to continue financing its liquidity needs with cash from operations. Nonetheless, as a result of regulations in certain countries in which the Company operates, it may not be beneficially practicable to remit cash generated in local operations to fund cash requirements in other countries. If cash from operations in these countries is not sufficient to fund future working capital requirements and capital expenditures, management may decide, or be required, to fund cash requirements in these countries through local borrowings rather than remitting funds from another country. In the future the Company's management may finance its working capital and capital expenditure needs with short-term or other borrowings.

The Company's management continuously evaluates opportunities to pursue acquisitions or engage in joint ventures or other transactions. The Company would expect to finance any significant future transactions with a combination of cash from operations, long-term indebtedness and capital stock.

The Company's sub-holding companies generally incur short-term indebtedness if they are temporarily unable to finance operations or meet any capital requirements with cash from operations. A significant decline in the business of any of the Company's sub-holding companies may affect the sub-holding company's ability to fund its capital requirements. A significant and prolonged deterioration in the economies in which the Company operates or in the Company's businesses may affect the Company's ability to obtain short-term and long-term credit or to refinance existing indebtedness on terms satisfactory to the Company's management.

The Company presents the maturity dates associated with its long-term financial liabilities as of December 31, 2024, see Note 19. The Company generally makes payments associated with its long-term financial liabilities with cash generated from its operations.

The following table reflects all contractually fixed pay-offs for settlement, repayments and interest resulting from recognized financial liabilities. It includes expected net cash outflows from derivative financial liabilities that are in place as of December 31, 2024. Such expected net cash outflows are determined based on each particular settlement date of an instrument. The amounts disclosed are undiscounted net cash outflows for the respective upcoming fiscal years, based on the earliest date on which the Company could be required to pay. Cash outflows for financial liabilities (including interest and excluding lease liabilities) without fixed amount or timing are based on economic conditions (like interest rates and foreign exchange rates) existing on December 31, 2024.

	2025	2026	2027	2028	2029	2030 and thereafter	Total
Non-derivative financial liabilities:							
Notes and bonds	Ps. 4,306	Ps. 16,326	Ps. 11,498	Ps. 18,382	Ps. 7,627	Ps.117,900	Ps. 176,039
Loans from Banks	7,784	662	734	546	211	57	9,994
Derivative financial liabilities	(1,161)	(1,397)	(1,307)	(726)	(902)	(3,978)	(9,471)

The Company generally makes payments associated with its non-current financial liabilities with cash generated from its operations.

21.10.4 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment-grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee.

The Company has a high receivable turnover; hence management believes credit risk is minimal due to the nature of its businesses, which have a large portion of their sales settled in cash. The Company's maximum exposure to credit risk for the components of the consolidated statement of financial position at December 31, 2024 and December 31, 2023 is the carrying amounts, see Note 7.

The Company manages the credit risk related to its derivative portfolio by only entering into transactions with reputable and credit-worthy counterparties as well as by maintaining in some cases a Credit Support Annex ("CSA") that establishes margin requirements, which could change upon changes to the credit ratings given to the Company by independent rating agencies. As of December 31, 2024, the Company concluded that the maximum exposure to credit risk related to derivative financial instruments is not significant given the high credit rating of its counterparties.

21.11 Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Group to manage risk concentrations at both the relationship and industry levels.

A substantial portion of the Company's trade payables are included in the Company's supplier finance arrangement and are, thus, with a single counterparty rather than individual suppliers. This results in the Company being required to settle a significant amount with a single counterparty, rather than less significant amounts with several counterparties. However, the Company's payment terms for trade payables covered by the arrangement are identical to the payment terms for other trade payables, payment terms are normally settled by the Company from 30 to 60 day terms. Management does not consider the supplier finance arrangement to result in excessive concentrations of liquidity risk, and the arrangement has been established to ease the administrative burden of managing invoices from a significant number of suppliers, rather than to obtain financing.

The Company has established a supplier finance arrangement that is offered to some of the Company's non strategic suppliers mainly in Mexico and Brazil. Participation in the arrangement is at the suppliers' own discretion. Suppliers that participate in the supplier finance arrangement will receive early payment on invoices sent to the Company from the Company's external finance provider. If suppliers choose to receive early payment, they pay a fee to the finance provider, to which the Company is not party. In order for the finance provider to pay the invoices, the goods must have been received or supplied and the invoices approved by the Company.

Payments to suppliers ahead of the invoice due date are processed by the finance provider and, in all cases, the Company settles the original invoice by paying the finance provider in line with the original invoice maturity date described above. Payment terms with suppliers have not been renegotiated in conjunction with the arrangement. The Company provides no security to the finance provider.

All trade payables subject to the supplier finance arrangement, included in the table below, are recorded as suppliers in the consolidated statement of financial position.

		2024		2023		January 01, 2023
Carrying amount of trade payables that are part of a supplier finance arrangement	**Ps.**	**10,590**	Ps.	2,416	Ps.	3,697
Of which suppliers have received payment		**22,001**		823		2,831

There where no significant non-cash changes in the carrying amounts of the financial liabilities disclosed above.

21.12 Cash flows hedges

The Company determines the existence of an economic relationship between the hedging instruments and the hedged item based on the currency, amount, and timing of their respective cash flows. The Company evaluates whether the derivative designated in each hedging relationship is expected to be effective and that it has been effective to offset changes in the cash flows of the hedged item using the hypothetical derivative method.

In these hedging relationships, the main sources of inefficiency are:

- The effect of the credit risk of the counterparty and the Company on the fair value of foreign currency forward contracts, which is not reflected in the change in the fair value of the hedged cash flows; and
- Changes in the period hedges.

As of December 31, 2024, the Company's financial instruments used to hedge its exposure to foreign exchange rates and interest rates are as follows:

	Maturity		
	1-6 months	6-12 months	More than 12
Foreign exchange currency risk			
Foreign exchange currency forward contracts			
Net exposure	**1,455**	**126**	—
Average exchange rate MXN/USD	**18.74**	**20.71**	—
Net exposure	**951**	**45**	—
Average exchange rate BRL/USD	**5.50**	**6.07**	—
Net exposure	**275**	**22**	—
Average exchange rate COP/USD	**4,134**	**4,164**	—
Net exposure	**517**	**60**	—
Average exchange rate ARS/USD	**1,198**	**1,286**	—
Net exposure	**169**	**113**	—
Average exchange rate URY/USD	**41.59**	**44.13**	—
Net exposure	**240**	**152**	—
Average exchange rate CRC/USD	**531.13**	**540.05**	—

	Maturity		
	1-6 months	6-12 months	More than 12
Foreign exchange currency swap contracts			
Net exposure	—	—	**35,064**
Average exchange rate MXN/USD	—	—	**20.51**
Net exposure	—	—	**17,903**
Average exchange rate BRL/USD	—	—	**5.09**
Net exposure	**561**	**593**	**2,761**
Average exchange rate COP/USD	**3,817.00**	**3,420.15**	**4,271.98**
Net exposure	—	—	**325**
Average exchange rate CLP/USD	—	—	**816.00**
Net exposure	—	—	**583**
Average exchange rate EUR/USD	—	—	**1.09**
Net exposure	—	—	**67**
Average exchange rate PEN/USD	—	—	**3.74**
Foreign exchange currency options contracts			
Notional amount (in millions of pesos)	**568**	**1,127**	
Average exchange rate MXN/USD	**19.55**	**20.61**	
Notional amount (in millions of pesos)	**472**	**928**	
Average exchange rate BRL/USD)	**5.77**	**6.04**	
Notional amount (in millions of pesos)	**307**	**299**	
Average exchange rate COP/USD)	**4,313.00**	**4,361.66**	
Interest rate risk			
Interest rate swaps			
Net exposure	—	—	**10,134**
Interest rate average BRL	—	—	**0.16%**
Net exposure	—	**2**	—
Interest rate average CLP	—	**6.10%**	—
Commodities risk			
Aluminum	**440**	**389**	—
Average price (USD/Ton)	**2,480.15**	**2,542.39**	—
Diesel (in millions of pesos)	**11**	**11**	—
Average price (USD/Gallons)	**2.14**	**2.14**	—
PX+MEG (in millions of pesos)	**72**	—	—
Average proce (USD/Ton)	**950.00**	—	—
Sugar	**3,476**	**1,500**	**787**
Average price (USD cent/Lb)	**19.38**	**19.14**	**17.94**

As of December 31, 2023, the Company's financial instruments used to hedge its exposure to foreign exchange rates and interest rates are as follows:

	Maturity		
	1-6 months	6-12 months	More than 12
Foreign exchange currency risk			
Foreign exchange currency forward contracts			
Net exposure	Ps. 3,049	Ps. 1,781	Ps. —
Average exchange rate MXN/USD	18.39	18.40	—
Net exposure	2,486	1,370	—
Average exchange rate BRL/USD	5.10	5.07	—
Net exposure	757	334	—
Average exchange rate COP/USD	4,436	4,316	—
Net exposure	150	—	—
Average exchange rate ARS/USD	668.06	—	—
Net exposure	344	163	—
Average exchange rate URY/USD	40.18	40.66	—
Net exposure	154	117	—
Average exchange rate CRC/USD	558.89	556.00	—
Foreign exchange currency swap contracts			
Net exposure	—	—	43,095
Average exchange rate MXN/USD	—	—	17.77
Net exposure	174	—	14,022
Average exchange rate BRL/USD	4.81	—	5.05
Net exposure	—	1,109	1,822
Average exchange rate COP/USD	—	3,601.94	3,743.16
Net exposure	—	286,246	2,082
Average exchange rate CLP/USD	—	870.50	764.40
Net exposure	—	—	10,939
Average exchange rate EUR/USD	—	—	1.09

	Maturity		
	1-6 months	6-12 months	More than 12
Interest rate risk			
Interest rate swaps			
Net exposure	—	—	8,447
Interest rate average BRL	—	—	0.16%
Net exposure	—	2	—
Interest rate average CLP	—	3.57%	—
Commodities risk			
Aluminum	298	349	—
Average price (USD/Ton)	2,304	2,364	—
Sugar	1,703	890	745
Average price (USD cent/Lb)	22.43	22.18	22.62

As of December 31, 2024, a reconciliation per category of equity components and an analysis of OCI components, net of tax; generated by the cash flow hedges were as follows:

	Hedging reserve
Balances at beginning of the period	**Ps. 956**
Cash flows hedges	
Fair value changes:	
Foreign exchange currency risk – Purchase of stock	**844**
Foreign exchange currency risk – Other stock	**1,436**
Interest rate risk	**(64)**
Commodity price contracts – Purchase of stock	**(4,747)**
The amounts reclassified to profit and loss:	
Foreign exchange currency risk – Other stock	**4,708**
Interest rate risk	**(45)**
The amounts included in non-financial costs:	
Foreign exchange currency risk – Purchase of stock	**(98)**
Commodity price contracts – Purchase of stock	**(2)**
Taxes due to changes in reserves during the period	**133**
Balances at the end of the period	**Ps. 3,121**

Impact of hedging on equity

Set out below is the reconciliation of each component of equity and the analysis of other comprehensive income:

	Foreign currency option	Cross-currency swaps	Interest rate swaps	Commodity price contracts	Equity holders of the parent	Non-controlling interest	Total
As at January 1, 2023	Ps. (223)	Ps. 2,049	Ps. 111	Ps. 22	Ps. 1,958	Ps. (77)	Ps. 1,881
Financial instruments – purchases	(350)	50	—	(59)	(359)	(608)	(967)
Change in fair value of financial instruments recognized in OCI	(595)	(1,514)	64	128	(1,917)	(2,078)	(3,995)
Amount reclassified from OCI to profit or loss	848	2,698	201	(171)	3,576	746	4,322
Foreign currency revaluation of the net foreign operations	—	1,277	—	—	1,277	1,577	2,854
Effects of changes in foreign exchange rates	2	—	—	(1)	1	—	1
Tax effect	45	(3,335)	(19)	33	(3,276)	136	(3,140)
As at December 31, 2023	Ps. (273)	Ps. 1,225	Ps. 357	Ps. (48)	Ps. 1,260	Ps. (304)	Ps. 956
Financial instruments – purchases	41	(261)	—	88	(54)	332	278
Change in fair value of financial instruments recognized in OCI	345	6,898	(64)	(133)	7,082	3,949	11,031
Amount reclassified from OCI to profit or loss	(45)	(4,039)	—	(1)	(4,103)	(125)	(4,228)
Foreign currency revaluation of the net foreign operations	—	(2,194)	—	—	(2,194)	(2,842)	(5,036)
Effects of changes in foreign exchange rates	12	(14)	—	(1)	(3)	(10)	(13)
Tax effect	(105)	733	(64)	15	548	(415)	133
As at December 31, 2024	**Ps. (25)**	**Ps. 2,348**	**Ps. 229**	**Ps. (80)**	**Ps. 2,536**	**Ps. 585**	**Ps. 3,121**

Note 22. Non-Controlling Interest in Consolidated Subsidiaries

An analysis of FEMSA's non-controlling interest in its consolidated subsidiaries as of December 31, 2024 and 2023 is as follows:

		December 31, 2024		December 31, 2023
Coca-Cola FEMSA	**Ps.**	**82,522**	Ps.	73,151
Proximity Americas Division		**1,031**		1,046
Other		**76**		312
	Ps.	**83,629**	Ps.	74,509

The changes in the FEMSA's non-controlling interest were as follows:

		2024		2023		2022
Balance at beginning of the period	**Ps.**	**74,509**	Ps.	75,197	Ps.	72,516
Net income of non-controlling interest		**13,501**		10,988		10,834
Other comprehensive loss:		**2,608**		(3,465)		(2,198)
Exchange differences on translation of foreign operation		**2,235**		(3,325)		(1,558)
Remeasurements of the net defined benefits liability		**(478)**		87		173
Valuation of the effective portion of derivative financial instruments		**851**		(227)		(813)
Dividends		**(6,801)**		(6,551)		(6,176)
Share based payment		**(5)**		22		(57)
Other acquisitions and remeasurements		**(186)**		—		5
Repurchase of non-controlling interests		**—**		—		(79)
Contribution from non-controlling interest		**—**		—		352
Disposals of businesses (Envoy and others)		**3**		(1,682)		—
Balance at end of the period	**Ps.**	**83,629**	Ps.	74,509	Ps.	75,197

Non-controlling interest's accumulated other comprehensive loss is comprised as follows:

		December 31, 2024		December 31, 2023
Exchange differences on translation foreign operation	**Ps.**	**(10,647)**	Ps.	(12,882)
Remeasurements of the net defined benefits liability		**(813)**		(335)
Valuation of the effective portion of derivative financial instruments		**544**		(307)
Accumulated other comprehensive loss	**Ps.**	**(10,916)**	Ps.	(13,524)

Coca-Cola FEMSA shareholders, especially the Coca-Cola Company which holds Series D shares, have some protective rights about investing in or disposing of significant businesses. However, these rights do not limit the continued normal operations of Coca-Cola FEMSA.

Summarized financial information in respect of Coca-Cola FEMSA is set out below:

		December 31, 2024		December 31, 2023
Total current assets	**Ps.**	**75,132**	Ps.	67,738
Total non-current assets		**232,854**		205,782
Total current liabilities		**67,171**		54,916
Total non-current liabilities		**90,274**		84,899
Total revenue	**Ps.**	**279,793**	Ps.	245,088
Consolidated net income		**24,549**		20,226
Consolidated comprehensive income for the year, net of tax	**Ps.**	**29,706**	Ps.	14,104
Net cash flows generated from operating activities		**42,442**		42,289
Net cash flows used in investing activities		**(23,392)**		(20,070)
Net cash flows used in financing activities		**(19,642)**		(26,352)

22.1 Options from past business acquisitions

Open Market - The former controlling shareholders of Open Market retain a put option for their remaining 20% non-controlling interest that can be exercised (i) at any time after the acquisition date (December 27, 2016) upon the occurrence of certain events and (ii) annually from January through April, after the third anniversary of the acquisition date (i.e. 2019). In any event, the Company through one of its subsidiaries can call the remaining 20% non-controlling interest annually from January through April, after the fifth anniversary of the acquisition date (i.e. 2021). Both options would be exercisable at the then fair value of the interest and shall remain indefinitely.

Note 23. Equity

23.1 Equity accounts

The capital stock of FEMSA is comprised of 2,161,177,770 BD units and 1,417,048,500 B units. As of December 31, 2024 and December 31, 2023, the common stock of FEMSA was comprised of 17,891,131,350 common shares, without par value and with no foreign ownership restrictions. Fixed capital stock amounts to Ps. 300 (nominal value) and the variable capital may not exceed 10 times the minimum fixed capital stock amount.

The characteristics of the common shares are as follows:

- Series "B" shares, with unlimited voting rights, which at all times must represent a minimum of 51% of total capital stock;
- Series "L" shares, with limited voting rights, which may represent up to 25% of total capital stock; and
- Series "D" shares, with limited voting rights, which individually or jointly with series "L" shares may represent up to 49% of total capital stock.

The Series "D" shares are comprised as follows:

- Subseries "D-L" shares may represent up to 25% of the series "D" shares;
- Subseries "D-B" shares may comprise the remainder of outstanding series "D" shares; and
- The non-cumulative premium dividend to be paid to series "D" shareholders will be 125% of any dividend paid to series "B" shareholders.

The Series "B" and "D" shares are linked together in related units as follows:

- "B units" each of which represents five series "B" shares, and which are traded on the BMV; and
- "BD units" each of which represents one series "B" share, two subseries "D-B" shares and two subseries "D-L" shares, and which are traded both on the BMV and the NYSE.

As of December 31, 2024, FEMSA's capital stock (including Treasury shares) is comprised as follows:

	"B" Units	"BD" Units	Total
Units	1,417,048,500	2,161,177,770	3,578,226,270
Shares:			
Series "B"	7,085,242,500	2,161,177,770	9,246,420,270
Series "D"	—	8,644,711,080	8,644,711,080
Subseries "D-B"	—	4,322,355,540	4,322,355,540
Subseries "D-L"	—	4,322,355,540	4,322,355,540
Total shares	**7,085,242,500**	**10,805,888,850**	**17,891,131,350**

As of December 31, 2023, FEMSA's capital stock (including Treasury shares) is comprised as follows:

	"B" Units	"BD" Units	Total
Units	1,417,048,500	2,161,177,770	3,578,226,270
Shares:			
Series "B"	7,085,242,500	2,161,177,770	9,246,420,270
Series "D"	—	8,644,711,080	8,644,711,080
Subseries "D-B"	—	4,322,355,540	4,322,355,540
Subseries "D-L"	—	4,322,355,540	4,322,355,540
Total shares	**7,085,242,500**	**10,805,888,850**	**17,891,131,350**

The net income of the Company is subject to the legal requirement that 5% thereof be transferred to a legal reserve until such reserve equals 20% of common stock at nominal value. This reserve may not be distributed to shareholders during the existence of the Company, except as a stock dividend. As of December 31, 2024 and December 31, 2023, this reserve amounted to Ps. 596 and accordingly, has reached 20% of the capital stock.

Retained earnings and other reserves distributed as dividends, as well as the effects derived from capital reductions, are subject to income tax at the rate in effect at the date of distribution, except when capital reductions come from restated shareholder contributions (Cuenta de Capital de Aportación "CUCA") and when the distributions of dividends come from net taxable income, denominated Cuenta de Utilidad Fiscal Neta ("CUFIN").

Dividends paid in excess of CUFIN are subject to income tax at a grossed-up rate based on the current statutory rate. Since 2003, this tax may be credited against the income tax of the year in which the dividends are paid, and in the following two years against the income tax and estimated tax payments. The sum of the individual CUFIN balances of FEMSA and its subsidiaries as of December 31, 2024 amounted to Ps. 383,998. Under Mexican income tax law, dividends distributed to its stockholders who are individuals and foreign residents are subject to a 10% withholding tax, which will be paid in Mexico. The foregoing will not be applicable when distributed dividends arise from the accumulated CUFIN balances as of December 31, 2013.

At an ordinary shareholders' meeting of FEMSA held on April 8, 2022, the shareholders approved a dividend of Ps. 11,358 that was paid 50% on May 5, 2022, and the other 50% on November 7, 2022; and a reserve for share repurchase of a maximum of Ps. 17,000. As of December 31, 2022, the Company has not repurchased shares. Treasury shares from share-based payment bonus plan are disclosed in Note 18.

At an ordinary shareholders' meeting of Coca-Cola FEMSA held on March 28, 2022, the shareholders approved a dividend of Ps. 11,407 that was paid 50% on May 3, 2022 and other 50% on November 3, 2022. The corresponding payment to the non-controlling interest was Ps. 6,021.

At an ordinary shareholders' meeting of FEMSA held on March 31, 2023, the shareholders approved a dividend of Ps.12,247 that was paid 50% on May 8, 2023, and the other 50% on November 7, 2023; and a reserve for share repurchase of a maximum of Ps. 17,000. During 2023, the Company started its Share Repurchase Program, reacquiring 48,128,863 BD Units which are held as Treasury shares. The Company expects to maintain these shares in the Treasury for one year and subsequently cancel them. Treasury shares from the share-based payment bonus plan are disclosed in Note 18.

At an ordinary shareholders' meeting of Coca-Cola FEMSA held on March 27, 2023, the shareholders approved a dividend of Ps. 12,185 that was paid 50% on May 3, 2023, and the other 50% on November 3, 2023. The corresponding payment to the non-controlling interest was Ps. 6,431.

At an ordinary shareholders' meeting of FEMSA held on March 22, 2024, the shareholders approved a dividend of Ps.14,697 that was paid 25% on April 18, 2024, 25% on July 18, 2024, 25% on October 17, 2024 and the other 25% on January 16, 2025; and a reserve for share repurchase of a maximum of Ps. 34,000. The shareholders approved an extraordinary dividend of Ps.10,294 that was paid 25% on April 18, 2024, 25% on July 18, 2024, 25% on October 17, 2024 and the other 25% on January 16, 2025; and a reserve for share repurchase of a maximum of Ps. 34,000. During 2024, the Company continued its Share Repurchase Program, reacquiring 48,128,863 BD Units which are held as Treasury shares. The Company expects to maintain these shares in the Treasury for one year and subsequently cancel them. Treasury shares from the share-based payment bonus plan are disclosed in Note 18.

At an ordinary shareholders' meeting of Coca-Cola FEMSA held on March 19, 2024, the shareholders approved a dividend of Ps. 12,773 that was paid 25% on April 16, 2024, 25% on July 16, 2024, 25% on October 15, 2024 and the other 25% on December 9, 2024. The corresponding payment to the non-controlling interest was Ps. 6,741.

Share Repurchase Program Reconciliation:

Oct 31 2023	Shares outstanding	17,891,131,350
Dec 31 2023	Shares repurchased in Treasury	1,906,500
Jan 1 2024	Shares outstanding	17,889,224,850
Mar 31 2024	Shares repurchased in Treasury	61,716,970
Mar 31 2024	Shares outstanding	17,827,507,880
Jun 30 2024	Shares repurchased in Treasury	177,020,845
Jun 30 2024	Shares outstanding	17,650,487,035
Sep 30 2024	Shares repurchased in Treasury	270,362,300
Sep 30 2024	Shares outstanding	17,380,124,735
Dec 31 2024	Shares repurchased in Treasury	—
Dec 31 2024	Shares outstanding	17,380,124,735

The amount paid by the Company related to Share Repurchase Program was Ps. 20,311 for the year ended December 31, 2024.

For the years ended December 31, 2024, 2023 and 2022 the dividends declared and partially paid by the Company and Coca-Cola FEMSA were as follows:

		2024		2023		2022
FEMSA [1]	**Ps.**	**14,697**	Ps.	12,247	Ps.	11,358
Coca-Cola FEMSA (100% of dividend)		**12,773**		12,185		11,407

(1) Includes ordinary dividends. The total paid dividend amounted to Ps. 14,404 for ordinary dividends, reflecting the impact of share repurchases made throughout the year. As of December 31, 2024, 102,201,323 FEMSA UBD units (which represents 511 million shares) were held in treasury.

For the year ended December 31, 2024, the extraordinary dividends declared and partially paid by the Company and Coca-Cola FEMSA were as follows:

		2024
FEMSA [1]	**Ps.**	**10,294**

(1) Includes extraordinary dividends. The total paid dividend amounted to Ps. 10,091 for extraordinary dividends, reflecting the impact of share repurchases made throughout the year.

For the years ended December 31, 2024, December 31, 2023 and 2022 the dividends declared and partially paid per share by the Company are as follows:

Series of Shares		2024		2023		2022
"B"	**Ps.**	**0.73290**	Ps.	0.61070	Ps.	0.56600
"D"		**0.91610**		0.76340		0.70850

For the year ended December 31, 2024, the extraordinary dividends declared and partially paid per share by the Company are as follows:

Series of Shares		2024
"B"	**Ps.**	**0.51340**
"D"		**0.64170**

23.2 Capital management

The Company manages its capital to ensure that its subsidiaries will be able to continue as going concerns while maximizing the return to shareholders through the optimization of its debt and equity balance to obtain the lowest cost of capital available. The Company manages its capital structure and adjusts it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2024, 2023 and 2022.

The Company is not subject to any externally imposed capital requirements, other than the legal reserve (see Note 23.1) and debt covenants (see Note 19).

The Company's Finance, Planning and the Corporate Practices Committees review the capital structure of the Company on a quarterly basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. In conjunction with this objective, the Company seeks to maintain the highest credit rating both national and international, currently rated as of December 31, 2024 AAA and BBB+ respectively, which requires it to have a debt to earnings before interest, taxes, depreciation and amortization ("EBITDA") ratio lower than 2. As a result, before entering new business ventures, acquisitions or divestitures, management evaluates the optimal ratio of debt to EBITDA to maintain its credit rating.

Note 24. Earnings per Share

Basic earnings per share amounts are calculated by dividing consolidated net income for the year attributable to controlling interest by the weighted average number of shares outstanding during the period adjusted for the weighted average of own shares purchased in the period.

Diluted earnings per share amounts are calculated by dividing consolidated net income for the year attributable to controlling interest by the weighted average number of shares outstanding during the period adjusted for the effects of dilutive potential shares (originated by the Company's share-based payment program).

	2024		2023		2022	
	Per Series "B" Shares	Per Series "D" Shares	Per Series "B" Shares	Per Series "D" Shares	Per Series "B" Shares	Per Series "D" Shares
(in millions of shares)						
Weighted average number of shares for basic earnings per share	**9,194.62**	**8,437.51**	9,239.73	8,617.94	9,241.72	8,625.92
Effect of dilution associated with non-vested shares for share based payment plans	**6.94**	**27.75**	6.69	26.78	4.70	18.79
Weighted average number of shares adjusted for the effect of dilution (Shares outstanding)	**9,201.56**	**8,465.26**	9,246.42	8,644.71	9,246.42	8,644.71
Dividend rights per series (see Note 23.1)	**100%**	**125%**	100%	125%	100%	125%
Weighted average number of shares further adjusted to reflect dividend rights	**9,201.56**	**10,581.57**	9,246.42	10,805.89	9,246.42	10,805.89
Basic earnings per share from continuing operations	**1.34**	**1.70**	1.67	2.09	1.12	1.40
Diluted earnings per share from continuing operations	**1.33**	**1.69**	1.67	2.09	1.12	1.40
Basic earnings per share from discontinued operations	**0.01**	**0.01**	1.61	2.02	0.07	0.09
Diluted earnings per share from discontinued operations	**0.01**	**0.01**	1.61	2.01	0.07	0.09
Allocation of earnings, weighted	**46.11%**	**53.89%**	46.11%	53.89%	46.11%	53.89%
Net controlling interest income allocated from continuing operations	**Ps. 12,275**	**Ps. 14,345**	Ps. 15,425	Ps. 18,026	Ps. 10,369	Ps. 12,117
Net controlling interest income allocated from discontinued operations	**Ps. 53**	**Ps. 62**	Ps. 14,865	Ps. 17,373	Ps. 656	Ps. 767

Note 25. Taxes

25.1 Recoverable taxes

Recoverable taxes are mainly the result of higher interim payments of value added tax and income tax in Mexico during 2024 compared to the current year's provision, which will be offset in future years. Operations in Guatemala, Panama, Nicaragua, and Colombia are subject to a minimum tax. In Guatemala and Colombia, this tax is recoverable only under certain circumstances. Guatemala's tax base is determined by considering the greater of total assets and net income; in Colombia, the taxable base is stockholders' equity.

25.2 Taxation of beverages

As of December 31, 2024, all the countries where the Company operates, with the exception of Panama, impose value added tax on the sale of carbonated beverages, with a rate of 16.0% in Mexico, 12.0% in Guatemala, 15.0% in Nicaragua, 13.0% in Costa Rica, 19.0% in Colombia, 21.0% in Argentina, 22.0% in Uruguay, and in Brazil 16.0% in the state of Rio de Janeiro, 17.0% in the state of Santa Catarina, 18.0% in the states of São Paulo, Minas Gerais, Rio Grande do Soul and Paraná, 19.0% in the state of Goiás and 20.0% in the states of Mato Grosso do Sul and Rio Grande do Sul. The states of Rio de Janeiro, Goiás, Minas Gerais and Paraná also charge an additional 2.0% on sales as a contribution to a poverty eradication fund. In Brazil, value-added tax is accrued and added, along with federal sales tax, on the taxable base. In addition, we are responsible for collecting and collecting value-added tax from each of our retailers in Brazil, based on the average retail prices for each state where we operate, defined mainly through a survey conducted by the government of each state, which in 2024 represented for us an average taxation of approximately 16.9% on net sales.

Several of the countries in which the Company operates impose excise duties or other taxes, as follows:

- Mexico imposes a special tax on the production, sale, and import of beverages with added sugar and high-fructose corn syrup (HFCS), which from January 1, 2024 to December 31, 2024 was Ps.1.5737 per liter. This special tax applies only to the first sale, and we take care of collecting it and paying it. As of January 1, 2025, the excise tax was equal to Ps.1.6451 per liter. This excise tax rate will be in effect until December 31, 2025, and thereafter will be subject to an annual increase based on the previous year's inflation rate.

- Guatemala imposes a special tax of 18 cents in local currency (Ps.0.48 as of December 31, 2024) per liter of carbonated beverage.

- Costa Rica imposes a specific tax on non-alcoholic carbonated bottled beverages based on the combination of packaging and flavor, currently assessed at 21.07 colones (Ps.0.84 as of December 31, 2024) per 250 ml, and a special tax (which is a contribution to the National Institute of Rural Development) currently assessed at 7.208 colones (approximately Ps.0.28 as of December 31, 2024) per 250 ml.

- Nicaragua imposes a 15.0% tax on beverages, except for water and municipalities impose a 1.0% tax on our Nicaraguan gross sales.

- Panama imposes a 7.0% excise tax on carbonated beverages with more than 7.5 grams of sugar or any caloric sweetener per 100 ml, and a 10.0% tax on syrups, powders, and concentrates used to produce sugary drinks. In addition, Panama imposes a 5.0% excise tax on non-carbonated beverages with more than 7.5 grams of sugar or any caloric sweetener per 100 ml, whether imported or locally produced. Beverages derived from dairy products, grains or cereals, nectars, fruit and vegetable juices with natural fruit concentrates are exempt from this tax.

- Argentina imposes an excise tax of 8.7% on carbonated beverages containing less than 5.0% lemon juice or less than 10.0% fruit juice, and a 4.2% excise tax on sparkling water and flavored carbonated beverages with a fruit juice content of 10.0% or more, although this excise tax is not applicable to some of our products.

- Brazil levies a production consumption tax of about 2.6% and a sales tax of about 12.0% on net sales. Except for sales to wholesalers, these production and sales taxes apply only to the first sale, and we are responsible for collecting and collecting these taxes from each of our retailers. In the case of sales to wholesalers, they are entitled to recover sales tax and to collect this tax again for the resale of our products to retailers.

- Colombia. Colombian municipalities impose a sales tax ranging from 0.35% to 1.2% of net sales. On November 1, 2023, a new tax of 18 Colombian pesos (approximately Ps.0.08 as of December 31, 2024) was applied to beverages with 6 to 10 grams of added sugar per 100 ml, while beverages with more than 10 grams of added sugar per 100 ml were taxed at 35 Colombian pesos (approximately Ps.0.16 as of December 31, 2024). From January 1, 2024 to December 31, 2024, the excise tax increased to 28 Colombian pesos (approximately Ps.0.13 as of December 31, 2024) for beverages containing 6 to 10 grams of added sugar per 100 ml, and to 55 Colombian pesos (approximately Ps.0.25 as of December 31, 2024) for beverages with more than 10 grams of added sugar per 100 ml. From January 1, 2025 to December 31, 2025, the excise tax will be increased to 38 Colombian pesos (approximately Ps.0.18 to December 31, 2024) for beverages containing 5 to 9 grams of added sugar per 100 ml, and to 65 Colombian pesos (approximately Ps. 0.30 to December 31, 2024) for beverages with more than 9 grams of added sugar per 100 ml.

- Uruguay applies an excise tax of 19.0% on carbonated soft drinks, an excise tax of 12.0% on fruit juice-based beverages containing at least 10.0% natural fruit juice (or at least 5.0% natural fruit juice content in the case of lemons), and an 8.0% excise tax on sparkling water and still water.

25.3 Tax reforms

Mexico

Pursuant to the amendments to Mexican tax laws effective January 1, 2022, Mexican issuers are jointly and severally liable for taxes payable on gains arising from the sale or disposition of their shares or securities representing their shares, as ADSs, by majority shareholders who are not residents of Mexico and do not have a permanent establishment in Mexico for tax purposes. As it relates to other Mexican non-residents who do not have a permanent establishment in Mexico for tax purposes, Mexican issuers are also jointly and severally liable to the extent that such issuers fail to provide certain information regarding such sale or disposition to Mexican tax authorities. For the purposes of this rule, "majority shareholders" shall be understood as shareholders who are identified in the reports submitted by the Mexican issuer to the CNBV annually as (i) directors or officers who directly or indirectly own 1.0% or more of the Mexican issuer's share capital, (ii) shareholders who directly or indirectly own 5.0% or more of the Mexican issuer's share capital, or (iii) within the ten largest shareholders of the Mexican share capital of the Mexican issuer based on direct ownership of the shares of the share capital. Although in some cases the Mexican tax authorities have indicated that this reporting obligation would only apply to transfers of shares or securities representing shares that result in a change of control, there are no established criteria or general interpretations in this regard issued by the Mexican tax authorities. There is currently no obligation on the part of Mexican non-residents to report to Mexican issuers their sales or disposals of shares or securities representing shares, which limits our ability to comply with our reporting obligations to Mexican tax authorities. Therefore, the amount of a potential tax liability is uncertain and difficult to determine given the lack of mechanisms and procedures to obtain the required information, including the application of any available tax treaty, applicable to the trading of publicly traded securities by Mexican non-residents.

Colombia

In December 2022, a new tax reform was approved in Colombia, which began to be applied during 2023. The main changes are as follows:

- Introduction of an excise duty on beverages with added sugar based on the following timetable:
    - From November 1, 2023 to December 30, 2023, a tax of 18 Colombian pesos (approximately Ps.0.08 to December 31, 2023) was applied to beverages containing 6 to 10 grams of added sugar per 100 ml and a tax of 35 Colombian pesos (approximately Ps.0.16 to December 31, 2024) was applied to beverages with more than 10 grams of added sugar per 100 ml;
    - From January 1, 2024 to December 31, 2024, a tax of 28 Colombian pesos (approximately Ps.0.13 to December 31, 2024) was applied to beverages containing 6 to 10 grams of added sugar per 100 ml and a tax of 55 Colombian pesos (approximately Ps.0.25 to December 31, 2024) was applied to beverages with more than 10 grams of added sugar per 100 ml; and;
    - From January 1, 2025 to December 31, 2025, a tax of 38 Colombian pesos (approximately Ps.0.17 to December 31, 2024) will apply to beverages containing between 5 grams and 9 grams of added sugar per 100 ml and a tax of 65 Colombian pesos (approximately Ps.0.30 to December 31, 2024) will apply to beverages with more than 9 grams of added sugar per 100 ml;
- Introduction of a new tax on single-use plastics, with a rate of 0.00005 on one "Tax Value Unit" per gram of plastic. One Tax Value Unit is equivalent to 47,065 Colombian pesos (approximately Ps.271.08 as of December 31, 2024). This new tax is applicable to our products that are not considered part of the basic shopping basket (currently, two of Coca-Cola FEMSA's products fall into this category). However, this tax can be waived with a circular economy certification that will be issued in case recycled resin is incorporated into the packaging. In 2023, the Constitutional Court of Colombia issued a resolution (Resolution C-526/23) requiring that the producer of single-use plastics be responsible for the payment of this tax.
- Increase in the income tax rate as of January 1, 2023, from 20.0% to 35.0% on taxable income obtained from free zones within Colombia. This change will take effect on January 1, 2026 if a free zone company has a revenue increase of 60.0% in 2022 compared to 2019. However, The Constitutional Court of Colombia ruled that this law will not apply to entities that obtained its approval to be considered as a free zone company before December 13, 2022. Our Colombian subsidiary obtained such approval and was considered a free zone company prior to such date.
- Elimination of (i) the possibility of offsetting municipal sales taxes against income tax, and (ii) the "mega investment regime", which previously allowed a reduction in the nominal rate by 8%.

- Increase in the occasional income tax rate applicable to sales of fixed assets from 10.0% to 15.0%, and introduction of a stamp duty at a rate between 0.0% and 3.0%, on the sale price of real estate and other assets.

- Introduction of a minimum income tax rate of 15.0%, which must be calculated on the basis of adjusted financial profit or "adjusted income". For entities that are required to calculate such minimum income tax, if such calculation results in a tax greater than 15.0%, such entity shall pay only the regular rate of income tax, and if the result is less than 15.0%, such entity shall pay an additional amount to reach the rate of 15.0%.

- The rules of the Effective Headquarters of Administration are expanded to consider day-to-day activities in Colombia instead of testing only the place where concrete and key decisions are made.

- The income tax rate corresponding to dividends or shares received by (i) foreign companies or other entities without a principal domicile in the country, (ii) natural persons without residence in Colombia and (iii) illiquid successions of deceased persons who were not residents in Colombia, is increased from 10% to 20%.

- The discount in income tax for investments made in research, technological development or innovation is increased from 25% to 30%, in each case of the value invested in such projects in the taxable period in which the investment was made.

In February 2025, the Colombian government issued a decree containing temporary tax measures applicable from February 22, 2025 to December 31, 2025. Such decree imposes a stamp tax rate of 1.0% for public and private documents exceeding 6,000 Tax Value Units (approximately Ps. 1,373,517.90 as of December 31, 2024) that are subscribed, modified or extended and are granted or accepted in Colombia, or grated abroad but executed with Colombian jurisdiction. Several exemptions are applicable under certain circumstances. If the Colombia government decides to implement such tax measures on a permanent basis, relevant tax regulations will have to be amended accordingly.

Costa Rica

Until December 31, 2022, the producer or importer was responsible for collecting value-added taxes on carbonated beverages from supply chain participants, with an effective value-added tax rate for carbonated beverages of 15.8%. On January 1, 2023, a new tax reform came into effects to reintroduce the standard debt and credit system for producers, wholesalers, and retailers with a tax rate of 13.0%. Accordingly, our Costa Rican subsidiary is no longer responsible for collecting such tax throughout the entire supply chain.

Brazil

In early 2017, Brazil's Supreme Federal Court ruled that value-added tax would not be used as a basis for calculating federal sales tax, resulting in a reduction of federal sales tax. Our Brazilian subsidiaries initiated legal proceedings to determine their ability to calculate federal sales tax without using value-added tax as a basis, in accordance with the Federal Supreme Court's ruling, and obtained a favorable resolution in 2019. Brazilian tax authorities appealed the decision and the Brazilian Federal Supreme Court denied the appeal in May 2021. Pursuant to the favorable 2019 resolution, the average federal sales taxes was 14.6% on net sales in 2023 and 2024.

In December 2022, the Brazilian government published new transfer pricing rules which became effective as of January 1, 2024, aiming to align the Brazilian transfer pricing system with the transfer pricing guidelines recommended by the Organization for Economic Cooperation and Development ("OECD"). In addition, during 2023, the Brazilian government issued regulations to establish the guidelines required to comply with the new transfer pricing rules. As of the date of this report, no further regulations has been issued.

In March 2023, the value-added tax rate in the state of Paraná increased from 16.0% to 18.0%. As of January 1, 2024, the value-added tax rate in the state of Rio Grande do Sul was 18.0%. In April 2024, the value added tax rate in the state of Goias increased from 17.0% to 19.0%. On January 1, 2024, the state of Minas Gerais began to apply an additional charge of 2.0% on sales as a contribution to a poverty eradication fund.

In December 2024, the Brazilian government published law #15.079, which established the Additional Social Contribution on Net Profit ("Additional CSLL") and introduces the Qualified Minimum Domestic Complementary Tax ("QDMTT") method, in alignment with the OECD's Pillar 2 initiative. This additional CSLL aims to guarantee a minimum taxation of 15.0% for large multinational groups and began applying in January 2025, with the first payment to be made in 2026.

In December 2023, the Brazilian government published an interim measure establishing the amount of tax credits subject to a final and unrepealable judicial decision, pursuant to which any credit exceeding 10 million Brazilian reais (approximately Ps 33.7 million as of December 31, 2024) can only be applied on a monthly basis up to 1/60 of the total value of the tax credit. The interim measure was signed into law in May 2024.

Effective January 1, 2024, subsidies provided by municipalities or states will be subject to income and social contribution taxes at the combined tax rate of 34.0% and will be subject to other applicable taxes at a combined tax rate of 9.25%. In addition, the Brazilian federal government will grant an income tax credit of 25.0% on the municipal or state subsidies, limited to the lesser of (i) the amount of 25.0% of the tax benefit itself and (ii) 25.0% of the depreciation of such assets applied to approved development or expansion projects that generated such subsidy, provided certain conditions are met. In April 2024, our Brazilian subsidiary had a favorable precautionary measure granted ("liminar") by the Federal Court not to apply income and social contribution taxes on such subsidies.

In addition, in December 2023, the Brazilian government published a constitutional amendment enacting a comprehensive tax reform in Brazil that will replace the current indirect tax system with a new one, which will be implemented progressively starting January 1, 2026 until its full adoption in 2033. The municipal service tax, state value-added tax and federal sales tax will be replaced by a dual value-added tax ("Dual VAT"), composed of the federal "CBS" and the state/municipal "IBS". Dual VAT will apply to all tangible and intangible goods, rights and services, and will be calculated based on the amount charged at the place where the goods are consumed or the rights and services,are provided. This new tax system is a non-cumulative system, allowing tax credits from previous transactions. Initially, there will be a standard rate for all goods and services, with exceptions for certain sectors such as education, health, public transportation, food for human consumption and agricultural products, among others, which will be entitled to a tax reduction of 100.0%, 70.0%, or 40.0% of the tax rate. However, the federal, state, and municipal governments may determine the applicable fees by specific law. The final applicable rate where the goods are consumed or the services are provided shall be the sum of the rates determined by the municipality and state for the IBS and the federal government for the CBS. On December 17, 2024, the Federal Congress approved a law to enable the bases of the new regulation, which was approved by the President of the Republic with some vetoes on January 16, 2024. The vetoes will be analyzed by congressmen, who can accept or reject them. This approved bill also imposes a special tax ("Imposto Seletivo or IS") on the production, extraction, marketing or import of sugary beverages, as well as other services or goods considered harmful to health and the environment, starting in 2028. This tax will be applied only once, will not generate a subsequent tax credit (as it is subject to the so-called single-phase system) and will be used as part of the taxable base of other taxes applied to the sales of such services and goods. The current special tax (IPI) will be reduced to zero, except for those products produced in the Manaus Free Trade Zone in order to maintain the competitiveness and development of said incentivized zone. In 2025, further regulation detailing the Dual VAT and selective tax rates will be issued. Additionally, the approved bill establishes five-year reviews of the combined rate of the Dual VAT. If the total exceeds 26.5%, the government must propose a reduction to congress.

Argentina

In June 2021 (with retroactive effect from January 2021), the Argentine government increased the income tax rate to 35.0% for 2021 onwards and imposed a tax rate of 7.0% on dividends paid to non-resident shareholders and resident individuals.

In December 2023, the Argentine government issued an executive decree (Decree 29/2023) that increased the Program for an Inclusive and Supportive Argentina ("PAIS") tax rate to 17.5%, applicable to the import of goods (excluding goods in the commercial basket, fuels, lubricants, and other goods related to power generation). This tax is applicable to foreign currency transactions carried out on or after December 13, 2023 and represents an additional cost for our operations in Argentina. This tariff is also applicable to cargo services and other services for the transport of imported or exported goods, or when such services are acquired in Argentina and provided by non-residents. In December 2024, the PAIS tax was not renewed by the Argentine government and thus terminated.

Chile

On October 24, 2024, Law No. 21,713 was published, which established rules to ensure compliance with tax obligations within the pact for economic growth, social progress and fiscal responsibility, reforming tax legislation in several aspects. The main modifications included:

- Modifications to the power of the Internal Revenue Service ("SII") to assess the price or value assigned to the object of a sale or service, establishing a concept of "market value." In addition, the concept of "legitimate business reason" is defined, considering that the appraisal power does not apply to the contributions of assets made in the context of a business group reorganization, provided that a series of copulative requirements are met and the operation has a legitimate business reason.

- Changes in the procedure and application of the General Anti-Avoidance Rule ("NGA"). An Executive Committee was created to evaluate the implementation of the NGA and to make recommendations to the director of the SII on its implementation.

- New rule to set an interest rate applicable to taxes paid after the deadline of 1.5% per month (18.0% per annum) that accrues on taxes paid after the applicable deadline. This penal interest accrues and is calculated for each day of delay.

- Creation of the figure of the "anonymous whistleblower" as a collaborator in the investigation of tax crimes. Individuals who voluntarily collaborate with investigations of facts constituting tax crimes, provided that they meet certain requirements, will be entitled to receive 10.0% of the fine applied as a result of their collaboration.

- Audit of business groups with effect for all the entities that make up such group. The SII may audit business groups, unifying all the entities that are part of it, with effects for the entire group.

- Change in the relationship rule to establish the control of entities under the Controlled Foreign Corporation, on the recognition of passive income abroad.

- Transitory tax amnesty to declare capital and income abroad, which establishes a single tax of 12.0%, for taxpayers domiciled or resident in Chile, established or incorporated in the country prior to January 1, 2023, with respect to assets and income that are abroad but which, when having been subject to taxes in Chile, had not been duly declared or taxed.

- Incorporation of digital platforms as VAT taxpayers, assimilating them to digital service providers and subjecting them to the simplified taxation regime.

- Modifications to the VAT applicable to imports. Movable tangible property located abroad acquired by a person who is not a VAT taxpayer in Chile is understood to be located in Chile.

Ecuador

Due to recent developments in Ecuador, the government decreed the payment of a temporary contribution for the years 2024 and 2025, equivalent to 3.25% of the income tax base for the fiscal year 2022. Similary, to finance the country's internal conflict, the government decreed an increase in the VAT from 12.0% to 15.0%. It was expected that, by the end of the fiscal year 2024, the rate of the Currency Exit Tax (ISD) would be reduced to 2.0%; however, the then current government eliminated this provision and there were increases that raised this tax to 3.5% and 5.0%. The profit attributable to new investments made during 2024 and 2023 can benefit from a 3.0% or 5.0% decrease in the calculation of income tax. Since 2024, a self-withholding regime (advance income tax) was established for large taxpayers where rates of between 1.25% and 2.25% of total sales were established for the pharmaceutical retail sector.

25.4 Taxation

The following summary contains a description of certain U.S. federal income and Mexican federal tax consequences of the purchase, ownership, and disposition of our units or American Depositary Shares ("ADS") by an owner who is a citizen or resident of the United States, a U.S. domestic corporation, or a person or entity that will otherwise be subject to federal income tax based on net revenue with respect to units or ADSs. which we refer to as a U.S. holder, but is not intended to be a description of all possible tax considerations that may be relevant to a decision to purchase, hold, or dispose of the units or ADSs. In particular, this discussion does not address all Mexican or U.S. federal income tax considerations that may be relevant to a particular investor, nor does it address the special tax rules applicable to certain categories of investors, such as banks, intermediaries, merchants who choose market value, tax-exempt entities, insurance companies, certain short-term holders of units or ADSs, or investors who own the units or ADSs as part of a hedging, conversion, or integrated transaction, partnerships or partners therein, nonresident foreign individuals present in the United States for 183 days or more, or investors who have a "functional currency" other than the U.S. dollar. U.S. holders should be aware that the tax consequences of owning units or ADSs may be substantially different for the investors described in the previous sentence. This summary deals only with U.S. holders who will hold the units or ADSs as equity assets and does not address the tax treatment of a U.S. holder who owns or is treated as owning 10.0% or more of the shares by vote or security (including units) of our company.

This summary is based on the federal tax laws of the United States and Mexico in effect as of the date of this annual report, including the provisions of the U.S.-Mexico income tax treaty and its protocols, or the Tax Treaty, which are subject to change. The summary does not address any tax consequences under the laws of any state or municipality in Mexico or the United States, or the laws of any tax jurisdiction other than the federal laws of Mexico and the United States. Holders of the units or ADSs should consult their tax advisors regarding the U.S., Mexican or other tax consequences of the purchase, ownership and disposition of units or ADSs, including, in particular, the effect of any foreign, state or local tax laws.

Mexican Taxation

For purposes of this summary, the term "nonresident holder" means a holder who is not a resident of Mexico and who does not own the units or ADSs in connection with conducting a trade or business through a permanent establishment in Mexico. For the purposes of Mexican taxation, an individual is a resident of Mexico if he or she has established his or her home in Mexico, or if he or she has another household outside of Mexico, but his or her "center of vital interests" (as defined in the Federal Tax Code in Mexico) is located in Mexico. A person's "center of vital interests" is located in Mexico when, among other circumstances, more than 50.0% of that person's total income during a calendar year originates within Mexico. A legal entity is a resident of Mexico if it has its principal place of business or its place of effective administration in Mexico. A Mexican citizen is presumed to be a resident of Mexico unless they can prove otherwise. If a legal entity or an individual is deemed to have a permanent establishment in Mexico for tax purposes, all income attributable to such permanent establishment will be subject to Mexican taxation, in accordance with applicable tax laws.

25.5 Tax Considerations Relating to Units and ADSs

Taxation of dividends. Effective January 1, 2014, in accordance with Mexican income tax laws, dividends, whether in cash or in kind, paid to individuals or non-residents in Mexico, on the Series B shares and Series L shares underlying our units or ADSs, are subject to 10.0% withholding tax, or a lower rate if they are covered by a tax treaty. Profits that have been obtained and are subject to income tax before January 1, 2014 are exempt from this withholding.

Taxation of Disposals of ADSs or Units. As of January 1, 2014, gains from the sale or disposition of shares made on the Mexican Stock Exchange or other securities market approved in Mexico by individuals resident in Mexico will be subject to an income tax rate of 10.0%, and gains from the sale or disposal of interests made on the Mexican Stock Exchange or other approved securities market in Mexico individuals and legal entities that are not residents in Mexico will be subject to a withholding tax of 10.0% in Mexico. The cost at which the shares were acquired prior to January 1, 2014 is calculated using the average closing price per share over the last twenty-two days. If the closing price per share in the last twenty-two days is considered unusual compared to the closing prices in the last six months, then the calculation is made using the average closing price per share over the last six months. However, a holder who is eligible to claim the benefits of any tax treaty will be exempt from Mexican withholding tax on gains made on a sale or other disposition of units, provided certain additional requirements are met.

Gains on the sale or other disposition of shares or ADSs made in a transaction that is not carried out through the Mexican Stock Exchange or other approved securities market in Mexico would generally be subject to Mexican taxation, regardless of the nationality or residence of the transferor. However, under the Tax Treaty, a holder who is eligible to claim the benefits of the Tax Treaty will be exempt from Mexican tax on gains made on such sale or other disposition of units or ADSs, provided that the holder does not own, directly or indirectly, 25.0% or more of our total share capital (including units represented by ADSs) within the 12-month period preceding such sale or other sale and provided that the owner does not own, directly or indirectly, that the profits are not attributable to a permanent establishment or a fixed base in Mexico. Deposits of units in exchange for ADSs and withdrawals of units in exchange for ADSs will not give rise to Mexican taxes.

Other Mexican Taxes

There are no Mexican inheritance, gift or value-added taxes applicable to the ownership, transfer, exchange, or disposition of the ADSs or units, although free transfers of units may, in certain circumstances, cause a Mexican federal tax to be imposed on the recipient. There are no Mexican taxes or stamp, issuance, registration or similar duties that must be paid by the owners of the units.

25.6 BEPS Pillar II

The OECD has published the Pillar Two Rules to facilitate the domestic application of the global minimum tax of 15.0% in certain jurisdictions in which the Company operates. The legislation will become effective in most European jurisdictions where the Company has a presence beginning on January 1, 2025.

The Company is within the scope of the legislation enacted or substantially enacted in several jurisdictions and has conducted an assessment of the Company's potential exposure to Pillar Two income taxes for the financial year 2024.

The Company has applied the mandatory exception to recognizing and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes. Furthermore, the Company has reviewed its corporate structure in light of the introduction of Pillar Two Rules in various jurisdictions. Since the Company's effective tax rate is well above 15.0% in all jurisdictions in which it operates, it has determined that it is not subject to Pillar Two "top-up" taxes. Therefore, the consolidated financial statements do not include information required by paragraphs 88A-88D of IAS 12.

The assessment of potential exposure to income taxes in the Pillar Two is based on the most recent tax returns, country-by-country reports and financial statements of the entities that are part of the Company. According to the assessment, effective Pillar Two tax rates in most jurisdictions where the Company operates are above 15.0%. The Company does not expect significant exposure to Pillar Two income taxes in those jurisdictions; however, the development and publication of such rules will be monitored.

The Mexican tax authority, as of December 31, 2024, has not issued local rules related to the tax treatment of the Pillar Two Rules.

25.7 Income tax rates

The income tax rates in the countries where the Company operates as of December 31, 2024, 2023 and 2022 were as follows:

	2024	2023	2022
Mexico	**30.0%**	30.0%	30.0%
Guatemala	**25.0%**	25.0%	25.0%
Costa Rica	**30.0%**	30.0%	30.0%
Panama	**25.0%**	25.0%	25.0%
Nicaragua	**30.0%**	30.0%	30.0%
Colombia	**35.0%**	35.0%	35.0%
Argentina	**35.0%**	35.0%	35.0%
Brazil	**34.0%**	34.0%	34.0%
Chile	**27.0%**	27.0%	27.0%
Peru	**29.5%**	29.5%	29.5%
Ecuador	**25.0%**	25.0%	25.0%
Uruguay	**25.0%**	25.0%	25.0%
United States	**21.0%**	21.0%	21.0%
Switzerland	**18.6%**	18.6%	18.6%

The management currently has no reason to believe that the tax rates will change in the foreseeable future.

25.8 Income Tax

The major components of income tax expense for the years ended December 31, 2024, 2023 and 2022 are:

		2024		2023		2022
Current tax expense	**Ps.**	**24,552**	Ps.	30,413	Ps.	17,007
Deferred tax expense (benefit):						
Origination and reversal of temporary differences		**553**		247		(1,164)
Utilization (benefit) of tax losses, net		**2,299**		(3,198)		(389)
Change in the statutory rate		**(15)**		(172)		(102)
Total deferred tax expense (benefit)		**2,837**		(3,123)		(1,655)
Total income taxes	**Ps.**	**27,389**	Ps.	27,290	Ps.	15,352
Total income taxes attributable to continued operation	**Ps.**	**25,433**	Ps.	12,971	Ps.	13,275
Total income taxes attributable to discontinued operation		**1,956**		14,319		2,077
	Ps.	**27,389**	Ps.	27,290	Ps.	15,352

Recognized in Consolidated Statement of Other Comprehensive Income ("OCI")

Income tax related to items charged or recognized directly in OCI during the period:		2024		2023		2022
Unrealized gain (loss) on cash flow hedges	**Ps.**	**801**	Ps.	(355)	Ps.	(1,158)
Exchange differences on translation of foreign operations		**(1,895)**		(1,951)		(3,742)
Remeasurements of the net defined benefit liability		**(399)**		11		383
Share of the other comprehensive income of equity method accounted investees		**—**		3,108		1,129
Total income tax expense (benefit) recognized in OCI	**Ps.**	**(1,493)**	Ps.	813	Ps.	(3,388)

A reconciliation between tax expense and income before income taxes and share of the profit or loss of associates and joint ventures accounted for using the equity method multiplied by the Mexican domestic tax rate for the years ended December 31, 2024, 2023 and 2022 is as follows:

	2024	2023	2022
Mexican statutory income tax rate	**30.0%**	30.0%	30.0%
Difference between book and tax inflationary values and translation effects	**(2.2)%**	(1.7)%	(5.4)%
Annual inflation tax adjustment	**0.4%**	0.2%	7.0%
Income tax at a rate other than Mexican statutory rates	**1.3%**	0.9%	2.8%
Non-deductible expenses	**3.3%**	2.1%	3.8%
Taxable (non-taxable) income	**1.1%**	(3.2)%	1.4%
Others	**0.1%**	0.1%	0.1%
Tax loss (recognition) write off (1) (2) (3)	**3.4%**	(3.3)%	(5.5)%
Adjustments for previous tax years	**—**	—	0.4%
Impairments	**2.5%**	—	—
Sale of investment of Heineken	**—**	1.2%	—
Consolidated Effective income tax rate	**39.9%**	26.3%	34.6%
Effective income tax rate from continued operations	**37.1%**	22.7%	33.0%
Effective income tax rate from discontinued operations	**2.8%**	3.6%	1.6%

(1) During 2022, Coca-Cola FEMSA recognized an amount of Ps.(2,194) as favorable effects on the deferred tax assets of its territories taking into account our expectation that those deferred tax assets will be recovered in the future.

(2) The majority related to tax loss generated in 2023 from a reorganization of the business at Health Division in Chile.

(3) In 2024, the majority related to non-recoverable tax losses from our Spin business.

Deferred Income Tax Related to:

	Consolidated Statement of Financial Position as of		Consolidated Income Statements		
	December 31, 2024	December 31, 2023	2024	2023	2022
Expected credit losses	**Ps. (818)**	Ps. (356)	**Ps. (635)**	Ps. (6)	Ps. 21
Inventories	**4**	(61)	**83**	(1)	99
Other current assets	**175**	317	**63**	92	(78)
Property, plant and equipment, net	**(7,780)**	(7,075)	**(1,540)**	275	(1,345)
Right of use Assets	**613**	(1,166)	**79**	194	(151)
Investments in equity method accounted investees	**741**	(51)	**793**	74	(58)
Other assets	**872**	315	**(650)**	(884)	36
Finite useful lived intangible assets	**41**	131	**(8)**	145	(139)
Indefinite lived intangible assets	**2,932**	1,499	**822**	(2,161)	402
Post-employment and other long-term employee benefits	**(851)**	(821)	**(77)**	(79)	(71)
Derivative financial instruments	**(206)**	(240)	**(41)**	(577)	(111)
Provisions	**(2,112)**	(4,602)	**1,400**	(1,006)	43
Employee profit sharing payable	**(1,128)**	(1,003)	**100**	(56)	(304)
Tax loss carryforwards	**(9,467)**	(13,137)	**4,719**	(3,198)	(389)
Tax credits to recover [(1)]	**(70)**	(797)	**256**	(73)	255
Cumulative other comprehensive income	**(69)**	(394)	**375**	—	(417)
Exchange differences on translation of foreign operations in OCI	**—**	2,000	**—**	—	—
Other liabilities	**(3,299)**	(1,785)	**(1,655)**	(45)	322
Lease liabilities	**(3,119)**	(446)	**(1,777)**	(255)	(272)
Liabilities of amortization of goodwill of business acquisition	**5,322**	7,445	**(252)**	—	—
Deferred income tax			**Ps. 2,055**	Ps. (7,561)	Ps. (2,157)
Deferred tax income net recorded in share of the profit of equity method accounted investees			**—**	1,601	567
Deferred income tax, net			**Ps. 2,055**	Ps. (5,960)	Ps. (1,590)
Deferred tax discontinued operations			**Ps. 782**	Ps. 2,838	Ps. (65)
Deferred income taxes, net	**Ps. (18,219)**	Ps. (20,227)			
Deferred tax asset before reclassification to assets held for sale	**(27,632)**	(29,639)			
Deferred tax asset from assets held for sale	**720**	2,041			
Deferred tax assets	**Ps. (26,912)**	Ps. (27,598)			
Deferred tax liability before reclassification to assets held for sale	**9,077**	7,373			
Deferred tax liability from assets held from sale	**(384)**	(2)			
Deferred tax liabilities	**Ps. 8,693**	Ps. 7,371			

(1) Corresponds to income tax credits arising from dividends received from foreign subsidiaries to be recovered within the next ten years according to the Mexican Income Tax law.

Income tax related to Accumulated Other Comprehensive Income ("AOCI")

Income tax related to items charged or recognized directly in AOCI as of the year:		2024		2023
Unrealized gain on derivative financial instruments	**Ps.**	**1,125**	Ps.	324
Remeasurements of the net defined benefit liability		**(620)**		(221)
Exchange differences on translation of foreign operations		**(67)**		1,828
Gain on hedge of net investments in foreign operations		**1,401**		1,401
Total deferred tax loss related to AOCI	**Ps.**	**1,839**	Ps.	3,332

The changes in the balance of the net deferred income tax asset are as follows:

		2024		2023		2022
Balance at the beginning of the period	**Ps.**	**(20,227)**	Ps.	(20,067)	Ps.	(14,691)
Deferred tax provision for the period		**2,055**		(5,960)		(1,115)
Deferred tax income net recorded in share of the profit of equity method accounted investees		**—**		2		(694)
Acquisition of subsidiaries		**—**		1,871		—
Effects in equity:						
Unrealized (gain) on cash flow hedges		**801**		(594)		(1,281)
Exchange differences on translation of foreign operations		**18**		1,002		(2,604)
Remeasurements of the net defined benefit liability		**(399)**		405		497
Retained earnings of equity method accounted investees		**—**		954		(334)
Restatement effect of the period and beginning balances associated with hyperinflationary economies		**(803)**		121		155
Related discontinued operations		**336**		2,039		—
Balance at the end of the period	**Ps.**	**(18,219)**	Ps.	(20,227)	Ps.	(20,067)

Tax Loss Carryforwards

The subsidiaries in Mexico, Colombia, Chile, Uruguay, Argentina and Brazil have tax loss carryforwards. Unused tax loss carryforwards, for which a deferred income tax asset has been recognized, may be recovered provided certain requirements are fulfilled. The tax losses carryforwards for which a deferred tax asset has been recorded and their corresponding years of expiration are as follows:

Year		Tax Loss Carryforwards
2025	Ps.	1,875
2026		1,616
2027		1,634
2028		1,604
2029		1,491
2030		2,996
2031		3
2032		563
2033		46
2034 and thereafter		11,101
No expiration (Brazil and Colombia)		8,363
	Ps.	31,292

Considering all available evidence, including forecasts, business plans and strategic measures, as of December 31, 2024 and 2023 the Company has decided not to recognize a deferred income tax asset related to temporary differences not recognized in previous tax years. The amount of deferred income tax assets not recognized in previous tax years as of December 31, 2024 and 2023 were Ps. 2,500 and Ps 1,547, respectively.

As a result of the sale of Imbera and Torrey (Note 4.3.2), in December 31, 2024, the Company has decided not to recognize a deferred income tax asset related to the tax loss generated by the disposal of its businesses to Ps. 282. The recovery of this tax loss is dependent on the generation of future earnings arising from the sale of investments in shares; therefore, the Company does not consider this tax loss recoverable and has not recognized the corresponding deferred tax asset.

The Company recorded certain goodwill balances due to business acquisitions that are deductible for Brazilian income tax reporting purposes. The deduction of such goodwill amortization has resulted in the creation of net operating losses (NOLs) in Brazil which have no expiration, but their usage is limited to 30% of Brazilian taxable income in any given year. As of December 31, 2024, the Company believes that it is more likely than not that it will ultimately recover such NOLs through the reversal of temporary differences and future taxable income. Accordingly, the related deferred tax assets have been fully recognized.

The changes in the balance of tax loss carryforwards are as follows:

		2024		2023
Balance at beginning of the period	**Ps.**	**42,813**	Ps.	31,323
Derecognized		**(8,874)**		(932)
Increase [(1)]		**6,115**		21,018
Usage of tax losses		**(10,747)**		(7,281)
Translation effect of beginning balances		**1,985**		(1,315)
Balance at end of the period	**Ps.**	**31,292**	Ps.	42,813

(1) The recognition of tax loss carryforwards from previous years is shown under the item of increase, together with the tax loss carryforwards generated in the same years.

Taxes associated with the payment of dividends

There were no withholding taxes associated with the payment of dividends in 2024, 2023 or 2022 by the Company to its shareholders.

Undistributed profits

The Company has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future. As of December 31, 2024, 2023 and 2022, the unrecognized deferred tax liabilities associated with investments in subsidiaries, associates and joint ventures aggregate to Ps. 31,261, Ps. 19,307 and Ps. 48,427, respectively; and, as of December 31, 2024, 2023 and 2022, the unrecognized deferred tax assets associated with investments in subsidiaries in discontinued operations aggregate to Ps. 1,472, Ps. 0 and Ps. 0, respectively.

Note 26. Other Liabilities, Provisions, Contingencies and Commitments

26.1 Other current liabilities

		December 31, 2024		December 31, 2023
Short-term employee benefits	**Ps.**	**14,228**	Ps.	11,808
Accrued expenses		**16,517**		14,151
Other		**1,625**		813
Total	**Ps.**	**32,370**	Ps.	26,772

26.2 Other current financial liabilities

		December 31, 2024		December 31, 2023
Sundry creditors	**Ps.**	**23,370**	Ps.	18,540
Derivative financial instruments (see Note 21)		**328**		738
Other tax payable		**13,380**		11,106
Other		**91**		108
Total	**Ps.**	**37,169**	Ps.	30,492

26.3 Other non-current liabilities

		December 31, 2024		December 31, 2023
Tax payable	**Ps.**	**1,190**	Ps.	1,116
Debt with former shareholders		**1,514**		1,578
Other		**695**		1,923
Total	**Ps.**	**3,399**	Ps.	4,617

26.4 Other non-current financial liabilities

		December 31, 2024		December 31, 2023
Derivative financial instruments (see Note 21)	**Ps.**	**4,625**	Ps.	8,653
Security deposits		**2,134**		1,012
Total	**Ps.**	**6,759**	Ps.	9,665

26.5 Provisions

The Company has various loss contingencies and has recognized provisions for those legal proceedings it believes an unfavorable resolution is probable. Most of these contingencies are the result of the Company's business acquisitions. The following table presents the nature and amount of the provisions as of December 31, 2024 and 2023:

		December 31, 2024		December 31, 2023
Indirect taxes	**Ps.**	**1,277**	Ps.	1,649
Labor		**1,445**		1,570
Legal		**1,153**		1,104
Total [(1)]	**Ps.**	**3,875**	Ps.	4,323

(1) As it is customary in Brazil, the Company is required to guarantee tax, legal and labor contingencies by guarantee deposits, including those related to business acquisitions. See Note 14.1.

26.6 Changes in the balance of provisions

26.6.1 Indirect taxes

	December 31, 2024	December 31, 2023	December 31, 2022
Balance at beginning of the period	**Ps. 1,649**	Ps. 1,976	Ps. 2,845
Penalties and other charges (see Note 20)	**67**	56	109
New contingencies (see Note 20)	**19**	475	249
Cancellation and expiration (see Note 20)	**(42)**	(9)	(738)
Payments	**(312)**	(587)	(473)
Effects of changes in foreign exchange rates	**(104)**	(110)	(16)
Discontinued operations	**—**	(152)	—
Balance at end of the period	**Ps. 1,277**	Ps. 1,649	Ps. 1,976

26.6.2 Labor

	December 31, 2024	December 31, 2023	December 31, 2022
Balance at beginning of the period	**Ps. 1,570**	Ps. 1,703	Ps. 1,807
Penalties and other charges (see Note 20)	**71**	64	81
New contingencies (see Note 20)	**531**	868	571
Contingencies added in the business combination	**—**	—	67
Cancellation and expiration (see Note 20)	**(206)**	(525)	(443)
Payments	**(236)**	(308)	(320)
Effects of changes in foreign exchange rates	**(285)**	(155)	(60)
Discontinued operations	**—**	(77)	—
Balance at end of the period	**Ps. 1,445**	Ps. 1,570	Ps. 1,703

26.6.3 Legal

	December 31, 2024	December 31, 2023	December 31, 2022
Balance at beginning of the period	**Ps. 1,104**	Ps. 1,006	Ps. 937
Penalties and other charges (see Note 20)	**52**	50	63
New contingencies (see Note 20)	**52**	423	141
Contingencies added in the business combination	**—**	—	158
Cancellation and expiration (see Note 20)	**(105)**	(122)	(146)
Payments	**(9)**	(68)	(110)
Effects of changes in foreign exchange rates	**59**	(84)	(37)
Discontinued operations	**—**	(101)	—
Balance at end of the period	**Ps. 1,153**	Ps. 1,104	Ps. 1,006

While provision for all claims has already been made, the actual outcome of the disputes and the timing of the resolution cannot be estimated by the Company at this time.

26.7 Unsettled lawsuits

The Company has entered into several proceedings with its labor unions, tax authorities, and other parties that primarily involve Coca-Cola FEMSA and its subsidiaries. These proceedings have arisen in the ordinary course of business and are common to the industry in which the Company operates. Such contingencies were assessed by the Company as less than probable but more than remote, and the estimated amount including uncertain tax position as of December 31, 2024 is Ps. 170,658, however, the Company believes that the ultimate resolution of such proceedings will not have a material effect on its consolidated financial position or result of operations.

Included in this amount Coca-Cola FEMSA has tax disputes, most of which are related to its Brazilian and Mexican operations, with loss expectations assessed by management and supported by the analysis of legal counsel considered as possible. The main possible tax contingencies of Brazilian and Mexican operations amount to approximately Ps. 110,752. This refers to various tax disputes related primarily to: (i) Ps. 10,454 of credits for ICMS ("VAT"); (ii) Ps. 37,219 related to tax credits of "IPI" (Tax on Industrial Products by its Portuguese acronym) over raw materials acquired from Free Trade Zone Manaus; (iii) claims of Ps. 30,115 related to compensation of federal taxes not approved by Tax authorities; (iv) Ps. 12,263 related to questions about the amortization of goodwill generated in acquisition operations; (v) Ps. 2,621 relating to liability over the operations of a third party, former distributor, in the period from 2001 to 2003; (vi) Ps. 706 related to the exclusion of ICMS ("VAT") from the PIS/COFINS taxable basis and (vii) Ps. 17,374 regarding disputes on tax deductions of ongoing business. Coca-Cola FEMSA is defending its position in these matters and final decision is pending in court.

In recent years in its Mexican and Brazilian territories, Coca-Cola FEMSA has been requested to present certain information regarding possible monopolistic practices. These requests are commonly generated in the ordinary course of business in the soft drink industry where these subsidiaries operate. The Company does not expect any material liability to arise from these contingencies.

26.8 Collateralized contingencies

As is customary in Brazil, Coca-Cola FEMSA has been required by the tax authorities to collateralize tax contingencies currently in litigation amounting to Ps. 15,700, Ps. 13,692 and Ps. 13,728 as of December 31, 2024, 2023 and 2022, respectively, by pledging fixed assets and entering into available lines of credit covering the contingencies. Also, as disclosed in Note 9.2, there is some restricted cash in Brazil that relates to short terms deposits in order to fulfill the collateral requirements for accounts payable.

26.9 Commitments

The Company has signed commitments for the purchase of property, plant and equipment of Ps. 9,166, Ps. 3,394 and Ps. 2,588 as of December 31, 2024, 2023, and 2022 respectively.

Note 27. Information by Segment

The information by segment is presented considering the Company's business units (as defined in Note 1) based on its products and services, which is consistent with the internal reporting reviewed by the Chief Operating Decision Maker. A segment is a component of the Company that engages in business activities from which it earns revenues, and incurs the related costs and expenses, including revenues, costs and expenses that relate to transactions with any of the Company's other components. All segments' operating results are reviewed regularly by the Chief Operating Decision Maker, who makes decisions about the resources that would be allocated to the segment and to assess its performance, and for which financial information is available.

On February 15, 2023, the Company announced a new long-range plan to maximize value creation, as well as a series of decisions resulting from its strategic review process. During 2022, FEMSA carried out a thorough strategic review of its business platform, including the bottom-up definition of long-range plans for each business unit, as well as the top-down analysis of the optimal corporate and capital structure, to ensure full alignment between the Board and management as to how to pursue and maximize value creation.

Consistent with this vision, the Company has determined that the best path to maximize long term value creation is by focusing on its core business verticals which have the highest strategic relevance, growth potential, and financial and competitive strength:

- Retail, with excellent long-term growth opportunities, comprised of Proximity, Health, and Fuel.
- Coca-Cola FEMSA, leveraging its leading competitive position and best in class execution, combined with significant financial strength and strategic opportunities.
- Digital solutions, building a powerful value-added financial ecosystem, while playing a key role in leveraging the connection among FEMSA's core business units and its customers.

As a result of what is mentioned above, Logistics and Distributions segment, as well as the investment in Heineken are no longer presented as a reportable segment given the divestiture plans and their presentation as discontinued operations (see Note 4) for all periods in these consolidated financial statements.

Inter-segment transfers or transactions are entered into and presented under accounting policies of each segment, which are the same as those applied by the Company. Intercompany operations are eliminated and presented within the consolidation adjustment column included in the tables below.

a) By Business Unit:

2024	Coca-Cola FEMSA	Proximity Americas Division	Proximity Europe Division	Health Division	Fuel Division	Discontinued Operations	Other [(1)]	Consolidation Adjustments	Consolidated
Total revenues	Ps. 279,793	Ps. 307,197	Ps. 49,755	Ps. 79,755	Ps. 65,365	Ps. —	Ps. 20,209	Ps. (20,489)	Ps. 781,585
Intercompany revenue	10,193	3,430	—	—	176	—	6,690	(20,489)	—
Cost of goods sold	151,057	170,204	28,411	55,714	57,430	—	15,904	(18,648)	460,072
Gross profit	128,736	136,993	21,344	24,041	7,935	—	4,305	(1,841)	321,513
Administrative expenses	13,678	8,642	3,793	4,348	343	—	9,278	(997)	39,085
Selling expenses	74,423	98,653	15,748	16,144	4,792	—	4,993	(2,787)	211,966
Income before income taxes and share of the profit of equity method accounted investees	36,011	18,987	1,116	(1,049)	1,218	—	10,265	(1)	66,547
Consolidated net income from continued operations	24,549	15,915	791	(1,644)	930	—	(419)	(1)	40,121
Consolidated net income from discontinued operations	—	—	—	—	—	115	—	—	115
Depreciation and amortization [(2)]	13,659	15,591	5,046	3,668	1,293	—	176	(123)	39,310
Non-cash items other than depreciation and amortization	2,405	975	161	635	44	—	1,396	—	5,616
Investments in equity method accounted investees	10,233	827	—	1	—	—	17,636	—	28,697
Total assets	307,986	240,312	45,411	73,240	25,320	14,395	259,902	(115,030)	851,536
Total liabilities	157,445	182,428	42,373	57,768	19,528	6,952	114,832	(110,921)	470,405
Investments in fixed assets [(3)]	29,553	16,239	2,270	1,835	398	—	3,200	(2,426)	51,069

(1) Includes other companies and corporate (see Note 1).
(2) Includes bottle breakage.
(3) Includes acquisitions and disposals of property, plant and equipment, intangible assets, and other long-lived assets. The disposals of property, plant and equipment are for Ps. 150.

2023	Coca-Cola FEMSA	Proximity Americas Division	Proximity Europe Division	Health Division	Fuel Division	Discontinued Operations	Other [1]	Consolidation Adjustments	Consolidated
Total revenues	Ps. 245,088	Ps. 278,520	Ps. 43,552	Ps. 75,358	Ps. 58,499	Ps. —	Ps. 29,652	Ps. (27,977)	Ps. 702,692
Intercompany revenue	8,448	1,735	—	3	349	—	17,442	(27,977)	—
Cost of goods sold	134,228	161,458	24,930	52,859	51,155	—	24,228	(25,673)	423,185
Gross profit	110,860	117,062	18,622	22,499	7,344	—	5,424	(2,304)	279,507
Administrative expenses	12,820	6,514	3,231	2,788	299	—	7,654	(999)	32,307
Selling expenses	63,278	84,543	14,371	16,404	4,548	—	7,304	(1,716)	188,732
Income before income taxes and share of the profit of equity method accounted investees	28,792	16,060	388	(166)	699	—	26,479	(14,436)	57,816
Consolidated net income from continued operations	20,226	13,767	412	3,753	329	—	20,558	(14,606)	44,439
Consolidated net income from discontinued operations	—	—	—	—	—	32,238	—	—	32,238
Depreciation and amortization [2]	10,531	12,937	4,700	3,447	1,137	—	2,646	(1,381)	34,017
Non-cash items other than depreciation and amortization	1,707	509	148	1,296	13	—	(328)	2	3,347
Investments in equity method accounted investees	9,246	1,690	—	1	19	—	15,291	—	26,247
Total assets	273,512	176,836	39,833	64,888	25,124	25,819	294,247	(94,403)	805,856
Total liabilities	139,808	149,131	37,876	48,357	20,267	11,569	111,692	(91,213)	427,487
Investments in fixed assets [3]	21,396	13,387	1,654	1,750	186	—	1,659	(1,421)	38,611

(1) Includes other companies and corporate (see Note 1).
(2) Includes bottle breakage.
(3) Includes acquisitions and disposals of property, plant and equipment, intangible assets, and other long-lived assets. The disposals of property, plant and equipment are for Ps. 400.

2022	Coca-Cola FEMSA	Proximity Americas Division	Proximity Europe Division	Health Division	Fuel Division	Discontinued Operations	Other [1]	Consolidation Adjustments	Consolidated
Total revenues	Ps. 226,740	Ps. 233,958	Ps. 9,809	Ps. 74,800	Ps. 51,813	Ps. —	Ps. 21,280	Ps. (21,392)	Ps. 597,008
Intercompany revenue	6,489	74	—	—	311	—	14,518	(21,392)	—
Cost of goods sold	126,440	136,372	5,210	52,817	45,253	—	7,005	(17,607)	355,490
Gross profit	100,300	97,586	4,599	21,983	6,560	—	14,275	(3,785)	241,518
Administrative expenses	11,263	6,066	1,294	2,918	227	—	7,023	(714)	28,077
Selling expenses	57,718	67,842	3,112	15,139	4,084	—	2,740	(1,490)	149,145
Income before income taxes and share of the profit of equity method accounted investees	25,787	17,198	218	1,659	1,543	—	4,985	(4,894)	46,496
Consolidated net income from continued operations	19,626	14,129	(84)	1,059	1,137	—	2,347	(4,894)	33,320
Consolidated net income from discontinued operations	—	—	—	—	—	1,423	—	—	1,423
Depreciation and amortization [2]	10,425	11,571	826	3,291	1,062	—	719	(575)	27,319
Non-cash items other than depreciation and amortization	1,738	511	6	394	59	—	272	68	3,048
Investments in equity method accounted investees [4]	8,452	2,650	—	1	19	—	92,547	—	103,669
Total assets	277,995	143,877	38,759	60,960	24,102	179,277	162,788	(88,943)	798,815
Total liabilities	146,119	119,991	36,647	47,798	19,574	45,094	134,742	(88,951)	461,014
Investments in fixed assets [3]	19,665	9,931	544	2,868	157	—	2,213	(968)	34,410

(1) Includes other companies and corporate (see Note 1).
(2) Includes bottle breakage.
(3) Includes acquisitions and disposals of property, plant and equipment, intangible assets, and other long-lived assets. The disposals of property, plant and equipment are for Ps. 308.
(4) Includes Company's investment in Heineken for an amount of Ps. 92,282.

b) By Geographic Area:

The Company aggregates geographic areas to report geographical information: (i) Mexico and Central America (comprising the following countries: Mexico, Guatemala, Nicaragua, Costa Rica and Panama), (ii) the United States, (iii) South America (comprising the following countries: Brazil, Argentina, Colombia, Chile, Ecuador, Peru and Uruguay) and (iv) Europe (comprised of Valora). For further information related to aggregated geographic areas see Note 28.2 Disaggregation of revenue.

Geographic disclosure for the Company's non-current assets is as follow:

		2024		2023
Mexico and Central America [(1)]	**Ps.**	**325,771**	Ps.	290,172
United States [(2)(5)]		**26,567**		15,068
South America [(3)]		**122,915**		114,051
Europe [(4)]		**33,972**		30,406
Consolidated	**Ps.**	**509,225**	Ps.	449,697

(1) Domestic (Mexico only) non-current assets were Ps. 306,649 and Ps. 295,770, as of December 31, 2024 and December 31, 2023, respectively.

(2) In 2023 the Company finalized the merger of Envoy Solutions, LLC into Brady Plus, keeping an economic interest of 37% in IFS TopCo. See Note 10.

(3) South America non-current assets includes Brazil, Argentina, Colombia, Chile, Uruguay and Ecuador. Brazilian non-current assets were Ps. 64,208 and Ps. 61,223, as of December 31, 2024 and December 31, 2023, respectively. Colombia's non-current assets were Ps. 20,185 and Ps. 13,479, as of December 31, 2024 and December 31, 2023, respectively. Argentina's non-current assets were Ps. 5,746 and Ps. 2,898, as of December 31, 2024 and December 31, 2023, respectively. Chile's non-current assets were Ps.24,384 and Ps. 30,885, as of December 31, 2024 and December 31, 2023, respectively. Peru's non-current assets were Ps. 1,455 as of December 31, 2024. Uruguay's non-current assets were Ps. 2,345 and Ps. 2,070, as of December 31, 2024 and December 31, 2023, respectively. Ecuador's non-current assets were Ps. 4,592 and Ps. 3,496 as of December 31, 2024 and December 31, 2023, respectively.

(4) During 2023 the Company sold its investment in Heineken Group. See Note 4.

(5) During 2024 the Company completed the acquisition of Delek US Holdings, Inc. See Note 4.1.2

Note 28. Revenues

28.1 Nature of goods sold and services

The information sets below described the core activities of the business units from which the Company generates its revenues. According to the revenue standard, the performance obligation for the Company's business units is satisfied at a point when the control of goods and services is transferred to the customers. For detailed information about business segments, see Note 27.

Segment	Product or Service	Nature, timing to fulfill the performance obligation and significant payment terms
Coca-Cola FEMSA	Beverages sales	Includes the delivery of beverages to customers and wholesalers. The transaction prices are assigned to each product on sale based on its own sale price separately, net of promotions and discounts. The performance obligation is satisfied at the point in time the product on sale is delivered to the customer.
	Services revenues	Includes the rendering of manufacturing services, logistic and administrative services. The transaction prices are assigned to each product on sale based on its own sale price if sold separately. The performance obligation is satisfied at the point in time the service is delivered to the customer.
Proximity Americas Division	Products sales	Operates the largest chain of small-format stores in Mexico and Latin America including as some of its principal products as beers, cigarettes, sodas, other beverages and snacks. The performance obligation is satisfied at the time of the sale or at the moment the control of the product is transferred and the payment is made by the customer.
	Commercial revenues	Includes mainly the commercialization of spaces into within stores, and revenues related to promotions and financial services. The performance obligation is satisfied at the point in time the service is rendered to the customer.

Segment	Product or Service	Nature, timing to fulfill the performance obligation and significant payment terms
Proximity Europe Division	Products sales	Operates a chain of small-box retail and foodvenience in Switzerland, Germany, Austria, Luxembourg and the Netherlands including as some of its principal products as tobacco, lottery products, snacks, press, food, fresh products, pretzels and drinks. The performance obligation is satisfied at the time of the sale or at the moment the control of the product is transferred and the payment is made by the customer.
	Services revenues	Includes mainly the revenues related to financial services. The performance obligation is satisfied at the point in time the service is rendered to the customer.
Health Division	Product sales	The core products include patent and generic formulas of medicines, beauty products, medical supplements, housing and personnel care products. The performance obligation is satisfied at the point in time of the sale or at the moment the control of the product is transferred to the customer.
	Services revenues	Rendering of services adding value as financial institutions, medical consultation and some financial services. The performance obligation is satisfied at the point in time of the rendering or the control is transferred to the customer.
Fuel Division	Product sales	The core products are sold in the retail service stations as fuels, diesel, motor oils and other car care products. The performance obligation is satisfied at the point in time on sale and/or the control is transferred to the customer.
Others	Production and sale of commercial, refrigeration plastic solutions, sale of equipment for food processing	Involves the production, commercialization of refrigerators including its delivery and installation and offering of integral maintenance services at the point of sale. Also includes the design, manufacturing, and recycling of plastic products. In addition, it includes the sale of equipment for food processing, storage and weighing. The revenue recognition is performed at the time in which the corresponding installation is concluded.
	Integral logistic services	Rendering a wide range of logistic services and maintenance of vehicles to subsidiaries and customers. The operations are on a daily, monthly or based upon the customer’s request. The revenue is recognized progressively during the time the service is rendered in a period no greater than a month.
		The recognition of revenue in other business lines is performed at the point of sale or in time the control of the product is transferred to the customer.

28.2 Disaggregation of revenue

The information sets below describe the disaggregation of revenue from external customers by geographic area, business unit and products and services categories in which the Company operates. The timing in which the revenues are recognized by the business units in the Company, is mainly at the point in the time in which control of goods is transferred, or over time when the services are rendered, in its entirety to the customer.

	Coca-Cola FEMSA			Proximity Americas Division			Proximity Europe Division			Health Division			Fuel Division			Other			Total		
	2024	2023	2022	2024	2023	2022	2024	2023	2022	2024	2023 [4]	2022	2024	2023	2022	2024	2023 [5]	2022	2024	2023	2022
By geographic areas:																					
Mexico and Central America [1]	Ps.166,996	Ps. 149,362	Ps. 131,002	Ps. 294,341	Ps. 272,456	Ps. 229,331	Ps. —	Ps. —	Ps. —	Ps. 12,441	Ps. 11,922	Ps. 11,442	Ps. 65,365	Ps. 58,499	Ps. 51,813	Ps. 20,209	Ps. 29,652	Ps. 21,280	Ps.559,352	Ps. 521,891	Ps. 444,868
United States [2]	—	—	—	3,729	15	17	—	—	—	—	—	—	—	—	—	—	—	—	3,729	15	17
South America [3]	112,797	95,726	95,738	9,127	6,049	4,610	—	—	—	67,314	63,436	63,358	—	—	—	—	—	—	189,238	165,211	163,706
Europe	—	—	—	—	—	—	49,755	43,552	9,809	—	—	—	—	—	—	—	—	—	49,755	43,552	9,809
Total revenues	279,793	245,088	226,740	307,197	278,520	233,958	49,755	43,552	9,809	79,755	75,358	74,800	65,365	58,499	51,813	20,209	29,652	21,280	802,074	730,669	618,400
Consolidation adjustments	10,193	8,448	6,489	3,430	1,735	74	—	—	—	—	3	—	176	349	311	6,690	17,442	14,518	20,489	27,977	21,392
Consolidated revenues	269,600	236,640	220,251	303,767	276,785	233,884	49,755	43,552	9,809	79,755	75,355	74,800	65,189	58,150	51,502	13,519	12,210	6,762	781,585	702,692	597,008
By products and/or services																					
Products sold at a point-in time	Ps.279,793	Ps. 245,088	Ps. 226,740	Ps. 307,197	Ps. 278,520	Ps. 233,958	Ps. 49,755	Ps. 43,552	Ps. 9,809	Ps. 79,755	Ps. 75,358	Ps. 74,800	Ps. 64,975	Ps. 57,616	Ps. 51,697	Ps. 20,209	Ps. 29,652	Ps. 21,280	Ps.801,684	Ps. 729,786	Ps. 618,284
Services revenues over time	—	—	—	—	—	—	—	—	—	—	—	—	390	883	116	—	—	—	390	883	116
Consolidation adjustments	10,193	8,448	6,489	3,430	1,735	74	—	—	—	—	3	—	176	349	311	6,690	17,442	14,518	20,489	27,977	21,392
Consolidated revenues	269,600	236,640	220,251	303,767	276,785	233,884	49,755	43,552	9,809	79,755	75,355	74,800	65,189	58,150	51,502	13,519	12,210	6,762	781,585	702,692	597,008

(1) Central America includes Guatemala, Nicaragua, Costa Rica and Panama. Domestic (Mexico only) revenues were Ps.503,207, Ps. 456,709 and Ps. 418,807 during the years ended December 31, 2024, December 31, 2023 and 2022, respectively.

(2) In 2023 the Company finalized the merger of Envoy Solutions, LLC into Brady Plus, keeping an economic interest of 37% in IFS TopCo. The revenues from this business unit were reclassified to discontinued operations for the years ended December 31, 2024, December 31, 2023 and 2022.

(3) South America includes Brazil, Argentina, Colombia, Chile, Uruguay and Ecuador. South America revenues include Brazilian revenues of Ps. $81,857, Ps. 53,573 and Ps. 70,737 during the years ended December 31, 2024, December 31, 2023 and 2022, respectively. South America revenues include Colombia's revenues of Ps. 54,776, Ps. 57,432 and Ps. 45,733 during the years ended December 31, 2024, December 31, 2023 and 2022, respectively. South America revenues include Argentina's revenues of Ps. 10,990, Ps. 6,673 and Ps. 11,034 during the years ended December 31, 2024, December 31, 2023 and 2022, respectively. South America revenues include Chile's revenues of Ps. 34,259, Ps.35,437 and Ps. 35,423 during the years ended December 31, 2024, December 31, 2023 and 2022, respectively. South America revenues include Uruguay's revenues of Ps. 5,818, Ps. 4,415 and Ps. 3,886 during the years ended December 31, 2024, December 31, 2023 and 2022, respectively. South America revenues include Ecuador's revenue of Ps. 9,454, Ps. 8,986 and Ps. 9,791 during the years ended in December 31, 2024, December 31, 2023 and 2022, respectively.

(4) In 2024 the Company reclassified Ecuador revenues from Central America to South America for an amount of Ps. 8,986 and Ps. 9,770 for the years ended in December 31, 2023 and 2022, respectively.

(5) In 2024 the Company reclassified revenues from corporate services in the Holding company for an amount of Ps. 27,223 for the years ended in December 31, 2023.

28.3 Contract balances

As of December 31, 2024 and 2023, no significant cost was incurred to obtain or perform on a contract that might be capitalized as contract assets. No significant contacts have been entered into for which the Company has not performed all the obligations as well as additional costs associate with them.

28.4 Transaction price assigned to remaining performance obligations

There were not other performance obligations identified in customer contracts from the ones included in the transaction price. The Company considers highly probable the variable considerations identified per each business unit; therefore it is not expected that a significant reversion of the revenue amount could occurs.

Note 29. Future Impact of Recently Issued Accounting Standards not yet in Effect

The Company has not applied the following standards, amendments and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable when they become effective.

The Enhancement and Standardization of Climate-Related Disclosures for Investors

On March 6, 2024, the Securities and Exchange Commission (SEC) issued the final rule on The Enhancement and Standardization of Climate-Related Disclosures for Investors. This rule mandates the disclosure of information regarding a registrant's climate-related risks that have materially impacted or are reasonably likely to have a material impact on, its business strategy, results of operations, or financial condition. The Company is currently assessing the impact of this rule for disclosure to investors.

ISSB Inaugural Global Sustainability Disclosure Standards

In June 2023, The International Sustainability Standards Board (ISSB) has issued its inaugural standards—IFRS S1 and IFRS S2 —ushering in a new era of sustainability-related disclosures in capital markets worldwide. The Standards will help to improve trust and confidence in company disclosures about sustainability to inform investment decisions. The Company is currently in the process of adoption of such standards.

IFRS 18 – Presentation and Disclosure in Financial Statements

IFRS 18, Presentation and Disclosure in Financial Statements replaces IAS 1 "*Presentation of Financial Statements*" with the objective of improving comparability and transparency of communication in financial statements. IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified roles of the primary financial statements ("PFS").

IFRS 18 requires an entity to classify all income and expenses within its statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations, being the first three categories new in the statement of profit or loss. These five categories are complemented by the requirement to present subtotals and totals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.

IFRS 18 introduces the concept of a management-defined performance measure ("MPM") and defines it as a subtotal of income and expenses that an entity uses in public communications outside financial statements, to communicate management's view of an aspect of the financial performance of the entity as a whole to users. In addition, IFRS 18 requires entities to disclose information about all its MPMs in a single note to the financial statements and lists several disclosures to be made, including how the measure is calculated and how it provides useful information.

Since the purpose of the PFS is to provide a useful structured summary, IFRS 18 requires to aggregate material items on the face of the PFS, and then need to disaggregate them in the notes. Also, IFRS 18 includes guidance on determining meaningful descriptions, or labels, for items that are aggregated in the financial statements, and it requires disclosure of further information regarding items labelled as "other".

IFRS 18 is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. However, IFRS 18 will apply retrospectively, comparative periods in both the interim and annual financial statements will need to be restated and a reconciliation of the statement of profit or loss previously published will be required for the immediately preceding comparative period.

The Company is in the process of analyzing the new requirements and evaluating the potential impacts to identify and collect the necessary information to comply with the requirements of this new standard.

Note 30. Subsequent Events

On January 3, 2025, the Company successfully completed the divestiture of its plastic solutions operations previously announced on October 28, 2024, to AMMI, a leading diversified corporation focused on the production of non-genetically modified organism ("GMO") corn and sustainable plastic packaging, an affiliate of Milenio Capital. The transaction amount was Ps. 3,165 million, on a cash-free, debt, free basis.

In line with FEMSA Forward strategy, on February 15, 2024, the Company shared FEMSA's capital allocation framework and plans as approved by the Board of Directors. These plans are an integral part of, and fully consistent with, the FEMSA Forward strategy presented in February of 2023. On February 27, 2025, the Board of Directors has approved to submit to the 2025 Annual Shareholders Meeting the following proposals:

- Increase the ordinary dividends per unit by 4.2% compared to 2024, in line with Mexican inflation, or Ps. 3.8190 per FEMSAUB unit and Ps. 4.5826 per FEMSAUBD unit (Ps. 45.826 per ADS), to be paid in four quarterly installments beginning in April of 2025;

- Pay an additional extraordinary dividend of Ps. 8.4240 per FEMSAUB unit and Ps. 10.1084 per FEMSAUBD unit (Ps. 101.084 per ADS), over and above the approved ordinary dividends, to be disbursed in four quarterly installments on the same dates as the ordinary dividends; and

- Allocate to share repurchases an amount representing approximately 2.9% of FEMSA's current market capitalization.