

approved a cash dividend of Ps. 11,358,251,673, consisting of Ps. 0.5660 per Series B Share and Ps. 0.7085 per Series D Share, for the 2021 fiscal year, which will be paid in two installments on May 5, 2022 and November 7, 2022.

Date Dividend Paid	Fiscal Year with Respect to which Dividend was Declared	Aggregate Amount of Dividend Declared	Per Series B Share Dividend	Per Series B Share Dividend ⁽¹⁾	Per Series D Share Dividend	Per Series D Share Dividend ⁽¹⁾
May 4, 2018 and November 6, 2018	2017	Ps. 9,220,625,674	Ps. 0.4598	\$ 0.0236	Ps. 0.5748	\$ 0.0294
May 4, 2018			Ps. 0.2299	\$ 0.0120	Ps. 0.2874	\$ 0.0150
November 6, 2018			Ps. 0.2299	\$ 0.0116	Ps. 0.2874	\$ 0.0145
May 7, 2019 and November 5, 2019	2018	Ps. 9,691,944,126	Ps. 0.4833	\$ 0.0253	Ps. 0.6042	\$ 0.0316
May 7, 2019			Ps. 0.2417	\$ 0.0127	Ps. 0.3021	\$ 0.0159
November 5, 2019			Ps. 0.2417	\$ 0.0126	Ps. 0.3021	\$ 0.0157
August 20, 2020 and November 5, 2020	2019	Ps. 10,360,354,065	Ps. 0.5167	\$ 0.0241	Ps. 0.6458	\$ 0.0301
August 20, 2020			Ps. 0.2583	\$ 0.0117	Ps. 0.3229	\$ 0.0146
November 5, 2020			Ps. 0.2583	\$ 0.0124	Ps. 0.3229	\$ 0.0155
May 6, 2021 and November 5, 2021	2020	Ps. 7,686,624,026	Ps. 0.3833	\$ 0.0189	Ps. 0.4792	\$ 0.0236
May 6, 2021			Ps. 0.1917	\$ 0.0095	Ps. 0.2396	\$ 0.0119
November 5, 2021			Ps. 0.1917	\$ 0.0094	Ps. 0.2396	\$ 0.0117

(1) Translations to U.S. dollars are based on the exchange rates on the dates the payments were made.

Our shareholders approve our audited consolidated financial statements, together with a report by the board of directors, for the previous fiscal year at the annual ordinary general shareholders meeting ("AGM"). Once the holders of Series B Shares have approved the audited consolidated financial statements, they determine the allocation of our net profits for the preceding year. Mexican law requires the allocation of at least 5% of net profits to a legal reserve, which is not subsequently available for distribution, until the amount of the legal reserve equals 20% of our paid in capital stock. As of the date of this annual report, the legal reserve of our company is fully constituted. Thereafter, the holders of Series B Shares may determine and allocate a certain percentage of net profits to any general or special reserve, including a reserve for open-market purchases of our shares. The remainder of net profits is available for distribution in the form of dividends to our shareholders. Dividends may only be paid if net profits are enough to offset losses from prior fiscal years.

Our bylaws provide that dividends will be allocated among the outstanding and fully paid shares at the time a dividend is declared in such manner that each Series D-B Share and Series D-L Share receives 125% of the dividend distributed in respect of each Series B Share. Holders of Series D-B Shares and Series D-L Shares are entitled to this dividend premium in connection with all dividends paid by us other than payments in connection with the liquidation of our company.

Subject to certain exceptions contained in the deposit agreement dated May 11, 2007, among FEMSA, The Bank of New York Mellon, as ADS depositary and holders and beneficial owners from time to time of our ADSs, evidenced by American Depositary Receipts ("ADRs"), any dividends distributed to holders of our ADSs will be paid to the ADS depositary in Mexican pesos and will be converted by the ADS depositary into U.S. dollars. As a result, restrictions on the conversion of Mexican pesos into foreign currencies may affect the ability of holders of our ADSs to receive U.S. dollars, and exchange rate fluctuations may affect the U.S. dollar amount received by holders of our ADSs.

Risk Factors

Risks Related to Our Company

Coca-Cola FEMSA's business depends on its relationship with The Coca-Cola Company, and changes in this relationship may adversely affect Coca-Cola FEMSA's business, financial condition and results of operations.

Substantially all of Coca-Cola FEMSA's sales are derived from sales of Coca-Cola trademark beverages. Coca-Cola FEMSA produces, markets, sells and distributes Coca-Cola trademark beverages through standard bottler agreements in the territories where it operates, which we refer to as "Coca-Cola FEMSA's territories." Coca-Cola FEMSA is required to purchase concentrate for all Coca-Cola trademark beverages from affiliates of The Coca-Cola Company ("TCCC"), which price is determined from time to time by TCCC in all such territories. Coca-Cola FEMSA is also required to purchase sweeteners and other raw materials only from companies authorized by TCCC. Increases in the

cost, disruption of supply or shortage of ingredients for concentrate could have an adverse effect on Coca-Cola FEMSA's business. See "Item 4. Information on the Company-Coca-Cola FEMSA-Coca-Cola FEMSA's Territories."

In addition, under Coca-Cola FEMSA's bottler agreements, it is prohibited from bottling or distributing any other beverages without TCCC's authorization or consent, and it may not transfer control of the bottler rights of any of its territories without prior consent from TCCC.

TCCC makes significant contributions to Coca-Cola FEMSA's marketing expenses, although it is not required to contribute a particular amount. Accordingly, TCCC may discontinue or reduce such contributions at any time.

Coca-Cola FEMSA depends on TCCC to continue with its bottler agreements. Coca-Cola FEMSA's 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 the applicable agreement. In addition, these agreements generally may be terminated in the case of material breach. See "Item 10. Additional Information-Material Contracts-Material Contracts Relating to Coca-Cola FEMSA-Bottler Agreements." Termination of any such bottler agreement would prevent Coca-Cola FEMSA from selling Coca-Cola trademark beverages in the affected territory. The foregoing and any other adverse changes in Coca-Cola FEMSA's relationship with TCCC would have an adverse effect on its business, financial condition and results of operations.

The Coca-Cola Company has substantial influence on the conduct of Coca-Cola FEMSA's business, which may result in Coca-Cola FEMSA taking actions contrary to the interests of Coca-Cola FEMSA's shareholders other than The Coca-Cola Company.

TCCC has substantial influence on the conduct of Coca-Cola FEMSA's business. As of the date of this report, TCCC indirectly owned 27.8% of Coca-Cola FEMSA's outstanding capital stock, representing 32.9% of Coca-Cola FEMSA's capital stock with full voting rights. TCCC is entitled to appoint up to five of Coca-Cola FEMSA's maximum of 21 directors and the vote of at least two of them is required to approve certain actions by Coca-Cola FEMSA's board of directors. See "Item 10. Additional Information-Material Contracts-Material Contracts Relating to Coca-Cola FEMSA-Shareholders Agreements." The interests of TCCC may be different from the interests of Coca-Cola FEMSA's other shareholders, which may result in Coca-Cola FEMSA taking actions contrary to the interests of such other shareholders.

The Proximity Division may not be able to maintain its historic growth rate.

The Proximity Division increased the number of OXXO stores at a compound annual growth rate of 5.4% from 2017 to 2021. The growth in the number of OXXO stores has driven growth in total revenue and results of operations at the Proximity Division over the same period. As the overall number of stores increases, percentage growth in the number of OXXO stores is likely to slow. In addition, as small-format store penetration in Mexico grows, the number of viable new store locations may decrease, and new store locations may be less favorable in terms of same-store sales, average ticket, and store traffic. As a result, our future results and financial condition may not be consistent with prior periods and may be characterized by lower growth rates in terms of total revenue and results of operations. We cannot assure that the revenues and cash flows of the Proximity Division that come from future retail stores will be comparable with those generated by existing retail stores. See "Item 4. Information on the Company-Proximity Division-Store Locations."

The Health Division's sales may be affected by a material change in institutional sale trends in some of the markets where it operates.

In some of the markets where we operate, the sales of the Health Division are highly dependent on institutional sales, as well as traditional, open-market sales. The institutional market involves public and private health care providers, and the performance of the Health Division could be affected by its ability to maintain and grow its client base.

The Health Division's performance may be affected by contractual conditions with its suppliers.

The Health Division acquires the majority of its inventories and healthcare products from a limited number of suppliers. Its ability to maintain favorable conditions in its current commercial agreements could potentially affect the Health Division's operating and financial performance.

The Fuel Division's performance may be affected by changes in commercial terms with suppliers, or disruptions to the industry supply chain.

The Fuel Division mainly purchases gasoline and diesel for its operations in Mexico. The fuel market in Mexico has experienced structural changes that could gradually decrease the number of suppliers. In the event of global changes in the industry, commercial terms for the Fuel Division could deteriorate in the future, adversely impacting the financial performance of the Fuel Division.

The nature of the Fuel Division's operations exposes it, and the communities in which it operates, to a range of health, safety, security and environmental risks.

The nature of the Fuel Division's operations exposes it to certain risks, particularly at its fuel stations. These risks include equipment failure, work accidents, fires, explosions, vapor emissions, spills and leaks at its facilities, service stations or other sites. These types of hazards and accidents may cause personal injuries or the loss of life, business interruptions and damage or contamination to the environment and the Fuel Division's property, equipment or reputation. Further, we may be subject to litigation, compensation claims, governmental fines or penalties or other liabilities or losses in relation to such incidents and accidents and may incur significant costs as a result. Such incidents and accidents may also affect our reputation or our brands, leading to a decline in sales of our products and services, and may adversely impact our business, financial condition and results of operations.

Our business expansion strategy and entry into new markets and new lines of business may not be successful and may lead to decreased profit margins and integration risks.

We and our business units have entered into new markets and new lines of business through the acquisition of other businesses and we continue to seek investment opportunities through this strategy. This includes our acquisitions in 2020 and 2021, as well as future acquisitions and other transactions. See "Item 4. Information on the Company—Corporate History and Recent Developments." These new businesses may not experience the same growth rates or may be less profitable than our more established businesses and the potential loss of any significant customers from our newly acquired businesses may have a negative effect.

Key elements to achieving the benefits and expected synergies of these acquisitions are the ability to implement our strategies for these acquisitions, the effectiveness of those strategies, the integration of acquired businesses' operations into ours in a timely and effective manner, the funding of capital expenditures and the retention of qualified and experienced key personnel. We may incur unforeseen liabilities in connection with acquiring, taking control of, or managing businesses and may encounter difficulties and unforeseen or additional costs in restructuring and integrating them into our operating structure. We cannot assure you that these efforts will be successful or completed as expected, and our business, financial condition and results of operations could be adversely affected if we are unable to do so.

An erosion of our business reputation could have a material adverse effect on our brand, our ability to secure new resources and our business and results of operations.

Our reputation, trademarks and other proprietary rights are important to our competitive position. Coca-Cola FEMSA and OXXO stores, in particular, benefit from a well-recognized brand.

If we are unsuccessful in protecting our intellectual property rights, or if another party prevails in litigation claiming any rights thereto, the value of the brands could be diminished, causing customer confusion and materially adversely impacting our business and financial results. Failure to maintain product safety and quality could materially adversely affect our brand image and reputation and lead to potential product liability claims, governmental agency investigations and damages claims.

Substantially all of Coca-Cola FEMSA's sales are derived from sales of Coca-Cola trademark beverages owned by TCCC. Maintenance of the reputation and intellectual property rights of these trademarks is essential to Coca-Cola

FEMSA's ability to attract and retain retailers and consumers and is a key driver for its success. Failure to maintain the reputation of Coca-Cola trademarks and/or to effectively protect these trademarks could have a material adverse effect on its business, financial condition and results of operations.

Societal expectations of businesses are also increasing, with a focus on business ethics, contribution to society, safety and minimizing damage to the environment, among others. Also, there is increasing focus on the role of oil and gas and large retail businesses in the context of climate change and energy transition. If we are unable to meet society demands in this regard, our brands, reputation and price of securities could be negatively affected, thus limiting our ability to deliver our strategy, reducing consumer demand for our products, harming our ability to secure new resources and contracts and restricting its ability to access capital markets or attract employees. Many other factors, including the materialization of the risks discussed in several of the other risk factors herein, could negatively affect our reputation and could have a material adverse effect on our business, financial condition and results of operations.

Our business highly depends on information technology and a failure, interruption or breach of our IT systems could adversely affect it.

Our businesses rely heavily on advanced IT systems to effectively manage our data, communications, connectivity and other business processes. We invest aggressively in IT to maximize its value generation potential. The development of IT systems, hardware and software needs to keep pace with the businesses' growth due to the high speed at which the divisions add new services and products to their commercial offerings. If these systems become obsolete or if the planning for future IT investments is inadequate, our businesses could be adversely affected.

In order to address risks to our IT systems, we continue to make investments in training personnel, technologies and cyber insurance. We maintain an IT risk management program which is supervised by senior management. Reports on such IT risk management program are presented to the Audit Committee of the board of directors on a quarterly basis. As part of this program, we have a cybersecurity framework, internal policies and cross-functional surveillance and governance.

Although we constantly strive to improve and protect our IT systems with advanced security measures, we may nonetheless be subject to defects, interruptions or security breaches such as viruses or data theft. Such a defect, interruption or breach could adversely affect our results of operations and financial condition.

Cybersecurity incidents, system disruptions and other breaches of network or information technology security could have an adverse effect on our business and our reputation.

We use networks and information systems to operate our business, to process financial information and results of operations for internal reporting purposes and to comply with regulatory financial reporting, legal and tax requirements. Some of these information systems include the Internet and third-party hosted platforms and services used for procurement, supply chain, manufacturing, invoicing and storing client and employee personal data. Because information systems are critical to many of our operating activities, our business and new acquisitions may be impacted by system shutdowns, service disruptions or security breaches, such as failures during routine operations, network or hardware failures, malicious or disruptive software, unintentional or malicious actions of employees or contractors, cyber-attacks by hackers, criminal groups or nation-state organizations or social-activist (hacktivist) organizations, natural disasters, failures or impairments of telecommunication networks or other catastrophic events. Such incidents could result in unauthorized disclosure of material confidential information, and we could experience delays in reporting our financial results. In addition, misuse, leakage or falsification of information could result in violations of data privacy laws and regulations, damage to our reputation and credibility, loss of customers, and, therefore, could have a material adverse effect on our financial condition and results, or may require us to spend significant financial and other resources to prevent future attacks, remedy the damage caused by a security breach or to repair or replace networks and information systems.

We have adopted comprehensive policies and procedures related to our information security controls and assess compliance on these matters including the sufficiency of the controls and procedures related to cybersecurity disclosure, through our Chief Information Security Officer as an internal consultant for the Audit Committee and board of directors.

The Proximity Division operates several financial and payments services on behalf of its customers. Cyber-security events such as the ones described above could result in unauthorized disclosure of customers' confidential

information, violations of data privacy laws and regulations, or in the total or partial loss of our customers funds, that could therefore require us to spend significant financial and other resources to prevent future attacks, remedy the damage caused by a security breach or to repair or replace networks and information systems.

We make investments in technologies, cyber insurance and training of our personnel. We also maintain an IT risk management program that is supervised by our senior management. Reports on such IT risk management program are presented to the Audit Committee of our board of directors on a quarterly basis. As part of this program, we have a cybersecurity framework, internal policies and cross-functional surveillance. Despite our investments and focus on risk management programs, we may be subject to unexpected security breaches, and there is no assurance that the measures we implement will be sufficient to prevent such breaches.

Negative or inaccurate information on social media could adversely affect our reputation.

In recent years, there has been a considerable increase in the use of social media and similar platforms, including weblogs (blogs), social media websites, and other forms of Internet-based communications that allow individual access to a broad audience of consumers and other interested persons. Consumers value readily available information concerning retailers, manufacturers and their goods and services, and often act on such information without further investigation, authentication and without regard to its accuracy. The availability of information on social media platforms and devices is virtually immediate as is its impact. Social media platforms and devices immediately publish the content their subscribers and participants post, often without filters or checks on accuracy of the content posted. The opportunity for dissemination of information, including inaccurate information, is virtually limitless.

Negative or inaccurate information concerning or affecting us, or our brands' trademarks may be posted at any time on traditional media outlets, social media and similar platforms, including weblogs (blogs), social media websites, and other forms of Internet-based communications which allow individual access to a broad audience of consumers and other interested persons. This information may harm our reputation without affording us an opportunity for redress or correction, which could in turn have a material adverse effect on its business, financial condition and results of operations.

Regulatory developments in the countries where we operate may adversely affect our business, financial condition and results of operations.

The principal areas in which we are subject to laws and regulations are labor, zoning, operations, environmental and related local permits, health and safety, anti-bribery, energy, taxation, antitrust and anti-money laundering, among others. See "Item 4. Information on the Company-Regulatory Matters." Changes in existing laws and regulations, the adoption of new laws or regulations, or a stricter interpretation or enforcement thereof in the countries where we operate may increase our operating and compliance costs or impose restrictions on our operations which, in turn, may adversely affect our business, financial condition and results of operations. In addition, changes in current laws and regulations may negatively impact customer traffic, revenues, operational costs and commercial practices, which may have an adverse effect on results of our operations and financial condition.

Consumers' increased concerns and changing attitudes about the solid waste streams and environmental responsibility and the related publicity could result in the adoption of such legislation or regulations. If these types of requirements are adopted and implemented on a large scale in any of our territories, they could affect our costs or require changes in our distribution model and packaging, which could reduce net operating revenues and profitability. For example, certain legislative and regulatory reforms have been proposed in some of the territories where Coca-Cola FEMSA operates to restrict the sale of single-use plastics and similar legislation or regulations may be proposed or enacted in the future, which may affect Coca-Cola FEMSA's use of non-refillable and refillable containers. Such changes in regulations might also affect FEMSA's ability to meet the KPIs required by the sustainability-linked bond. See "Item 4. Information on the Company-Coca-Cola FEMSA-Raw Materials" and "Item 5. Operating and Financial Review and Prospects-Liquidity and Capital Resources."

We are required to comply with anti-money laundering laws and regulations in the jurisdictions in which we operate, which are particularly applicable to the Proximity Division, the Health Division and the Fuel Division. Such laws and regulations require FEMSA to adopt and implement policies, procedures and controls designed to detect and prevent transactions with third parties involved in money laundering. Although we have such policies, procedures and controls in place, given the number of transactions made in its stores, we may be subject to the risk that our clients or

third parties may misuse our services and engage in money laundering or other related illegal activities. There can be no assurance that FEMSA's internal policies, procedures and controls will be sufficient to detect or prevent all inappropriate practices, including money laundering, fraud or other violations of law or that any person will not take actions in violation of FEMSA policies, procedures and controls. See "Item 4. Information on the Company-Regulatory Matters-Other Regulations."

Voluntary price restraints or statutory price controls have been imposed historically in several of the countries where we operate. See "Item 4. Information on the Company-Regulatory Matters-Price Controls." We cannot assure you that existing or future laws and regulations in the countries where we operate relating to goods and services (in particular, laws and regulations imposing statutory price controls) will not affect our products, our ability to set prices for our products, or that we will not need to implement price restraints, which could have a negative effect on our business, financial condition and results of operations.

Energy regulatory changes may impact fuel prices and therefore adversely affect our business. The Fuel Division mainly sells gasoline and diesel through owned or leased retail service stations. Previously, the prices of these products were regulated in Mexico by the Energy Regulatory Commission (*Comisión Reguladora de Energía*, or "CRE"). Since 2017, fuel prices gradually began to follow the dynamics of the international fuel market, which may also adversely affect the results of operations and financial condition of the Fuel Division's business. See "Item 4. Information on the Company-Regulatory Matters-Energy Regulations."

Our business could be affected by new safety and environmental regulations enforced by the government, global environmental regulations and new energy technologies. Federal, state, and municipal laws and regulations for the installation and operation of service stations are becoming more stringent. Compliance with these laws and regulations is often difficult and costly. Global trends to reduce the consumption of fossil fuels through incentives and taxes could push sales of these fuels at service stations to slow or decrease in the future and automotive technologies, including efficiency gains in fossil fuel vehicles and increased popularity of alternative fuel vehicles, such as electric and liquefied petroleum gas ("LPG") vehicles, have caused a significant reduction in fuel consumption globally. Other new technologies could further reduce the sale of fossil fuels, all of which could adversely affect results of operations and financial condition of the Fuel Division. See "Item 4. Information on the Company-Regulatory Matters-Environmental Regulations."

Unfavorable outcome of legal proceedings could have an adverse effect on our business, financial condition, and results of operations.

Our operations and the operations of our business units have from time to time been and may continue to be subject to investigations and proceedings on antitrust, tax, consumer protection, environmental, labor and commercial matters. We cannot assure you that these investigations and proceedings will not have an adverse effect on our business units' business, financial condition, and results of operations. See "Item 8. Financial Information-Legal Proceedings."

Taxes could adversely affect our business, financial condition and results of operations.

The imposition of new taxes, increases in existing taxes or changes in the interpretation of tax laws and regulations by tax authorities, may have a material adverse effect on the results of operations and financial condition of our business. The countries where we operate may adopt new tax laws or modify existing tax laws to increase taxes applicable to our business or products. For example, Coca-Cola FEMSA is subject to taxes aimed at discouraging the consumption of certain beverages, including sparkling beverages, beverages with added sugar and HFCS and beverages containing below certain levels of fruit juice. See "Item 4. Information on the Company-Regulatory Matters-Tax Reforms" and "Regulatory Matters-Taxation of Beverages."

Changes in consumer preferences and public concern about health-related and environmental issues could reduce demand for some of Coca-Cola FEMSA's products.

The beverage industry is evolving mainly because of changes in consumer preferences and regulatory actions. There have been different plans and actions adopted in recent years by governmental authorities in some of the countries where Coca-Cola FEMSA operates. These include increases in tax rates or the imposition of new taxes on the sale of certain beverages and other regulatory measures, such as restrictions on advertising for some of Coca-Cola FEMSA's products and additional regulations concerning the labeling or sale of Coca-Cola FEMSA's products. Moreover,

researchers, health advocates and dietary guidelines encourage consumers to reduce their consumption of certain types of beverages sweetened with sugar, artificial sweeteners, and high fructose corn syrup ("HFCS"). In addition, concerns over the environmental impact of plastic may reduce the consumption of Coca-Cola FEMSA's products sold in plastic bottles or result in additional taxes that could adversely affect consumer demand. Increasing public concern about these issues, new or increased taxes, other regulatory measures or Coca-Cola FEMSA's failure to meet consumers' preferences or its inability to successfully introduce new beverage products or replace plastic bottles with more environmentally friendly containers, could reduce demand for some of Coca-Cola FEMSA's products, which would adversely affect its business, financial condition and results of operations. See "Item 4. Information on the Company-Coca-Cola FEMSA-Business Strategy."

Competition in the markets where we operate could adversely affect our business, financial condition and results of operations.

We face strong competition across industries in the countries in which we operate and may face competition from new market participants. The increase in competition may limit the number of new locations available or result in a reduction in revenues. Consequently, future competition may affect our results of operations and financial condition. The shift in the retail sector from brick-and-mortar retailers to online and mobile platforms could also adversely affect FEMSA's business, results of operations and financial condition. See "Item 4. Information on the Company."

Coca-Cola FEMSA competes mainly in terms of price, packaging, effective promotional activities, access to retail outlets and sufficient shelf space, customer service, product innovation and product alternatives and the ability to identify and satisfy consumer preferences. See "Item 4. Information on the Company-Coca-Cola FEMSA." We expect the competitive environment will continue to evolve as new technologies are developed based on changing consumer behavior. Lower pricing and activities by FEMSA's competitors may affect our business. The continuing migration and evolution of the retail sector and financial services to online and mobile-based platforms for consumers may increase competition that could adversely affect our business, results of operations and financial condition.

Increases in the prices of raw materials, supply chain disruptions or shortages of raw materials could increase our cost of goods sold and may adversely affect our business, financial condition and results of operations.

The prices for our raw materials are driven by market prices and local availability, the imposition of import duties and restrictions and fluctuations in exchange rates.

For example, in addition to water, Coca-Cola FEMSA's most significant raw materials are concentrate, which Coca-Cola FEMSA acquires from affiliates of TCCC, sweeteners and packaging materials. Prices for Coca-Cola trademark beverages concentrate are determined by TCCC. Coca-Cola FEMSA is also required to meet all of its supply needs (including sweeteners and packaging materials) from suppliers approved by TCCC. Coca-Cola FEMSA's most significant packaging raw material costs arise from the purchase of PET resin, the price of which is related to crude oil prices and global PET resin supply. Crude oil prices have a cyclical behavior and are determined with reference to the U.S. dollar; therefore, high currency volatility may affect the average price for PET resin in local currencies. Coca-Cola FEMSA cannot anticipate whether the U.S. dollar will appreciate or depreciate with respect to such local currencies in the future, and we cannot assure you that Coca-Cola FEMSA will be successful in mitigating any such fluctuations through derivative instruments or otherwise. See "Item 4. Information on the Company-Coca-Cola FEMSA-Raw Materials."

Geopolitical conflicts, including the ongoing military conflict involving Russia and Ukraine and the resulting economic sanctions imposed on Russia and certain Russian citizens and enterprises, could also cause significant disruptions in supply chains across the world, which may increase the cost of some of our raw materials and therefore have an adverse effect on our business, financial condition and results of operations.

Water shortages or any failure to maintain existing concessions or contracts could adversely affect Coca-Cola FEMSA's business, financial condition, and results of operations.

Water is an essential component of all of Coca-Cola FEMSA's products. Coca-Cola FEMSA obtains water from various sources in its territories, including springs, wells, rivers and municipal and state water companies pursuant

to either concessions granted by governments in its various territories (including governments at the federal, state or municipal level) or pursuant to contracts.

Coca-Cola FEMSA obtains most of the water used in its production from municipal utility companies and pursuant to concessions to use wells, which are generally granted based on studies of the existing and projected groundwater supply. Coca-Cola FEMSA's existing water concessions or contracts to obtain water may be terminated by governmental authorities under certain circumstances and their renewal depends on several factors, including having paid all fees in full, having complied with applicable laws and obligations and receiving approval for renewal from local and/or federal water authorities. See "Item 4. Information on the Company-Regulatory Matters-Water Supply." In some of Coca-Cola FEMSA's territories, its existing water supply may not be sufficient to meet its future production needs, and the available water supply may be adversely affected by shortages or changes in governmental regulations and environmental changes.

We cannot assure that water will be available in sufficient quantities to meet Coca-Cola FEMSA's future production needs or will prove sufficient to meet its water supply needs. Continued water scarcity in the regions where Coca-Cola FEMSA operates may adversely affect its business, financial condition and results of operations.

Increases in the cost, disruption of supply or shortage of energy or fuel could adversely affect our business and results of operations.

Our business depends heavily on energy and fuel to maintain operations across segments.

An increase in the price, disruption of supply or shortage of fuel and other energy sources in the countries where we operate, which may be caused by increased demand, natural disasters, power outages or government regulations, taxes, policies or programs, including programs designed to reduce greenhouse gas emissions to address climate change, could increase our operating costs and negatively impact our business and results of operations. Changes in government regulations in the countries where we operate, including reforms related to transmission, sanctions, distribution, and other costs, could lead to a substantial increase in our electricity cost. See "Item 4. Information on the Company-Regulatory Matters." The price of fuel has also increased not only as a result of inflation but also, more recently, as a result of the conflicts in Ukraine and Russia and subsequent economic sanctions imposed on Russia.

Coca-Cola FEMSA's bottling operations operate large fleets of trucks and other motor vehicles to distribute and deliver beverage products to its business partners and customers. In addition, Coca-Cola FEMSA uses a significant amount of electricity, natural gas and other energy sources to operate its bottling plants and distribution facilities.

Logistics and Distribution relies heavily on availability of certain fuels. Therefore, any scarcity or sustained shortages of these fuels could materially impact Logistics and Distribution's business, financial conditions and results of operations.

The performance of FEMSA's points of sale would be adversely affected by increases in the price of utilities on which the stores and stations depend, such as electricity. Electricity prices could potentially increase further as a result of inflation, shortages, interruptions in supply, changes in the regulatory framework and its interpretation or other reasons, and such an increase could adversely affect the results of operations and financial condition of our business.

The COVID-19 pandemic has adversely affected, and could continue to adversely affect, our business, operating results and financial condition.

The COVID-19 pandemic has negatively affected global and regional economic conditions. Due to the speed with which it manifests itself and the uncertainty of its duration, Government responses aimed at containing the pandemic such as the promotion of social distancing, capacity restrictions, the adoption of work from home and in certain territories, mandatory closures have caused temporary closures of points of sale, distribution centers, warehouses and manufacturing facilities of our key suppliers, which have caused fluctuations in the availability, sales volumes and prices of certain relevant categories in our stores and products that we sell, such as beer, gasoline, some categories of beverages and presentations, among others. Recently, these measures have been relaxed as a result of the vaccination of the population and biosafety protocols have been adopted in restaurants, sporting and entertainment events and a gradual return to a new normality.

Any prolonged or resurging outbreaks or any variant of COVID-19 could result in the imposition of more restrictive measures in the territories in which FEMSA operates, further quarantines or closures, supply-chain disruptions, travel and transportation restrictions and/or import and export restrictions which could further adversely affect FEMSA's business. The COVID-19 pandemic has also impacted, and may continue to impact, our non-consolidated entities, including Heineken. We cannot predict how long the pandemic will last, whether it will worsen or whether there will be further outbreaks in the future in any of the markets where we operate.

The pandemic has caused significant volatility in financial markets, undermining investors' confidence in the growth of countries and businesses. In addition, the longer-term economic effects of the COVID-19 pandemic may include increased inflation rates, lower or negative growth rates in the markets where we operate, less favorable exchange rates in a variety of our businesses, and reduced demand for the products we sell or a shift to lower margin products.

Climate change and legal or regulatory responses thereto may have an adverse impact on our business.

There is increasing concern that a gradual rise of global average temperatures due to increased concentration of carbon dioxide and other greenhouse gases in the atmosphere will cause significant changes in weather patterns around the globe and an increase in the frequency and severity of natural disasters. Decreased agricultural productivity in certain regions of the world as a result of changing weather patterns may limit the availability or increase the cost of key agricultural commodities, such as sugarcane, and corn, which are important sources of ingredients for Coca-Cola FEMSA's products. Increasing concern over climate change also may result in additional legal or regulatory requirements designed to reduce or mitigate the effects of carbon dioxide and other greenhouse gas emissions on the environment. Increased energy or compliance costs and expenses due to increased legal or regulatory requirements may cause disruptions in, or an increase in the costs associated with, the manufacturing and distribution of Coca-Cola FEMSA's beverage products. Initiatives to address climate change may be aimed at discouraging the use of traditional fuels, which could materially impact the Fuel Division's business, financial conditions, and results of operations. The effects of climate change and legal or regulatory initiatives to address climate change could have an adverse impact on our business.

In addition, from time to time, we establish and publicly announce goals and commitments to reduce its carbon footprint by increasing our use of recycled packaging materials and participating in environmental and sustainability programs and initiatives organized or sponsored by non-governmental organizations and other groups to reduce greenhouse gas emissions industrywide. If we fail to achieve these goals due to restrictions to access or short supply of energy from renewable sources or improperly report on its progress toward achieving our carbon footprint reduction goals and commitments, the resulting negative publicity could adversely affect consumer preference and demand for our products.

Weather conditions, natural disasters and public health crises may adversely affect our business, financial condition and results of operations.

Lower temperatures, higher rainfall, other adverse weather conditions such as hurricanes, natural disasters such as earthquakes and floods, and public health crises such as pandemics or epidemics may negatively impact consumer patterns, which may result in reduced sales of our products and at points of sale. Additionally, such adverse weather conditions, natural disasters and public health crises may affect plant installed capacity, road infrastructure and points of sale in the territories where we operate and limit our ability to produce, sell and distribute our products, thus affecting its business, financial condition and results of operations.

Risks Related to Mexico and the Other Countries Where We Operate

Adverse economic conditions in Mexico may adversely affect our financial position and results.

We are a Mexican corporation, and our Mexican operations are our single most important geographic territory. For the year ended December 31, 2021, 64% of our consolidated total revenues were attributable to Mexico. During 2020 and 2021, the Mexican gross domestic product ("GDP") decreased by approximately 8.5% and increased 5.0%, respectively, on an annualized basis compared to the previous year. We cannot assure that such conditions will continue to increase in the future or will not have a material effect on our business, results of operations and financial condition going forward. The Mexican economy continues to be heavily influenced by the U.S. economy, and therefore,

deterioration in economic conditions in, or delays in the recovery of, the U.S. economy may hinder any recovery. In the past, Mexico has experienced both prolonged periods of weak economic conditions and deteriorations in economic conditions that have had a negative impact on our results.

Our business may be significantly affected by the general condition of the Mexican economy, or by the rate of inflation in Mexico, interest rates in Mexico and exchange rates for, or exchange controls affecting, the Mexican peso. Decreases in the growth rate of the Mexican economy, periods of negative growth and/or increases in inflation or interest rates may result in lower demand for the products we carry in our stores, lower real pricing of products, a shift to lower margin products or decrease in store traffic. Because a large percentage of our costs and expenses are fixed, we may not be able to reduce costs and expenses upon the occurrence of any of these events and our profit margins may suffer as a result.

In addition, an increase in interest rates in Mexico would increase the cost of our debt and would cause an adverse effect on our financial position and results. Mexican peso-denominated debt (including currency hedges) constituted 37.9% of our total debt as of December 31, 2021.

Depreciation of the Mexican peso and of our other local currencies relative to the U.S. dollar could adversely affect our financial position and results.

Depreciation of the Mexican peso and of our other local currencies relative to the U.S. dollar increases the cost of a portion of the raw materials we acquire, the price of which is paid in or determined with reference to U.S. dollars, and of our debt obligations denominated in U.S. dollars, and thereby negatively affects our financial position and results. A severe devaluation or depreciation of the Mexican peso, which is our main operating currency, may result in disruption of the international foreign exchange markets and may limit our ability to transfer or to convert Mexican pesos into U.S. dollars and other currencies for the purpose of making timely payments of interest and principal on our U.S. dollar-denominated debt or obligations in other currencies. The Mexican peso is a free-floating currency and, as such, it experiences exchange rate fluctuations relative to the U.S. dollar over time. As of December 31, 2021, the Mexican peso depreciated relative to the U.S. dollar by approximately 3.1% compared to 2020. As of December 31, 2020 and 2019, the Mexican peso experienced fluctuations relative to the U.S. dollar consisting of 5.5% of depreciation and 3.9% of appreciation, respectively, compared to the prior year. Through April 8, 2022, the Mexican peso has appreciated 2.1% since December 31, 2021.

While the Mexican government does not currently restrict, and since 1982 has not restricted, the right or ability of Mexican or foreign persons or entities to convert Mexican pesos into U.S. dollars or to transfer other currencies out of Mexico, the Mexican government could impose restrictive exchange rate policies in the future, as it has done in the past. Currency fluctuations may have an adverse effect on our financial position, results, and cash flows in future periods.

When the financial markets are volatile, as they have been in recent periods, our results may be substantially affected by variations in exchange rates and commodity prices and, to a lesser degree, interest rates. These effects include foreign exchange gain and loss on assets and liabilities denominated in U.S. dollars, fair value gain and loss on derivative financial instruments, commodities prices and changes in interest income and interest expense. These effects can be much more volatile than our operating performance and our operating cash flows. See "Item 11. Quantitative and Qualitative Disclosures about Market Risk—Foreign Currency Exchange Rate Risk."

In the event of a depreciation of the euro against the Mexican peso, the fair value of the Heineken Investment will be adversely affected. Furthermore, the cash flow that is expected to be received in the form of dividends from Heineken will be in euros, and therefore, in the event of a depreciation of the euro against the Mexican peso, the amount of expected cash flow will be adversely affected. "Item 11. Quantitative and Qualitative Disclosures about Market Risk—Foreign Currency Exchange Rate Risk."

Political, social and security events in Mexico could adversely affect our operations.

Mexican political events may significantly affect our operations. We cannot predict whether potential changes in Mexican governmental and economic policy could adversely affect economic conditions in Mexico or the sector in which we operate. The Mexican president and Congress have a strong influence over new policies and governmental actions regarding the Mexican economy, and the current federal administration could implement substantial changes in law, policy and regulations in Mexico, including reforms to the Constitution, which could negatively affect our business,

results of operations and financial condition. In response to these actions, opponents of the administration could react with, among other things, riots, protests and looting that could negatively affect our operations.

As of the date of this annual report, the MORENA Political Party holds a simple majority in the Chamber of Deputies and the Senate and a strong influence in various local legislatures. We cannot provide any assurances that political developments in Mexico, over which we have no control, will not have an adverse effect on our business, results of operations and financial condition.

Mexico has experienced periods of increasing criminal activity and particularly homicide rates, primarily due to organized crime. This poses a risk to our business and might negatively impact business continuity. An increase in crime rates could negatively affect our sales and customer traffic, increase our security expenses, affect our hours of operation and result in higher turnover of personnel or damage to the perception of our brands. Furthermore, this could adversely impact our business and financial results because consumer habits and patterns adjust to the increased perceived and real security risks, as people refrain from going out as much and gradually shift some on-premises consumption to off-premises consumption of food and beverages on certain occasions

Economic and social conditions in Mexico and other countries may adversely affect our results.

The markets in which we operate are highly sensitive to economic conditions because a decline in consumer purchasing power is often a consequence of an economic slowdown which, in turn, results in a decline in the overall consumption of main product categories. During periods of economic slowdown, our points of sale may experience a decline in same-store traffic and average ticket per customer, which may result in a decline in overall performance. See “Item 5. Operating and Financial Review and Prospects—Overview of Events, Trends and Uncertainties.”

Many countries worldwide, including Mexico, have suffered significant economic, political and social volatility in recent years, and this may occur again in the future. Global instability has been caused by many different factors, including substantial fluctuations in economic growth, high levels of inflation, changes in currency values, changes in governmental economic or tax policies and regulations and overall political, social, and economic instability. We cannot assure you that such conditions will not return or that such conditions will not have a material adverse effect on our financial condition and results.

The Mexican economy and the market value of securities issued by Mexican issuers may be, to varying degrees, affected by economic and market conditions in other emerging market countries and in the United States. Furthermore, economic conditions in Mexico have been highly correlated with economic conditions in the United States primarily as a result of the United States-Mexico-Canada Agreement (“USMCA”), which came into force on July 1, 2020.

Adverse economic conditions in the United States or other related events could have an adverse effect on the Mexican economy. Although economic conditions in other emerging market countries and in the United States may differ significantly from economic conditions in Mexico, investors’ reactions to developments in other countries may have an adverse effect on the market value of securities of Mexican issuers or of Mexican assets. For example, in Chile, an increase in social unrest in late 2019 led to the announcement of a constitutional referendum, which was held on October 25, 2020 and resulted in the approval of a plan to call a Constitutional Convention, to be composed of elected members, in which a new constitution will be drafted. In June 2022, a second nationwide referendum will take place, in which the new constitution will be submitted for voters’ approval. If social unrest continues in Chile, FEMSA’s business in the country could be negatively affected. There can be no assurance that future developments in other emerging market countries and in the United States, over which we have no control, will not have a material adverse effect on our financial condition and results.

Natural disasters, weather conditions and public health issues could adversely affect our business.

Different regions of Mexico and other countries in which we operate could experience torrential rains, hurricanes, earthquakes or other adverse weather and climate conditions, as well as public health issues (including tainted food, food-borne illnesses, food tampering, tampering with or failure of water supply or widespread/pandemic illness) which may negatively impact consumer purchasing power and behavior that could result in reduced sales across our businesses. Additionally, such adverse weather conditions, natural disasters and public health issues may affect our personnel, assets, road infrastructure and points of sale in the territories in which we operate and thereby limit our ability

to operate. Such events, or the containment measures to prevent or control them could also trigger increases in costs, disruption of supply, shortages of products, or consumer behavior changes including a decrease in an overall consumer mobility, thus affecting our business, financial condition, and results of operations. If any of these events becomes significant in duration, our financial condition and results of operations could be materially adversely affected. FEMSA's points of sales and facilities have been affected by hurricanes and other weather events in the past, which have resulted in temporary closures and losses. Also, any of these events could force us to increase our capital expenditures to put our assets back in operation. See "Item 4. Information on the Company—Insurance."

Depreciation of local currencies in other Latin American countries where we operate may adversely affect our financial position.

The devaluation of the local currencies against the U.S. dollar in our non-Mexican territories can increase our operating costs in these countries, and depreciation of the local currencies against the Mexican peso can negatively affect the translation of our results for these countries. Future currency devaluation or the imposition of exchange controls in any of these countries, or in Mexico, would have an adverse effect on our financial position and results.

More generally, future currency devaluations or the imposition of exchange controls in any of the countries where we operate may potentially increase our operating costs, which could have an adverse effect on our results of operations and financial condition. See "Item 11. Quantitative and Qualitative Disclosures about Market Risk—Foreign Currency Exchange Rate Risk."

Risks Related to the Heineken Investment

FEMSA does not control Heineken N.V.'s and Heineken Holding N.V.'s decisions.

In 2010, we exchanged 100% of our beer operations for a 20% economic interest in Heineken N.V. and Heineken Holding N.V. (together with their respective subsidiaries, "Heineken" or the "Heineken Group"). As a result of this transaction (the "Heineken transaction"), we participate in the Heineken Holding N.V. Board of Directors (the "Heineken Holding Board") and in the Heineken N.V. Supervisory Board (the "Heineken Supervisory Board"). However, we are not a majority or controlling shareholder of Heineken N.V. or Heineken Holding N.V., nor do we control the decisions of the Heineken Holding Board or the Heineken Supervisory Board. Therefore, the decisions made by the majority or controlling shareholders of Heineken N.V. or Heineken Holding N.V. or the Heineken Holding Board or the Heineken Supervisory Board may not be consistent with or may not consider the interests of our shareholders or may be adverse to the interests of our shareholders. Additionally, we have agreed not to disclose non-public information and decisions taken by Heineken. In 2017, we completed the sale of a 5.24% of combined shareholding in the Heineken Group, reducing our economic interest from 20% to 14.76%. Our aforementioned governance rights did not change as a result of the sale.

Heineken operates in a large number of countries.

Heineken is a global brewer and distributor of beer in many countries. Because of the Heineken Investment, our shareholders are indirectly exposed to the political, economic, and social circumstances affecting the markets in which Heineken is present, including the ongoing war in Ukraine and the resulting economic sanctions imposed on Russia and certain Russian citizens and enterprises, which may have an adverse effect on the value of our interest in Heineken, and, consequently, the value of our shares. On March 28, 2022, Heineken announced its decision to leave its Russian business and its aim for an orderly transfer of its business to a new owner in full compliance with local laws and regulations.

Heineken N.V. and Heineken Holding N.V. are publicly listed companies.

Heineken N.V. and Heineken Holding N.V. are listed companies whose stocks trade publicly and are subject to market fluctuation. A reduction in the price of Heineken N.V. or Heineken Holding N.V. shares would result in a reduction in the economic value of the Heineken Investment.

Risks Related to Our Principal Shareholders and Capital Structure

A majority of our voting shares are held by a voting trust, which effectively controls the management of our company, and the interests of which may differ from those of other shareholders.

As of April 8, 2022 the voting trust owned 38.69% of our capital stock and 74.86% of our capital stock with full voting rights, consisting of Series B Shares. Consequently, the voting trust has the power to elect a majority of the members of our board of directors and to play a significant or controlling role in the outcome of substantially all matters to be decided by our board of directors or our shareholders. The interests of the voting trust may differ from those of our other shareholders. See “Item 7. Major Shareholders and Related-Party Transactions” and “Item 10. Additional Information– Bylaws–Voting Rights and Certain Minority Rights.”

Holders of Series D-B and D-L Shares have limited voting rights.

Holders of Series D-B and D-L Shares have limited voting rights and are only entitled to vote on specific matters, such as certain changes in the form of our corporate organization, dissolution or liquidation, a merger with a company with a distinct corporate purpose, a merger in which we are not the surviving entity, a change of our jurisdiction of incorporation, the cancellation of the registration of the Series D-B and D-L Shares and any other matters that expressly require approval from such holders under the Mexican Securities Market Law. As a result of these limited voting rights, Series D-B and D-L holders will not be able to influence our business or operations. See “Item 7. Major Shareholders and Related-Party Transactions–Major Shareholders” and “Item 10. Additional Information–Bylaws–Voting Rights and Certain Minority Rights.”

Holders of ADSs may not be able to vote at our shareholder meetings.

Our shares are traded on the New York Stock Exchange (“NYSE”) in the form of ADSs. We cannot assure that holders of our shares in the form of ADSs will receive notice of shareholders’ meetings from our ADS depository in sufficient time to enable such holders to return voting instructions to the ADS depository in a timely manner. If instructions are not received with respect to any shares underlying ADSs, the ADS depository will, subject to certain limitations, grant a proxy to a person designated by us in respect of these shares. If this proxy is not granted, the ADS depository will vote these shares in the same manner as the majority of the shares of each class for which voting instructions are received.

Holders of BD Units in the United States and holders of ADSs may not be able to participate in any future preemptive rights offering and as a result may be subject to dilution of their equity interests.

Under applicable Mexican law, if we issue new shares for cash as a part of a capital increase, other than in connection with a public offering of newly issued shares or treasury stock, we are generally required to grant our shareholders the right to purchase enough shares to maintain their existing ownership percentage. Rights to purchase shares in these circumstances are known as preemptive rights. By law, we may not allow holders of our shares or ADSs who are in the United States to exercise any preemptive rights in any future capital increases unless (1) we file a registration statement with the U.S. Securities and Exchange Commission (“SEC”) with respect to that future issuance of shares or (2) the offering qualifies for an exemption from the registration requirements of the U.S. Securities Act of 1933. At the time of any future capital increase, we will evaluate the costs and potential liabilities associated with filing a registration statement with the SEC, as well as the benefits of preemptive rights to holders of our shares in the form of ADSs in the United States and any other factors that we consider important in determining whether to file a registration statement.

We may decide not to file a registration statement with the SEC to allow holders of our shares or ADSs who are located in the United States to participate in a preemptive right offering. In addition, under current Mexican law, the sale by the ADS depository of preemptive rights and the distribution of the proceeds from such sales to the holders of our shares in the form of ADSs is not possible. As a result, the equity interest of holders of our shares in the form of ADSs would be diluted proportionately. See “Item 10. Additional Information–Preemptive Rights.”

The protections afforded to minority shareholders in Mexico are different from those afforded to minority shareholders in the United States.

Under Mexican law, the protections afforded to minority shareholders are different from, and may be less than, those afforded to minority shareholders in the United States. Mexican laws do not provide a remedy to shareholders relating to violations of fiduciary duties. There is no procedure for class actions as such actions are conducted in the United States and there are different procedural requirements for bringing shareholder lawsuits against directors for the benefit of companies. Therefore, it may be more difficult for minority shareholders to enforce their rights against us, our directors or our controlling shareholders than it would be for minority shareholders of a United States company.

Investors may experience difficulties in enforcing civil liabilities against us or our directors, officers and controlling persons.

FEMSA is organized under the laws of Mexico, and most of our directors, officers and controlling persons reside outside the United States. In addition, nearly all or a substantial portion of our assets and the assets of our subsidiaries are located outside the United States. As a result, it may be difficult for investors to effect service of process within the United States on such persons or to enforce judgments against them, including any action based on civil liabilities under the U.S. federal securities laws. There is doubt as to the enforceability against such persons in Mexico, whether in original actions or in actions to enforce judgments of U.S. courts, of liabilities based solely on the U.S. federal securities laws.

Developments in other countries may adversely affect the market for our securities.

The market value of securities of Mexican companies is, to varying degrees, influenced by economic and securities market conditions in other emerging market countries. Although economic conditions are different in each country, investors' reactions to developments in one country can have effects on the securities of issuers in other countries, including Mexico. We cannot assure you that events elsewhere, especially in emerging markets, will not adversely affect the market value of our securities.

The failure or inability of our subsidiaries to pay dividends or other distributions to us may adversely affect us and our ability to pay dividends to holders of ADSs.

We are a holding company. Accordingly, our cash flows are principally derived from dividends, interest and other distributions made to us by our subsidiaries. Currently, our subsidiaries do not have contractual obligations that require them to pay dividends to us. In addition, debt and other contractual obligations of our subsidiaries may in the future impose restrictions on our subsidiaries' ability to make dividend or other payments to us, which in turn may adversely affect our ability to pay dividends to shareholders and meet our debt and other obligations. As of April 14, 2022, we had no restrictions on our ability to pay dividends. Further, our non-controlling shareholder position in Heineken means that we will be unable to require payment of dividends with respect to the Heineken Investment.

ITEM 4. INFORMATION ON THE COMPANY

Introduction

FEMSA is a leading company that participates in the following businesses:

- In the beverage industry, through Coca-Cola FEMSA, the largest franchise bottler of Coca-Cola products in the world by volume;
- In the retail industry, through the following divisions: (1) the Proximity Division, operating the OXXO small-format store chain, (2) the Fuel Division, operating the OXXO Gas chain of retail service stations and (3) the Health Division, which includes drugstores and related operations;
- In the specialized distribution industry, through Logistics and Distribution, operated via Envoy Solutions and Solística, including product sales in the facility supplies and packaging sectors, as well as integral logistics services;