

***\*Notice: this document is an English translation of a Spanish-language document and is provided for information purposes only. In the event of any discrepancy, the text of the original Spanish language document shall prevail. The Spanish-language document is available on the following websites: <https://www.orbia.com/investor-relations/> and [www.bmv.com.mx](http://www.bmv.com.mx)***

## ANNUAL REPORT 2022

SUBMITTED PURSUANT TO THE GENERAL PROVISIONS APPLICABLE TO ISSUERS OF  
SECURITIES AND OTHER MARKET PARTICIPANTS

FOR THE YEAR ENDING 31 DECEMBER 2022



**Orbia Advance Corporation, S.A.B. de C.V.**

**Financial figures presented in millions of US dollars (\$)**

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Orbia Advance Corporation, S.A.B. de C.V. securities listed on the Bolsa Mexicana de Valores, S.A.B. de C.V. (**Mexican Stock Exchange**).

**I. Orbia Advance Corporation, S.A.B. de C.V.-** ("Orbia", the "Company" or "Issuer") lists Series One, Class "I" and "II" shares representing the fixed part of its capital stock without right of withdrawal and the variable part of its capital stock, respectively. The shares confer the same corporate and patrimonial rights to their holders.

**Ticker Symbol: ORBIA\***

The ORBIA "\*" Series shares (single) are registered in the National Securities Registry (RNV - acronym in Spanish) and are listed on the Bolsa Mexicana de Valores, S.A.B. de C.V. They are traded in BMV and in the Bolsa Institucional de Valores, S.A. de C.V.

The credit risk rating assigned to the ORBIA by Standard & Poor's is 'BBB-' on a global scale and 'mxA/mxA-1+' on a long- and short-term national scale, respectively, with a stable outlook.

The credit risk rating by Moody's is 'Baa3' on a long-term global scale with a stable outlook.

The credit risk rating by Fitch is 'BBB' on a long-term global scale and 'AAA(mex)' on long-term national scale and 'F1+(mex)' on short-term national scale, with a stable outlook.

The credit risk rating by HR Ratings is 'HR AAA' on a long-term national scale, with a stable outlook.

Registration in the National Securities Registry does not imply certification of the quality of the securities, the solvency of the Issuer or the accuracy or veracity of the information contained in the Annual Report, nor does it validate any acts that may have been carried out in contravention of the laws.



**II. Orbia Advance Corporation, S.A.B. de C.V.** maintains a revolving short- and long-term Stock Exchange Certificate Program authorized by the National Banking and Securities Commission through official letter 153/106439/2014 dated March 5, 2014 for an amount of up to \$10,000,000,000.00 (ten billion pesos 00/100, national currency) or its equivalent in Investment Units (UDIs). Under this Program, Orbia Advance Corporation, S.A.B. de C.V. has offered and placed the following Securities Certificate Issues that are in force as of the date of this Annual Report:

CONCEPT	FIRST ISSUE	SECOND ISSUE
Tipo de valor	Long-term securities certificates (the "Stock Exchange Certificates").	Long-term securities certificates (the "Stock Exchange Certificates").
Ticker	"ORBIA 22L".	"ORBIA 22-2L"
Total amount of the offer	\$2,340'000,000.00 (two thousand three hundred and forty million Pesos 00/100 M.N.).	\$7,660'000,000.00 (seven thousand six hundred and sixty million Pesos 00/100 M.N.).
Debt series	Single	Single
Date of issue	December 8, 2022	December 8, 2022
Due date	December 4, 2025	November 25, 2032
Issuance term	3 years	10 years
Interest / Yield calculation procedure	<p>The Annual Gross Interest Rate (as defined below) will be calculated by adding 0.40 percentage points to the Equilibrium Interbank Interest Rate ("TIIE" or "Reference Interest Rate") with a term of up to 29 days, disclosed by the Bank of Mexico, by the mass means of communication determined by it or through any other electronic means, of computing or telecommunication, including Internet, authorized for this purpose precisely by the Bank of Mexico, on the Date of Determination of the corresponding Annual Gross Interest Rate or, failing that, within the 30 Business Days prior to it, in which case the rate communicated on the Business Day closest to said Date of Determination of the Annual Gross Interest Rate must be taken as a basis. In the event that the TIIE ceases to exist or is published, the Common Representative will use as a substitute rate to determine the Annual Gross Interest Rate of the Stock Exchange Certificates, the one officially announced by the Bank of Mexico as the substitute rate of the TIIE with a term of up to 29 days.</p> <p>Once the addition of 0.40 percentage points to the TIIE rate has been made, it must be capitalized or, where appropriate, made equivalent to the number of days actually elapsed until the date of payment. In order to determine the capitalized rate of return or, where applicable, equivalent to the number of days actually elapsed from the last interest payment date until the next corresponding interest payment date, of the TIIE to the aforementioned term, the Common Representative shall use the formula set out in the Title documenting this Issue and reproduced in the Supplement. The Annual Gross Interest Rate will increase by 25 basis points from interest period number 21 (twenty-one), which begins on June 20, 2024 (and such rate will be the "Adjusted Annual Gross Interest Rate"), unless the Issuer</p>	<p>The Annual Gross Interest Rate will be 10.63% (ten point sixty-three percent), which will remain fixed during the term of the Issue. As of their Issue Date and as long as they are not amortized, the Stock Certificates will accrue a gross annual interest on their Nominal Value or Adjusted Nominal Value at a rate of 10.63% (ten point sixty-three percent) (the "Annual Gross Interest Rate"), which will remain fixed during the term of the Issue. The Annual Gross Interest Rate took as reference the M Bond Rate interpolated 31-34 (as that term is defined in the Supplement) of 9.13% (nine point thirteen percent) plus 1.50% (one point fifty percent) on the closing date of the book of the Stock Exchange Certificates.</p> <p>The Annual Gross Interest Rate will be increased by 25 basis points from interest period number 8 (eight), which begins on June 4, 2026, and until the Maturity Date, unless the Issuer publishes a relevant event by which it indicates that it has met the Sustainability Performance Objectives, upon confirmation by the External Verifier in accordance with its usual procedures. In the event that the Stock Exchange Certificates accrue interest at the Gross Annual Interest Rate adjusted in accordance with the above, it will not be necessary to replace the Title documented in this Issue, since it already provides for the application of said rate. The interest that will accrue the Stock Exchange Certificates will be computed from their date of issue and at the beginning of each interest period and the calculations to determine the rate and the amount of interest to be paid must include the calendar days actually elapsed until the corresponding interest payment date. The calculations shall be made by closing to hundredths. In determining the capitalized interest rate and the amount of interest payable, the Common Representative shall use the formulas set forth in the Supplement and Title documenting this Issue.</p>

	publishes a relevant event by which it indicates that it has met the Sustainability Performance Objective, upon confirmation by the External Verifier in accordance with its usual procedures. In the event that the Stock Exchange Certificates accrue interest at the Gross Annual Interest Rate adjusted in accordance with the above, it will not be necessary to replace the Title documented in this Issue, since it already provides for the application of said rate.	
Periodicity in the payment of interest	The first interest payment will be made on January 5, 2023 and paid every 28 days.	The first interest payment will be made on June 8, 2023 and paid semi-annually
Place and method of payment of interest and principal	The principal and ordinary interest accrued by the Stock Exchange Certificates will be paid on the Due Date and on each Interest Payment Date (as defined below), respectively, by electronic transfer of funds, through Indeval, whose offices are located at Avenida Paseo de la Reforma number 255, 3rd floor, Col. Cuauhtémoc, C.P. 06500, Mexico City, against the delivery of the Title or the certificates issued for this purpose by Indeval.	
Subordination of titles, if any	Does not apply	
Amortization	The principal of the Stock Exchange Certificates will be paid by means of a single payment on the Expiration Date, upon delivery of the corresponding Title or the certificates issued by Indeval at the time, by electronic transfer through Indeval. In the event that the Due Date is not a Business Day, the amortization will be made on the immediately following Business Day, without the foregoing being considered a default.	
Early amortization	The Issuer shall be entitled to redeem early, in whole or in part, the Stock Exchange Certificates in accordance with the "Voluntary Early Redemption" section of the Supplement.	
Warranty, if any.	The Stock Exchange Certificates will be chirographers.	
Sustainability Advisor for the Framework and Second Opinion	ISS ESG.	
Trustee, if any.	Does not apply	
Ratings granted by qualifying institutions	Rating awarded by Fitch México, S.A. de C.V.: "AAA(mex)". The rating awarded indicates the highest rating assigned by the agency on its national scale for that country. This rating is assigned to issuers or debentures with the lowest expectation of default risk relative to other issuers and debentures in the same country. The rating given to the Issue does not constitute an investment recommendation and may be subject to updates or modifications at any time, in accordance with Fitch México, S.A. de C.V. methodologies. Rating awarded by HR Ratings de México, S.A. de C.V.: "HR AAA". The rating granted means that the issuer or issue with this rating is considered to be of the highest credit quality, offering great security for the timely payment of debt obligations. They maintain minimal credit risk. The rating given to the Issue does not constitute an investment recommendation and may be subject to updates or modifications at any time, in accordance with HR Ratings de México, S.A. de C.V. Methodologies.	
Common Representative	CIBanco, S.A., Institución de Banca Múltiple.	
Depository	Indeval, in terms and for the purposes of article 282 and other applicable articles of the LMV.	

Tax Regime	This section contains a brief description of certain taxes applicable in Mexico to the acquisition, ownership and disposal of debt instruments such as Certificados Bursátiles, but is not intended to be an exhaustive description of all tax considerations that may be relevant to the decision to acquire, maintain or dispose of Stock Exchange Certificates. The current tax regime may be modified throughout the term of the Program or this Issue. Investors should independently and periodically consult their tax advisors regarding the provisions applicable to the acquisition, ownership and disposal of debt instruments such as Certificados Bursátiles before making any investment decision in them. The withholding rate applicable on the date of the Supplement with respect to interest paid pursuant to the Stock Exchange Certificates is subject: (i) for individuals or legal entities resident in Mexico for tax purposes, to the provisions of articles 54, 55, 135 and other applicable articles of the Income Tax Law in force; and (ii) for individuals and legal entities resident abroad for tax purposes, as provided for in articles 153, 166 and other applicable articles of the Income Tax Law in force. Potential purchasers of Certificates should consult with their advisors on the tax consequences resulting from their investment in the Stock Certificates, including the application of specific rules regarding their particular situation. The current tax regime may be modified throughout the duration of the Program and throughout the validity of this Issue.
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**III.Orbia Advance Corporation, S.A.B. de C.V.**, has in circulation debt instruments denominated in Dollars and Euros at an international level, which are described below.

As of December 31, 2022, some financings and the Senior Notes or International Bonds issued in 2012, 2014 and 2017, as well as the Bonds Linked to Sustainability in 2021, are guaranteed by the Company's subsidiaries called Mexichem Brasil Industria de Transformação Plástica Ltda., Mexichem Derivados, S.A. de C.V., Mexichem Resinas Vinílicas, S.A. de C.V., Mexichem Flúor, S.A. de C.V., Mexichem Resinas Colombia, S.A.S., Mexichem Soluciones Integrales, S.A. de C.V., Mexichem Compuestos, S.A. de C.V., Mexichem UK Limited, Mexichem Ecuador, Mexichem Fluor, Inc., Mexichem Fluor Comercial, S.A. de C.V.

#### **Sustainable Bonds 2026**

Debt series	Sustainability-Linked Bonds amounting to \$600 million U.S. dollars.
Date of issue	2021-05-11
Due date	2026-05-11
Issuance term	5 years
Interest / Yield calculation procedure	Annual Fixed Rate 1.875%.
Periodicity in the payment of interest	Payable semi-annually on May 11 and November 11.
Place and method of payment of interest and principal.	At 10:00 a.m.(New York city) time, no later than one business day prior to each Payment Date on any applicable Series Note, the Company will deposit with the paying agent a sum sufficient to pay principal and interest.
Subordination of titles, if any	Does not apply.
Amortization and early amortization / early maturity if any	At the option of the Company, in whole or in part, at any time prior to the applicable Par Call Date, upon giving less than 30 no more than 60 days' notice of such redemption to the Holders (which notice shall be irrevocable), at a Redemption Price.
Warranty, if any	Guarantors: Mexichem Brasil Industria de Transformación Plástica Ltda, Mexichem Derivados, S.A. de C.V., Mexichem Resinas Vinílicas, S.A. de C.V., Mexichem Flúor, S.A. de C.V., Mexichem Resinas Colombia, S.A.S., Mexichem

	Soluciones Integrales, S.A. de C.V., Mexichem Compuestos, S.A. de C.V., Mexichem UK Limited., Mexichem Ecuador, S.A., Mexichem Fluor, Inc., Mexichem Fluor Comercial, S.A. de C.V.
Trustee, if any	Deutsche Bank Trust Company Americas
Ratings granted by qualifying institutions	Fitch Ratings: BBB Moody's: Baa3 Standard & Poor's: BBB-
Common Representative	Does not apply.
Depository	Does not apply.
Tax Regime	Does not apply.
Remarks	Does not apply.

#### Sustainable Bonds 2031

Debt series	Sustainability-Linked Bonds amounting to \$500 million U.S. dollars.
Date of issue	2021-05-11
Due date	2031-05-11
Issuance term	10 years
Interest / Yield calculation procedure.	Annual Fixed Rate 2.875%.
Periodicity in the payment of interest.	Payable semi-annually on May 11 and November 11.
Place and method of payment of interest and principal.	At 10:00 a.m. (New York city time), no later than one business day prior to each Payment Date on any applicable Series Note, the Company will deposit with the paying agent a sum sufficient to pay principal and interest.
Subordination of titles, if any	Does not apply.
Amortization and early amortization / early maturity, if any.	At the option of the Company, in whole or in part, at any time prior to the applicable Par Call Date, upon giving less than 30 no more than 60 days' notice of such redemption to the Holders (which notice shall be irrevocable), at a Redemption Price.
Warranty, if any	Guarantors: Mexichem Brasil Industria de Transformación Plástica Ltda, Mexichem Derivados, S.A. de C.V., Mexichem Resinas Vinílicas, S.A. de C.V., Mexichem Fluor, S.A. de C.V., Mexichem Resinas Colombia, S.A.S., Mexichem Soluciones Integrales, S.A. de C.V., Mexichem Compuestos, S.A. de C.V., Mexichem UK Limited., Mexichem Ecuador, S.A., Mexichem Fluor, Inc., Mexichem Fluor Comercial, S.A. de C.V.

Trustee, if any	Deutsche Bank Trust Company Americas
Qualifications granted by qualifying institutions	Fitch Ratings: BBB Moody's: Baa3 Standard & Poor's: BBB-
Common Representative	Does not apply.
Depository	Does not apply.
Tax Regime	Does not apply.
Remarks	Does not apply.

### Senior Notes 2027

Debt series	Senior Notes 2027 amounting to \$500 million U.S. dollars
Date of issue	2017-10-04
Due date	2027-10-04
Issuance term	10 years
Interest / Yield calculation procedure	Annual Fixed Rate 4.0%
Periodicity in the payment of interest	Payable semi-annually on April 4 and October 4
Place and method of payment of interest and principal	At 10:00 a.m. (New York city) time, no later than one business day prior to each Payment Date on any applicable Series Note, the Company will deposit with the Paying Agent in immediately available funds a sum sufficient to pay such principal and interest when becoming due.
Subordination of titles, if any	Does not apply.
Amortization and early amortization / early maturity, if any	At the option of the Company, in whole or in part, on any Interest Payment Date, by notifying the Holders not less than 30 days or more than 60 days of said redemption.
Warranty: if applicable	Guarantors: Mexichem Brasil Indústria de Transformação Plástica Ltda, Mexichem Derivados, S.A. de C.V., Mexichem Resinas Vinílicas, S.A. de C.V., Mexichem Flúor, S.A. de C.V., Mexichem Resinas Colombia, S.A.S., Mexichem Soluciones Integrales, S.A. de C.V., Mexichem Compuestos, S.A. de C.V., Mexichem UK Limited., Mexichem Ecuador, S.A., Mexichem Fluor, Inc., Mexichem Fluor Comercial, S.A. de C.V.
Trustee, if any	Deutsche Bank Trust Company Americas
Qualification granted by a rating institution.	Fitch Ratings: BBB. Moody's Investor Services: Baa3 Standard & Poor's: BBB-
Common Representative	Does not apply.
Depository	Does not apply.
Tax Regime	Does not apply.

Remarks	Does not apply.
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### Senior Notes 2042

Debt series	Senior Notes 2042 amounting to \$400 million U.S. dollars.
Date of issue	2012-09-19
Due date	2042-09-19
Issuance term	30 years
Interest / Yield calculation procedure	Annual Fixed Rate 6.75%
Periodicity in the payment of interest	Payable semi-annually on March 19 and September 19.
Place and method of payment of interest and principal	No later than 10:00 a.m. (New York City time), no later than one business day prior to any payment date, the Company will irrevocably deposit with the Trustee or Paying Agent sufficient money to pay said principal and interest.
Subordination of titles, if any	Does not apply.
Amortization and early amortization / early maturity, if any	Each Series of Bonds may be redeemed, at the option of the Company, in whole or in part, on any Interest Payment Date, by notifying the Holders not less than 30 days or more than 60 days (such notice must be irrevocable ), at a Redemption Price, calculated by the Company, equal to the greater of (i) 100% of the principal amount of the relevant Series of Notes and (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon (excluding accrued interest at the redemption date) discounted at the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus (a) 50 basis points for the 2022 Bonds, and (b) 50 basis points for the 2042 Bonds, plus, in each case, accrued interest at the date of redemption and any additional Amounts payable with respect thereto.
Warranty, if any	Guarantors: Mexichem Brasil Industria de Transformación Plástica Ltda., Mexichem Derivados, S.A. de C.V., Mexichem Resinas Vinílicas, S.A. de C.V., Mexichem Flúor, S.A. de C.V., Mexichem Resinas Colombia, S.A.S., Mexichem Soluciones Integrales, S.A. de C.V., Mexichem Compuestos, S.A. de C.V., Mexichem UK Limited, Mexichem Ecuador, S.A., Mexichem Fluor, Inc.
Trustee, if any	Deutsche Bank Trust Company Americas.
Qualification granted by a qualifying institution:	Fitch Ratings: BBB Moody's: Baa3 Standard & Poor's: BBB-
Common Representative	Does not apply.
Depository	Does not apply.



Tax Regime	Does not apply.
Remarks	Does not apply.

#### Senior Notes 2044

Debt series	Senior Notes 2044 amounting to \$750 million U.S. dollars.
Date of issue	2014-09-17
Due date	2044-09-17
Issuance term	30 years
Interest / Yield calculation procedure	Fixed Annual Rate of 5.875%.
Periodicity in the payment of interest	Payable semi-annually on March 17 and September 17.
Place and method of payment of interest and principal	No later than 10:00 a.m. New York City time, not later than one business day prior to any payment date, the Company will irrevocably deposit with the Trustee or Paying Agent sufficient money to pay said principal and interest.
Subordination of titles, if any	Does not apply.
Amortization and early amortization / early maturity, if any	At the option of the Company, in whole or in part, on any Interest Payment Date, by notifying the Holders not less than 30 days or more than 60 days of said redemption.
Warranty, if any	Guarantors: Mexichem Brasil Industria de Transformación Plástica Ltda, Mexichem Derivados, S.A. de C.V., Mexichem Resinas Vinílicas, S.A. de C.V., Mexichem Flúor, S.A. de C.V., Mexichem Resinas Colombia, S.A.S., Mexichem Soluciones Integrales, S.A. de C.V., Mexichem Compuestos, S.A. de C.V., Mexichem UK Limited, Mexichem Ecuador, S.A., Mexichem Fluor, Inc., Mexichem Fluor Comercial, S.A. de C.V.
Trustee, if any	Deutsche Bank Trust Company Americas.
Ratings awarded by qualifying institutions:	Fitch Ratings: BBB Moody's: Baa3 Standard & Poor's: BBB-
Common Representative	Does not apply.
Depository	Does not apply.
Tax Regime	Does not apply.
Remarks	Does not apply.

**Senior Notes 2048**

Debt series	Senior Notes 2048 amounting to \$500 million U.S. dollars.
Date of issue	2017-10-04
Due date	2048-01-15
Issuance term	30 years
Interest / Yield calculation procedure.	Fixed Annual Rate of 5.50%.
Periodicity in the payment of interest.	Payable semi-annually on April 4 and October 4.
Place and method of payment of interest and principal.	No later than 10:00 a.m. (New York City time), not later than one business day prior to any payment date, the Company will irrevocably deposit with the Trustee or Paying Agent sufficient money to pay said principal and interest.
Subordination of titles, if any.	Does not apply.
Amortization and early amortization / early maturity, if any.	At the option of the Company, in whole or in part, on any Interest Payment Date, by notifying the Holders not less than 30 days or more than 60 days of said redemption.
Warranty, if any.	Guarantors: Mexichem Brasil Industria de Transformación Plástica Ltda, Mexichem Derivados, S.A. de C.V., Mexichem Resinas Vinílicas, S.A. de C.V., Mexichem Flúor, S.A. de C.V., Mexichem Resinas Colombia, S.A.S., Mexichem Soluciones Integrales, S.A. de C.V., Mexichem Compuestos, S.A. de C.V., Mexichem UK Limited., Mexichem Ecuador, S.A., Mexichem Fluor, Inc., Mexichem Fluor Comercial, S.A. de C.V.
Trustee, if any.	Deutsche Bank Trust Company Americas.
Qualification awarded by a qualifying institution:	Fitch Ratings: BBB Moody's: Baa3 Standard & Poor's: BBB-
Common Representative	Does not apply.
Depository	Does not apply.
Tax Regime	Does not apply.
Remarks	Does not apply.

**Policies related to changes of control, corporate restructuring (including mergers, acquisitions and spin-offs), sale and/or constitution of liens on essential assets of the Issuer, during the term of the debt:**

As of December 31, 2022, some financing and the Senior Notes or International Bonds issued in 2012, 2014, 2017, as well as the Sustainable Bonds issued during 2021, establish certain restrictions, including restrictions on the encumbrance or mortgage of properties, the sale and subsequent lease of assets and limitations on the consolidation, merger or transfer of assets of the Issuer.

Prohibited activities outlined in the provisions of current financing of the Company include those that are usual for this type of corporate financing, such as:

(i) Change of control: credit acceleration clauses in case of change of Control, in accordance with the Applicable Legislation.

(ii) Corporate restructuring: certain restrictions focused on limiting the consolidation, merger and/or transfer of various assets of the Issuer.

(iii) Essential assets: various restrictions related to the granting or imposition of liens on certain properties, as well as the imposition of liens on the assets of the Company.

# Table of Contents

<b>1. GENERAL INFORMATION .....</b>	<b>13</b>
a) Glossary of terms and definitions .....	13
b) Executive Summary .....	15
c) Risk Factors.....	20
d) Other Securities.....	34
e) Significant Changes to the Rights of the Securities Registered in the Registry .....	35
f) Use of Funds .....	35
g) Public Documents .....	36
<b>2. THE ISSUER.....</b>	<b>37</b>
a) History and Development.....	37
i. Company Name and trade name of the Issuer .....	37
ii. Date and Place of Incorporation and Duration of the Issuer .....	37
iii. Address and telephone numbers of main office .....	37
iv. Historical Events .....	37
v. General business strategy .....	38
b) Business Description.....	41
i. Main activity.....	44
ii. Distribution Channels .....	75
iii. Patents, Licenses, Trademarks and other contracts .....	76
iv. Main Customers .....	78
v. Applicable Legislation and Tax Situation .....	78
vi. Human Resources .....	80
vii. Environmental Performance.....	81
viii. Market Information .....	86
ix. Corporate Structure .....	86
x. Description of Main Assets .....	87
xi. Judicial, Administrative or Arbitral Proceedings .....	89
xii. Shares representing Capital Stock.....	90
xiii. Dividends.....	90
<b>3. FINANCIAL REPORTING.....</b>	<b>92</b>
a) Selected Consolidated Financial Information.....	92
b) Financial information by business group, geographical area and export sales .....	96
c) Relevant Credit Report .....	97
d) Management's Discussion of the Results of Operation and Financial Position of the Issuer .....	101
i. Operating Results .....	101
ii. Financial Condition of the Company, Liquidity and Capital Resources .....	109
iii. Internal control .....	112
e) Critical accounting estimates, provisions or reserves .....	114
<b>4. MANAGEMENT .....</b>	<b>116</b>
a) External Auditor .....	116
b) Transactions with Related Persons and Conflicts of Interest .....	116
c) Directors and Shareholders .....	116
d) Corporate Bylaws and Other Agreements .....	130
<b>5. CAPITAL MARKET.....</b>	<b>135</b>
a) Shareholding structure.....	135
b) Performance of the share in the Stock Market.....	135
c) Market Maker .....	136
<b>6. RESPONSIBLE PERSONS.....</b>	<b>137</b>
<b>7. ANNEXES.....</b>	<b>140</b>

## 1. GENERAL INFORMATION

### a) Glossary of terms and definitions

The terms used in this Annual Report and listed below shall have the meanings given. They shall apply equally to the singular and plural forms, which shall be used throughout this document to refer to this glossary:

**Hydrochloric acid:** An aqueous hydrogen chloride solution, which is the second most commonly used acid in the chemicals industry after sulfuric acid. It is used to descale metals, make cleaning products, and as a neutralizer, reduce and intermediate in organic and inorganic synthesis in the chemical industry.

**Phthalic anhydride:** The chemical product used as a raw material to produce plasticizers for plastics, mainly polyvinyl chloride (PVC). It is also used to manufacture polyester resins, alkyd resins, polyols and pigments. Orbia produces phthalic anhydride at its Altamira petrochemical complex.

**ANIQ:** Acronym for National Association of the Chemical Industry (Asociación Nacional de la Industria Química) in Mexico.

**AMEA:** Acronym for the Africa, Middle East and Asia region.

**AMANCO:** Acronym for Mexichem Amanco Holding, S.A. de C.V., a holding company of PVC pipe producers and Latin America's leader in water conduction systems.

**BMV:** Acronym for Bolsa Mexicana de Valores, S.A.B. de C.V. (the Mexican Stock Exchange)

**Stock Exchange Certificates or CEBURES:** The negotiable instruments placed for public investor on the Mexican stock market, representing the individual participation of their holders in a collective debt of legal entities or trust property.

**Additional Stock Certificates:** It will have the meaning attributed to it in section "II. THE PROGRAM – 2.1 Characteristics of the Program and of the Issuances under its protection – 2.1.5 Issuance of Additional Certificates", of the Prospectus.

**Original Stock Certificates:** It will have the meaning attributed to it in section "II. THE PROGRAM – 2.1 Characteristics of the Program and of the Issuances under its protection – 2.1.5 Issuance of Additional Certificates", of the Prospectus.

**CFE:** Acronym for the Federal Electricity Commission (Comisión Federal de Electricidad), which is the agency in charge of generating, transmitting, distributing, and marketing electricity in Mexico.

**Single Issuer Circular:** The general provisions applicable to issuers of securities and other participants in the CNBV-issued securities market.

**CNBV:** Acronym for the National Banking and Securities Commission (Comisión Nacional Bancaria y de Valores), a decentralized agency of the Ministry of Finance and Public Credit that supervises and regulates financial institutions and issuers of securities to ensure their stability and proper functioning in Mexico.

**Common representative:** Monex Casa de Bolsa, S.A. de C.V., Monex Grupo Financiero, which represents all the Holders of the Stock Certificates.

**EBITDA:** Earnings before interest, taxes, depreciation and amortization.

**EDC:** Acronym for ethyl dichloroethane. It is a chlorinated hydrocarbon. It is a colorless liquid with a chloroform-like odor. The most common use of this is in the production of vinyl chloride, which is used to make PVC.

**Ethylene:** A gaseous, colorless and flammable hydrocarbon. It is widely used in the petrochemical industry as a raw material for manufacturing polyethylene and PVC resins, as well as ethylene oxide.

**Fluorita de México or FDM:** Fluorita de México, S.A. de C.V.

**GRI:** The Global Reporting Initiative, an organization created in 1997 by the Coalition of Environmentally Responsible Economies (CERES) and the United Nations Environment Programme (UNEP). The GRI developed the "Sustainability Reporting Standards" to improve the quality, rigor and usefulness of sustainability reports to be comparable to that of financial reports based on the triple bottom line of economic, social and environmental factors. In 2016, the GRI launched the first global standards for sustainability reporting that allow all organizations to publicly report on their economic, environmental and social impacts and to show how they contribute to sustainable development.

**GWP or GWP Index:** Acronym for Global-warming potential which is a relative measure of how much heat can be trapped by a given greenhouse gas, compared to a reference gas, usually carbon dioxide.

**HDPE:** Acronym for high density polyethylene. It is a commonly used thermoplastic and the most used of the three polyethylene's for a wide range of applications.

**HIS-PVC:** Acronym for suspension PVC resin with high-impact suspension-PVC properties.

**BIM:** Building Information Modeling.

**IHS Markit:** Provider of information and analysis for the chemical and petrochemical sectors, among others. Formerly called CMAI and SRI.

**Ingleside:** Ingleside Ethylene LLC.

**ISO 9001:** A standard developed by the International Standard Organization that applies to quality management systems (QMS), focusing on every aspect of quality management that a company needs to have to manage and improve the quality of its products or services.

**ISO 14001:** A standard developed by the International Standard Organization specifying the requirements for an environmental management system (EMS), to allow an organization to formulate its policies and objectives considering legal requirements and significant environmental impacts. It applies to environmental aspects that an organization can control and can expect to influence. It does not establish specific environmental performance criteria.

**ISR:** Income Tax.

**Kaluz:** means Kaluz, S.A. de C.V.

**Fluorinated Solutions (Koura):** Orbia's Fluorinated Solutions business group and business Koura provides fluorine and downstream products that support modern, efficient living. The business group operates the world's largest fluorspar mine and produces intermediates, refrigerants and propellants used in automotive, infrastructure, semiconductor, health, medicine, climate control, food cold chain, energy storage, computing and telecommunications applications.

**LMV:** Acronym for the Securities Market Act.

**Metallurgical grade fluorite or Metspar:** Fluorite ore selected for its calcium fluoride content and processed according to industry requirements. Mainly used as an additive in high grade steels to remove impurities in the slag. Also used in the production of clinker for the cement industry, increasing productivity and improving the clinker properties. It is a key additive to quality production of steel and cement with lower carbon footprints.

**ORBIA\*:** The stock ticker symbol for the Company's shares on the BMV.

**Orbia, the Issuer, the Company, the Entity, the Company or the Group:** means Orbia Advance Corporation, S.A.B. de C.V. and its subsidiaries.

**PEMEX:** Petróleos Mexicanos and/or any of its subsidiaries.

**Pemex TRI (formerly Pemex Petroquímica or PPQ):** Pemex Transformación Industrial is a subsidiary company of Petróleos Mexicanos. Its main purpose is the refining, transformation, processing, import, export, marketing, retail, preparation and sale of hydrocarbons, petroleum products, natural gas and petrochemicals.

**PMV:** Petroquímica Mexicana de Vinilo, S.A. de C.V. which was a joint venture between Orbia and PEMEX until November 16, 2018, and is now a subsidiary of the Company.

**RNV or Registry:** means the National Securities Registry of the CNBV.

**TIIE:** Acronym for Interbank Interest Rate of Equilibrium, which is published by Banco de México and serves as a reference for credit contracting in Mexico.

**UDIS:** Investment Units, adjusted by the inflation rate recognized by Banco de México.

**VVA:** stands for World Vinyl Analysis of IHS Markit Chemical World Analysis - Vinyls.

## b) Executive Summary

This Annual Report does not intend to contain all the information that may be relevant for making investment decisions regarding the securities mentioned herein. Investors should read the Annual Report in its entirety, including financial information and related notes before making an investment decision. This summary has been prepared in accordance with and subject to the detailed information and financial statements contained in this Annual Report. It is recommended that special attention be paid to the "Risk Factors" section of this Report in order to assess an investment decision in the securities issued by Orbia (See section 5 "Capital Markets", item b, "Performance of the Shares in the Stock Market" of this Annual Report).

The Company publishes its financial statements in United States (U.S.) Dollars. Unless otherwise specified, references in this Annual Report to "\$", "Dollars" or "dollars" shall be understood to be U.S. dollars, and references to "Peso" or "Pesos" shall be understood to be Mexican pesos.

The figures included in this Annual Report have been rounded to millions of dollars (except as otherwise indicated). The percentage figures in this Annual Report have not, in all cases, been calculated based on those rounded figures, but instead in some cases are based on the amounts before rounding. For this reason, the percentage figures in this Annual Report may vary from those obtained by making the same calculations using the figures in the financial statements. Certain figures shown as totals in certain tables may not be the arithmetic sum of the figures preceding them, as a result of rounding.

This Annual Report includes forward-looking statements. Such statements are subject to certain known and unknown risks, uncertainties and other factors, some of which are beyond the Issuer's control, and could cause the results, performance or achievements expressed or implied in such forward-looking statements to differ materially from actual results. Forward-looking statements feature terms such as "considers," "expects," "forecasts," "projects," "plans," "estimates," "anticipates," and other similar expressions and are contained, among others, in the Annual Report.

### 1. The Company

Orbia is a company driven by a shared purpose: to advance life around the world. Orbia operates in the Polymer Solutions (Vestolit and Alphagary), Building and Infrastructure (Wavin), Precision Agriculture (Netafim), Connectivity Solutions (Dura-Line) and Fluorinated Solutions (Koura) operating segments. The five Orbia business groups have a collective focus on expanding access to health and wellness, reinventing the future of cities and homes, ensuring food and water security, connecting communities to information and accelerating a circular economy with basic and advanced materials, specialty products and innovative solutions. Orbia has commercial activities in more than 110 countries and operations in over 50, with global headquarters in Mexico City, Boston, Amsterdam and Tel Aviv.

Orbia's registered office is at Paseo de la Reforma No. 483 Piso 47, Cuauhtémoc, 06500 Mexico City.

Orbia is made up of five business groups:

- i) Polymer Solutions (Vestolit and Alphagary) represented 38% of Orbia's sales in 2022. Orbia's Polymer Solutions business group and businesses, Vestolit and Alphagary, provide PVC, general resins, specialty resins, compounds and additives for vinyl compounds, including stabilizers and plasticizers. The group also provides compounds formulated from polyolefin (PO), thermoplastic polyurethane (TPU) and thermoplastic elastomer (TPE) polymers. Products made from these materials have a wide variety of applications to everyday life, from pipes and cables to household appliances to medical devices. The business group supplies Orbia's downstream businesses and a global customer base.
- ii) Building and Infrastructure (Wavin) represented 30% of Orbia's sales in 2022. Orbia's Building and Infrastructure business is advancing life around the world by building healthy, sustainable environments. Wavin is a water-focused innovator delivering solutions for a safer drinking water supply, sanitation, and urban water resilience. The group also provides indoor climate solutions.
- iii) Precision Agriculture (Netafim) represented 11% of Orbia's sales in 2022. Orbia's Precision Agriculture business group provides leading-edge irrigation systems, agricultural and greenhouse projects, services and digital farming technologies that enable its customers to achieve significantly higher and better-quality yields while using less water, fertilizer and other inputs. By helping farmers worldwide grow more with less, the business group is contributing to feeding the planet efficiently and sustainably.
- iv) Connectivity Solutions (Dura-Line) represented 14% of Orbia's sales in 2022. Orbia's Connectivity Solutions business group produces more than 500 million meters of telecommunications conduit, cable-in conduit and

other HDPE products and solutions that create physical pathways for fiber and other network technologies connecting cities, homes and people.

- v) Fluorinated Solutions (Koura), represented 9% of Orbia's sales in 2022. Orbia's Fluorinated Solutions business group provides fluorine and downstream products that support modern, efficient living. The business group operates the world's largest fluorspar mine and produces intermediates, refrigerants and propellants used in automotive, infrastructure, semiconductor, health, medicine, climate control, food cold chain, energy storage, computing and telecommunications applications.

*For more information on market shares see Section 2, "The Issuer", item b, "Business Description" for each business group, of this Annual Report.*

Revenues reached a historic high of \$9.6 billion in 2022, up 10% from 2021. Revenues increased across all businesses, except for Precision Agriculture. Primary drivers of the year-over-year increase included strong PVC pricing in the Polymer Solutions businesses, particularly during the first half of the year, strong demand in Connectivity Solutions and improved pricing across the Fluorinated Solutions product portfolio.

Geographically, sales growth in North America was 24%, Asia, Middle East and Africa (AMEA) was 20%, Europe was 1% and South America was flat.

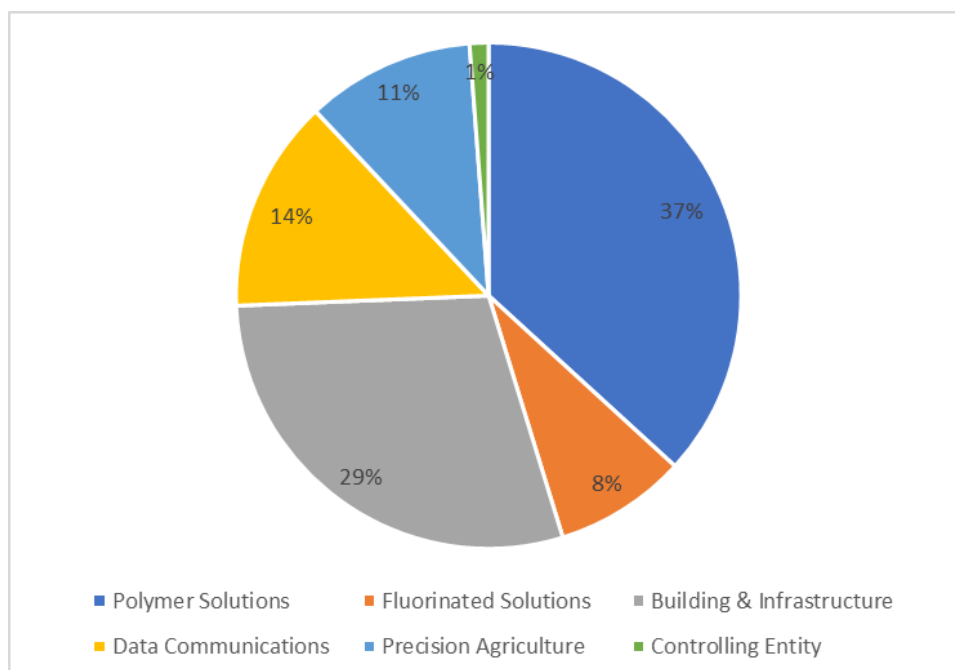
Despite strong sales growth, EBITDA decreased 7% in 2022 to \$1.9 billion due to softening demand across certain markets in the second half of the year, coupled with higher input costs. EBITDA margin decreased approximately 350 basis points to 19.8%.

In 2021, Orbia's net revenues increased 37% to \$8.8 billion and EBITDA increased 55% to \$2.0 billion as compared to 2020. Primary drivers of the year-over-year increase included high PVC prices in Polymer Solutions and higher demand in Building and Infrastructure contributing to a 280 basis point increase of EBITDA to 23.3%.

In 2020, Orbia's net sales were \$6.4 billion representing a decrease of 8% vs. the prior and EBITDA was \$1.3 billion representing a decrease of 3% vs. prior year due to the adverse impact of the COVID-19 pandemic, mainly in the second quarter, which was not fully offset by the strong recovery in the second half of the year led by Polymer Solutions and Building and Infrastructure as well as cost management initiatives across all businesses. EBITDA margin increased 100 basis points to 20.5% in 2020.

The following graph shows the breakdown of total sales by business group after inter-company eliminations within Orbia.

**Revenue by Business Group, 2022**





	Year Ended December 31:		
	Sales <sup>(1)</sup>		
<b>Business group</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Polymer Solutions	3,696	3,438	2,171
Building and Infrastructure	2,926	2,922	2,071
Connectivity Solutions	1,370	994	732
Precision Agriculture	1,085	1,126	972
Fluorinated Solutions	852	744	698
Corporate	121	215	184
Eliminations	(402)	(656)	(408)
<b>Total Orbia Sales</b>	<b>9,648</b>	<b>8,783</b>	<b>6,420</b>

1. Figures in millions

The products manufactured and marketed by Orbia's five business groups hold a leading position in the markets where they operate.

## 2. Select Financial Information

The audited consolidated financial statements as of December 31, 2022, 2021, and 2020 and for the years then ended have been prepared in accordance with IFRS. The accounting standards comprise various provisions known as IAS (International Accounting Standards), IFRIC (International Financial Reporting Interpretations Committee) and SIC (Standard Interpretation Committee) and have been prepared on the basis of historical cost, except for the revaluation of certain long-term assets and financial instruments that are valued at their fair values.

Refer to Section 3, Financial Reporting "a) Selected Consolidated Financial Information" for the Company's consolidated financial statements. This information should be read together with the Company's audited financial statements as of December 31, 2022, 2021, and 2020, including the related disclosures, that are attached to this Annual Report.

## 3. Information on the performance of the securities issued by Orbia in the stock market.

During the last three fiscal years included in this Annual Report, ORBIA\* shares have been part of the BMV's Price and Quotation Index ("IPC"). Due to the significant daily trading volume of the Company's shares in the Mexican stock market, as of March 2023, the shares remain in the HIGHLY TRADED category. (See section 5, "Capital Market" item b, "Performance of shares in the Stock Market", of this Annual Report).

Additionally, ORBIA\* shares are part of relevant indices such as:

*MSCI Mexico; Nasdaq AlphaDEX Latin America; MSCI Emerging Markets Dividend Masters; MSCI Mexico IMI 25/50; Mexico IPC; S&P Emerging Markets Dividend Opportunities; Nasdaq AlphaDEX Emerging Markets; MSCI Emerging Markets Latin America 10-40; MSCI Emerging Markets Latin America; WisdomTree Emerging Markets Dividend; Nasdaq Riskalyze Emerging Markets; Northern Trust ESG & Climate Emerging Markets Core; Solactive ISS ESG Emerging Markets Net Zero Pathway; FTSE Advanced Emerging; Russell RAFI Em Mkts; Solactive ISS ESG Screen Paris Align Emerging Markets; S&P Emerging LargeMidCap Carbon Control; MSCI Emerging Markets ex Fossil Fuels; MSCI ACWI Climate Paris Aligned; MSCI Emerging Markets Large Cap; MSCI ACWI ex USA High Dividend Yield; MSCI Emerging Markets Ex China; MSCI Emerging Markets; MSCI Emerging Markets Growth; MSCI Emerging Markets Custom ESG Index; FTSE AW ex UK; MSCI Emerging Markets ESG Leaders Index; Solactive L&G Enhanced ESG Emerging Markets; MSCI ACWI ex USA ESG Leaders Index; FTSE Emerging; Solactive GBS Emerging Markets Large & Mid Cap; LibertyQ Emerging Markets; MSCI Emerging Markets IMI ESG Screened Index; FTSE EM All Cap China A Inc; S&P SmallCap 600 Capped Information Technology; FTSE AW ex US High Dividend Yield; MSCI Emerging Markets Factor Mix A-Series; FTSE All World ex USA; MSCI ACWI EX US IMI; FTSE Global All Cap ex-US; FTSE MPF All World; FTSE AW High Dividend Yield; Solactive ISS ESG Screen Paris Align Global Markets; FTSE All-World Ex CW Climate Balanced Factor; FTSE World ex UK; MSCI AC World ex Japan; FTSE Global All Cap Choice; S&P Emerging BMI; FTSE All-World; FTSE Global All Cap*

#### 4. Significant events in the period 2022-2020.

##### 2022:

- In February 2022, Russia invaded Ukraine resulting in the United States, Canada, the European Union and other countries imposing economic sanctions on Russia. Orbia continues to monitor and evaluate the broader economic impact of this conflict, including sanctions imposed, the potential for additional sanctions and any responses from Russia that could directly affect the Company's supply chain, business partners or customers. As a result of the invasion, the Company discontinued all operations and sales in Russia. This has not had, and is not expected to have, a material impact on the Company's financial condition or results of operations.
- Orbia continues to closely monitor possible impacts to its business as a result of the COVID-19 pandemic. The Company has not experienced any material operational or financial disruptions due to COVID-19 in 2022 and continues to focus on its medium and long-term business strategy. As the challenges related to the pandemic continue, the Company remains focused on the health and safety of its people and has positioned itself to adapt quickly to the changing environment.
- In February 2022, Orbia's Building and Infrastructure business acquired a 67 percent stake in Vectus Industries Limited ("Vectus"), a manufacturer of plumbing and drainage pipes and the market leader in water storage tanks in India. The transaction includes a call and put option that can be executed for Orbia to purchase the remaining shares on the fifth anniversary of the transaction.
- In August 2022, Orbia's Building and Infrastructure business acquired Bow Plumbing Group, a leading Montreal-based manufacturer of plastic pipes and fittings with manufacturing in Quebec, Canada, with strategically located warehouses and commercial reach across the North American residential and commercial construction industry.
- In September 2022, Orbia's Connectivity Solutions business acquired Biarri Networks, a leading Denver-based technology provider that specializes in fiber optic network design solutions for the global telecommunications industry. Biarri Networks has offices in Australia, Philippines, Vietnam, United Kingdom, and the U.S.
- In November 2022, Solvay and Orbia announced their entry into a joint venture framework agreement to create a partnership for the production of suspension-grade polyvinylidene fluoride (PVDF). The total investment of the joint venture is estimated to be approximately \$850 million, and is expected to be funded in part by a grant awarded by the U.S. Department of Energy of \$178 million to Solvay to build a facility in Augusta, Georgia. Solvay and Orbia intend to use two production sites, one for raw materials and the other for finished product, located in the southeastern United States. Both plants are expected to be fully operational by 2026. Orbia is uniquely positioned to support the PVDF supply chain with its three key raw materials: HF, VCM and chlorine. Commencement of the joint venture is subject to finalizing and entering into definitive agreements between the parties and satisfaction of customary conditions, including obtaining regulatory approvals.
- In December 2022, the Company completed an offering of short and long-term notes (*Certificados Bursátiles*), for a total amount of 10 billion Mexican Pesos (MXP) with a "sustainability-linked bond" feature. The offerings were made under the revolving short and long-term shelf registration program implemented by Orbia and authorized by the National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores* or *CNBV*) of Mexico in November 2022. The first issuance was for an amount of 2.34 billion MXP due on December 4, 2025, accruing interest at a variable rate of 28-day TIIE (interbank rate) + 40 basis points, and the second issuance was for an amount of 7.66 billion MXP due on November 25, 2032, accruing interest at a fixed annual rate of 10.63%.

##### 2021:

- In April 2021, Orbia's Precision Agriculture business acquired Dutch greenhouse company Gakon Horticultural Projects (Gakon). The acquisition is synergistic, combining Netafim's business global presence and agriculture expertise with Gakon's advanced greenhouse technology that will enable Netafim to expand its global customer offerings.
- On May 6, 2021, Orbia Advance Corporation, S.A.B. of C.V. carried out the issuance and placement of Bonds Linked to Sustainability in the international capital markets: it issued \$600 million dollars in senior notes maturing in 2026 (5 years) at an annual rate of 1.875%, and \$500 million dollars in senior notes maturing in 2031 (10 years) at an annual rate of 2.875%. The issue received a Baa3 credit rating from Moody's, BBB- from S&P and BBB from Fitch Ratings.
- In June 2021, Orbia's Polymer Solutions business acquired 55 percent of the outstanding shares of Shakun Polymers Private Limited (Shakun), based in India, a market leader in the production of compounds for the

wire and cable markets in the Indian subcontinent, the Middle East, Southeast Asia and Africa. The transaction includes a call and put option that can be executed for Orbia to purchase the remaining shares.

- In May 2021, the Company made an advance payment of \$328 million of its \$750 million issuance of Senior Notes, which would otherwise mature on September 19, 2022. These notes paid an annual interest rate of 4.875% in semi-annual installments.
- In June 2021, the Company prepaid its \$3 billion Mexican Peso-denominated bond by utilizing its make-whole call provision. The bond bore interest at a fixed rate of 8.12% payable semiannually and it was initially scheduled to mature in March 2022.
- In June 2021, the Company established a Euro Commercial Paper Program of up to €750 million by issuing unlisted notes due in less than one year. As of December 31, 2022, the Company has no notes outstanding under the program and €101 million as of December 31, 2021.
- In September 2021, the Company prepaid the remaining balance of \$750 million senior notes by paying the remaining outstanding balance of \$422 million, plus a premium of \$18 million. These securities were initially scheduled to mature on September 19, 2022, and bore interest at a fixed rate of 4.875%, payable semiannually.
- In November 2021, Orbia's Fluorinated Solutions business acquired Silatronix, a Madison, Wisconsin based Company. Silatronix has expertise in fluorosilane additives for lithium-ion batteries and has an industry-wide reputation for developing innovative solutions that deliver improved battery safety and performance in a range of applications, from electric vehicles to stationary grid-scale storage.

#### **2020:**

- In March 2020, the Company notified the syndicate of banks with which it had entered into a Revolving Line of Credit agreement on June 21, 2019, that it would reduce its \$1.5 billion line of credit originally by \$500 million. The \$1.0 billion syndicated revolving line of credit bore monthly interest at the London Interbank Offered Rate (LIBOR) plus 1.05%. Under the terms of the amended agreement, the loan principal was payable in a single installment upon maturity on June 21, 2024. On March 27, 2020, the Company drew down the full amount of the available line of credit and repaid it in full during 2020 as follows: \$400 million on September 30, \$350 million on October 30, \$175 million on November 30, and \$75 million on December 31. In October 2022, the Company and the syndicate of banks approved the amendment for LIBOR replacement, the revolving credit line now bears interest at the SOFR rate + Reserve Rate + 1.05%.
- In September 2020, the Company established a Commercial Paper Program for £300 million through the issuance of promissory notes with the Bank of England and Her Majesty's Treasury under the Covid Corporate Financing Facility. These promissory notes expired on May 18, 2021. The Company gained access to this financing option due to the COVID-19 pandemic and the prominence of its operations in the U.K.

#### **5. Subsequent events (2023)**

On March 30, 2023, the Company's shareholders approved the payout of a cash dividend of \$240 million applied to retained earnings and the net taxable profits account (CUFIN, by its acronym in Spanish). These dividends will be distributed in four equal installments to the holders of the outstanding shares, at each payment date during 2023, less the amount corresponding to the shares of the share buyback program. Dividend payout dates are to be determined by the Company's executive officers.

The shareholders also agreed to cancel 42,000,000 Class II common shares, with no par value, which represented the variable portion of the Company's share capital. This cancellation did not result in a share capital decrease since the Company maintained the ownership of those shares, as they had been repurchased from its own share capital.

## c) Risk Factors

When deciding whether to invest in securities issued by Orbia, investors must carefully consider, analyze, and evaluate all the information contained in this Annual Report, and in particular, the risk factors described below, which could have a material adverse effect on Orbia's performance and profitability, its financial situation, or the results of its operations and its liquidity.

The risks and uncertainties described below are not an exhaustive list. Additional risks and uncertainties of which the Company's management have no knowledge could also affect business operations. Any of the following risks, should they arise, could adversely and materially affect the business, its results of its operations, prospects and financial condition. In such a case, the market price of the Company's CEBURES (Stock Exchange Certificates, if any are outstanding), Senior Notes and the shares of ORBIA\* may decline and investors may lose all or part of their investment.

### (a) Risk Factors related to Orbia's business

#### ***The cyclical nature of the global chemical industry can decrease business results and margins***

Some industries in which the Company operates, including the markets in which the Company competes, are cyclical. Such industries are sensitive to changes in supply and demand and are affected by the political and economic conditions prevailing in the different countries and regions of the world in which Orbia has a presence. This cyclical trend can reduce the Company's net sales and margins, especially:

- Unfavorable economic changes in business and the general economy may cause demand for the Company's products to fall; particularly those in the residential, commercial or industrial construction industry being strongly tied to the stability or instability that prevails in each country;
- Considering the competitive environment in which Orbia operates, lower demand can put pressure on the prices of its products;
- The market dynamics of supply and demand for both its products and its raw materials, and the other raw materials that affect them, may result in fluctuations in the prices of some or all of its products or its raw materials, which could affect its sales or margins.

Due to the cyclical nature of the global chemical industry, historically the international chemical market has experienced changing periods of limited supply, which has caused prices to increase and profit margins to increase, followed by an expansion of production capacity, resulting in oversupply with lower prices and profit margins. Orbia sets prices for the products the Company sells based on international market prices. The chemical industries in Europe and Latin America have become increasingly integrated with the global chemical industry for a variety of reasons, including increased demand and consumption of chemicals in these regions, as well as the continued integration of regional and global product markets. The Issuer's net sales and gross margins are tied to global industry conditions that it cannot control. The Company is particularly sensitive to the economic cycles that affect the construction, infrastructure, agricultural and automotive industries.

Throughout history, demand has been vulnerable to such circumstances. This vulnerability can lead to significant changes in the Issuer's quarterly operating results or its annual results, limiting its ability to forecast its operating performance, cash flows and financial position.

#### ***The Company's operations are dependent on industries that can be cyclical.***

Some of Orbia's suppliers and customers participate in, or are influenced by, industries that can exhibit significant cyclicity. This includes industries such as energy that have historically undergone periods of slowdown and sometimes recession. The demand for some of its products and services, as well as the supply of some of its raw materials depend on the level of investment by companies in such industries, which in turn depends in part on the overall price levels of oil, natural gas and other energy sources. Oil prices have been highly volatile in recent years. A continued decline in investments in this industry, whether due to a decrease in prices, higher costs or overall less attractive economics, could cause delays in its customers' projects, and thus demand for some of its products and services or a lack of supply of some of the raw materials can cause pressure on the expected prices of its products or costs of its raw materials, which in turn could have a material adverse effect on Orbia's operating results, cash flows and financial position.

Some of Orbia's customers or suppliers also depend on oil and natural gas production levels. Interruptions or decreases in the production of such supplies, due to various circumstances beyond the Company's control, including adverse weather conditions, accidents, decreased access to the financial system, labor contingencies, work stoppages, strikes, or others, may cause delays in customers' investment projects or increases in the production costs of its the Company's raw materials which may impact the Company's results from operations, cash flows and financial position.

Orbia is committed to invest in materials and solutions that enable the world's rapid transition to sustainable energy. Future demand for these products could be lower than projected expectations, adversely impacting the Company's operating results and financial position.

***The Company's inability to meet market needs due to lack of development of new products, production technologies, access to new technologies, or development of substitutes could adversely affect its competitive position.***

The markets for many of the products produced by the Company require continuous improvements in quality and performance. To remain competitive, the Company must develop and market products that meet market needs in a timely manner. Additionally, rapid changes in the marketplace may shorten the life cycle of the Company's existing products, thus impairing the Company's ability to recover its investments in those products. If the Company is unable to keep pace with technological improvements and market demand, its operating results and financial position could be adversely and significantly affected.

In addition, development of new technologies could result in the creation of new products or raw materials that will replace those we currently produce or use. If the Company is unable to compete with such new products or access new needed raw materials, its results of operations could be adversely and materially affected.

***The Company's business is subject to risks generally associated with international commercial operations and its net earnings and sales could be adversely affected by the economic conditions and outlook in the countries in which it operates***

Orbia markets its products in more than 110 countries. The Company participates in manufacturing and other commercial activities on six continents. As a result, the Company is, and will continue to be, subject to the risks generally associated with international manufacturing and distribution, the adverse economic conditions and other political, social and regulatory conditions in the countries where it conducts business that may impact the demand for its products and, ultimately, its net earnings and sales, including:

- Government regulations on manufacturing and/or foreign investment activities;
- Modifications to policies on customs or trade tariffs on import or export from and to countries;
- Changes in social, political and economic conditions;
- Freight delays;
- Blackouts or shortages of electricity and other public services;
- Restrictions on currency conversion and volatility in foreign exchange markets;
- Restrictions on skilled labor and changes in local working conditions;
- Restrictions related to the sale of products, including trademarks, in connection with third party intellectual property rights;
- Difficulties in complying with contractual obligations in jurisdictions outside of Mexico, as well as in collecting accounts abroad;
- Environmental regulations;
- Tax reforms and other laws and regulations;
- Recessionary conditions or negative or slow economic growth rates;
- Changes in local or international interest rates that affect the exchange rate; and
- Austerity measures and reduction or elimination of subsidies and incentives to the industries in which we operate.

Some of the countries in which Orbia operates have experienced political and social instability in the past and interruptions of operations may occur at any of the production facilities or distribution networks in those countries. Additionally, other potential economic risks include: inflation and monetary policies to support it, high energy and raw material prices, supply disruptions, global economic deceleration and potential recession in countries we operate, economic deceleration ahead of expectations in some markets, volatility in financial markets, the impact of financial and economic sanctions against Russia, the political uncertainty and geopolitical risks around the world.

The foregoing factors, as well as government regulations applicable to foreign investment and/or the import, export or sale of products and market protectionist measures could adversely affect sales and operations results, and in the past have caused distributors, intermediaries and customers to reduce their spending and to delay or stop purchasing products, which could have an adverse effect on net sales, operating results, and cash flows.

***Orbia faces intense competition from other suppliers of similar products***

The markets for Orbia products are highly competitive. The Company generally has no or limited control over the prevailing pricing on international markets of the chemical products it sells, such as chlorine, caustic soda, resin and fluorite compounds, and fluorite. The competitiveness of these products is based on price, performance, product quality,

product delivery, and customer service. It is difficult to protect the Company's market position for many of its basic products by differentiating them by being of standardized quality, and the Company may not be able to pass on the cost and price increases associated with those products to customers. In many cases, the competitive environments for its various chemicals may vary significantly at any time, and its ability to adjust the product mix based on market conditions may be limited due to inherent restrictions on production processes.

Orbia's competitors include larger companies or those well positioned within international chemical markets, including those in Europe and Latin America, or companies that have greater competitive advantages due to a combination of several factors, such as greater access to financial resources, benefits derived from integration and economies of scale, availability of raw materials at lower costs, diversification and risk management. Its main competitors have made significant capital investments, which have enabled them to obtain and maintain a significant market share. Such situations, as well as increased competition, may have adverse effects on the Company's operating results, cash flow or financial condition.

***Fluctuations in the prices of the principal raw materials, including natural gas, electric power, sulfur, ethane, ethylene, resins, among others, may adversely affect the Company's business and operating results.***

In recent years, the prices of electricity, natural gas, sulfur, ethane, ethylene, resins, among other raw materials and supplies, have experienced significant fluctuations in local and international markets. These fluctuations cause variations in production and sales costs, which in turn are reflected in the margins of the products the Company manufactures and markets. In addition, prices of petroleum and petroleum products have been volatile, affecting the selling price of products such as ethylene, VCM and PVC, as well as their production and sales costs.

Although Orbia generally transfers any price increase in raw materials to its customers, it is not always possible to do so. Future fluctuations in the prices of electric power, natural gas, ethane, ethylene and sulfur, resins, among others, which it uses in manufacturing processes and which have recently experienced volatility, could result in variations in the cost of the supplies the Company uses to produce its products. Similarly, variations in the price of oil could, as they have done in the past, impact the prices of some of its products, which in turn could negatively affect the Company's operating results and financial position.

***Any interruption in the supply of raw materials could affect Orbia's operations***

Orbia's ability to achieve its strategic objectives continues to depend, in a large part, on the successful, timely and cost-effective acquisition of electric power and raw materials such as natural gas, ethane, ethylene, electricity, VCM, PVC, Polyethylene and other plastic resins. Currently, the Company relies on a limited number of suppliers for the production and delivery of these supplies. Management cannot ensure the stability of the gas supply, nor the availability of supplies at reasonable prices or that suppliers will continue to supply them.

Therefore, in the event of any interruption, discontinuance or other disruption in the markets or the supply of raw materials or electric power, including a substantial increase in the costs thereof, could adversely affect the Company's financial condition and operating results. Similarly, a decrease in the supply of certain raw materials, or in the number of raw material suppliers, may result in an increase in the prices paid for the supply of these raw materials, in which case Orbia's operating results and financial position could also be adversely affected.

***Production capacity improvements, maintenance and investment in acquired companies, generally require significant expenditures and the Company cannot guarantee it will achieve the expected return on these actions.***

Orbia has recently made significant capital investments related to the maintenance of its production capacities, environmental protection and safety, worker and facility safety, efficiency and modernization of its plants. In addition, the Company has made several acquisitions in recent years to support the growth of its businesses.

Orbia may not be able to obtain the expected return on its investments if unfavorable conditions arise in its product markets. Decisions regarding the timing or manner in which such investments are executed are based on future projections of market demand and other factors that may be inaccurate, and it may not obtain sufficient resources to make certain necessary investments, which could have an adverse effect on the Company's operating results, including expenses due to impairment of assets. Furthermore, the Company may not be able to meet its financing obligations if it does not obtain the expected return on its investments.

Current projects may not be completed on time or at all due to factors such as the inability to obtain financing, regulatory changes, lack of compliance or availability of contractors and subcontractors and logistical problems, which could have a material adverse effect on the operating results of the Company including the impairment of assets.

***Orbia is exposed to the risk of possible expropriation or nationalization of its assets in some of the countries in which it operates.***

Some of the countries in which Orbia operates have been subject to volatile political conditions in the recent past and the Company cannot guarantee that local governments will not impose retroactive changes that could affect its business or eventually force it to renegotiate existing contracts with such governments. These events could materially affect the Company's financial position and operating results.

***Inability to effectively manage growth could adversely affect the Company's business, operating results and financial position.***

As a result of the acquisition of new companies and organic growth, the Issuer's EBITDA has achieved a significant growth rate. In addition, the operating income and cash flows have increased substantially, which provides the Company's management with flexibility to continue to grow. This growth has resulted, and will continue to result, in significant demands on the Company's administrative, operational and financial infrastructure. Orbia's successful achievement of its long-term growth objectives will depend on its management's ability to effectively manage these factors while continuing to focus on commercial and product development initiatives.

***Orbia is subject to certain restrictive covenants limiting what may or may not be performed by virtue of its credit agreements, which could limit its future business activities***

As of December 31, 2022, the Issuer had cost bearing debt totaling 4,696 million, with a series of lines of credit and issuances of securities in the local and international markets. Pursuant to the agreements governing long-term credit facilities, the Company is obligated to comply with certain covenants that limit its operations and financial decisions. Compliance with its obligations under the credit agreements could limit the ability to undertake future acquisitions including future financing or refinancing of debt, which could have a negative impact on the Company's operations, operating results and financial position. See Note 17 to the Consolidated Financial Statements, annex to this Annual Report.

***Orbia has recently made and may make important acquisitions that, if not properly integrated, could adversely affect its operating results***

Orbia has recently made significant acquisitions, and may consider making additional important acquisitions, to continue its growth. For more information regarding these acquisitions, see section "Investments made in the last three fiscal years", in Chapter 2, section v), "General Business Strategy".

Acquisitions themselves involve risks, including the following:

- Acquired businesses may not achieve the expected results;
- Changes in the economic context with a growth expectation within the markets where the acquired companies are present;
- Failure to achieve expected synergies ;
- Increases in costs, supplies and energy;
- Difficulties encountered in the integration of operations, technologies and control systems;
- Possible inability to hire or retain key personnel for acquired operations;
- Possible inability to achieve the expected economies of scale;
- Unforeseen liabilities;
- Exercising minority rights in transactions that are not 100% acquired; and
- Unforeseen economic competition and regulatory considerations.

The Company may face in the future, difficulties in the integration of operations, accounting systems and internet technology systems of some of its acquired companies. If the Company is unable to successfully integrate or manage the acquired operations, it may not achieve the expected cost savings, increased revenues and levels of integration necessary to offset the significant expenses associated with the integration of the acquired companies. This could result in lower profitability or impairment charges.

***Orbia is exposed to product risks that could cause harm to third parties***

The Company may be exposed to risks or damages derived from civil liability before third parties, resulting from the use of its products, as well as litigation of the resulting judicial process, regardless of whether said products are used in a manner contrary to what is indicated. The Company may also be exposed to damages related to the use of its products in medical-grade applications and for the food and beverage industries.

Orbia has tailored market standard insurance coverage for this type of product risk. However, the safety measures taken to prevent product risks and insurance coverage may not be adequate to mitigate the risk of all damages that may occur, in which case the Company's operating results or its financial condition could be adversely affected.

***Impacts related to climate change could result in additional regulatory or legal requirements, as well as investments not foreseen by the Company***

The Company has carried out different analyses to determine the degree of vulnerability of its operations with the possible effects of climate change.

The effects of climate change identified within the different areas where it operates or has market share are: desertification and drought, rising sea levels, changes in rainfall patterns, decreased water availability and deforestation and disease. All are phenomena that could affect operating results and financial position, among other factors, due to the need for additional investments to adapt operations to new conditions, the increase in the price of supplies and energy, the closure of affected operations and relocation of suppliers, protection measures as a result of natural phenomena (for example: construction of dikes in marine installations, flood or fire protection) and the relocation of facilities to sites with more favorable conditions and higher environmental regulatory requirements.

***Natural disasters, production hazards, extreme weather and other events could adversely affect the Company's operations***

Natural disasters, such as storms, hurricanes and earthquakes, could disrupt operations, damage infrastructure or adversely affect the Company's production plants. In addition, Orbia is vulnerable to acts of vandalism or revolts that could affect the infrastructure and/or its distribution network. Any of these events could increase its expenses or investments and/or result in a force majeure event under some of its contracts and consequently affect its operating results and financial position.

Orbia's operations are subject to hazards such as fires, explosions and other accidents related to the manufacture, storage and transportation of chemicals. These hazards can range from personal injury to loss of life, property damage and/or destruction of equipment and assets, as well as environmental damage. A material incident at one of its plants or storage facilities could result in the temporary suspension of operations and could result in significant compensatory costs and loss of net sales revenue.

***Labor disputes could affect Orbia's operating results***

At the end of fiscal year 2022, approximately 54% of the Company's employees were subject to collective bargaining agreements with labor unions. Over the past three years, it has had no major labor disputes at its plants and has been able to maintain a positive relationship with the unions. However, it cannot guarantee that there will be no temporary suspension, nor that a strike will not take place, before, during the term of, or upon expiration of collective bargaining agreements as a result of political or economic conditions, or for any other reason. In addition, it is unable to estimate the adverse effects, if any, that such temporary suspensions or strikes would have on the Issuer's sales, operating results or financial position. Any temporary suspension, strike or other labor event could have a material adverse effect on its activities, operating results or financial position.

***Orbia is a holding company and does not have significant assets other than the shares in its subsidiaries; as a result, it may not be able to meet its obligations***

Orbia is a holding company with no independent operations or substantial assets other than the net worth of its operating companies. It is therefore dependent on the operating results of its subsidiaries. The ability of Orbia to meet its debt and other obligations depends on the generation of cash flow from its subsidiaries and their ability to make such cash available in the form of interest payments, debt payments, dividends or otherwise. Each of its subsidiaries is a separate legal entity and, under certain circumstances, legal and contractual restrictions may limit its ability to obtain cash from its subsidiaries. In addition, under Mexican law, Mexican subsidiaries may only pay dividends from retained earnings after a legal reserve has been created and all losses from prior tax years have been absorbed. In addition, the distribution of dividends may be taxable unless they are made from a profit and loss account that has already been subject to tax. If it does not receive distributions from its subsidiaries, the Company may be unable to make the required principal and interest payments on its debt or to pay other obligations. Any adverse change in the financial position or operating results of its subsidiaries could affect its financial position.

***Inability to raise enough capital to finance acquisitions or expansions could delay or impede the implementation of the Company's business strategy***

The Issuer expects that the expansion and continued development of its operations may require significant amounts of capital to finance investments and operating expenses, including working capital requirements, which may not be obtained in full or at least not on acceptable terms.

In addition, its operations may not generate enough cash flow to meet its cash needs, or capital requirements may vary significantly from those planned. In such cases, additional funding may be required ahead of schedule, or some of the new development and expansion plans may be delayed, or the Company may miss market opportunities. Future lending



instruments, such as credit lines, may contain restrictive clauses and may require the Company to pledge assets to secure payments on such credit lines. The inability to obtain additional capital and/or to obtain it on satisfactory terms may delay or prevent Orbia's expansion and adversely affect its operating results, cash flow and financial position.

***Orbia uses financial derivative instruments to hedge the risk associated with fluctuations in interest rates and/or foreign exchange rates***

Orbia is exposed to interest rate risk, because a portion of its debt is at a variable interest rate, as well as foreign exchange risk, because it has debt and investments in currencies other than the U.S. dollar. The Company's vulnerability to interest rates is primarily concentrated in the Interbank Equilibrium Interest Rate (TIIE), LIBOR, and Secured Overnight Financing Rate (SOFR) which are reference rates used for financial liabilities, whereas the Company's exchange rate exposure is primarily due to debt and investments denominated in currencies other than the U.S. dollar. A stress test is used to determine the Company's exposure to fluctuations in interest rates based on total financial debt linked to floating rates that are not hedged, and exchange rates based on the amounts of principal debt and investments in assets denominated in currencies other than the U.S. Dollar. Hedging transactions are regularly evaluated to ensure that they are aligned with interest rates and related risks thereby guaranteeing the most effective hedging strategy is in place, however the Company cannot guarantee hedge effectiveness.

***The Company may not be able to protect its intellectual property rights and may unknowingly infringe on the rights of the others***

The Company may not be able to prevent third parties from using its patents and trademarks without its authorization or from otherwise infringing on its intellectual property rights. The intellectual property laws of the various jurisdictions in which Orbia operates and the enforcement of such laws by the authorities in such jurisdictions may not be efficient, which may affect the Company's ability to protect its rights over its intellectual property. The Company cannot guarantee that it will be successful if it tries to enforce its intellectual property rights. Because the Company believes that its patents and trademarks are one of its competitive advantages, if management is unable to enforce these intellectual property rights, the business could be adversely and substantially affected. In addition, any legal proceedings to enforce Orbia's intellectual property rights could be expensive and accordingly could adversely affect the Company's operating results.

Although the Company takes measures to ensure that it does not infringe upon third party intellectual property rights, management cannot guarantee that Orbia's processes and products do not infringe, or have not infringed at any time, on the intellectual property rights of third parties. Additionally, the Company cannot guarantee that third parties will not take any legal action for possible infringement on their intellectual property rights which may be successful.

***The Company is subject to legal and administrative proceedings in certain countries in which its operates, the results of which could adversely affect its business***

Orbia is the plaintiff or defendant in multiple judicial or administrative proceedings regarding its routine operations in various foreign jurisdictions. The Company is fully committed to complying with applicable laws and regulations in the jurisdictions in which it operates.

However, in the event that such proceedings are initiated and/or the outcome thereof is not in the Company's interests, and the Company is unable to protect its interests, Orbia's operations, operating results or financial position may be adversely affected.

***The costs of breach of environmental, health and safety laws, as well as any contingencies arising in relation to such laws, may increase, adversely affecting Orbia's operations, operating results, cash flows or financial position.***

Orbia produces, distributes and transports hazardous materials as part of its operations, which involves risks of leaks and spills that could potentially affect both people and the environment. The Company also produces, distributes and sells products that are dangerous or have certain levels of global warming potential that may be restricted in the future. As a result, the Company is subject to various laws and regulations relating to environmental protection, health and safety, among other factors, that govern the generation, storage, handling, use, repair, disposal, transport, emission and discharge of hazardous materials on land, in the air or in water, as well as the health and safety of its employees. In addition, chemical producers are sometimes subject to unfavorable trade perceptions as a result of the environmental impact of their businesses, which could have an adverse effect on the Company's operating results, cash flow and financial position.

Given the nature of Orbia's products, the Company is required to obtain permits from government authorities for certain operations. The Company cannot guarantee that it has, or will always fully comply with such laws, regulations and permits. If the Company violates or breach these laws, regulations or permits, regulators may fine or otherwise sanction the company. The Company could also be responsible for any consequences arising from human exposure to hazardous substances or other environmental damage.

Environmental protection laws are complex, change frequently, and tend to become stricter over time. Although the Company has budgeted for the capital requirements and operating expenses necessary to continue to comply with environmental, health and safety laws, management cannot guarantee that the latter will not change or become stricter in the future, or that regulations applied in certain countries or regions will also be applied and/or adjusted in other countries or regions due to the adoption of international treaties. Subsequent changes in or additions to existing laws or regulations, or the enforcement or application of such laws or regulations, could cause the Company to incur significant unforeseen capital expenditures, which could affect future profitability or financial position. Therefore, the Company cannot guarantee that the expense of complying with, or the expenses arising from, stricter or different interpretations of applicable and future safety, health and environmental laws, as well as the Company's responsibilities arising from past or future releases of, or exposure to, hazardous substances, will not adversely affect Orbia's business, operating results, cash flow or financial position.

***The use of social networks could adversely affect and impact the Company's reputation***

The use of social networking platforms and similar media, including blogs, social networking sites and other forms of communication via the internet, which allow individual access to a wide audience and interested persons and their influence as agents of perception and opinion, has grown at a phenomenal rate worldwide. Inappropriate and/or unauthorized use of certain social media platforms may result in trademark damage or leakage of information that could have legal implications, including the improper dissemination and/or disclosure of personal data. In addition, negative or inaccurate comments or information involving the Company sent through social networks could damage Orbia's reputation, brand image and goodwill.

Consumers value readily available information about retailers, manufacturers and their assets and services, and often act on that information without further research, verification or considering its veracity. Easy access to information on social networking platforms and mobile devices is virtually immediate, as is its impact. Social networking platforms and mobile devices immediately publish the content that their subscribers and participants input, often without filtering or reviewing the accuracy of content. The opportunities to spread information, including false or inaccurate information, are virtually unlimited. Information that concerns Orbia, or that could seriously affect Orbia, may be transmitted through such platforms and devices at any time. This information could be inaccurate and harmful to the Company and could damage the business. This damage could be immediate and the Company may not have the opportunity to alter it or even correct it. These platforms may also be used to disclose trade secrets or put other valuable assets at risk, and in both cases, damage or affect the Company's business, operating results and financial position.

***Orbia's operations could be affected by a failure, interruption or collapse of its IT (Information technology) system***

The efficient execution of Orbia's operations is based on the implementation of IT-related processes and systems, which are used to effectively manage data, communications, network connectivity and other operational and business processes. Although the Company constantly improves its IT systems and protect its data with advanced security measures, system errors, interruptions or security breaches, such as computer viruses or theft of information or data, may occur. These failures, interruptions or collapses could have a material adverse effect on the Company's operating results or financial position.

***Security failures in Orbia's information system and technological systems and processes could materially affect its subsidiaries, affiliates, suppliers and customers, as well as restrict or adversely affect access to the Company's networks and operating systems, or expose the Company to significant legal, financial, operational and reputational consequences***

The execution of Orbia's business requires the use and storage of personally identifiable information (PII) from customers, employees and business partners. This information may include, but is not limited to, data, names, addresses, telephone numbers, e-mail addresses, contact preferences, tax identification numbers, and account payment information. Because of Orbia's profile, the amount of PII Orbia handles in its operations, and the amount of strategic industrial and technological information stored in the Company's different internal systems, the Company is vulnerable to cyber-attacks and database infiltration.

Orbia invests a significant amount of resources on network security, data encryption and other security measures to protect its systems and data, but these security measures cannot provide absolute protection. For example, e-mails with executable attachments containing malicious software that, due to their complexity, are difficult to block and modify the delivery pattern, could lead to database infiltration. If the Company's internal systems are infiltrated, and it is unable to protect sensitive or strategic data, such infiltration could cause a material adverse change in the Company's business, relationships with business partners and customers, and its operating results and financial position, and could expose the Company to the risk of claims of violation of current General Data Protection Regulations (GDPR).

***Cyber-attacks or other disruptions to Orbia's network or information systems could have an adverse effect on the business***

Cyber-attacks and disruptions to networks and systems, including the introduction of computer viruses, malicious code, denial of service, faulty software and other disruptions or unauthorized access to company systems, have increased in frequency, range and impact in recent years. The preventive actions Orbia takes to reduce the risk of cyber incidents and to protect its network and information may not be enough to stop a massive cyber-attack in the future. The costs associated with a potential massive cyber- attack on Orbia's systems include increased expenses associated with strengthening cyber security measures and potential losses associated with disruption to the Company's services, lawsuits against the Company, and reputational damage.

Cyber-attacks or other disruptions to the Company's security network or information systems could cause equipment failure or disrupt operations. Such failures, even when they occur over a short period of time, could cause significant losses or declines in the market price of Orbia's shares. In addition, potential losses from cyber-attack events and disruptions to Orbia's network could exceed the Company's insurance coverage. Furthermore, cyber-attacks may lead to the distribution, without the Company's consent, of valuable and confidential business financial information and data, including customer data, which in turn could adversely affect operating results, reputation or financial position.

***Orbia's contracting model for high-density polyethylene (HDPE) products involves certain risks related to customer retention, which could have a material adverse effect on the Company's financial and business situation***

Orbia sells a substantial amount of high-density polyethylene (HDPE) products under short-term contractual orders. In addition, the Company has long-term contracts, particularly with agreements for voice and data telecommunications products in the U.S., Europe and India, among others. Most of the Company's agreements contain terms and conditions relating to pricing, including any type of resin transfer provision, and in general Orbia's customers are not required to purchase a minimum volume, and contracts can generally be terminated without cause and at short notice. As a result, customers have the ability to discontinue or substantially reduce the purchase of Orbia's products at any time. The loss of customers representing a significant volume of sales, as well as a significant decrease in customer orders for any reason, including changes in customer manufacturing practices, transfer of part of the business to competitors, an economic recession, or the inability to adapt services to the needs of Orbia's customers, can have a material adverse effect on the Company's financial position.

***The operations of the Precision Agriculture, Connectivity Solutions and Building and Infrastructure business groups depend on the agriculture, telecommunications and construction industries, respectively***

Orbia's Building and Infrastructure, Connectivity Solutions and Precision Agriculture business groups largely depend on the viability of the construction, infrastructure, telecommunications and agricultural industries, respectively. A slowdown in the growth of these industries in the countries in which Orbia operates, or a negative change in the economic and demographic factors that influence these industries, could have a material adverse effect on the Company's results of operations, cash flows and financial position.

***Changes in investment levels in the voice and data telecommunications industry could affect the production and sales of products in Connectivity Solutions***

The different investments required by telecommunications industry participants to implement fiber optic and broadband communication systems greatly influence this industry, including the markets in which Orbia's Connectivity Solutions Business competes. Investment in this industry depends on a variety of factors, including:

- Local and federal regulation on foreign investment in telecommunications;
- Consumer demand for fiber optics, broadband and wireless networks for products and services;
- Regulatory decisions that limit the installation of new networks and improvements to the existing network;
- The rights of way, and permits from local and state governments, in the countries where the business operates, required to access the construction of new networks;
- The evolution and acceptance of new standards in the industry;
- Pressures related to competition in the sector, including prices;
- The annual budget cycles;
- Investments in private company projects and their investment cycles;
- The impact on industry consolidation;
- Access to financing and the general economic conditions of the market;
- Price levels;
- Existence, creation or improvement of alternative products, new technologies, etc., and;
- Political stability.

The lack of investment in voice and data telecommunications, due to any of these or other factors, could have a material adverse effect on the Connectivity Solutions business group's sales, results of operations and financial condition.

***Precision Agriculture's sales are highly dependent on the dynamism of the agricultural industry, including government support to this sector.***

Revenues in Orbia's Precision Agriculture business are cyclical and depend largely on the need for agricultural production of irrigated crops which, in turn, depends on many factors, including total global crop production, profitability of agricultural production, including return on investment for the end users of products, agricultural product prices, farm incomes, availability of financing for farmers, government subsidies for farmers, government policies and support for agricultural infrastructure, water supply and transport, regular rainfall and regional climate change. Government support for farms including financial aid and policies regarding the ability to use water for agricultural irrigation can affect the demand for Orbia's irrigation products and irrigation system solutions.

As farm incomes decline, producers may postpone investments, including the purchase of Orbia's products, or to turn to less expensive irrigation alternatives.

In addition, uncertainty or changes in government subsidies, policies and government support for agriculture may adversely affect Precision Agriculture's business, financial position or operating results.

***The activities of key joint venture partners could have a material adverse effect on the Company's business.***

In the course of its business, Orbia enters into strategic partnerships with third parties.

Specifically, Orbia has a 50:50 strategic alliance joint venture with OxyChem for production of ethylene in a company called Ingleside Ethylene, LLC located in Ingleside, Texas, US.

Additionally, Orbia owns 80% of the capital stock of its Precision Agriculture business, Netafim, with the remaining 20% owned by Kibbutz Hatzetim.

Orbia cannot make any guarantees as to how OxyChem, Kibbutz Hatzetim, or any of its other strategic partners, may act in the future which and accordingly, the action of such partners may adversely affect Orbia's business and operating results.

Orbia owns 67% of Vectus Industries Limited ("Vectus") as part of the Building and Infrastructure segment.

***Orbia's agreements executed with OxyChem, ethane, ethylene and Vinyl Chloride Monomer (VCM) suppliers may be insufficient to meet all of the Company operational and commercial needs, which may affect production costs due to increases in the price of its raw materials or lack of production capacity***

The supply contracts entered into with OxyChem, ethane and/or ethylene suppliers or other VCM suppliers may not be sufficient to meet all of the Company's operational and commercial needs, which could have an effect on production costs due to an increase in the price of raw materials or the services required, or due to a lack of production capacity at Orbia's plants that prevents the Company from absorbing costs efficiently, as well as the loss of opportunities to sell products due to lack of access to the raw material used to manufacture them. Ethane is a raw material used to produce ethylene, which in turn is used in the production of VCM, the raw material necessary for the manufacture of PVC. Variations in PVC, caustic soda and/or ethane prices in the future could affect the Company's operating results and hinder or delay the recovery of the Company's investment in Ingleside.

***The Company's mining concessions may be subject to being declared invalid, cancellation, suspension, expropriation or revocation, pursuant to applicable legal provisions and/or the Company may not be able to renew its existing concessions, which could have a material adverse effect on its operations and financial position***

The Company owns the rights to several renewable mining concessions, mostly located in Mexico. In Fluorinated Solutions, there are several mining concessions that expire gradually from 2029 to 2061, which are renewable pursuant to the provisions of the Mining Act in Mexico. Fluorinated Solutions will take the necessary steps, pursuant to the deadlines established by law, to ensure the renewal of the concessions that are due to expire soon. However, the Company cannot guarantee that such renewals will be granted. Furthermore, and pursuant to Mexican legislation, Fluorinated Solutions is obligated to verify the investments in exploration and exploitation of these concessions, which to date have been carried out in a timely manner. PMV has a mining concession for the salt dome in Veracruz that expires in 2043.

Under Mexican law, mineral resources belong to the Mexican nation, and the Federal Government may grant concessions to individuals to explore and exploit mineral reserves. The Company's mining rights derive from concessions granted by the Ministry of Economy. The Company's mining operations are mostly located in Mexico and are subject to the regulations and supervision of the respective governmental agencies. Mexican law stipulates that the Federal Government is entitled to declare the rights to the concessions awarded null, cancelled, suspended or void, and such concessions may be subject to additional conditions, or they may not be renewed upon expiration in the event that certain legal grounds are triggered.

Accordingly, the concessions the Company has in Mexico may be revoked without the right to compensation if the Company is unable to comply with the terms and conditions set forth in the concessions. In addition, the lots of land comprising the mining concessions in Mexico, as well as the related assets of its concessions, could be expropriated in the public interest, with a right to compensation, which could be limited to or less than the market value of the assets. In the event of a dispute regarding the amount of compensation, the Company may request that the judicial authority determine such amount. The compensation shall be covered by the State in Mexican pesos, even if payment in kind is agreed. Pursuant to the Expropriation Act, the government will pay compensation within a period of 45 business days from the declaration of expropriation, in pesos or through the payment of another asset. The Mining Act and its regulations do not set forth that, if a competent court decides to cancel a concession, the State must pay compensation to the concession holder. If the rights to Orbia's concessions are cancelled, terminated, suspended or revoked and the Company is unable to ensure fair compensation, the Company's operating results and financial position could be adversely affected.

Similarly, Mexican law sets forth that mining concessions will last fifty years, from the date of their registration in the Public Mining Registry and may be extended for the same amount of time subject to certain conditions. Although the Company plans to apply for such renewals and will comply with all the conditions necessary to obtain them, the Company cannot guarantee that the concessions will be renewed because the renewal of concessions is subject to the government's discretion. The Company's inability to renew any of its concessions could have a material adverse effect on its operations, operating results, financial position and outlook.

Under the terms and conditions of the concessions, the Company is required to comply with certain obligations under the Mining Act. Non-compliance may result in administrative sanctions imposed by the Ministry of the Economy or cancellation of the concessions. This could result in a material adverse effect on Orbia's operations, operating results, financial position and outlook.

To summarize, in the event of a possible expropriation of mining lots or assets used for the exploitation of mining concessions, or if the rights contained in concessions are declared null, cancelled, suspended or revoked, or if Orbia is unable to renew the concessions, or it would not be possible to receive adequate or timely compensation, the Company's operating results and financial position may be adversely affected.

***The volume of fluorite reserves and production rate may be different than expected***

The amount of fluorite reserves in Orbia's mines are determined under standards and practices established for the mining industry, using geological and engineering data to measure the estimated amounts of fluorite deposits that can be economically recovered and processed by mining.

Management cannot guarantee that estimates of the Company's fluorite reserve quantities will not differ substantially from the quantities of minerals that will be definitively recovered. In addition, fluctuations in market prices and changes in operating and capital costs may cause some of the fluorite reserves to be economically unviable for exploitation. Should this occur, the Company may be unable to obtain enough raw materials to meet its production targets and other commitments, which would have a material adverse effect on the Company's business and operating results.

***Epidemics in the countries where the Company carry out its production and commercial operations or pandemics that affect all countries could interrupt operations by suspending activities, breaking supply chains or blocking product distribution chains***

Orbia's global operations expose the Company to risks associated with public health crises and outbreaks of epidemics, pandemics, or contagious diseases, such as the recent outbreak of a novel strain of coronavirus ("COVID-19"). The COVID-19 pandemic and the associated containment efforts have had a serious adverse impact on the global economy, including significant disruptions to supply chains and product distribution.

Future global health crises could materially affect the Company's ability to adequately staff and maintain its operations, including in the event government authorities impose mandatory closures, work-from-home orders and social distancing protocols, and seek voluntary facility closures and impose other restrictions to mitigate the further spread of disease. A global health crisis could also disrupt the Company's supply chain and materially and adversely impact the Company's ability to secure supplies for its facilities and to provide personal protective equipment for employees, which could materially and adversely affect its operations.

***Changes in governmental policies in Mexico and other major countries in which the Issuer operates could adversely affect the Company's operations, operating results, financial position and outlook***

The Mexican Federal Government, as well as the governments of other major countries where the Issuer operates, including the USA, Brazil, Germany, the United Kingdom and India, among other countries, have exerted and continue to exert significant influence over the economies of their respective countries, or the political community in which they operate.

Accordingly, the actions and policies of the governments of the countries in which the Company operates could have a material impact on the Company, and more generally on the market conditions, prices and returns of the Company's securities currently traded on the local and international markets.

There can be no guarantee that changes in the policies of the governments of the countries in which the Company operates will not adversely affect the Company's operations, operating results, financial position and outlook.

***The Company is subject to exchange controls in some of the countries in which it operates***

The Company is currently subject to exchange controls in some of the countries in which it operates, such as Venezuela, Brazil, Argentina, India, South Africa and China, among others. These controls restrict access to foreign currencies and limit the possibility of transferring funds outside such countries, including funds for interest or principal payments on outstanding debt. In addition, these controls affect Orbia's capacity to receive dividends and other distributions from subsidiaries in these countries.

If the Company is prohibited from transferring funds outside of the aforementioned countries or is subject to similar restrictions in other countries in which it operates, Orbia's operating results and financial position could be adversely affected.

***Events in Mexico or other countries could adversely affect the Mexican and other Latin American economies, the market value of the securities in which Orbia trades, and its operating results***

The market value of securities of Mexican companies is affected by economic and market conditions in both developed and emerging countries. Although in such countries they may differ significantly from those presented in Mexico, adverse economic conditions could expand regionally or investors' reactions to events in any of these countries could have an adverse effect on the market value of securities of Mexican issuers. In recent years, for example, the prices of Mexican debt and equity securities have on occasion undergone substantial declines as a result of events in Mexico or in other countries and markets.

Furthermore, in recent years, there has been a greater correlation between economic conditions in Mexico and the economic conditions in the U.S. and the European Union as a result of free trade agreements which resulted in increased economic activity between these parties. Accordingly, the Mexican economy continues to be strongly influenced by the US and European economies and, therefore, the termination of free trade agreements, or a deterioration in economic conditions in, or delays in the recovery of, the economy in the US or Europe, could affect the economy in Mexico and Latin America. These events could have a material and adverse effect on the Company's results of operations and income, which could affect its liquidity, financial situation and/or the market price of the securities issued by the Company.

***Foreign exchange fluctuations of the currencies of the countries in which the Company operates, compared to the U.S. Dollar could adversely affect the Company.***

Because Orbia's consolidated financial statements are presented in U.S. dollars, the Company must translate revenues and expenses, as well as assets and liabilities, into U.S. dollars at exchange rates in effect during or at the end of each reporting period. Therefore, increases or decreases in the value of the U.S. dollar against other currencies in countries where Orbia operates will affect the Company's results of operations and the value of balance sheet items denominated in foreign currencies. Due to the geographic diversity of the Company's operations, weaknesses in some currencies might be offset by strengths in others over time. Furthermore, the Company has exposure to foreign currency movements because certain foreign currency transactions need to be converted to a different currency for settlement. These conversions can have a direct impact on the Company's cash flows.

In addition, the Company is exposed to adverse changes in interest rates.

The Company manages both these risks through normal operating and financing activities and, when deemed appropriate, through the use of derivative instruments. The Company cannot be certain, however, that it will be successful in reducing the risks inherent in exposures to foreign currency and interest rate fluctuations.

***Antitrust laws in Mexico and other countries in which Orbia operates may limit the Company's ability to expand its operations***

In Mexico and in the countries where Orbia operates, antitrust laws and related regulations could adversely affect the Company's ability to acquire or sell companies, and execute joint ventures. The approval of the Federal Economic Competition Commission in Mexico, and of the authorities of each country on this matter, is required for acquisitions, sales or significant joint ventures to be carried out. Failure to obtain antitrust authority approvals could result in fines, mandatory divestiture of assets, termination of key acquisition contracts, or the inability to continue business acquisitions or conclude those already agreed upon. The Company continues to expand its operations and may face stricter audits by the competent competition authorities in the various countries in which it operates or in the countries which it intends to enter.

Orbia currently has a relevant position in most of the markets in which it operates in both Latin America and Europe, according to data published by IHS Markit WVA, IHS Markit Chlor-alkali Market Report, Eurostat Economist Intelligence Unit, and market studies conducted by Orbia. Therefore, as the Company's operations and market position increase, the risks of limitations from antitrust regulations related to future acquisitions increases, which could have a material adverse effect on the Company's financial and operating results and ability to grow.

***The Mexican Congress and the legislative authorities of the countries in which Orbia has a presence may approve legislation that results in increases in tax obligations***

In recent years, the Mexican government and some of the governments of the countries in which the Company operates have implemented various reforms to the tax laws applicable to companies, including Orbia. Should the Mexican government or any of the governments of the countries in which Orbia operates carry out tax law reforms that result in significant increases in tax obligations, Orbia may be required to pay higher amounts pursuant to such changes, which could have a significant negative impact on its operating results.

In addition, taxation in several of the jurisdictions in which the Company operates or does business is often complex and subject to interpretation. The tax position of the authorities could differ from the Company's current or historical tax position, which could result in the payment of higher taxes on items for which the Company was not previously taxed, in addition to the conduct of audits of previous years and tax payments, as well as the imposition of additional taxes.

***IFRS differ in several respects from U.S. financial reporting standards or many of the Financial Reporting Standards that apply in the countries in which Orbia operates or in which its securities are traded***

In Mexico, the USA and other countries, securities laws and regulations have been enacted to promote full and accurate disclosure of corporate information to investors. However, the Company is not required to comply with most of the securities laws in force in the U.S or other countries and, therefore, the information reported may differ from and be presented in a manner that differs from the information available to companies operating or trading in the U.S. or other countries that are required to report their information according to securities listing standards pursuant to such regulations. The Company's financial statements are prepared in accordance with IFRS, which differ from United States Generally Accepted Accounting Principles in various respects.

**(b) Risk Factors related to Securities Issued by the Company.**

***The market price of outstanding shares can fluctuate significantly***

Volatility in the market price of ORBIA\* shares could prevent investors from being able to sell their shares at the same price or at a higher price than they paid for them. The market price and market liquidity of ORBIA\* shares could be significantly affected by several factors, some of which are beyond the Company's control and are not directly related to the Company's performance. These factors include, but are not limited to:

- Changes in the market valuation of companies offering similar products;
- Economic, regulatory, political and market conditions in Mexico, the U.S., Europe and other countries;
- Industry conditions or trends;
- Emergence of technological innovations that could make products and services less attractive or obsolete;
- The introduction of new products and services by the Company or its competitors;
- Historical and projected quarterly and annual operating results;
- Differences between actual or expected results and analysts' and investors' expectations;
- Announcements by the Company or third parties and events affecting operations;
- Announcements, results or actions taken by competitors;
- Perceptions of the Company investors or of the services it provides;
- Changes in financial or economic estimates by securities analysts;
- Environmental events, consumer perceptions of environmental issues and compliance with environmental laws;
- The announcement of significant operations or capital commitments made by the Company;

- Changes in laws or regulations;
- Currency devaluations and imposition of capital controls;
- Incorporation or departure of key management personnel; or
- Future sales of shares.

In addition, the securities markets and, in particular, the securities markets of companies in Mexico and Latin America have experienced extreme fluctuations in prices and volumes that have often been unrelated to, or disproportionate to, the operating performance of these companies. Broad market and industry factors could materially and adversely affect the price of Shares, regardless of actual operating performance.

***Under Mexican law, shareholders' rights may be more limited, different or vague than in other jurisdictions***

The corporate affairs of the Company are governed by the provisions of its articles of association and Mexican law, which may differ from the legal principles that would apply if it were incorporated in any jurisdiction in the U.S., such as the states of Delaware or New York, or in any jurisdiction other than Mexico. For example, under Mexican law, the protection afforded to minority shareholders and the fiduciary duties of directors and officers are, in some respects, lesser than or different to those in the USA or other jurisdictions. In particular, the legal regime of the fiduciary duties of directors in Mexico is not as comprehensive or developed as it is in the U.S.. In addition, the criteria for determining the independence of directors differ from the criteria applicable under the other laws.

The rights of holders of the outstanding shares who protect their interests in connection with any act by the Board of Directors, the Company or any of its members or its principal officers due to breach of their duty of loyalty may be limited or vaguer than the rights granted in other jurisdictions. In particular, any action against the Company's officers and directors can only be initiated by holders of at least 5% of the outstanding shares, as opposed to a single shareholder or group of shareholders and are derivative actions on behalf of the Company rather than the affected shareholders. In addition, rules and guidelines on related party transactions and conflicts of interest may not be as well defined in Mexico as they are in the U.S., leaving the shareholders at a possible disadvantage. Furthermore, the duties of loyalty and diligence of directors and officers are defined only in the LMV and have not been interpreted or defined by the competent courts to date; consequently, the judicial interpretation of the meaning and scope of such duties is uncertain. Recently several reforms were published in Mexico that allow for the institution of class actions, however, the procedures for instituting such actions have not been defined. To date, there has not been a sufficient number of claims relating to breach of fiduciary duties, whether through class actions or derivative actions, to give rise to legal claims based on breaches of fiduciary duties or to assist in predicting the outcome of a potential claim. As a result of the foregoing, minority shareholders of the Company have greater difficulty in practice in deciding whether to exercise their rights against the Company or its directors, officers or controlling shareholders than they would have as shareholders of a company incorporated in the United States.

***There can be no guarantee that Orbia will be able to pay or maintain cash dividends, and its dividend policies are subject to change. Payment and the amount of dividends are subject to shareholder approval***

The dividend policy is recommended by the Board of Directors and approved by the Company's Shareholders' Meeting. While Orbia's principal shareholders continue to own a majority of the shares representing the Company's capital stock, such shareholders may determine whether dividends will be paid and the amount of such dividends. As a result of the foregoing, there may be years in which the Company does not distribute dividends and others in which a substantial portion of Orbia's earnings is distributed. If the latter occurs, the Company's growth potential could be limited.

Orbia's dividend payment policy also depends on the generation of profits, cash flow generation, and projected investments in its different business groups. As a result, there are several factors that may affect the availability and intervals of cash dividend payments to Orbia's shareholders.

***If additional shares are issued in the future, shares may be diluted, and the trading price for ORBIA\* shares may decrease***

As part of Orbia's business strategy, future acquisitions or corporate requirements and other expenses may be financed by issuing additional capital stock. Any issuance of Orbia's capital stock would result in the dilution of the Company's investors' equity. In addition, future issues of shares or sales by controlling shareholders, or the announcement of such an issue or sale, could result in a decrease in the market price of the Shares. Accordingly, the market price and market liquidity of ORBIA\* shares could be affected by the issuance of additional shares for any of these purposes.

***The principal and related shareholders, who control Orbia, may have interests that differ from the rest of the shareholders and the holders of the Notes***

At the time of the issuance of this Annual Report, the Company's principal shareholder is Kaluz, which is controlled by the del Valle Perochena family which owns approximately 44.83% of the voting capital stock. Therefore, the del Valle Perochena family should be considered to be a significantly influential shareholder pursuant to the LMV. The del Valle Perochena brothers individually own 0.47%, while other shareholders related to the del Valle family have 9.27% of the



voting capital stock. Consequently, along with Kaluz, they should be considered a group which will have significant influence over the Issuer, pursuant to the LMV.

***Possible breach of the requirements to maintain a list of securities in the Mexican Stock Exchange or to register them in the National Securities Registry could affect the price of securities.***

Orbia, as a result of the registration of its Shares in the RNV and their listing in the BMV, is subject to compliance with various disclosure requirements, among others, in order to maintain such registration and listing. In the event that Orbia is unable to comply with such requirements, the listing of Shares on the BMV could be suspended or even cancelled. In such an event, the market price of the Shares and Notes would be adversely affected.

***The Company holds significant levels of debt***

The Company's level of debt can have significant consequences for the investor. Among other things, it can:

- Limit the Company's ability to generate sufficient cash flows, or obtain additional financing, for working capital, capital expenditures, acquisitions or other future general corporate purposes;
- Limit the collaterals and guarantees that the Company can offer to obtain additional financing.
- Restrict the Company's ability to pay dividends;
- Require a substantial portion of cash flow from operations to make debt service payments;
- Limit flexibility to plan for or react to changes in operations and industry conditions;
- Limit the Company's ability to carry out additional acquisitions;
- Place the Company at a competitive disadvantage compared to its less leveraged competitors; and
- Increase the Company's vulnerability to the effects of the adverse economic conditions inherent to the industry.

***The contracts and securities governing the debt, including the Notes and the Sustainable Bonds, contain cross default provisions that may cause all debt issued under such instruments to become due and payable immediately as a result of a default event set forth in another unrelated debt instrument***

The instruments governing the Notes and the Sustainable Bonds contain certain obligations and the contracts or securities governing other loans also contain obligations and, in some cases, require Orbia and its subsidiaries to comply with and demonstrate compliance with certain financial and non-financial covenants. Any breach of these obligations could result in an event of default on the corresponding contract or security, which in turn could result in the related debt or other credits established under different instruments becoming immediately due and payable. In such an event, Orbia would need to obtain financial resources from alternative sources, which it may do under favorable or unfavorable conditions, at the necessary time, or it may not obtain any resources at all. Alternatively, any default event could require Orbia to sell assets or reduce its operations to satisfy its obligations to its creditors. In the event of a default, it could affect the Company's ability to grow, its financial position or operating results.

***The debt payment guarantees by Orbia's subsidiaries may not be immediately enforceable***

Each series of Notes and Sustainable Bonds, as well as other financing, are fully and unconditionally guaranteed jointly and severally by certain subsidiaries of Orbia. These guarantees provide creditors with the basis for filing a direct payment claim against such subsidiaries, however, such guarantees may not be immediately enforceable under applicable law.

If an attempt was made to legally enforce the guarantees, enforcement could be subject to a court ruling, and because the guarantee had been granted for the direct benefit of the Company, and only indirectly for the benefit of the guarantor, the obligations of the guarantor in turn could be incurred for less than their fair value or fair compensation. A court could therefore invalidate the obligations under the guarantees and related agreements and subordinate them to the other debts of the guarantor in turn or take other actions harmful to the holders of the Notes and the Sustainable Bonds.

Although courts in different jurisdictions measure insolvency differently, in general, a company would be considered insolvent if the sum of its debts, including contingent and unpaid debts, exceeds the fair value of its assets, or if the current value of its assets is less than the amount that would be required to pay the liabilities of its debts, including contingent and unpaid debts, as they become payable.

If the guarantees cannot be exercised, the Notes and the Sustainable Bonds would be subordinated to all the liabilities, including the accounts payable, of the guarantor subsidiaries. A court may also issue a judgment against the holders of the Notes ordering them to reimburse any amounts paid to them under such guarantees or to exercise the proceeds of the guarantees. If any guarantee or lien were invalidated, the holders of the Notes or the Sustainable Bonds would no longer have a direct claim against the guarantor subsidiary, but would retain their rights against the Company and any other guarantor subsidiary, even though there was no guarantee that the assets of the respective subsidiaries would be sufficient to pay the Notes or the Sustainable Bonds in full.

***The provisions of Mexican law may make it difficult for holders of Notes and Sustainable Bonds to convert the amounts paid by the Company to the holders in Mexican pesos into U.S. dollars or to achieve recognition of the full value of such payments***

Orbia is required to make payments in respect to Notes, Sustainable Bonds and other loans in U.S. dollars. However, under the Mexican Monetary Law (Ley Monetaria de los Estados Unidos Mexicanos), obligations to make payments in Mexico in foreign currencies, whether by agreement or upon enforcement of a judgment, may be discharged in Mexican pesos at the exchange rate for Mexican pesos prevailing at the time and place of payment or judgement. Pursuant to the foregoing, Orbia will be legally entitled to make payment of amounts due on the Notes, Sustainable Bonds and other loans taken out in currencies other than Mexican pesos, as set forth by the Mexican Monetary Law, and Orbia can make no assurance that the amounts paid will be converted by the beneficiary into U.S. dollars or that, if converted, such amounts paid would be sufficient to acquire U.S. dollars equal to the amount of the principal, interest, or additional payments due from such Notes, Sustainable Bonds, or loans.

***Holders of the Notes and Sustainable Bonds may be limited in their ability to institute proceedings or lawsuits against the Company in Mexican courts***

Orbia and some of its guarantor subsidiaries are companies incorporated under the laws of Mexico. Almost all of its directors and key executives, as well as the directors and key executives of many of its guarantor subsidiaries are Mexican citizens and residents. A significant percentage of the Company's assets and those of some of its guarantor subsidiaries are in Mexico, and a very significant percentage of the Company's sales and those of some of the guarantor subsidiaries originate from sources in Mexico. Therefore, it could eventually be difficult for holders of Notes and other debt instruments taken out by Orbia in currencies other than the Mexican peso to serve process and bring legal proceedings or lawsuits against the Company or its guarantor subsidiaries outside of Mexico or against its directors or key executives or to enforce judicial rulings issued by courts or tribunals outside of Mexico's jurisdiction, in all matters relating to civil obligations under laws of jurisdiction outside of Mexico, including proceedings instituted pursuant to the civil provisions of U.S. securities laws or other US laws.

***The payment of the Notes and the Sustainable Bonds, as well as the related guarantees, may be structurally subordinated with respect to the debt obligations of the guarantor subsidiaries as well as subsidiaries who are not guarantors of Orbia, in the same way other debt that does not have the same guarantee structure would be structurally subordinated to that which does***

The Notes constitute part of Orbia's guaranteed debt and their payment preference is equal to that of other debts, but they could be structurally subordinated with respect to the payment of other guaranteed credit obligations and also structurally subordinated to debts contracted by the guarantor and non-guarantor subsidiaries. Although the holders of the Notes and the Sustainable Bonds have a direct right to claim payment, this right is not guaranteed over the assets and properties of Orbia or of the guarantor subsidiaries; therefore, the payment of the Notes and the Sustainable Bonds is subordinated with respect to the debt of Orbia and its subsidiaries that have a specific applicable guarantee for payment up to the value of such assets. In addition, under Mexican law, the payment obligations of the Notes are subordinated to certain preferences established by law, including wage and salary claims, guaranteed obligations, social security, workers' housing funds, taxes, fees for and expenses of lawsuits. Similar legal preferences may apply in other jurisdictions where subsidiary guarantors have been incorporated. In the event of Orbia's liquidation, such legal payment preferences will prevail over any other claim, including those of any holder of the Notes and the Sustainable Bonds.

***A decrease in Orbia's credit risk rating and/or its loans could adversely affect its ability to access credit markets***

If any of the credit ratings are downgraded by the rating institutions, or if the current ratings are subject to negative reviews by the rating agencies, the Company's ability to access the credit markets could be seriously affected and the associated costs of financing could increase. Changes in credit ratings could also affect the price of the Company's securities, including the Notes and the Sustainable Bonds.

#### **d) Other Securities**

The securities that Orbia has registered in the RNV and trades in the BMV are:

- i. Ordinary, nominal, without stating a nominal value, freely subscribed shares representing the capital stock of Orbia Advance Corporation, S.A.B. de C.V., and which grant full corporate and patrimonial rights to all holders of such shares, listed under the ticker symbol ORBIA\*.
- ii. On December 8, 2022, Orbia issued Cebures ("Certificados Bursátiles") for a total amount of \$10 billion pesos in two tranches: one of \$2.34 billion pesos, with a term of three years with a floating coupon of TIIE-28 + 0.40%, and another of \$7.66 billion pesos, with a term of ten years with a fixed coupon of 10.63% under the Program for up to 10 billion pesos authorized by the CNBV on November 15, 2022.

iii. *Senior Notes*

On September 19, 2012, the Company issued "Senior Notes" for \$1,150 million made up of a \$750 million, with a term of ten years with a fixed rate coupon of 4.875% and another of \$400 million, at a thirty-year term with a fixed coupon rate of 6.75%. Interest is paid semi-annually on March 19 and September 19 from its issue date and until its maturity on September 19, 2022, and September 19, 2042, respectively. For this issue of both the \$400 million Senior Note due in 2042 and the \$750 million Senior Note due in 2022, Fitch Ratings gave the rating 'BBB-', Standard & Poor's 'BBB-' and Moody's 'Ba1' with a stable outlook. The \$750 million Senior Note was fully repaid in 2021.

On September 17, 2014, the Company issued and placed "Senior Notes" for a total amount of \$750 million for a term of thirty years, which accrue a fixed annual rate of 5.875%, payable semi-annually on March 17 and September 17 from their issue date and until their maturity on September 17, 2044. The credit risk rating granted for this issue by Standard & Poor's was 'BBB-', by Fitch Ratings 'BBB', and by Moody's 'Baa3'.

On October 4, 2017, Orbia issued "Senior Notes" for a total amount of \$1,000 million in two tranches, \$500 million for a term of ten years (with maturity on October 4, 2027) and \$500 million for a term of thirty years, with maturity on January 15, 2048, which accrue a fixed annual rate of 4.0% and 5.50%, respectively, payable semi-annually on April 4 and October 4, for the first tranche and on December 15, January and July 15 for the second tranche. The credit risk rating assigned for this issue maturing on October 4, 2027, and January 15, 2048, are Standard & Poor's 'BBB-', Fitch Ratings 'BBB', and Moody's 'Baa3'.

The "Senior Notes" have been listed on the Luxembourg Stock Exchange and for trading on the market called "Euro MTF Market". These "Senior Notes" have not been registered in the National Securities Registry, nor have they been authorized by the National Banking and Securities Commission, nor have they been registered according to the regulations of the "U.S. Securities Act of 1933" or the US Securities Act, which governs securities operations in the same country, were only offered to buyers considered qualified investors as defined by "Rule 144-A" or Rule 144-A of the US Securities Act, in that country, and outside the US, to persons not resident in said country, under "Regulation S" under the same US Securities Act.

On May 11, 2021, ORBIA announced the successful closing of its inaugural issuance of Sustainability-Linked Bonds in the amount of \$600 million in senior notes due May 2026 bearing interest at an annual rate of 1.875%, and \$500 million in senior notes due May 2031 bearing interest at an annual rate of 2.875% (the "Notes"). These issues received a credit rating of 'Baa3' by Moody's, 'BBB-' by Standard & Poor's and 'BBB' by Fitch Ratings.

Orbia reported that on August 23, 2021, it made the first issue of Euro Commercial Paper for an amount of €30 million, through the placement of the respective notes (promissory notes), at an over cost of 0.35%, with a maturity date of up to September 23, 2021. The notes were issued under the Euro Commercial Paper Program established by Orbia on June 2, 2021, for an amount of up to €750 million (seven hundred and fifty million Euros) with issues that will be valid for less than one year and will not be listed on any stock exchange (the "Program"). These issues received a credit rating of 'A-3' by Standard & Poor's and 'F3' by Fitch Ratings.

During the last three years, Orbia has timely submitted all of the legal, operational, administrative, and financial information that is required by virtue of the fact that the outstanding shares are registered in the RNV and listed on the BMV. Similarly, the Issuer is up to date on the submittal during the last three fiscal years of all the legal, operational, administrative and financial information that it is obliged to submit pursuant to the contracts for the issuance of international debt to the agent (Deutsche Bank National Trust Co and CI Banco, S.A. Institución de Banca Múltiple), as well as the revolving credit to the agent bank MUFG (Bank of Tokyo).

The Issuer provides information to the investing public on an annual basis, which includes the reports presented to the Ordinary General Shareholders' Meeting approving the results of the previous year, the resolutions of the shareholders' meetings, quarterly information, information on repurchase fund operations and notices of relevant events.

**e) Significant Changes to the Rights of the Securities Registered in the Registry**

In the last three fiscal years, the securities held by the Company registered in the Registry have not undergone significant changes to the rights they confer on their holders.

**f) Use of Funds**

During 2022, 2021, and 2020 fiscal years, the Company did not register securities in the RNV. Nor are there resources pending application as a result of securities issuances carried out in previous years. (See Section 1, "General Information", item d, "Other Securities", of this Annual Report).

During the fourth quarter of 2022, the Company successfully completed offerings of CEBURES, introducing 10 billion pesos into the Mexican market with a sustainability linked bond feature. The proceeds from the issuance will be used to repay short term debt maturity in 2023 to fund growth investments and for general corporate purposes.

**g) Public Documents**

Investors may verify the public documents and information submitted by the Company to the CNBV and the BMV, at the BMV's offices located at Avenida Paseo de la Reforma número 255, Colonia Cuauhtémoc, C.P. 06500, México, Distrito Federal, or on its website: [www.bmv.com.mx](http://www.bmv.com.mx), or on the CNBV website at the following website: [www.cnbv.gob.mx](http://www.cnbv.gob.mx).

Orbia has provided the CNBV and the BMV with the information required by the LMV, the Sole Issuer Circular (CUE), the internal regulations of the BMV, and other applicable provisions, therefore such information is available to investors.

Copies of the above documentation and this Annual Report may be obtained upon request from any investor by contacting the Company's Director of Investor Relations, Gerardo Lozoya Latapí [gerardo.lozoya@orbia.com](mailto:gerardo.lozoya@orbia.com), telephone number (52) 55 5366 4084 or Diana Echemendía Echeverría [diana.echemendia@orbia.com](mailto:diana.echemendia@orbia.com), telephone number (52) 55 5366 4483, Address: Avenida Paseo de la Reforma 483, piso 47, Colonia Cuauhtémoc, Alcaldía Cuauhtémoc, Ciudad de México, 06500, México, or on Orbia's website: [www.orbia.com](http://www.orbia.com).

## 2. THE ISSUER

### a) History and Development

#### i. Company Name and trade name of the Issuer

Orbia or the Company, as it is commercially known, formally operated under the name Mexichem, S.A. de C.V. At the Company's Shareholders' Meeting held on August 26, 2019, the change of the Issuer's corporate name to Orbia Advance Corporation, S.A.B. de C.V. was approved. The change reflects the new strategy and global reorganization undertaken by the Company, which implies the re-branding of its identity and image in accordance with its mission, vision and philosophy.

#### ii. Date and Place of Incorporation and Duration of the Issuer

The Company was incorporated by means of public deed number 34,080, dated June 30, 1978, issued by Notary Public number 112 in and for the Federal District, the first official transcript of which was recorded in the third book of the Commerce Section of the Public Registry of Property and Commerce for the Federal District, in volume 1066, on page 190 and under number 212. The duration of the Company is indefinite.

#### iii. Address and telephone numbers of main office

Avenida Paseo de la Reforma 483, piso 47, Colonia Cuauhtémoc, Alcaldía Cuauhtémoc, Ciudad de México, 06500, México  
Telephone no.: + 52 55 5366 4000  
Web address: www.orbia.com

#### iv. Historical Events

##### Pre-2020

Orbia has seen significant transformation over the years which dates back to 1953 when Cables Mexicanos S.A. was founded by a group of Mexican and American investors to satisfy a growing Mexican market for high carbon steel wire ropes. In 1978, holding company Grupo Industrial Camesa, S.A. de C.V. (GICSA) was incorporated, which controlled Aceros Camesa, S.A. de C.V. and its subsidiaries. GICSA shares were listed in the BMV in the same year it was incorporated.

From 1997 through 2019 the Company acquired over 30 companies resulting in a global footprint and its industry leadership in Polymer Solutions, Building and Infrastructure, Precision Agriculture, Connectivity Solutions, and Fluorinated Solutions.

In 2019 the organization revealed its new name, brand, purpose, and values, reflecting the global nature of the Company and its commitment to being a force for the world.

##### 2020

In January 2020, the Company announced that it was in the process of analyzing divestiture options or strategic alliances with third parties for its Polymer Solutions business. Orbia did not enter into any binding contract to carry out any specific transaction and has no current plans to do so.

In April 2020, to better enable operational and financial decision making and analysis, the Company redefined its business group structure from Vinyl, Fluor and Fluent, to Polymer Solutions, Building and Infrastructure, Precision Agriculture, Connectivity Solutions, and Fluorinated Solutions.

##### 2021

In early 2021, Orbia announced a partnership with the Resilient Cities Network (R-Cities), the world's leading network of cities. Through the Building and Infrastructure, Precision Agriculture and Connectivity Solutions groups, Orbia works with R-Cities members to develop innovative solutions to current challenges such as transportation infrastructure, water supply, urban food systems and connectivity, which can improve the quality of urban life. These initiatives contribute to the Company's progress towards three Sustainable Development Goals.

In March 2021, Orbia's Precision Agriculture business acquired Gakon Horticultural Projects (Gakon), in May 2021, Orbia's Alphagary business acquired a majority stake in Shakun Polymers Private Limited (Shakun), and in November 2021, Orbia's Fluorinated Solutions business acquired Silatronix, a Madison, Wisconsin-based Company.

## **2022**

In February 2022, Orbia's Building and Infrastructure business acquired a 67 percent stake in Vectus Industries Limited ("Vectus"), in August 2022, Orbia's Building and Infrastructure business acquired Bow Plumbing Group and in September 2022, Orbia's Connectivity Solutions business acquired Biarri Networks.

In November 2022, Solvay and Orbia announced their entry into a joint venture framework agreement to create a partnership for the production of suspension-grade polyvinylidene fluoride (PVDF). The total investment is estimated to be around \$850 million, and is expected to be funded in part by a grant awarded by the U.S. Department of Energy of \$178 million to Solvay to build a facility in Augusta, Georgia.

In December 2022, the Company completed an offering of short and long-term notes (*Certificados Bursátiles*), for a total amount of 10 billion Mexican Pesos (MXP) with a sustainability-linked bond feature.

### **v. General business strategy**

Driven by purpose and unified by values, Orbia chooses to work on the toughest challenges; from field to table, ground to home, mine to market and lab to everyday life, we rely on our collective ingenuity and our integrated supply chain to transform basic and advanced materials into greener, smarter, more efficient solutions.

The Company's strategy is to 1) harness the power of material science and innovation to serve customer needs, address critical world problems, and provide sustainability solutions; 2) invest in growth, leveraging our uniquely advantaged positions to bring differentiated and value-added solutions to market; 3) maximize the value of integration across Orbia and the value chains in which we participate; and 4) create value as good stewards of capital and disciplined operators.

See Section 2 "The Issuer" Item b " Business Description" in this Annual Report for further details.

### **Summary of Corporate and Structural Changes**

#### ***Company-wide changes:***

In 2019, the Company reorganized from three business groups Vinyl, Fluor and Fluent into five business groups focused on providing customer-driven solutions through the verticals of Polymer Solutions (Vestolit and Alphagary), Building and Infrastructure (Wavin), Precision Agriculture (Netafim), Connectivity Solutions (Dura-Line) and, Fluorinated Solutions (Koura).

In 2021, Orbia announced the appointment of Sameer S. Bharadwaj as Chief Executive Officer and James P. Kelly as Senior Vice President & Chief Financial Officer.

#### ***In the Polymer Solutions business group:***

In February 2021, both Nicholas Ballas and Gautam Nivarthy were appointed Presidents of the Polymer Solutions business group for Vestolit and Alphagary, respectively. Both occupy the role vacated by Sameer S. Bharadwaj when he became Chief Executive Officer of Orbia.

In May 2021, the Polymer Solutions group acquired a majority stake in Shakun Polymers Private Limited (Shakun).

#### ***In the Fluorinated Solutions business group:***

In February 2021, Gregg Smith was appointed President of the Fluorinated Solutions (Koura) business group, occupying the post vacated by Sameer S. Bharadwaj when he became Chief Executive Officer of Orbia.

During 2021, Orbia led a \$70 million investment round in Ascend Elements (formerly Battery Resourcers), a closed-loop lithium-ion battery recycler and manufacturer. It also led a further \$200 million investment round in October 2022, remaining one of its main investors.

This strategic investment was followed by Koura's launch of its Koflyte® product line of fluorinated additives and co-solvents, and the award of \$3.1 million in research funding by the US Department of Energy (DOE) to support the development of fluorinated electrolytes to extend the operating temperature range of Li-ion batteries while improving safety and fast charge capability for transportation applications.

In November 2021, Fluorinated Solutions acquired Silatronix.

On February 15, 2022, Ascend Elements and Koura announced the launch of a proprietary process technology yielding battery-grade graphite material from spent lithium-ion batteries, with Fluorinated Solutions serving as a development partner to Ascend Elements to scale the company's technology for commercial production. Ascend Elements' technology is considered a game-changer in the battery recycling and sustainable materials spaces, as it delivers yields of over 99.9% pure graphite and energy capacity and cycle life on par with virgin battery-grade graphite anode material. The process also extends recycling and manufacturing throughput beyond cathode active materials to anode materials as well.

During 2022, Fluorinated Solutions signed a license agreement with PrimeStar Technologies and InnoVent Technology for fluoropolymer technology used in the production of solar panels, wind turbines and lithium-ion batteries.

In October 2022, Fluorinated Solutions received a \$100 million award from the U.S. Department of Energy (DOE) as part of the first set of projects funded by the President's Bipartisan Infrastructure Law to expand domestic manufacturing of batteries for electric vehicles (EVs) and the electrical grid and for materials and components currently imported from other countries. The grant will enable Koura to build the first U.S. manufacturing plant for lithium hexafluorophosphate (LiPF<sub>6</sub>) on the grounds of Koura's existing fluorochemical production site in St. Gabriel, Louisiana. Once operational, the proposed plant will produce up to 10,000MT of LiPF<sub>6</sub> per year, which is sufficient to support domestic production of more than one million full electric vehicles annually.

On November 3, 2022, Solvay and Orbia announced their entry into a joint venture framework agreement to create a partnership for the production of suspension-grade polyvinylidene fluoride (PVDF). The total investment of the joint venture is estimated to be approximately \$850 million, and is expected to be funded in part by a grant awarded by the U.S. Department of Energy of \$178 million to Solvay to build a facility in Augusta, Georgia.

***In the Precision Agriculture business group:***

In March 2021, the Precision Agriculture business group acquired Gakon.

***In the Connectivity Solutions business group:***

In September 2022, Orbia's Connectivity Solutions business acquired Biarri Networks.

***In the Building and Infrastructure business group:***

On February 8, 2023, Maarten Roef resigned from his role as President and Statutory Director of Orbia Building and Infrastructure (Wavin). Nick Ballas, President of Orbia Polymer Solutions has assumed responsibility as interim President for Orbia Building and Infrastructure in addition to his duties as President of Polymer Solutions. In addition, Dave Smith, who is the Vice President of Product Management and Strategy for Koura, has been appointed as Vice President of Global Strategy for Wavin.

***Bankruptcy***

As documented in the Company's audited financial statements, the Company does not fall within any of the circumstances established in Articles 9 and 10 of the Commercial Bankruptcy Act, and has not declared bankruptcy, nor is the Company currently subject to any bankruptcy risk.

***Judicial, administrative or arbitration proceedings***

Pursuant to the relevant information criteria set forth in Annex N of the Sole Issuer Circular, the Company and its subsidiaries are not, nor are they highly likely in the future to be involved in any relevant judicial, administrative or arbitration proceeding that are different from those which are a normal part of the course of business, and which have, had or could have a significant impact on the operational result or financial position of Orbia or its business groups.

***Effect of Laws and Government Regulations on Business Development***

The Company's operations are subject to the laws and regulations of the countries in which it operates.

***Orbia***

The shares representing the Issuer's capital stock are publicly traded on the Mexican Stock Exchange (BMV), and it therefore adheres to the following laws and regulations: (i) Stock Market Act, in Mexico; (ii) the general provisions applicable to security issuers and other securities market participants issued by the National Banking and Securities

Commission (CNBV); (iii) the General Provisions applicable to Companies and Issuers Supervised by the National Banking and Securities Commission which require External Audit Services for Basic Financial Statements; (iv) the Internal Regulations of the BMV, and (v) the General Business Organizations Act.

### Business groups

The Company's five business groups operate in 65 countries, in all of which they adhere to the following general laws and regulations:

- Regulations of an international, national, and local nature, primarily in financial aspects, monetary policies, access to the currency markets. They must comply with administrative requirements to obtain permissions to operate facilities, plants, to import and export of raw materials and finished products. They must comply with labor regulations at some sites that are influenced by unions and environmental regulations.
- Laws regulating health, safety, environment, unfair competition and monopolies, municipal construction and zoning, local licenses and permits for facilities. With respect to international commerce, customs regulations, control of imports and exports, specifically related to quotas, tariffs and anti-dumping protections, as well as government policies and regulations related to commerce, sales of products, manufacturing operations and relationships with customers, distributors and competitors.
- Finally, all the business groups comply with anti-corruption laws, such as the U.S. Foreign Corrupt Practices Act (FCPA) and other similar laws.

More specifically, some of Orbia's business groups may be subject to specific laws and government regulations. For more information on these regulations, see Section "b) Business Description", part "v. Applicable Legislation and Tax Situation" within this section.

### Investments Made in the Last Three Fiscal Years

Orbia is committed to investing in capital expenditures to support organic growth, enhance operating efficiency, and improve its leadership position in the markets in which it operates. Additionally, the Company invests in technology to penetrate and grow downstream businesses and to offer its customer high value-added, differentiated solutions and services.

The following table shows Orbia's investment made in the last three years.

Investment Items	Year ending December 31:		
	2022	2021	2020
Investments in property, plant and equipment	470	286	204
Proceeds from the sale of machinery and equipment	(11)	(18)	(21)
Investment in other assets and intangible assets	67	27	31
Acquisitions	236	48	4
<b>Total</b>	<b>762</b>	<b>343</b>	<b>218</b>

Figures in millions of dollar

The following table presents the Company's acquisitions during the last three fiscal years.

Acquisition date	Company	Product	Business Group
18-Nov-20	SeeTree	Agricultural technology space services and digital agriculture	Precision Agriculture
1-Apr-21	Gakon Horticultural Projects*	Greenhouses	Precision Agriculture
22-Jun-21	Shakun Polymers Private Limited	Compounds	Polymer Solutions
1-Nov-21	Silatronix	Fluorosilane additives for Lithium-ion batteries	Fluorinated Solutions



1-Feb-22	Vectus	Pipelines	Building and Infrastructure
30-Aug-22	Bow Plumbing Group	Pipes & Fittings	Building and Infrastructure
30-Sep-22	Biarri Networks	Technology provider	Connectivity Solutions
7-Nov-22	Bragaglia S.r	Irrigation services	Precision Agriculture

(\*) Include Gakon Holding B.V. and Gakon Sp. Z.O.O

## Public Offerings

During the last three fiscal years, the Company has not been the subject of any public offering for control of the Company, nor has it made any offer to assume control of other companies whose shares are listed on the Mexican Stock Exchange or on any other foreign stock exchange.

During 2022, Orbia successfully completed the offering of short and long-term notes (certificados bursátiles), for a total amount of 10 billion pesos in the Mexican market, with a “sustainability-linked bond” feature.

## b) Business Description

*A purpose-driven global growth model*

Orbia continues creating innovative solutions for different macro-trends affecting communities and cities across the world, such as:

- i) Growing middle class with greater urbanization and population density.
- ii) Growing food and water scarcity.
- iii) Connectivity, Internet of Things and digitalization.
- iv) Climate change.

These macro-trends present challenges for its customers that its businesses seek to identify and mitigate, always with their needs in mind. Thus, the Company puts the customer at the center of the strategy in order to develop solutions that are increasingly specialized, technological and innovative.

*Commitment to safety, environmental and social responsibility*

Orbia continues to position itself as a leader in Safety, Environmental and Social Responsibility and Corporate Governance. The following summarizes the Company’s achievements in these areas in 2022.

Safety:

- 8% reduction in total recordable incident rate vs. 2021;
- 10% reduction in severity rate vs. 2021.

Environment:

- Key metrics were achieved as follows:
  - 11% reduction in GHG Scope 1 & 2 emissions vs. 2021;
  - 28% reduction of SOx emissions vs 2021;
  - 146% increase in renewable energy compared vs. 2021. Renewable energies now represent 16% of the Company’s total electricity consumption;
  - 12% less process waste directed to disposal vs. 2021;
  - 61% of Orbia’s 2022 revenues contributed to advancing the United National Sustainable Development Goals of its 2030 Agenda.
  - Company sites in water-stressed regions have operated with closed water loop systems.
- The company has received approval from the Science-Based Targets Initiative (SBTi) for its near-term Scope 1, 2, and 3 greenhouse gas (GHG) emission reduction targets. Additionally, it has continued to make progress in reducing sulfur oxide (SOx) emissions, primarily at two sites. In the Polymer Solutions business group, the decommissioning of a coal-fired boiler on the Henry, US operation has eliminated 99% of SOx emissions at that site. This accomplishment has contributed to a 27% reduction in SOx emissions for Orbia overall. Fluorinated Solutions, new catalyst technology will result in a 30% SOx emissions reduction compared to a baseline established in 2018. These efforts will allow Orbia to achieve and maintain a long term reduction of 60% of SOx emissions since 2018, keeping the organization on pace to meet its 2023 and 2025 commitments, as outlined in its Sustainability-Linked Bonds frameworks.

- At Fluorinated Solutions, the Company doubled its processing capacity for its refrigerant recovery plant in Mihara, Japan. During 2022, approximately 772 tons of refrigerants were recovered, avoiding approximately 1.5 million tons of GHG emissions.

During 2022, Precision Agriculture launched a full-scale circularity program in Mexico to tackle plastic waste in agriculture by opening Mexico's largest agricultural plastics recycling facility in Culiacán, which will be able to process over 3,000 tons of plastic per year. In the program, Netafim collects used driplines, regardless of manufacturer, from farmers, and then shreds, washes, and pelletizes them.

- Orbia's Fluorinated Solutions Business, Koura, continues its program of responsible mining practices. The installation of process water recovery systems has resulted in an average recovery of 85% at Las Cuevas mining site in Mexico. Equipment installed in 2022 included three decanter centrifuge systems. Three additional decanter centrifuges will be installed and operational in 2023. This equipment increases water recovery rates and enables tailings to be dry-stacked and stored safely.

As discussed further in the Significant Events section, Orbia announced a joint venture with Solvay to build the largest polyvinylidene fluoride (PVDF) facility in North America and has received a \$100 million grant from the U.S. Department of Energy to build the first U.S. manufacturing plant for lithium hexafluorophosphate (LiPF<sub>6</sub>) on the grounds of Koura's existing production site in St. Gabriel, Louisiana. This plant will produce enough LiPF<sub>6</sub> to support domestic production of more than one million full electric vehicles annually.

- Orbia, for the second year, used an environmental, social and governance (ESG) modifier for calculating senior management compensation. This modifier enables the Company to reward sustainable value creation and management performance.

The Company has continued to engage in the EcoVadis program to improve its suppliers' performance in the area of ESG.

#### Social Responsibility:

Orbia's social impact strategy is a key component of its sustainability framework. The Company aims to prevent negative impact from its operating activities while maximizing its positive impact through community engagement, focused programs and its solutions.

- The Company's accomplishments in social responsibility are highlighted below:
  - Its people:
    - 24% of Orbia's leadership roles were held by women in 2022, which increased from 22% in 2021;
    - The Company unveiled a new future-fit leader and employee development model, expanded its three internal leadership development programs to support high-potential talent at all levels, unified performance management, initiated a Women's Mentoring Program, and launched the first Orbia-wide employee resource groups (ERGs): the Orbia Women's Network (OWN) and the Orbia Pride Network (OPN);
    - Together with the TENT Partnership for Refugees, Orbia provided employment to 140 refugees in its operations in Mexico, Costa Rica, Guatemala, Colombia, Peru, Brazil and Poland, including 88 refugees from the Ukraine-Russia conflict. The Company believes engagement with this program enhances the vibrancy, talents and perspectives of its employee community.
  - Community engagement:
    - In 2022 over 4,000 Orbia volunteers contributed over 9,000 hours, benefitting more than 20,000 people;
    - Polymer Solutions began a Social Impact Assessment in its seven sites in Mexico and Cartagena, Colombia. The assessment will consider a holistic analysis of the business and the community, using public consultation to identify local needs and to define a social impact strategy together with the communities.
    - Polymer Solutions developed Vinyl in Motion, a program to create customer-centered circular products and initiatives in Latin America. The program aims to collect post-consumer PVC and integrate it as a recycled raw material to manufacture products for other Orbia business groups. As part of this program, VITA was developed to build capacities among recyclers and support their integration into our supply chain, improving their working conditions and formalizing their source of income. By the end of 2022, the business was able to start



*A continuous focus on highly efficient operations, reducing volatility through vertical integration and improving profitability through resource optimization*

The Company's vertical integration strategy has reduced exposure to price volatility of the main raw materials. Fluorinated Solutions is 100% integrated from the extraction of fluorite to the production of refrigerant gases. Additionally, since February 2017, the Polymer Solutions business group is approximately 70% integrated with the ethylene process and has thus achieved significant integration from salt extraction to PVC production, which has allowed, and will allow, Orbia to improve profitability through better cost management.

In addition, Orbia focuses on continuously improving its return on invested capital and maintaining a level above its weighted average cost of capital.

*A continuous focus on the development of specialty and value-added products*

Orbia uses its competitive advantage to develop new and advanced production processes through its 19 research and development centers. These centers develop new products focused on the needs of their customers, making products available to customers in the markets in which they participate.

Orbia also continues to develop and implement technologies and processes for its own benefit. For example, the Company has its own technology to produce PVC resins, PVC pipes, compounds, plasticizers, and HF purification. These technologies are applied to produce pipes that uniquely meet customers' requirements for various infrastructure and construction projects. Orbia has also developed solutions based on fluor compounds for the cement industry that allow for the optimization of clinker production that provide economic benefits while also reducing the customer's carbon footprint.

By continuing to invest in research and development and leveraging the unique products it offers in specialty resins, Polymer Solutions will continue to develop a best-in-class product portfolio by consistently launching customer-focused products and services.

*Maintaining an agile and solid financial structure*

Orbia seeks to maintain a solid and flexible financial base that will allow it to achieve its growth objectives. The Company seeks to maintain a net debt/EBITDA ratio of approximately 2.5x or less in the long-term. If at some point Orbia needs to exceed this ratio due to investment in growth projects, the projects must generate value, make strategic sense with the Company's business, meet the profitability conditions required by its corporate governance bodies, and present a plan to return to levels of 2.5x net debt/EBITDA or less in a reasonable period of time. Orbia's financial strategy includes a conservative debt profile and a conservative hedging structure including strategies to hedge exposure to foreign exchange rates.

*Implementing a unique business culture*

Orbia's current operations are the result of over 30 business acquisitions executed over an extended period of time that have positioned the Company as a leader in different countries, regions, and markets, through the integration of diverse companies and work cultures. In this regard, the Issuer considers that a unified business culture is important for meeting the objectives set by the Company and the market. Orbia has established a unified mission, vision, values, and Code of Ethics that guide the actions of all of its employees.

## **i. Main activity**

Orbia is a Mexican public corporation located in the Americas, Europe and in some countries in Asia and Africa. Orbia is a leading provider of products and solutions in multiple sectors, from the construction, infrastructure, agriculture and irrigation, health, transportation, telecommunications, and energy and petrochemical sectors, among others. It is one of the world's largest producers of plastic pipes, fittings and irrigation drippers, as well as fluorite.

Orbia employs more than 24,400 people in 50 countries in which it has 119 production plants, concessions for the exploitation of 2 fluorite mines in Mexico, 8 training academies, and 19 research and development centers. It generated sales of \$9.6 billion in 2022.

With more than 50 years of history and more than 40 years listed on the Mexican Stock Exchange, Orbia applies a business model based on vertical integration, organic growth and strategic acquisitions through which it has direct access to raw materials and its own technology, allowing it to compete in a global environment. As a result, Orbia offers a wide range of materials, products, solutions, and finished products that contribute to the success of its customers and improve people's quality of life.

*Competitive Advantages*

Orbia focuses on creating value for its stakeholders, including its shareholders, customers, suppliers, communities in which it operates and employees through the development and continuous improvement of its products and services, starting with its basic raw materials. The main competitive advantages are as follows:

***Vertically integrated operations with direct access to raw materials that create economies of scale and reduce operating expenses***

Orbia's Polymer Solutions business group is partially integrated with its primary raw material, ethylene, enabling an end-to-end production chain from salt extraction to the manufacturing of plastic compounds. Orbia has facilities for salt production for industrial consumption, as well as for the production of ethylene, chlorine, caustic soda, and their derivatives, including VCM, EDC, and specialty chemicals. The company also produces PVC for general purpose and specialty resins, as well as compounds. Furthermore, the business is integrated with one of the main raw materials used in the manufacture of plasticizers: phthalic anhydride.

Fluorinated Solutions is the only fluorine company in the world with a vertically integrated value chain, from the extraction of fluorite, through hydrofluoric acid, to the production and sale of aluminum trifluoride (AlF<sub>3</sub>), refrigerant gases, medical propellants and fluorinated battery materials in the Americas, Europe, and Asia.

The main raw materials of the Building and Infrastructure, Connectivity Solutions and Precision Agriculture business groups are PVC resin, polyethylene and, to a lesser extent, propylene. These are supplied at the best price available on the market, either through purchases from third parties or through vertical integration with the Polymer Solutions business group in the case of PVC, which represents an important competitive advantage, particularly in times of shortages such as during the latter half of 2020 and the first half of 2021.

***Leading positions in PVC and plastic pipe markets in Latin America and Europe and the global fluorite market***

Orbia is a top-tier player in the global chemical industry, manufacturing both general purpose and specialty PVC resins. The Company is the largest producer of specialty PVC resins and the sixth producer of general purpose PVC resins worldwide. The Company believes that the primary markets for such products in the infrastructure and construction industries could experience sustained growth in over the long term.

The emerging markets in which Orbia's Building and Infrastructure and Polymer Solutions business groups sell its main products enjoy attractive growth projections in infrastructure and construction due to a significant housing deficit, insufficient infrastructure, lack of access to water and sanitation, electricity, and other factors. In developed countries, Orbia's businesses address the challenges to maintain and improve transport, water, electricity, and telecommunications networks extensively and to address the impacts of climate change.

Global demand for PVC continues to be stronger compared to global supply, leading to high-capacity utilization in the industry. PVC demand is expected to grow at a CAGR of 2.6% from 2022 to 2030. Additionally, Orbia has a strong presence in the American, European, and Asian markets due to its unique position within the Fluorinated Solutions business group. The Issuer has the concession rights for the exploitation and extraction in Mexico from the world's largest fluorite mine, and has facilities in Mexico, United States, the United Kingdom and Japan for the production of hydrofluoric acid and downstream products such as aluminum trifluoride (AlF<sub>3</sub>), refrigerant gases, medical propellants and fluorinated battery materials. The Company's global positioning is allowing it to expand into high-value, high-growth applications that will reduce greenhouse gas emissions and enable the world's rapid transition to sustainable energy.

***Orbia's proven ability to integrate and operate acquired companies throughout the Americas, Europe, the Middle East, Asia and Africa***

Since 2003, Orbia has grown rapidly by integrating over 30 acquired businesses. Successful acquisitions have contributed to the significant growth of Orbia's net sales and EBITDA, making it a leader in the industries in which it operates.

In this time, Orbia's profile has changed considerably, from a company focused solely on commodities and chemical products, to a company that increasingly provides innovative and specialty products, which has increased its resilience in the face of constant changes and challenges in the global economy.

***A management team with extensive industry experience***

Orbia's key executives have extensive experience in leadership positions in top-tier global companies, each with more than 10 years' experience in similar industries and more than 20 years of professional experience overall. The management team has a proven track record of operating successfully in the industry, and identifying and integrating strategic acquisitions to grow and strengthen the businesses.

***Strong relationship with major suppliers through long-term contracts***

Orbia has established long-lasting relationships with its main suppliers through long-term product supply contracts, which allow it to ensure the supply of domestic and foreign raw materials and inputs. Due to its size and geographical footprint, the Company has positioned itself amongst its suppliers' strategic clients, providing the Company with a competitive advantage over its competition.

### ***Innovation through research, development and patented production processes***

Orbia has a product research and development program with people and facilities that allow it to innovate processes and products that are tailored to its customers' needs.

The Company's 19 research and technology centers located in Mexico, the U.S., the Netherlands, Italy, India, the Czech Republic, the United Kingdom and Israel focus on the development of new products to meet market demands and the alignment of processes to achieve safety and the optimization of its production chains.

The Company uses its own proprietary technology for its production processes, giving it the ability to develop unique designs that give it an advantage over its competition. For example, in the Fluorinated Solutions business group, cutting-edge technology for fluorite purification has been developed in the hydrofluoric acid process which has succeeded in lowering the annual production cost of HF.

### **Climate Change Summary**

The Company has carried out different analyses to determine the degree of exposure to the possible effects of climate change on its operations.

The effects of climate change identified within the different areas where Orbia operates or has market presence are desertification and drought, rising sea levels, changes in rainfall patterns, decreased water availability, deforestation and disease. These phenomena could affect operating results and financial position, among other factors, due to the need for additional investments to adapt operations to the new conditions, the increase in the price of supplies and energy, the closure of affected operations and relocation of suppliers, protection measures as a result of natural phenomena (for example: construction of dikes in marine installations, flood or fire protection) and the relocation of facilities to sites with more favorable conditions and higher environmental regulatory requirements.

Since the Intergovernmental Panel on Climate Change (IPCC) predicts that extreme weather events will tend to grow in intensity and number, Orbia has been designing contingency plans that seek to normalize operations as soon as possible. Redundant transportation options, different routes and logistic means or emergency inventories are some specific areas that are considered in the plans. If Orbia manages to operate with minimal disruption during such events, it will have a clear advantage over competitors that lack these measures.

*Please refer to the Risk Factors section for more details regarding the potential business impacts from severe weather events.*

In addition to the consideration of the risks derived from climate change that can have negative impacts on operations, climate change also presents certain opportunities that align well with Orbia's business model as follows:

- a. Low Impact and resilient operations
  - o Continually identify ways to decarbonize by optimizing manufacturing processes, transitioning to low-carbon and renewable energy sources, and exploring opportunities in carbon capture and hydrogen. In parallel, Orbia's sites are adapting to the physical risks of climate change, including changing weather patterns, as well as business interruption and social disruption.
- b. Solutions to promote a climate resilient economy:
  - o Orbia's business groups are constantly developing products and services with better environmental performance that help its clients make measurable progress against their own climate change goals. The Company's solutions contribute to urban and rural resilience and support the transition to a low carbon and circular economy, including materials and products that promote alternative energy, resource efficiency and green buildings. More details are available in the Orbia Impact Report.
- c. Driving new business for a "net zero" world:
  - o Orbia's culture encourages the exploration of new technologies, companies and strategic acquisition opportunities, investing human and financial capital to support new business models that will have a long-term positive impact. Climate Tech is a focus area of strategic investments made through Orbia Ventures, its corporate venture capital fund.

## Integrated Companies

As of December 31, 2022		
Group	Country	Equity Stake
<b>Polymer Solutions (Vestolit and Alphagary):</b>		
Mexichem Derivados, S.A. de C.V.	Mexico	100%
Mexichem Compuestos, S.A. de C.V.	Mexico	100%
Mexichem Resinas Vinílicas, S.A. de C.V.	Mexico	100%
Vestolit GmbH	Germany	100%
Mexichem Specialty Compounds, Inc.	USA	100%
Mexichem Specialty Compounds, Ltd.	United Kingdom	100%
Mexichem Resinas Colombia, S.A.S.	Colombia	100%
Mexichem Speciality Resins, Inc.	USA	100%
C.I. Mexichem Compuestos Colombia, S.A.S.	Colombia	100%
Petroquímica Mexicana de Vinilo, S.A. de C.V.	Mexico	100%
Ingleside Ethylene LLC	USA	50%
Sylvin Technologies Inc.	USA	100%
Shakun Polymers, Ltd.	India	55%
<b>Fluorinated Solutions (Koura):</b>		
Mexichem Flúor, S.A. de C.V.	Mexico	100%
Mexichem Flúor Comercial, S.A. de C.V.	Mexico	100%
Group	Country	Equity Stake
Fluorita de México, S.A. de C.V.	Mexico	100%
Mexichem Flúor Inc.	USA	100%
Mexichem Flúor Canadá Inc.	Canada	100%
Mexichem UK Ltd.	United Kingdom	100%
Mexichem Flúor Japan Ltd.	Japan	100%
Mexichem Flúor Taiwan Ltd.	Taiwan	100%
<b>Building and Infrastructure (Wavin):</b>		
Mexichem Amanco Holding, S.A. de C.V.	Mexico	100%
Mexichem Soluciones Integrales, S.A. de C.V.	Mexico	100%
Mexichem Guatemala, S.A.	Guatemala	100%
Mexichem Honduras, S.A.	Honduras	100%
Mexichem El Salvador, S.A.	El Salvador	100%
Mexichem Nicaragua, S.A.	Nicaragua	100%
Mexichem Costa Rica, S.A.	Costa Rica	100%
Mexichem Panamá, S.A.	Panama	100%
Mexichem Colombia, S.A.S.	Colombia	100%
Pavco de Venezuela, S.A.	Venezuela	100%
Mexichem Ecuador, S.A.	Ecuador	95%
Mexichem del Perú, S.A.	Peru	100%
Mexichem Argentina, S.A.	Argentina	100%
Mexichem Brasil Industria de Transformação Plástica, Ltda.	Brazil	100%
Wavin Nederland B.V.	Netherlands	100%

Wavin (Foshan) Piping Systems Co. Ltd.	China	100%
Nordisk Wavin A/S	Denmark	100%
Norsk Wavin A/S	Norway	100%
Wavin France S.A.S.	France	100%
Wavin GmbH	Germany	100%
Wavin Hungary Kft.	Hungary	100%
Wavin Ireland Ltd.	Ireland	100%
Wavin Italia SpA	Italy	100%
UAB Wavin Baltic	Lithuania	100%
Wavin Romania s.r.l.	Romania	100%
OOO Wavin Rus	Russia	100%
AB Svenska Wavin	Sweden	100%
Wavin TR Plastik Sanayi Anonim Sirketi	Turkey	100%
Wavin Ltd.	United Kingdom	100%
Warmafloor (GB) Ltd.	United Kingdom	100%
<b>Connectivity Solutions (Dura-Line):</b>		
Dura-Line Holdings, Inc.	USA	100%
Mexichem Canada Limited	Canada	100%
<b>Precision Agriculture (Netafim):</b>		
Netafim, LTD.	Israel	80%
<b>Holdings:</b>		
Mexichem Soluciones Integrales Holding, S.A. de C.V.	Mexico	100%

This section "Main Activity" of the Annual Report describes in detail the topics (ii) Distribution Channels, (iv) Main Customers and (viii) Market Information (numbering is in accordance with the numbering in Annex "N", Instructions for preparing the Annual Report) of the Sole Issuer Circular for each of the business groups and their respective businesses and/or processes and products:

- ii. **Distribution Channels**
- iv. **Main Customers**
- viii. **Market Information**

- (a) Polymer Solutions business group (Vestolit and Alphagary)
  - (a.1) Basic chemicals and Phosphates business segment
  - (a.2) Vinyl, Compounds and Plasticizers business segment
- (b) Building and Infrastructure business group (Wavin)
- (c) Connectivity Solutions business group (Dura-Line)
- (d) Precision Agriculture business group (Netafim)
- (e) Fluorinated Solutions business group (Koura)
  - (e.1) Fluorite
  - (e.2) Hydrofluoric Acid (HF) and Aluminum Trifluoride (AlF<sub>3</sub>)
  - (e.3) Refrigerant Gases and Medical Propellants
  - (e.4) Fluorinated Battery Materials

**(a) Polymer Solutions Business Group (Vestolit and Alphagary)**

The Polymer Solutions production process starts with salt extraction, where water is injected into a salt dome, creating brine. The brine is then transported through pipes to a plant that uses an electric current to convert it into chlorine and caustic soda. Chlorine and ethylene are combined to create VCM, which is then polymerized to produce PVC.

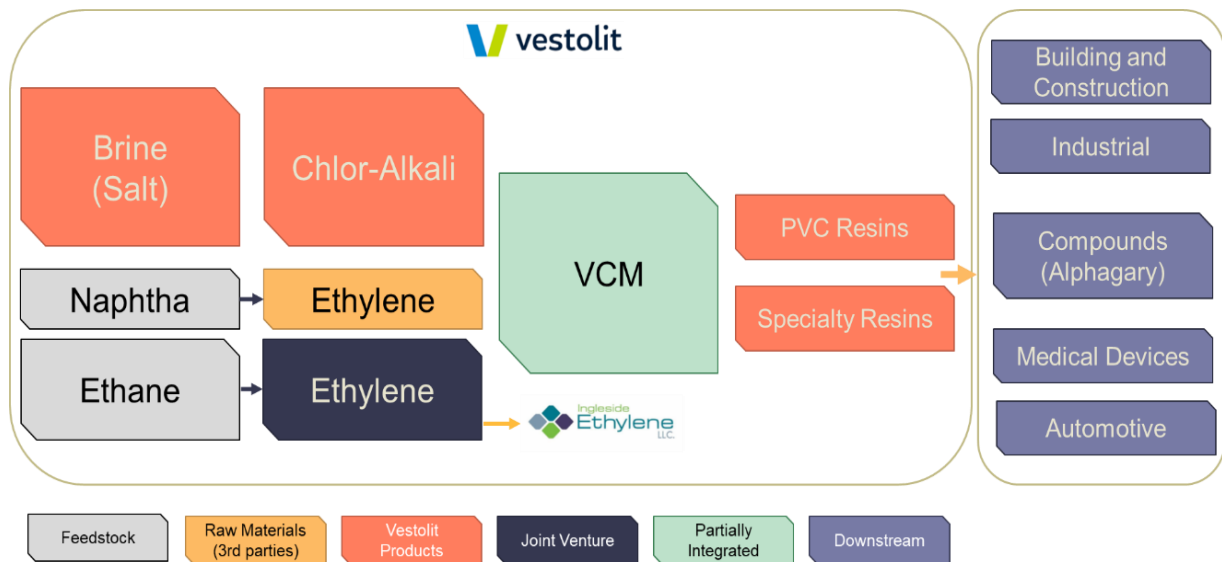


Orbia is self-sufficient in VCM for its German plant and relies on OxyChem as its primary VCM supplier for the production of PVC in America. Although the company has supply contracts with other suppliers for smaller amounts, it expects to continue relying on OxyChem for its primary VCM supply. This vertical integration within the Polymer Solutions business group allows Orbia to reduce PVC production costs, thus reaping the benefits of its vertical integration.

PVC is a versatile plastic that has numerous everyday applications, including pipes for drinking water and irrigation, coatings for electrical cables, profiles for constructing windows, doors, facades, and entire houses, tiles, flooring, furniture coverings, automobile parts, household appliances, clothing, footwear, containers, packaging, medical devices, adhesive tapes, and more.

The Polymer Solutions business group also produces plastic compounds that are specifically tailored to meet the particular requirements of customers who use this polymer to create end-use products. These compounds contain various additives necessary for plastic resin processing, as well as additives that enable the functional properties unique to each application.

The main production chain of the Polymer Solutions business is as follows:



In addition to what is shown in the above graph, the Polymer Solutions produces and sells by-products derived from the production of chlorine and caustic soda.

The Polymer Solutions business has 26 sites with 35 plants operating in Mexico, Colombia, the United States, the United Kingdom, Germany and India, focused on the production of general-purpose PVC resins and specialty PVC resins, compounds, VCM (only in Germany) and various derivatives such as chlorine and caustic soda, in addition to the ethylene cracker in a joint venture with OxyChem and the salt mine. Polymer Solutions has 22 ISO 9001 certified sites, 19 ISO 45001 certified sites and 17 ISO 14001 certified sites; in addition to 9 certified SARI (Responsible Care) sites and 4 Clean Industry certified sites among other certifications such as ISCC (International Sustainability & Carbon Certification), EMAS (Environmental Management System), HACCP (Hazard Analysis and Critical Control Points), FSSC (Food Safety System Certification), AAR (Association of American Railroads), KOSHER and NSF at specific sites. These plants meet strict standards for safety, health and environmental protection throughout the entire manufacturing life cycle.

Polymer Solutions' strategy is focused on expanding the core business as a major global PVC manufacturer, strengthening its position in regional markets and retaining the top position in specialty resins, capturing global demand growth. The expansion of Polymer Solutions' core business allows it to enter new markets in Asia and Africa and expand specialty resins capacity through access to technology and development capabilities in all segments.

The table below shows the Polymer Solutions business group's production and sales volumes for 2022, 2021 and 2020.

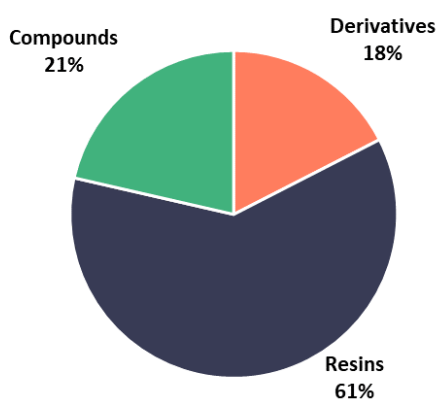
Polymer Solutions	Year ending December 31:					
	Volume Sold <sup>(1)</sup>			Sales <sup>(2)</sup>		
	2022	2021	2020	2022	2021	2020
Derivatives (3)	910	1,004	937	660	417	350
Resins	1,356	1,425	1,414	2,310	2,437	1,402
Compounds	261	257	226	809	680	466
Eliminations	(46)	(49)	(43)	(84)	(95)	(47)
<b>Total, Polymer Solutions</b>	<b>2,480</b>	<b>2,638</b>	<b>2,535</b>	<b>3,696</b>	<b>3,438</b>	<b>2,171</b>

(1) Thousands of tons.

(2) Figures in millions of dollars.

(3) Consolidates the Derivatives sales in the strategic interests of the Issuer.

#### Sales by Product 2022



#### (a.1) Basic chemicals and Phosphates business segment

Orbia has plants of the basic chemicals-related business in Mexico and Germany to produce ethylene, salt, chlorine-caustic soda (chlor-alkali), methyl-chloride, ethyl-chloride, hydrochloric acid, sodium hypochlorite, among others. The business group also has plants that produce industrial and food phosphates in Mexico. Additionally, in a 50/50 joint venture with OxyChem, the Issuer produces ethylene in a cracker located in Ingleside, Texas, U.S.

##### (a.1.1) Products

- Ethylene: Ethylene is the most important segment of the petrochemical industry and is converted into a large number of final and intermediate products such as plastics, resins, fibers and elastomers, including polyethylene and polyvinyl chloride, solvents, coatings, plasticizers and antifreezes, among the most widely used.
- Salt: Is a naturally occurring compound composed of two elements, sodium (Na) and chlorine (Cl), with the chemical formula NaCl. It is an essential mineral that has a wide range of applications, including being used as a raw material in the production of chemicals such as chlorine and caustic soda.
- Chlorine: Is mainly used for the production of long-life products such as VCM, which is the basic raw material for PVC production, titanium dioxide production (raw material for white paints), bleaching of cellulose in the pulp and paper industry, production of agrochemicals, water treatment, disinfection and purification, and chemical and pharmaceutical industry in general.
- Caustic soda: Has several applications including: the production of oils, soaps and detergents, regeneration of ionic exchange resins for water treatment, washing of glass bottles, bleaching of cellulose in the pulp and paper industry, production of refined sugar, dyeing of cotton fabrics, production of agrochemicals, manufacture of gelatins, cleaning products in general, among others.
- Methyl chloride, also known as chloromethane: Is a colorless, flammable gas at room temperature and pressure, and is commonly used as a refrigerant, solvent, and in the production of silicone polymers.
- Ethyl chloride, also known as chloroethane: Is a colorless, volatile liquid with a sweet, ether-like odor, and it is used as a refrigerant, local anesthetic, and solvent. It is also used in the production of tetraethyllead, a gasoline additive that was commonly used in the past but has been largely phased out due to environmental concerns.

- Hydrochloric acid: Is used for the production of high fructose which in turn is used as sweetener in the soft drink, candy and brewing industries; it is widely used for drawing and pickling metals and is used in the pharmaceutical industry for the production of medicines, manufacture of pigments and dyes, and manufacture of ferric chloride, which is used in the lithography industry, among others. It is widely used for the manufacture of plastics and rubber, in the oil industry, and ceramics, among others.
- Sodium hypochlorite: Is mainly used for the manufacture of liquid bleach, as a general sanitizer, for the treatment and purification of water, manufacture of industrial catalysts, for bleaching and deinking paper, among others.
- Industrial and food grade phosphates: Are used mainly for the manufacture of detergents, fertilizers, animal feed, ceramics, water treatment, textiles, toothpastes, beverages, sausages, dairy products and bakery.

*Plants and Mines (See Section 2, "The Issuer", item x, "Description of its Main Assets" of this Annual Report).*

#### *(a.1.2) Raw Materials*

Orbia's Polymer Solutions business group maintains a secure supply chain through its own investments and long-term agreements with specialized providers and organizations. These agreements are subject to periodic reviews to ensure a steady supply of the essential raw materials needed by the basic chemicals and phosphates product lines, including ethane, salt, electricity, and natural gas. The following are the details of the various agreements and sources of supply:

- Ethane: Polymer Solutions business group joint venture to produce ethylene in the U.S. gulf entered in a long-term agreement to ensure a reliable and consistent supply of ethane.
- Salt: Orbia's Polymer Solutions business group holds the rights to a salt dome in Mexico with more than 30 years of potential reserves. The company owns a 25% stake in a joint venture located in Germany that produces brine.
- Electricity: In the Mexican operation the business group obtained the electricity through long-term agreements with public and private electric generating companies, in the German facility the electricity is locally supplied in the industrial park owner.
- Natural gas: The natural gas for the Mexican facilities is supplied through long-term agreements with public gas companies, and the supply for the German operation is locally provided by the industrial park owner.

#### *(a.1.3) Sales and Marketing*

The Polymer Solutions business group has established long-term contracts with certain customers, which offer volume-based discounts during specific periods to promote customer loyalty. Approximately 80% of chlorine sales and 50% of caustic soda sales come from these long-term contracts. The pricing formula used in these contracts is based on North American market indexes, providing customers with competitive prices and favorable market conditions. The remaining volume is sold on the spot market at prices determined by the current sales price.

In Europe, almost all the chlorine produced is used to manufacture VCM and its derivatives, while caustic soda is sold to third parties.

In North America, buyers of chlorine tend to be concentrated, while consumers of caustic soda are generally more fragmented. Some of the largest buyers of chlorine have multi-year supply contracts that include maximum prices and/or discounts to mitigate price volatility in the spot market.

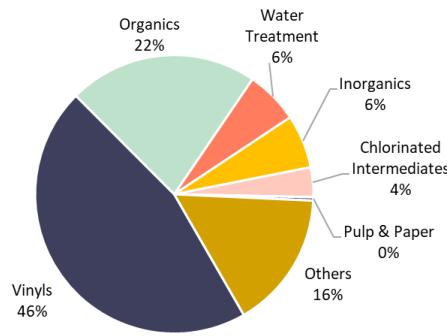
#### *(a.1.4) Main Customers*

The customers of the Basic Chemicals and Phosphates business segment are primarily concentrated in the following secondary sectors:

- Petrochemical, secondary chemical, agrochemical, and pharmaceutical industries.
- PVC resin production and plastics processing.
- Soap and detergents, cellulose and paper, matches, and polymers, including polyurethane products for hygiene and cleaning in hospitals and homes.
- Water treatment, bottling, and metal-mechanical industry.

In the U.S., the production of vinyl, particularly PVC resin, represents the largest use of chlorine in the USA. As shown in the following graph, in 2022, 46% of the chlorine produced in the manufacture of PVC resins. PVC is one of the most versatile polymers as it can be molded for a variety of uses in the construction industry, including rigid and flexible tubing, tubing connectors, flexible coatings, wire/cable accessories, wire/cable coatings, among other applications.

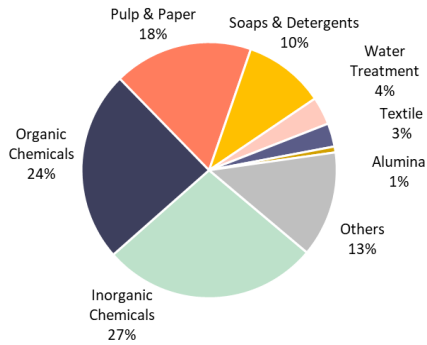
**United States: Chlorine Demand**



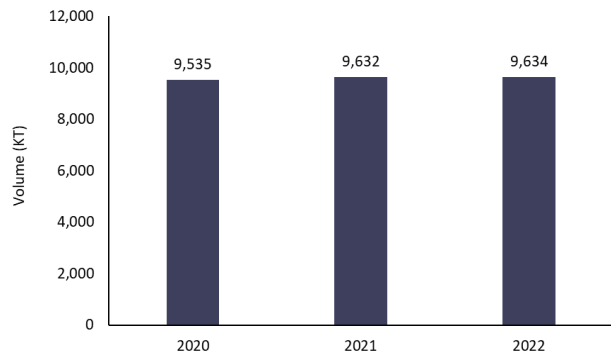
Source: Polymer Solutions Business Group market intelligence

Caustic soda in the USA is used in a large number of industrial applications in the manufacture of inorganic chemicals (28%) such as titanium dioxide and alumina, in organic chemicals (24%) such as propylene oxide and epichlorohydrin, as well as in the production of pulp and paper (18%). In 2022 the total productive capacity of soda in the U.S. was 14.3 million tons per year and 13.7 million tons of chlorine.

**United States: C. Soda Demand**



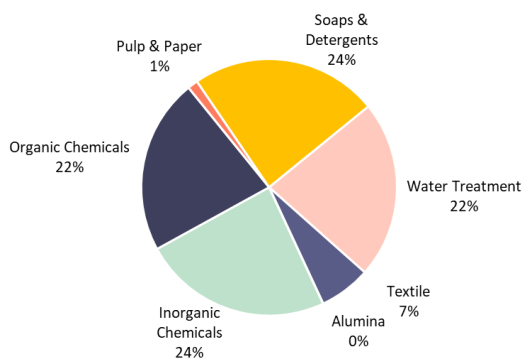
**United States: Historic C. Soda Demand**



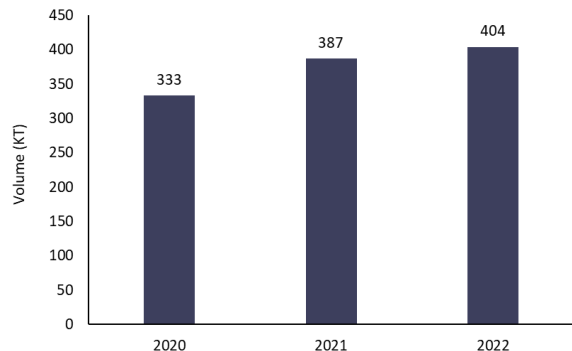
Source: Polymer Solutions Business Group market intelligence

In Mexico, caustic soda has a large number of industrial uses, including inorganic (24%) and organic (22%) chemical products, as well as in the production of soaps and detergents (24%). The total production capacity of caustic soda in Mexico in 2022 was 594,000 tons, and chlorine was 551,000 tons, while the Company's production of soda and chlorine, in the same year, in Mexico was 200,000 and 179,000 tons, respectively. In 2022, the demand for chlorine in Mexico was 216,000 tons, while the demand for soda was 404,000 tons according to Orbia market intelligence.

**Mexico: C. Soda Demand**



**Mexico: Historic C. Soda Demand**

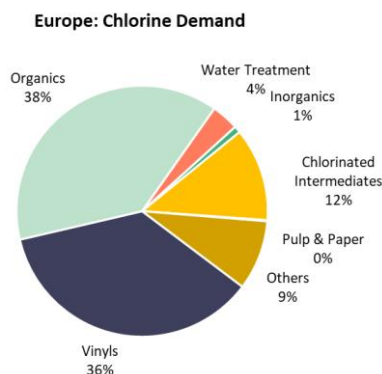


Source: Polymer Solutions Business Group market intelligence

Over the past two decades, there has been a shift in the use of technologies for chlor-alkali production, where Mercury cell technology has been replaced with more environmental-friendly and energy-efficient options. Orbia Polymer Solutions Business Group utilizes two of these technologies: Membrane and Diaphragm in Germany and Mexico respectively, both of them are free from the use of mercury in their electrolysis processes. Some chlor-alkali plants with asbestos-based diaphragm cells are modifying this material for another mercury-free polymer. Asbestos and its operation are still in use and are approved and regulated by the respective local regulations. Polymer Solutions is currently migrating to non-asbestos diaphragm processes in Mexico.

The production of caustic soda in Europe in 2022 decreased 5% from 2021 to 9.0 million tons.

The demand for chlorine by usage is shown below:



Source: Polymer Solutions Business Group market intelligence

*(a.1.5) Distribution Channels*

Polymer Solutions' products are basic raw materials used as inputs to produce other products that are primarily marketed directly to other industries through a business-to-business model. Sales are made through the Company's sales force to direct customers, other Orbia businesses (i.e. inter-company sales), and distributors.

*(a.1.6) Distribution Contracts*

Approximately 7% of sales are made through distributors.

*(a.1.7) Cyclic behavior*

The chemical industry, specifically raw material production, is subject to the expansion and contraction cycles of the global economy. These supply and demand conditions of the main raw materials can have a significant impact on prices.

*(a.1.8) Competitive Position*

The Company remains a leader in the Mexico domestic market and holds a favorable position in the caustic soda market due to guaranteed local production. While competition from imports is subject to foreign trade logistics, a consistent supply from the U.S. may impact the Company's competitiveness.

*(a.1.9) Market Share*

The total capacity in the caustic soda market in North America was 15.5 million metric tons. In North America there is approximately 7 competitors that make up approximately 90% of the caustic soda production including Orbia.

In Europe, caustic soda is mainly consumed and produced locally due to the high cost of transportation and storage. The market is highly fragmented, with local producers competing in specific geographic markets. Orbia competes with integrated producers in the production of caustic soda such as Inovyn, Dow Chemicals, Covestro and Nobian.

In 2022 the total chlorine capacity in Europe reached 11.9 million tons based on Polymer Solution business group market intelligence.

The international market share of these products for Orbia is not substantial since it only exports its excess production.

## (a.2) Vinyl, Compounds and Plasticizers Business Segment.

### (a.2.1) Products

The main products of the Vinyl, Compounds and Plasticizers segment are PVC Resins and plastic Compounds used to manufacture pipes and fittings, profiles, and floors for the construction industry, as well as upholstery, films, bottles, containers, footwear and applications for the medical field such as bags for blood, dialysis and catheters.

- General purpose PVC Resins are a versatile and low-cost thermoplastic that is widely used in various applications due to its strength, lightness, flexibility, cost-effectiveness, and safety. The Vinyl Process serves many industries, including building and construction, pipes and accessories, profiles, wires and cables, window frames, medical devices, and containers.
- Specialty PVC Resins are designed to serve specific applications, such as flooring, wallpaper, textile and technical coatings, automotive and artificial leather, and other sub-segments where these resins provide unique capabilities.
- Phthalic anhydride and a wide variety of plasticizers used in the processing of plastic resin.
- Specialty polymer compounds and additives, such as stabilizers, plasticizers, and colorants, are used in the production of polyvinyl chloride compounds. These materials are utilized in various applications, including medical, industrial, consumer goods, and construction. Compounds are employed in a range of products, such as medical devices, wire and cables, flexible profiles, shoe injections, automotive components, computer circuit holders, pipe accessories, purified water bottles, bi-oriented containers and packaging, and containers for edible oils, vinegar, detergents, cleaners, juices, sauces, and coffee powder.

*Plants (See Section 2, "The Issuer", item x, "Description of its Main Assets", of this Annual Report).*

As of December 31, 2022, the production capacity of the vinyl and compounds manufacturing process was approximately 1.8 million tons of PVC resin, 311,000 annual tons of compounds and 108,000 annual tons of plasticizers.

### (a.2.2) Raw Materials

The supply chain for Orbia's Polymer Solutions business group involves its own investments, and several long-term agreements with specialized providers and organizations with periodic reviews to ensure a steady supply of the necessary resources. The Vinyl, Compounds and Plasticizers business segment requires essential raw materials to produce its products, including ethylene, Chlorine and VCM. The following are the details of the various agreements and sources of supply:

- Ethylene: The business group secures its supply through multiple sources, including a 50/50 joint venture with OxyChem to produce ethylene in a cracker located in Ingleside, Texas, and long-term agreements in Germany. With this strategy, the business group maintains an integration of approximately 92% to the American ethylene process and around 70% globally, considering PVC production capacity in Germany.
- Chlorine: Chlorine is used in many chemical processes, with its main use being in the production of vinyl resins for the manufacture of PVC. The business group is self-sufficient in chlorine for its German operations.
- VCM: The business group is self-sufficient in VCM for its German plant and relies on OxyChem as its primary supplier for the production of PVC in America. In 2022, the company required over 1.6 million tons of VCM for all of its plants, with 1.25 million tons used in America and 0.35 million tons in Europe.

### (a.2.3) Sales and Marketing

The Polymer Solutions business group has established long-term contracts with select customers that offer volume-based discounts during specific periods, promoting customer loyalty. These agreements account for approximately 50% of the Vinyl business segment's total sales. The pricing formula utilized in these contracts is based on international market indexes, providing customers with competitive prices and favorable market conditions. The remaining volume of PVC resin is sold on the spot market at the market price at the time of sale.

Orbia has a significant product marketing network that serves both the domestic market and a substantial number of countries with high development potential, allowing it to gain a presence in major regions worldwide. The company's wide diversification in product sales enables it to maximize its revenue and reduce risks.

### (a.2.4) Main Customers

Customers use PVC products to manufacture pipes and connections, flexible and rigid profiles, upholstery, flexible and rigid films, bottles and containers, synthetic flooring, blinds, synthetic leather, toys, footwear, and medical products,

among others. The Vinyl, Compounds and Plasticizing businesses, which comprise the Polymer Solutions business group, represent 38% of Orbia's total sales, including inter-company sales. The largest customer represents only 1.1% of sales, so there is no dependency on any one particular customer. As such, the loss of any one customer would not have a materially adverse effect on the company's financial situation or results of operations.

#### *(a.2.5) Distribution Channels*

The products of this process are marketed directly to the industries that use them as inputs for the production of other products. Sales of the Compounds and Plasticizers business segment are mainly made through the Company's sales force and through some limited use of distributors.

#### *(a.2.6) Distribution Contracts*

Polymer Solutions business group products are typically sold directly to customers, but there are some distribution agreements for the commercialization of the products, especially in Europe, North America, and Asia.

#### *(a.2.7) Cyclic behavior*

Orbia is the largest producer of general purpose PVC resins in Latin America and the sixth largest in the world. It is also the largest producer of specialty PVC resins globally. The global market for PVC products is closely tied to the construction industry, which is heavily influenced by the expansion or contraction of economies in different regions and countries.

Global demand for PVC continues to be stronger compared to global supply, leading to high-capacity utilization in the industry. PVC demand is expected to grow at a CAGR of 2.6% from 2022 to 2030 driven by strong construction and infrastructure activity globally, adding ~12 million tons of demand between now and 2030.

#### *(a.2.8) Competitive Position*

The Company maintains the strategy of vertically integrating its business to be competitive in the markets it serves, investing in projects that have the purposes of ensuring the national and international competitiveness of its products, as well as the development of specialized and differentiated products.

In the recessionary stages of the national and international economic cycle, demand may be reduced, and oversupply generated, affecting the international prices of the products manufactured by the Company. The products manufactured and traded by the Issuer compete in global markets and are therefore subject to the supply and demand trends of such markets and, therefore, to international prices that may affect profit margins, based on the efficiency levels of each producer. The vertical integration strategy has allowed the Company to consume a high percentage of intermediate products for final processes, reducing the impact of a decrease in the prices of basic products.

The supply and co-investment contract with OxyChem, and the acquisition of Polycyd (a major resin producer in Mexico) have contributed to a strong position in the PVC market. Additionally through Vestolit, Orbia offers specialized products made to measure with high-impact suspension PVC resins (HIS-PVC). Orbia is the only producer that can offer this technology for rigid applications.

The Company is a leader in the general resins segment in Mexico and Colombia, a leader in the specialty resins segment in Europe and the U.S., and with is the largest producer of specialty resins in the world. The main competitors in the PVC market in Latin America and Europe are Shin-Etsu, Westlake, Formosa, INEOS, and OxyChem.

#### *(a.1.9) Market Share*

In 2022, Orbia's share of the Mexican PVC resin market was 44% The total PVC demand in Mexico was 536,000 metric tons in 2022.

##### PVC resin

PVC is manufactured by polymerizing VCM, which is formed from the joint reaction of ethylene and chlorine. PVC resin has multiple applications such as pipes and connectors for conveying water (particularly for use in housing and sanitation), profiles, films and sheets, bottles, coating of wires and cables, and floors, among others.

PVC is the third most used plastic in the world after polyethylene and polypropylene. According to Polymer Solutions business group market intelligence, global demand for PVC reached approximately 48.7 million metric tons in 2022, mainly in the construction sector. Pipes represent 45% of all PVC consumption globally.

PVC is a versatile plastic that has numerous everyday applications, including pipes for drinking water and irrigation, coatings for electrical cables, profiles for constructing windows, doors, facades, and entire houses, tiles, flooring,

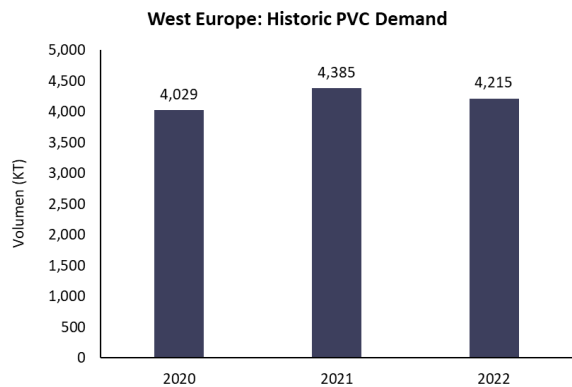
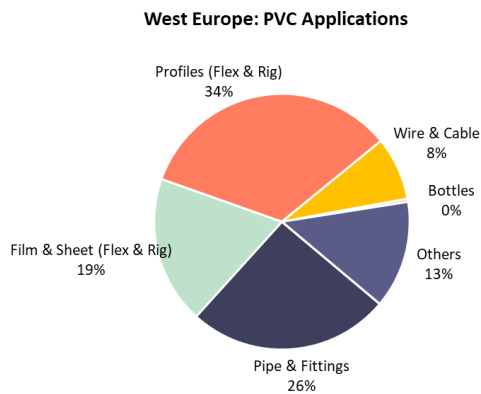
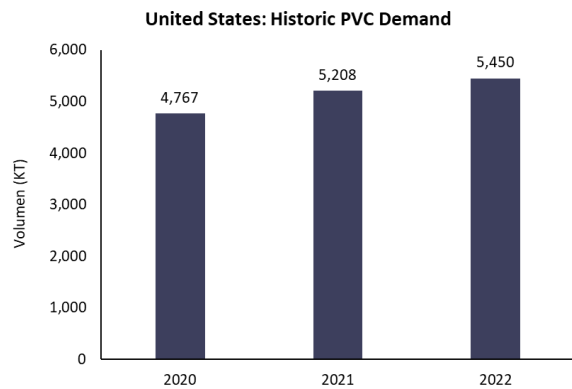
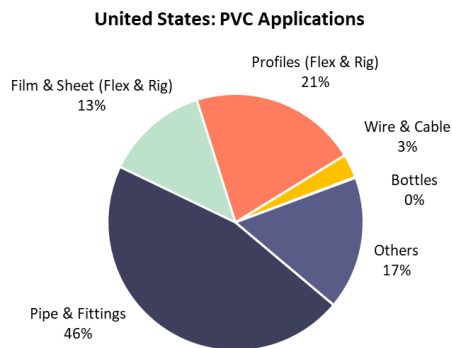
furniture coverings, automobile parts, household appliances, clothing, footwear, containers, packaging, medical devices, adhesive tapes, and more.

Vertical integration is critical in the PVC production chain. Failure to implement it can result in the disappearance of non-integrated PVC producers. Moreover, the integration of finished products can affect this industry as well. Non-integrated PVC producers are expected to face significant challenges when competing with integrated producers, who generally have much lower production costs.

The PVC industry is highly dependent on energy prices, especially natural gas, from which ethane is derived, the main feedstock for producing ethylene in North America. Meanwhile, crude oil, which is used to produce ethylene in Europe and Asia, is also affected by changes in energy prices, as it supplies different types of naphtha and hydrocarbons.

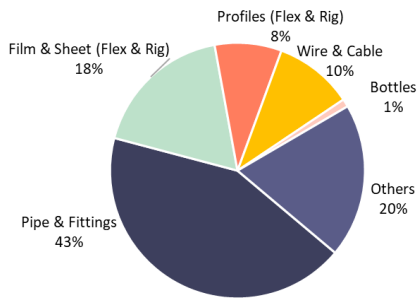
Apart from mature markets such as the United States and Western Europe, Orbia's Polymer Solutions business group focuses on expanding its presence in markets that are growing steadily, including regions with significant infrastructure and construction projects, such as Mexico, Colombia, India, Brazil, and Turkey.

PVC applications in Mexico, Colombia, the United States, India, and Brazil are focused on pipes and fittings while in Western Europe and Turkey, profiles are the most relevant segment, with pipes and fittings ranking second, as shown in the following graphs.

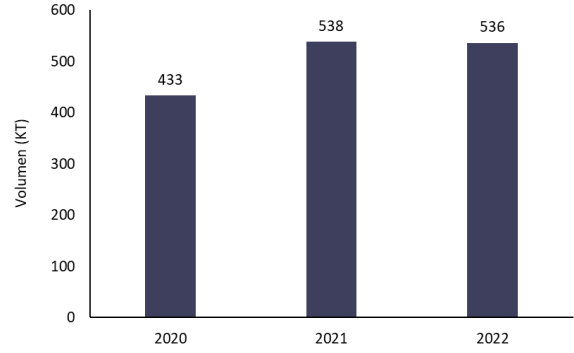




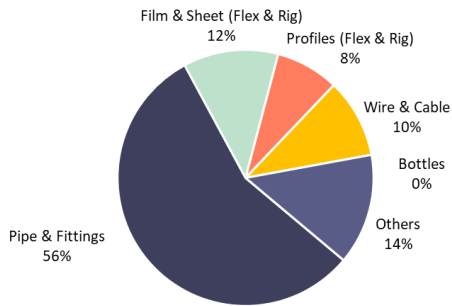
**Mexico: PVC Applications**



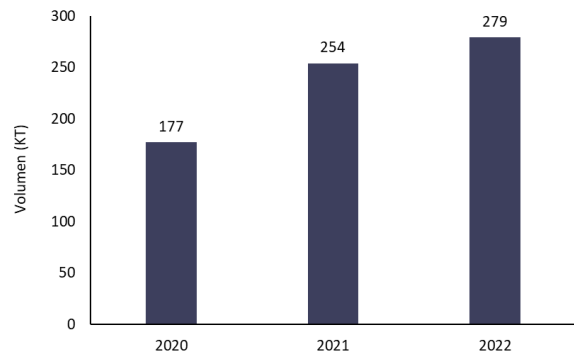
**Mexico: Historic PVC Demand**



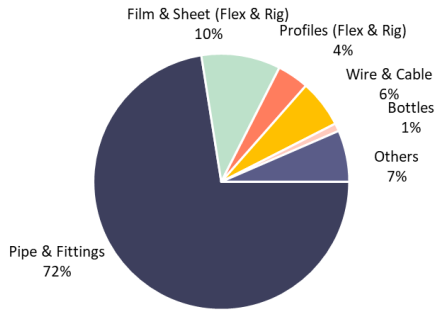
**Colombia: PVC Applications**



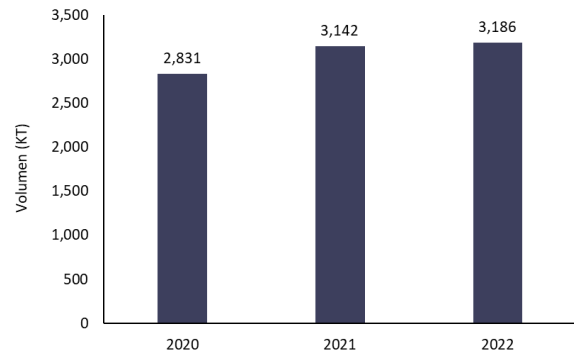
**Colombia: Historic PVC Demand**



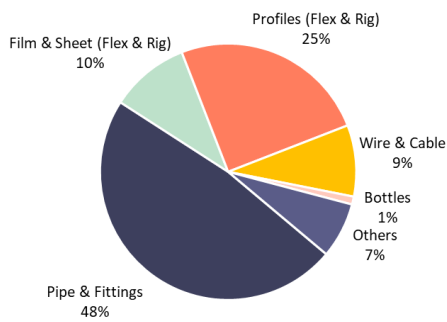
**India: PVC Applications**



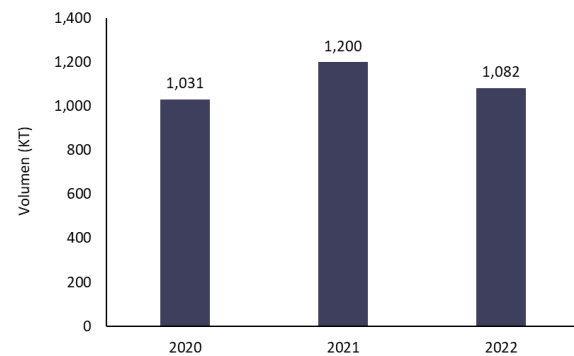
**India: Historic PVC Demand**

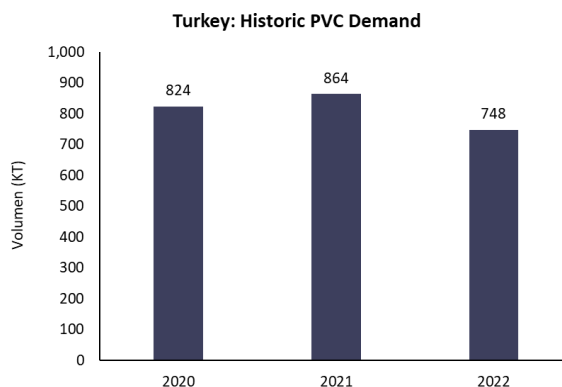
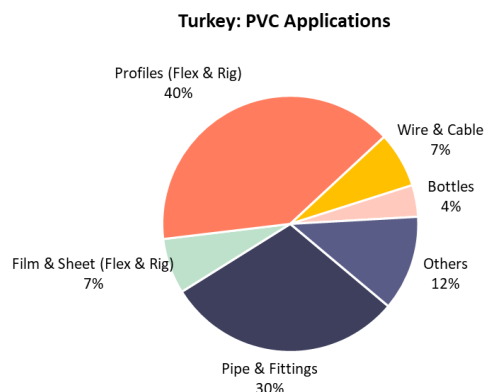


**Brazil: PVC Applications**



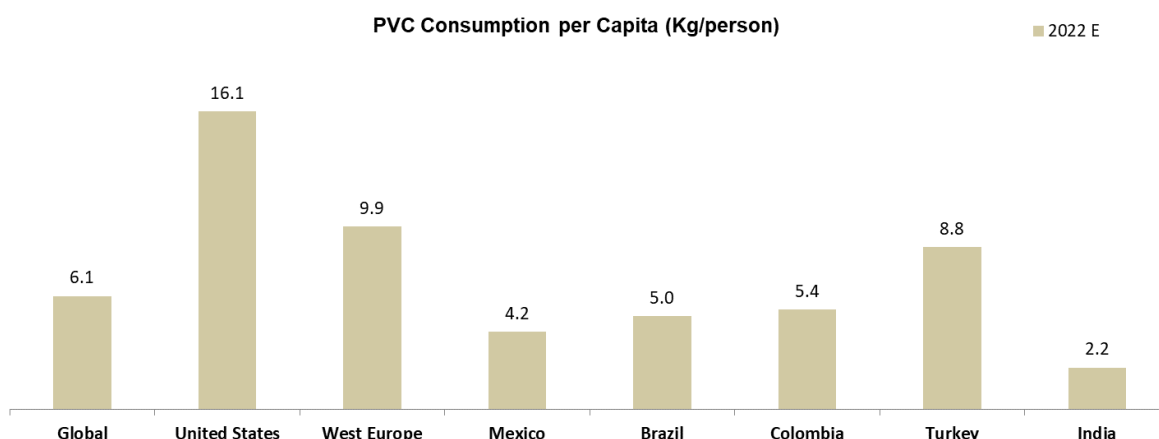
**Brazil: Historic PVC Demand**





Source: Polymer Solutions Business Group Market Intelligence

Orbia's Polymer Solutions business group focuses on markets with high growth potential, where PVC consumption per capita is increasing, and in mature markets where PVC consumption per capita is stable at high levels. The following graph shows the PVC consumption per capita of the main countries and/or regions where Polymer Solutions business group sells PVC resins:



Source: Polymer Solutions Business Group Market Intelligence

### (a.2.9) Industrial Processes

Orbia's Polymer Solutions business group has three primary business segments: Basic Chemicals, Vinyl, and Compounds. The main production processes of these segments are chlorine, ethylene, VCM, vinyl, and compounds. These processes are described below.

- **Chlorine – Caustic Soda Process:** Chlorine and Caustic Soda are obtained mainly by electrolysis of Sodium Chloride (NaCl) in aqueous solution, called the chlor-alkali process. The industry employs three methods: mercury cell electrolysis, diaphragm cell electrolysis and membrane cell electrolysis. Orbia uses diaphragm and membrane electrolysis cells.
- **Ethylene Process:** The industrial process for the production of Ethylene is carried out using ethane from cryogenic units, which is fed to pyrolysis ovens also called Crackers. During the cracking of ethane in the ovens (Crackers) ethylene, hydrogen and other hydrocarbons are produced, products that are subsequently

separated at low temperatures for use and to achieve the purification of ethylene to polymer grade. Orbia in its strategic association with OxyChem in Ingleside has been producing ethylene since February 2017.

- **VCM Process:** VCM is manufactured from chlorine and ethylene. These raw materials are reacted in a catalytic reactor to form an intermediate product called dichloroethane (Ethylene Dichloride or EDC). Purified dichloroethane undergoes thermal decomposition to produce VCM. VCM is produced at Polymer Solutions business group facilities in Germany.
- **Vinyl Process:** Orbia's Polymer Solutions business group employs two processes for PVC resin production: suspension and paste. In the suspension process, VCM is combined with water in the presence of a suspending agent in a reactor with agitation. The resulting mixture forms a suspension of VCM in an aqueous phase that remains stable until a VCM-soluble starter is added, initiating polymerization. In the paste process, VCM, water, emulsifier, and catalyst are loaded into a stainless-steel reactor and stirred under controlled pressure and temperature.

Orbia's Polymer Solutions business group utilizes only the first two processes, with approximately 79% of its production obtained through suspension polymerization and 21% via paste polymerization.

- **Compounds:** Plastic resins are utilized in the production of compounds by combined them with other additives through a mixing process. This process ensures that the appropriate quantities are integrated into the entire mixture. After this stage, a dry blend is obtained and cooled to a specific temperature. Through various steps and processes, the blend is then converted into pellets suitable for sale.

### **(b) Building and Infrastructure Business Group (Wavin)**

Building and Infrastructure is a global provider of plastic piping systems and innovative solutions for the construction and infrastructure industries, with a broad product portfolio. Specific product segments are used for drainage solutions, stormwater management solutions, potable water solutions, indoor weatherization solutions, and flooring and landfill systems. In order to keep the product portfolio up to date, Building and Infrastructure has a Global Technology and Innovation Center in the Netherlands, including a pilot plant, an accredited laboratory and a design center.

In Europe, Building and Infrastructure operates 20 production plants and 7 Research and Development facilities, with 3,800 employees. Building and Infrastructure is the market leader in Europe, has a broad product portfolio with nearly 32,000 items, has a significant local presence and is committed to innovation and technical support for the solutions it offers, which benefits its customers.

In Latin America, Building and Infrastructure has 16 production plants that operate with 5,900 employees in which it manufactures 12,500 products. It markets its products through its well-positioned brands Pavco, Amanco and Plastigama (all of them now associated with the Wavin brand). Due to its expertise and technical specialization, as well as its reputation for high quality, Building and Infrastructure is the market leader in Latin America.

In the Asia Pacific region, Building and Infrastructure relaunched its activities and started new administrative facilities in Indonesia and India in 2020, as a base for future growth and strengthening its global presence. After acquiring 2 brownfield production facilities in Neemrana and Hyderabad India from Connectivity Solutions in 2021, in 2022, Building and Infrastructure acquired a 67% share in Vectus Industries, a local producer of plastic pipes, water tanks and accessories with a footprint of 18 manufacturing sites across India, and announced a greenfield investment in Indonesia in the third quarter of 2022. The Indonesia investment will be a new manufacturing site located in Grand Batang City. The plant will produce hot and cold systems and soil and waste systems and is expected to be completed in the first half of 2024.

Sales of the Building and Infrastructure business during the years 2022, 2021, 2020 represented 30%, 33%, and 32%, respectively, of Orbia's consolidated revenues. The Building and Infrastructure Group also contributed 21%, 20% and 20% to Orbia's consolidated EBITDA during the same period. Detailed revenue data by region is shown below.

	Year ending December 31:		
	2022	2021	2020
<b>Building and Infrastructure business group <sup>(1)</sup></b>			
Europe / Asia Pacific / North America	1,625	1,606	1,195

Latin America	1,313	1,330	883
Eliminations	(12)	(14)	(7)
Total Building and Infrastructure	2,926	2,922	2,071

(1) Figures in millions of dollars.

In 2022 Building and Infrastructure continued to execute its strategy, benefiting from the rapid growth of value-added products such as Aquacell, AS+, SiTech+, Tigris K5/M5, to expand both sales and profitability. This partly offset the impact of sudden price volatility of certain raw materials in other parts of the business. Building and Infrastructure also successfully introduced PVC fittings in LatAm via KG Fittings from Germany and Poland, which further improved the business' product portfolio.

Building and Infrastructure experienced unusually low volumes in the second half of the year, resulting from weakening end market demand and customer stock management actions. These volume changes were particularly evident in Europe and were primarily due to macroeconomic factors such as high inflation and increases in interest rates as well as impacts from the conflict between Russia and Ukraine. This situation, in combination with a significant recalibration for raw material prices (steep decline from historical highs), translated into significant margin pressure.

Despite a competitive business environment, key milestones such as market share growth in most markets were achieved.

During 2022, Wavin continued the expansion of its Digital Services offering by providing design and installation services for integrated building performance, smart blue green infrastructure, smart urban drainage and water distribution services. Wavin's Digital services offering is supported by a robust platform of design and project calculation services, off-site manufacturing and BIM (Building Information Modeling) solutions.

The Business also continued its "Gear Up 4" global marketing campaign in 25 countries, including in Latin America and APAC, which aims to create customer loyalty and brand preference among installers with the campaign theme to "install trust".

#### *Products*

The market segments served by Building and Infrastructure business group are as follows:

**Wavin Hot & Cold Systems:** With more than 2 billion people on earth still without access to fresh water, Building and Infrastructure's goal is to make its solutions available worldwide. The business' approach to innovation is to avoid overly complicated solutions and to remove all barriers to installing them. This also means that it actively shares its knowledge to help customers.

The Hot & Cold business unit is focused on serving five main applications: Potable Water, Fire Sprinkler, Industrial, Radiator Heating Piping Systems and Indoor Gas. All of these systems are inherent in a variety of buildings, including residential, non-residential and commercial buildings. To serve these markets, Building and Infrastructure offers a broad portfolio of pipes and fittings. These systems include flexible, rigid, and semi-rigid piping in various materials, connection techniques, pipe wall constructions, and diameters. APAC, LatAm, EMEA countries have different installation habits and legislative requirements. The group's objective is to provide a variety of production solutions for the market, but to also benefit from economies of scale. Achieving this balance requires a deep understanding of market dynamics. Building and Infrastructure's offerings to customers go beyond tangible products to a wide range of additional services such as providing designs and project calculations, BIM models, service life assessment tools and drinking water quality and hydraulic performance testing.

The quality of drinking water is of great importance. Therefore, Building and Infrastructure actively contributes to the supply of safe water by raising product standards to the highest level. All Building and Infrastructure systems are made from approved materials with the correct design specifications that limit the risk of bacterial contamination in water systems during use. A continued focus of the business is to build smarter ways to manage drinking water in buildings.

**Wavin Indoor Climate Systems:** Building and Infrastructure is continually strengthening its position in the indoor climate segment in Europe by expanding the dedicated Building and Infrastructure organization to serve the major European markets.

The company develops, manufactures and sells various systems that provide a better and healthier indoor climate for people with energy reduction as a key factor.

The key systems are:

- Water-based underfloor heating systems, including pipes, flooring solutions, collectors and distribution systems.
- A water-based roof cooling system that provides healthy cooling of buildings with low energy consumption and no operating noise (alternative to air conditioning systems).
- Thermal interface units for District energy (Calefa),
- Ventilation systems with heat recovery (Ventiza) including units, ducts and accessories to make a complete installation.
- Various ranges in control systems, including high-end Sentio, which is a sophisticated control system that connects all systems seamlessly.

These systems focus on ease of installation, long-term reliability, and connectivity through control systems that are the key differentiators in the market. Within Indoor Climate Solutions, Building and Infrastructure targets the new build residential market. At the same time, the business is experiencing an increase in the light commercial building segment and in the residential renovation market.

**Wavin Soil & Waste:** Soil & Waste products contribute to Building and Infrastructure's purpose in two areas: improved construction performance and improved sanitation and hygiene. The product range covers all segments of the value pyramid with low, medium and high specification PP, PE and PVC systems. Its broad product portfolio can cover the most diverse requirements of customers around the world. Whether in a competitively priced market or a high quality project, Building and Infrastructure has a ready solution with a wide range of products, technical support and high levels of service to offer its customers.

The ability to develop value-added products such as PVC allows the business to set trends in markets such as LatAm and APAC, resulting in differentiation from the competition. In EMEA, Building and Infrastructure is increasing its market position with products such as SiTech+ and AS+ that meet the most stringent standards. Building and Infrastructure's customers appreciate the fresh designs, performance and quality of its products. Whether for social buildings, multi-family homes in urban settings, or five-star hotels in tourist destinations, the Wavin Soil & Waste portfolio is always the right choice.

Building and Infrastructure is also well positioned for the challenges of the future in wastewater management. It is a pioneer in the development of 100% plastic wastewater systems using its extensive knowledge to develop various applications for its own use and industrial construction. These capabilities, combined with its sound and fire protection expertise, enable the group to offer a full range of products to its customers.

**Wavin's Stormwater Management:** We live in a changing world. Cities continue to grow as the urbanization trend continues, resulting in increasingly harsher impacts on the environment. Climate change is having a profound effect with increasingly intense rains and periods of drought. The combination of shorter and sharper rains with more roofs and paved roads has resulted in a higher risk of urban flooding. To manage this risk, there is a growing demand for improved stormwater management and drainage solutions.

Building and Infrastructure is a leading global player in surface water management and is helping towns and cities manage flood risk, control groundwater depletion, and manage heat stress within the urban environment through a broad portfolio of products and technical expertise.

*Product Portfolio:* Building and Infrastructure offers a wide range of solutions for surface water management. QuickStream® Siphonic Roof Drain is used for the efficient drainage of large roofs, while gutters, troughs and drainage channels can be used to collect additional excess water from hard surfaces. Below the surface, Building and Infrastructure offers water transportation through X-Stream®, Novafort® and land drainage piping systems with access through Tegra manholes. Water quality can be improved by removing debris, sediment and oils with Tegra Road Gullies and Certaro® filters, while AquaCell® and Q-Bic Plus® can be used to allow collected water to infiltrate back into the ground or to be stored and released at a controlled rate to avoid overloading the piping system.

*Sustainability:* Developing systems in plastic means that a project life of up to 100 years can be achieved with the added benefit of being recyclable at end of life. A significant portion of Building and Infrastructure's stormwater portfolio is already produced from 100% recycled plastics from post-industrial applications.

To help trees grow faster and give them a chance to thrive in harsh urban environments, Building and Infrastructure offers Wavin TreeTanks®. In these underground boxes, a safe zone is created in which the roots can grow as in the natural environment while collecting water and valuable nutrients to support their growth. The healthy growth of these trees helps rapidly cool temperatures in city centers (reducing the heat island effect), making these cities more sustainable.

**Wavin Foul Water Systems:** Foul Water Systems is one of Building and Infrastructure's foundations as it supports the business' commitment to improving sanitation and hygiene around the world. The foul water systems segment achieved unprecedented revenues and profits in 2021 that continued in 2022. The segment develops, produces, markets and

sells plastic pipes, fittings, manholes and related materials to create a healthy and sustainable underground infrastructure. Tailored to customer requirements, solutions made from polyvinyl chloride (for example, Novafort in Latin America) and polypropylene (for example, Acaro and Tegra® in Europe) are used as combined sewage for dirty and storm water or installed as separate systems. True black water goes to water treatment facilities, while rainwater, with limited filtering, goes to lakes, canals, and rivers or is used locally to water trees and parks.

Building and Infrastructure emphasizes sustainable products made from recycled materials, such as its multilayer pipes under the names Recycore®, EcoTP and U3, in countries where legislation allows it. In other countries, it lobbies for the inclusion of recycled products to be approved. Durability, reliability and ease of installation are key aspects of the business' products.

*Sustainability.* Building and Infrastructure's holistic sustainability strategy is based on six global programs (of which five are action focused and program one is supportive. Each program has clear goals and ambitions to achieve the business goal to become an industry leader in sustainability by 2025. the six global programs are:

- Innovation (Offer innovative solutions to help their clients adapt to climate change).
- Circular economy (Contribute to the increase in the use of recycling and the recyclability of products).
- Environmental Impact (Reduction of the environmental footprint for clients and in its operations).
- Social inclusion (creating a positive impact on (local) communities and embracing diversity)
- Reports (Reports on the performance of sustainability programs to stakeholders).
- Public affairs (active participation in the development of policies to increase the impact of their sustainability activities).

Annually Building and Infrastructure implements between 100 to 200 projects in support of these programs.

#### *Raw Materials*

During 2022, approximately 78% of the cost of sales for Building and Infrastructure in Latin America was the material cost of PVC resin and CPVC resin. The Company buys 51% of this raw material from the U.S. and other regional suppliers where logistics costs or tariffs make sense. The remainder is purchased from the PVC resins subsidiary of the Polymer Solutions business group (Vestolit), which has operations in Mexico and Colombia.

In Europe approximately 54% of raw material usage is Polyolefins: Polyethylene (PE) and Polypropylene (PP), while the remaining 46% is PVC resin (virgin and recycled) and additives, of which the Polymer Solutions business group provides approximately 11%.

#### *Main Customers*

Building and Infrastructure's main customers are from the construction and infrastructure industry including construction companies, installation companies and underground contractors, as well as municipal governments, cities and gas and water companies that carry out public works. Including inter-company sales, Building and Infrastructure business group represents 30% of Orbia's total sales and the most significant Building and Infrastructure customer represents 7.2%.

#### *Distribution Channels*

Building and Infrastructure distributes its products to end consumers (installers, contractors and engineers, and specifiers) directly, through distributors, or through businesses specialized in construction, dealers, plumbing specialists, civil engineering specialists or retail DIY businesses.

In Europe, Building and Infrastructure primarily uses indirect distribution; that is, its products are shipped to wholesalers or retailers, who have both centralized distribution and storage centers, as well as multiple points of retail sale. Building and Infrastructure products are available at approximately 65,000 points of sale in Europe, which include direct and indirect distribution.

In Latin America, Building and Infrastructure's products are distributed through over 50,000 points of sale with more direct contact with the end consumer, as well as through construction companies.

#### *Cyclic behavior*

Building and Infrastructure's business performance is influenced by the economic cycles in each of the countries in which it operates, particularly the cycles present in the construction and housing sectors. Additionally, in Europe, there is a seasonal effect related to the winter season during some months of the first and fourth quarters, in which lower levels of sales are generated.

#### *Competitive position*

Building and Infrastructure's market leadership has been built from its very well positioned brands: Wavin (with 66 years of history), Amanco, Pavco and Plastigama. It has also benefited from a robust track record in product development, innovative systems and solutions. Taking innovation as a reference, Building and Infrastructure offers a wide portfolio of products and solutions, such as those aimed at solving so-called "customer pain" with reliable service level performance. The close links established with customers have been reinforced in recent years through proactive commercial campaigns, as well as through the use of digital tools such as BIM throughout all regions, improving the service to its customers.

#### *Market share*

The Building and Infrastructure business in Latin America holds approximately 31% share of the PVC pipe market, based on the Company's own estimates, and the Company also estimates that, in this region, it holds a significant share of the wholesale markets, since it is the market leader in most of the countries. For the European market, Building and Infrastructure estimates that it holds a market share of approximately 14% for a wide range of applications for the interior and exterior design of buildings, as well as infrastructure.

#### *Industrial Processes*

Orbia/Building & Infrastructure operates in Europe and LATAM about 50 manufacturing plants that operate extrusion lines, injection molding machines, rotational molding, assembly equipment and dedicated lines for geotextiles.

Although it masters the usual technologies for PVC, PP, PE and other materials, Orbia/Building & Infrastructure is also a world leader in a unique technology for producing pipes that transport drinking water. This extrusion technology is called Biaxial where the pipe undergoes a biorientation of its molecules axially and longitudinally, generating a structure of laminar layers, providing the pipe with significantly greater mechanical resistance compared to conventional pipes and flexibility that makes them practically unbreakable.

Integrating our customers' concerns regarding sustainability, we are also progressively introducing recycled materials in our products, where regulations allow, to further harness the circular approach we seek.

Orbia/Building & Infrastructure operations are innovating by:

- Progressively growing in the space of manufacturing systems incorporating electronics and sensors, paving the future for more technology content.
- Offering customers prefabricated systems, ready for site integration.

### **(c) Connectivity Solutions business group (Dura-Line)**

Connectivity Solutions develops and markets high-density polyethylene (HDPE) products and has positioned itself as a leader in the production and distribution of conduits and accessories, as well as cable and fiber optic conduit solutions for voice and data, and pipes for infrastructure related industries.

Connectivity Solutions has 16 production facilities located in North America, Europe, India and Oman. Its clients are large North American corporations, as well as multinational companies that rely on the high quality of the products and services it offers.

Connectivity Solutions has positioned itself mainly in the United States and Canada regions, as well as in the AMEA region.

The table below shows the business's sales in the past three years.

	Year ending December 31:		
	2022	2021	2020
<b>Connectivity Solutions Business Group</b> <sup>(1)</sup>	1,370	944	732

(1) Figures in millions of dollars.

## *Products*

*Telecommunications.* The Company produces advanced engineered conduit, microduct and cable conduit solutions for the telecommunications (voice and data), electrical engineering and cable television markets, and offers multiple conduit solutions under the Dura-Line brand. Offering a microduct solution primarily for use in broadband and cable TV and telecommunications applications, its SILICORE ducts are made with a high-density polyethylene (HDPE) jacket and a solid polymer shell. The conduit has an outer jacket and a slip-on center that eliminates the need for lubrication, reduces friction and protects the cable before, during and after installation. The Tornado Plus Conduit product is specifically designed to facilitate better installation by creating an air chamber that allows cable to be installed over long distances. The company is a leader in the development and manufacture of small diameter ducts. These patented solutions provide flexibility to the network through the installation of fiber that increases the growth of data networks without the need for additional trenching.

Through its CableCon line of products, Connectivity Solutions is the leading provider, both by volume and sales, of pre-installed cable conduit solutions in North America. CableCon is a system in which fiber optic, coaxial or power cables are pre-installed during production at its factory, reducing installation costs for customers. CableCon's consumer growth has been achieved through Connectivity Solutions ability to customize the solutions it offers its customers with products that fit their needs.

The Company has developed a new line of micro-duct solutions designed to be used both inside and outside buildings in order to improve network capabilities. Dura-Line's technology provides a comprehensive solution to meet future growth needs with affordable installation costs. Through the CableCon product, the Company is the leader in driving solutions in North America based on volume and sales.

Connectivity Solutions also sells a wide range of accessories for users in the telecommunications sector (voice and data) such as duct couplers, woven pull tapes, a underground chambers and a wide assortment of installation hardware to improve conduit, duct and cable installations. Accessories are designed to streamline and improve the installation of pipe and duct solutions.

## *Raw Materials*

For Connectivity Solutions' US/Canada and AMEA business, the primary raw material is high-density polyethylene resin, the price of which is substantially subject to fluctuating market conditions. Polyethylene resins are traded worldwide. A determinant in the price of resin is the price of oil, which often experiences volatility. Purchases of this raw material are made from a small number of local suppliers, and generally, these contracts have a duration of between one and two years. The Company has long-standing business relationships with regional resin suppliers, with an average tenure of eleven years. In terms of prices, contracts with suppliers are based on market prices according to the prevailing terms in applicable region.

## *Main customers*

Connectivity Solutions' business customers belong to the telecommunications and infrastructure industries, which include large and small construction companies, installers, as well as telecommunications and energy companies.

## *Distribution Channels*

Connectivity Solutions distributes its products to more than 1,700 customers, both directly and through distributors in more than 50 countries.

## *Cyclic behavior*

Normally, the first and fourth quarters of each year have lower sales levels due to the winter in the northern hemisphere. However, weather conditions in recent years and underlying supply/demand dynamics in the market have varied in such a way that quarterly sales performance trends may be affected in different ways.

## *Competitive position*

Connectivity Solutions' main competitive advantages are its presence in countries such as the United States, India, Oman and Canada, having an extensive distribution network, as well as greater brand recognition. The business group faces strong international competition in the countries in which it participates.

The competitors in the US/Canada and AMEA are Performance Pipe (a division of Chevron Phillips Chemical Company), LP, Blue Diamond Industries, LLC, JM Eagle, and to a lesser extent small regional manufacturers, in addition to some European companies. such as Gabo Systemtechnik GmbH (dba Gabocom), Emetelle and Hexatronic. In developing countries, the competitive landscape is much more fragmented when compared to the US, Canadian or European markets.



### Market share

The Connectivity Solutions business group considers that this information is of strategic importance, and it therefore reserves the right to refrain from disclosing it.

### Industrial Processes

The Connectivity Solutions business manufactures specialized ducts for the telecommunications sector using its primary raw material, which is polyethylene. The manufacturing process for the telecommunications ducts consists of using virgin polyethylene with certain additives to then run them through a one or two stage extrusion process, depending on the product to be manufactured. These ducts are prepared and customized specifically for customers with telecommunications sector specific requirements.

### (d) Precision Agriculture business group (Netafim)

Precision Agriculture is aimed at high-growth markets and produces solutions to address two major global trends: the increasing scarcity of food and water.

The business group is a global leader in the production and sale of precision irrigation solutions, with 62 subsidiaries and 20 plants located in Israel, Turkey, The Netherlands, Spain, South Africa, Mexico, Brazil, Peru, Chile, China, Colombia, Australia, India and the United States, serving over 110 countries.

Precision Agriculture offers agricultural, civil engineering and project solutions related to the handling, use and control of water in agricultural, farming and aquacultural activities. All this allows it to offer the widest range and assortment of solutions that adapt to the needs of its customers.

The products are sold under the Netafim brand, which is recognized in the key agricultural markets and is a symbol of its proven history as a pioneer and innovator in the agricultural irrigation market. Since the introduction of the world's first commercial drip irrigation system in 1966, Precision Agriculture has invested years of research into micro-watering to maximize the benefits of the technology. As a result of this investment, it has been a leader in the key technological advances made in micro-irrigation, such as low-pressure drippers and drippers with pressure compensation. It has become a world leader in advanced micro-irrigation by helping the world "grow more with less", as demonstrated by its customers who, generally, achieve greater crop yields while using less water, as well as less land and power resources, allowing for reduced use of other inputs like labor, nutrients and crop protection.

Precision Agriculture contributed 11%, 13%, and 15% to Orbia's consolidated revenues for the years 2022, 2021 and 2020, respectively and 6%, 7% and 13% to EBITDA, respectively during the same periods.

Precision Agriculture sales for each of the three prior years is shown below.

### Sales

	Year ending December 31:		
	2022	2021	2020
<b>Precision Agriculture business Group</b> <sup>(1)</sup>	1,085	1,126	972

(1) Figures in millions of dollars.

### Products

Precision Agriculture's technologically advanced micro-irrigation solutions consist primarily of drip-based watering solutions, but it also sells sprinklers and micro-sprinkler products, as well as greenhouse building capabilities. This business provides services primarily to the agricultural market, while certain products are used for landscaping and mining applications.

The broad range of Precision Agriculture's product portfolio includes drippers, drip lines, strategic system components (such as filters, valves and air valves) and advanced digital technology for agriculture and greenhouse components. Advanced digital crop technology offers solutions for watering and fertigation, and in 2018, the business launched an integrated digital agriculture system to the market that has monitoring, analysis, and control capabilities. The business

provides end- to-end solutions that include the provision of bulk water, feasibility and design studies, implementation, post- sales support and system maintenance. Also, through its leading presence in the irrigation market, it has built a base of in-depth agricultural knowledge and offers agronomic services and support to help end users maximize the productivity of their systems.

#### *Raw Materials*

The main raw materials used in the Precision Agriculture business group are polyethylene (PE) resins in different grades and products made from PVC resins.

#### *Main Customers*

The main customers of the Precision Agriculture business group are individual and large corporate farmers. Most of these end users are served and supplied through large and medium sized wholesale distributors. Precision Agriculture's top ten customers together represent about 2.5% of Orbia's consolidated total revenue.

#### *Distribution Channels*

Precision Agriculture distributes its products directly and through a global network of more than 3,000 distributors in more than 110 countries.

#### *Cyclic behavior*

Precision Agriculture's seasonality depends on the climate of the countries in which it operates, with the second quarter of each year being the one with the highest demand, followed by the fourth quarter, while the first and third quarters are typically weaker. In Europe, an increase in demand for the company's products is normally observed in the spring months. The countries of the southern hemisphere normally experience greater demand in the months of September and October, which is the beginning of the spring season there. Finally, in December there is typically an increase in the demand for the company's products driven by an increase in sales in the U.S. and India.

#### *Competitive Position*

Precision Agriculture's main competitors are Jain Irrigation, Rivulis, Irritec, Toro, Metzger and smaller local competitors in the countries where it has a presence.

#### *Market Share*

Precision Agriculture has an approximate market share in precision irrigation products of 35% in North America, 40% in Latin America, 35% in Europe and 20% in AMEA.

#### *Industrial Processes*

This business group manufactures drip irrigation pipes using polyethylene and different additives through an extrusion process, which results in flexible pipes that the drip points are inserted into at specific intervals. The pipes are drilled at each drip point.

### **(e) Fluorinated Solutions Business Group (Koura)**

Fluorine is a critical element, widely present and playing a fundamental role in our daily lives. Fluorinated products and technologies are used in a wide range of industries, including automotive, chemical, semiconductor, communications, construction and pharmaceuticals, among others. It has also become relevant as a key feedstock for various decarbonization solutions, such as lithium-ion batteries, renewable energy, and low-GWP refrigerants for mobile and stationary applications.

Orbia's Fluorinated Solutions Business Group is the world's largest fluorite producer, vertically integrated into high-value, high-growth applications that will reduce greenhouse gas emissions and enable the world's rapid transition to sustainable energy. It is the largest producer of fluorite in the world and has leading industry positions in hydrofluoric acid and aluminum trifluoride (AlF<sub>3</sub>).

The Company is one of the world's leading suppliers of refrigerant gases, primarily R-134a gas, used primarily in the automotive and refrigeration industries. R-134a gas is also used as a propellant gas in medical devices such as inhalers for asthmatics, an application in which Fluorinated Solutions supplies approximately 75% of the world demand.

Fluorinated Solutions is committed to the development of Low Global Warming Potential (LGWP) refrigerant gases, investing significantly in research and development to design a new portfolio that will provide a material improvement on currently available products, benefiting industry and the environment alike. It is also a leader in the introduction of low GWP medical propellants based on HFA-152a, and is working with global pharmaceutical companies on this transition.

Fluorinated Solutions is increasingly becoming an important provider of fluorinated products to the energy storage industry, working with industry partners and researchers to develop and manufacture a wide range of advanced fluorine materials including electrolyte salts, binders and high-performance electrolyte additives for lithium-ion batteries.

Sales generated by the Fluorinated Solutions business group represented approximately 8%, 8% and 11% and EBITDA of 19%, 12% and 19% during 2022, 2021 and 2020, respectively, of Orbia's consolidated sales and EBITDA.

### Sales

Fluorinated Solutions volumes and sales in the last three fiscal years have been as follows:

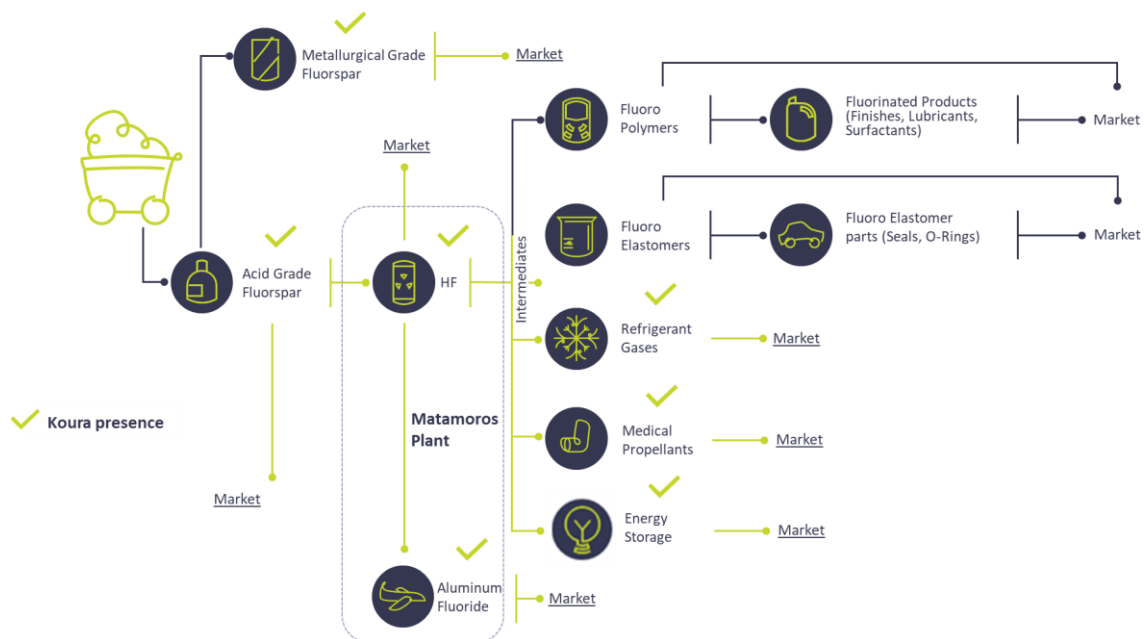
	Years ending December 31:			Sales		
	Volume Sold (1)					
<b>Fluorinated Solutions</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Acid Grade, Metallurgical Grade Fluorite,	740	1,042	1,052	413	421	432
Acid Grade, HF, Batteries and ALF3						
Refrigerant and Medical Gases	49	51	53	478	344	310
Eliminations	(22)	(26)	(25)	(39)	(21)	(44)
<b>Fluorinated Solutions Total</b>	<b>767</b>	<b>1,075</b>	<b>1,080</b>	<b>852</b>	<b>744</b>	<b>698</b>

1. Millions of Tons

### Fluorine Value Chain

#### (e.1) Fluorite

The value chain of this business group starts with calcium fluoride, better known as fluorite. The full value chain is depicted below.



9

Fluorinated Solutions supplies approximately 20% of the worldwide demand for fluorite, either directly or through its distribution network. It is the number one player in the Americas and Europe and has a significant presence in Asia Pacific. Fluorinated Solutions sells fluorite to a variety of customers in different industries, including major manufacturers of fluorinated products, some of the largest steel mills in the world, and several of the largest players in the Latin American cement industry.

### Products

Fluorite is produced and consumed in two grades: metallurgical grade and acid grade.

Metallurgical grade, or Metspar, is mineral with a certain natural concentration of fluorine that varies depending on the application. It is a crucial raw material in the production of steel and cement. Metspar enables the removal of impurities, especially sulfur, when added to slag to produce stainless and low carbon steels. It is also a valuable additive in the production of clinker for the cement industry, increasing productivity and product performance. Metspar is a key additive to quality production of steel and cement with lower carbon footprints.

Concentrated fluorite or Acid Grade, has a minimum concentration of 97%, and is obtained through flotation processes from mineral ores with a lower initial concentration. It is primarily used throughout the world to produce hydrofluoric acid, the chemical precursor to most fluorinated products.

### Plants and mines

(See Section "B "The Issuer", item "X "Description of its Main Assts", of this Annual Report).

Fluorinated Solutions operates several mining locations in Mexico. Mainly from two locations in the state of San Luis Potosí, Fluorinated Solutions' mineral production is three times that of the second largest producer of fluorite.

Environmental and sustainability are strongly integrated into Fluorinated Solutions' plans for mineral extraction and processing to ensure that its environmental and social responsibility goals are achieved. The use of screening equipment for Metspar has enabled better utilization of the mineral resource, and significant investments have been made in Acid Grade processing to use substantially less water per metric ton produced and go to paste or dry-related instead of the traditional wet-related industry practice.

### Raw materials

The main suppliers of raw materials for the fluorite operations in Mexico are the National Water Commission (water), Iberdrola and the Federal Electricity Commission (electric energy) and Pemex Transformación Industrial (natural gas).

### Sales and marketing

Fluorinated Solutions maintains long-term contracts with its main metallurgical-grade and acid-grade fluorite customers. These long-term contracts (between 3 and 5 years) provide for the use of price formulas based on international market reference prices.

*Main customers*

Fluorinated Solutions' main fluorite customers are in the iron and steel, glass, ceramics, aluminum, cement and chemical industries (fluorocarbons for refrigeration, propellants, foaming agents, thermoplastic polymers and others). Fluorinated Solutions' 10 largest fluorite customers represent 5% of Orbia's total sales. No single customer for this process represents more than 1% of the Company's total sales and, therefore, there is no dependence on one or more customers. The loss thereof would not have a material adverse effect on the Company's results of operations or financial position.

Koura has been a global leader in promoting the use of Metspar for Cement companies, as it enables the reduction of the clinker content per ton of cement, thus helping the industry to reduce CO<sub>2</sub> emissions.

*Distribution Channels*

Koura serves approximately 20% of the global demand for fluorite, either directly or through its distribution network.

*Distribution contracts*

Sales through distributors are made through long-term contracts. Distributors purchase the described fluorite products directly for resale in the markets in which they are present.

*Cyclic behavior*

The Fluorite markets have a low cyclical behavior.

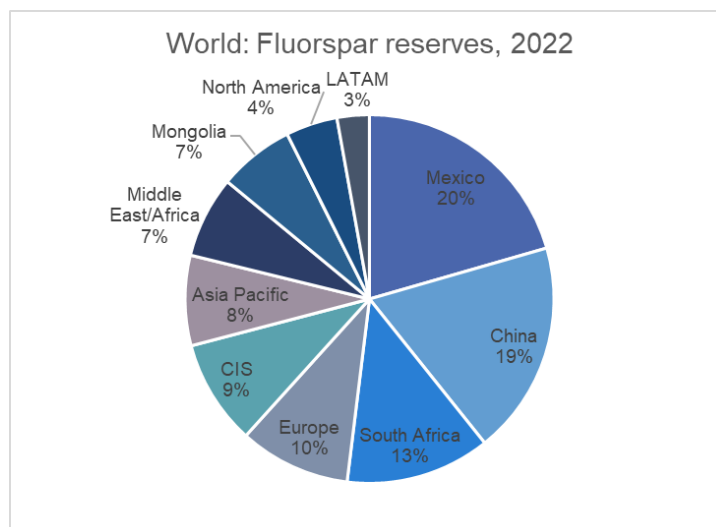
*Competitive Position*

Fluorinated Solutions produces greater than 1 million tons of fluorite, equivalent to approximately 20% of the global demand. According to a study performed by HCA Consulting, by comparison, China produces approximately 4.8 million tons in more than 650 mines.

Competitive strengths of Fluorinated Solutions include its sustainability commitment, continuous investments in productivity, positive labor union relationships, high quality of ore extracted from its mines requiring lower levels of additional processing and long-term customer contracts.

*Market share*

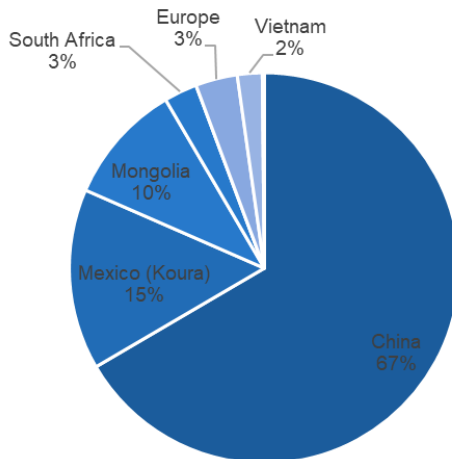
The chart below shows the distribution of fluorite reserves around the world in 2022. Based on data from the US Geological Service and internal analysis by the Business Intelligence team, global reserves equal approximately 331 million metric tons:



Source: USGS internal report and analysis.

Fluorinated Solutions maintains a 15% share of the world fluorite supply and exports around 80% of its production worldwide. Six countries, China, Mexico, Mongolia, South Africa, Vietnam and Spain consistently account for more than 90% of the world fluorite production. World fluorite production is shown in the chart below.

World: Fluorite production by country (%), 2022



Source: HCA Consulting and internal analysis (2022)

The dynamics of the fluorite market changed significantly in 2018, as China, the largest producer by country, went from being a net exporter to a net importer of fluorite. However, in 2022, the world fluorite market had to adjust to a shifting supply structure, as China, the largest producer in the world, made large spot sales of acid grade fluorite (acidspar) and ended the year as a net exporter of that grade. Metallurgical grade fluorite (metspar) trade between China and the rest of the world experienced less changes.

In the medium and long term, several external analysts and internal projections agree that the total global demand for fluorite will continue to grow faster than GDP due to several megatrends, most notably the transition to clean energy and increased digitalization.

(e.2) Hydrofluoric Acid (HF) and Aluminum Trifluoride (AlF<sub>3</sub>)

Hydrofluoric acid (HF), also known as hydrogen fluoride, provides the primary source of fluorine, which forms the basis of a vast range of industrial, pharmaceutical, polymer, electronics, petroleum, personal care, agrochemical and fine chemical products. Refrigerant gases, fluoropolymers & fluoro-elastomers, and aluminum trifluoride are some of the major applications where HF is directly used. The volume of HF consumed for materials used in lithium-ion batteries is significantly increasing, and it is expected to be a main growth driver for HF demand in the coming years. Fluorinated Solutions is one of the leading producers of hydrofluoric acid.

Aluminum trifluoride is an essential element for the manufacture of aluminum, and is produced by the reaction of hydrofluoric acid (HF) with aluminum hydroxide. From its Matamoros plant, Fluorinated Solutions supplies several of the main global aluminum producers.

*Products*

Hydrofluoric acid is produced by reacting Acid Grade fluorite with sulfuric acid. Once produced, the hydrofluoric acid is subjected to various stages of distillation until it reaches the required purity to meet the high standards demanded by the market. Sulfuric acid is made by Fluorinated Solutions starting from sulfur, which is converted into sulfuric acid once it comes into contact with air at high temperatures and with water.

Hydrofluoric acid is mainly used in (1) the manufacture of refrigerant gases and propellant gases for air conditioning, refrigerators, freezers and medical applications for treatment of respiratory diseases, (2) the manufacture of fluoropolymers, (3) the manufacture of aluminum trifluoride, (4) the production of fluorinated salts, which are used in energy storage, (5) the manufacture of high octane gasolines, (6) cleaning of metallic surfaces such as the pickling of

stainless steel, and in other uses to a lesser extent, such as the manufacture of uranium fluoride for the nuclear industry and the manufacture of semiconductors .

Aluminum trifluoride is produced by reacting HF with alumina, usually immediately after the HF has been produced. It is mainly used as a flux in the aluminum smelting by fused-salt electrolysis. It is critical for economically feasible production at almost all aluminum smelters around the world.

*Plants*

*(See Section 2, "The Issuer", item x, "Description of its Main Assets", of this Annual Report).*

Fluorinated Solutions owns and operates one of the largest HF plants in the world, located in the city of Matamoros, Tamaulipas, Mexico. The plant is strategically located to have easy access to its main raw materials in Mexico and exports 97% of its production of hydrofluoric acid, mainly to the USA, as well as 100% of its production of aluminum trifluoride. The Matamoros plant is operated with the highest stewardship standards and in compliance with all applicable regulations. Koura has invested in systems to achieve low SO<sub>2</sub> emission in the sulfuric acid production.

*Raw materials*

The main raw materials used in the production of HF are acid grade fluorite and sulfur. Fluorite is supplied from Koura’s mine in San Luis Potosi.

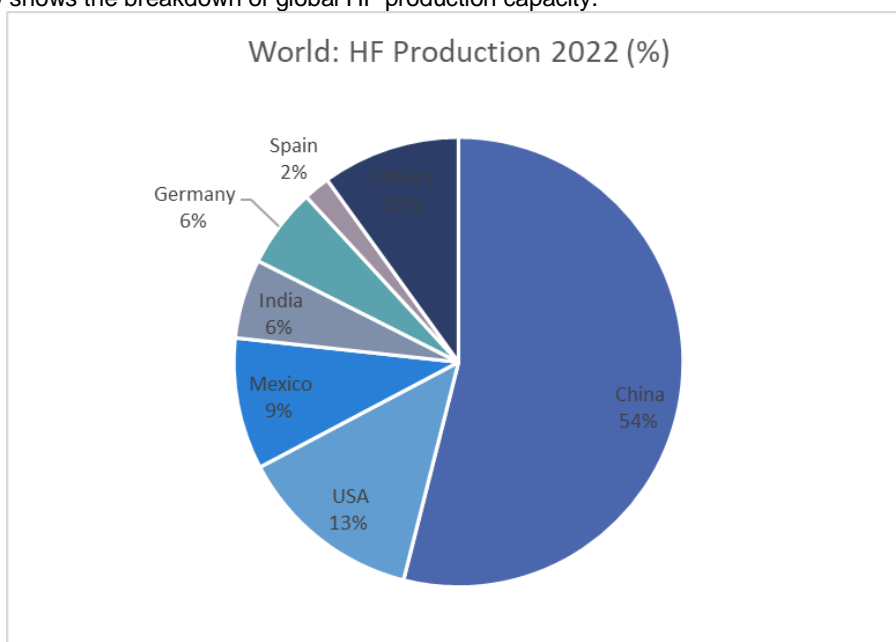
*Sales and marketing of hydrofluoric acid (HF) and aluminum trifluoride*

The Company has several long-term HF supply contracts with its major customers in North America. Aluminum trifluoride is sold to customers through purchase orders or contracts.

*Fluorinated Solutions Business Group HF and AlF<sub>3</sub> Market Share*

The Company estimates that global demand for hydrofluoric acid (HF) in 2022 amounted to 2.7 million metric tons, including just under 1 million metric tons used as a feedstock to produce AlF<sub>3</sub>. In 2022, global demand for HF was still affected by zero COVID policies in China, but prices recovered compared to the previous year.

The chart below shows the breakdown of global HF production capacity.



Source: Internal Analysis, HCA Consulting 2022), Roskill Consulting Fluorite Report 2022)

**Global production capacity of hydrofluoric acid (thousands of metric tons from 2020 to 2022)**

	2022	2021	2020
China	2,065	2,017	2,017
North America	212	220	220

Europe	226	257	257
Asia	222	167	167
Mexico	170	196	196
Rest of the World	61	131	127
<b>Total</b>	<b>2,956</b>	<b>2,988</b>	<b>2,984</b>

Source: Roskill Consulting 2020, HCA Consulting 2021, Internal Analysis.

Do-Fluoride in China, the largest producer of HF in the world, has about 10% of the world's capacity. Excluding China, Fluorinated Solutions was the largest producer of HF in the world during 2022 followed by Honeywell, including its US and German plants.

The majority of Fluorinated Solutions' HF production is exported to the US where it is consumed for the production of fluorocarbons and other applications. The Company competes in the HF market with some major Chinese producers, Honeywell, Chemours, and Solvay. During the last few years Fluorinated Solutions has moved towards increasing its internal HF consumption in downstream products like refrigerant gases, battery materials and other value-added fluorine applications.

AIF3 total consumption was around 1.2 million metric tons in 2022. China consumed 59%, followed by the Middle East with 8%, India and Russia with 7% each. Koura serves approximately 6% of the global demand for AIF3, either directly or through its distribution network. It is the leader in the Americas and has a strong presence in India, the Middle East and other regions.

Covid-19 affected AIF3 demand in 2020 and the first half of 2021, but the market rebounded in the second half of 2021 following the trends in primary aluminum metal markets. Aluminum markets then faced macroeconomic headwinds in 2022, with the prolonged war in Ukraine, rising energy prices, low gas availability, high inflation and weakening downstream demand all dampening the outlook for primary aluminum production. The aluminum market estimated a market decline of 300,000 metric tons in 2022, down from 1.6 million metric tons in 2021. Aluminum metal demand will remain robust in the future due to its increased use in more applications, including electric vehicles, and AIF3 demand is also expected to remain strong.

### (e.3) Refrigerant Gases and Medical Propellants

Fluorinated or fluorocarbon hydrocarbons are aliphatic compounds that have fluorine atoms or a combination of carbon and fluorine in their structure. They were originally developed in the 1930s and are widely used for refrigeration, air conditioning, aerosol sprays, foam blowing, fire protection, and solvents. Both pure aqueous solutions and mixtures of fluorocarbons are common in these applications.

Fluorinated Solutions is one of the world's leading suppliers of refrigerant gases, mostly marketed under the Klea® brand. It sells both directly, especially to OEMs, (original equipment manufacturers) and through its distribution network, mainly to the aftermarket segment. It is a leader in Europe and a major player in America, Japan and India.

HFA medical propellants are used to safely deliver a variety of medications in aerosol form, including use in MDIs (metered dose inhalers) for the treatment of asthma and other lung diseases. Fluorinated Solutions produces and sells the product to the regulated medical and pharmaceutical market under its ZEPHEX® brand, the global brand of medical propellant gases contained in approximately 75% of inhalers produced worldwide.

The total volume of fluorocarbon refrigerants in 2022 was estimated to be 1.2 million metric tons. China remains the largest producer (73%), followed by the US (21%).

The total volume of medical propellants in 2022 totaled around 11,000 metric tons. Koura supplies more than 70% of the world's needs for medical propellants. Other producers in China and India also produce medical propellants.

The demand for medical propellants increased during Covid-19, as certain MDIs were used in the critical care of Covid-19 patients. Consumption remained stable during 2021 and 2022, and is expected to continue to grow in the future due to megatrends such as urbanization and the growth of the population with certain medical conditions such as asthma and COPD.

#### *Products*

Fluorocarbons combine good thermodynamic properties with a safe nature (low toxicity and flammability) and non-corrosiveness. They have unique production processes, but all require HF as a key feedstock. In the last decade, the production and demand of Fluorocarbons has been significantly transformed by environmental legislation, which has focused on eliminating the production of chlorofluorocarbons (CFCs) to protect the ozone layer and ultimately reduce



the use of hydrofluorocarbons (HFCs) to reduce global warming. As the use of HFCs is phased out around the world, new generations of refrigerants are being introduced to accelerate the transition to low-carbon solutions. It is important to distinguish between non-feedstock and feedstock applications of fluorocarbons, as the production of some CFCs, HCFCs and HFCs for feedstock use is still permitted with appropriate measures to minimize environmental impact.

Fluorinated Solutions is committed to the development of Low Global Warming Potential (LGWP) refrigerant gases, investing significantly in research and development to design a new portfolio that will provide a material improvement on currently available products, benefiting industry and the environment alike, on both a mid and long term basis. Some new LGWP products have already been introduced since 2021, such as Klea® R473A, R456A, R448A and LFR3, with several more in the pipeline for the next few years.

Fluorine-based medical propellants are used to safely deliver a variety of medications in aerosol form. They are produced by purifying certain HFCs to achieve a medical grade according to pharmaceutical specifications and cGMP standards.

As HFC use is being phased out around the world, new generations of medical propellants are being sought to accelerate the transition to low carbon solutions. Koura is leading the industry in this transition to LGWP medical propellants with the development and commercialization of HFA-152a.

#### *Plants*

*(See Section 2, "The Issuer", item x, "Description of its Main Assets", of this Annual Report).*

Fluorinated Solutions has two refrigerant production plants, one in St. Gabriel, Louisiana, and the other in Mihara, Japan, for 134a, an HFC used primarily for automotive and stationary refrigeration. Fluorinated Solutions refrigerant portfolio is complemented through alliances and supply agreements with other Fluorocarbon producers.

Fluorinated Solutions has a medical grade purification plant for 134a at Runcorn in the UK. This facility is the only one of its kind to have received an FDA audit as well as UK Medicines and Healthcare Products Regulatory Agency (MHRA) inspections for cGMP compliance. Fluorinated Solutions sells medical propellants under its ZEPHEX® brand, supplying most of the world's pharmaceutical companies.

In 2020, Fluorinated Solutions announced the commissioning of a new Zephex® 152a cGMP medical propellant production facility, also in Runcorn, which started operations in April 2022.

#### *Raw materials*

The main raw material used in the production of refrigerant gases is HF, which comes from Koura's plant in the city of Matamoros for production of refrigerant gases at its plant in St. Gabriel in the state of Louisiana, USA, and is mainly imported from third parties for production of refrigerant gases in the city of Mihara, Japan.

#### *Sales and marketing of refrigerant gases*

Fluorinated Solutions sells refrigerants worldwide through regional distributors, key to the aftermarket, mainly without a contract or with a short-term contract. It sells directly to OEM's on short-term contracts.

Fluorinated Solutions has one of the largest shares of HFC consumption within the European regulation of fluorinated gases. However, this historic legislation, aimed at progressively reducing the consumption of HFCs, is compromised by significant illegal imports of HFC products. Fluorinated Solutions actively participates in the European Fluorocarbons Technical Committee (EFTCC) as one of the member companies working collectively to fight this illegal HFC business and preserve the intent of F-Gas regulation. In recent years, enforcement of these regulations has increased and as a result, there are currently fewer illegal imported products appearing in the European market.

Medical propellants are sold in bulk directly to pharmaceutical companies under contract and packaged for smaller customers through agents and distributors without contract.

#### *Main customers*

The Fluorinated Solutions Business Group's refrigerant and medical propellants products represents about 5.0% of Orbia's total sales. No single Fluorinated Solutions refrigerant and medical propellants customer represents more than 1% of the Company's total sales and, therefore, there is no dependence on one or more customers, since the loss of such customers would not have a material adverse effect on the Issuer's results of operations or financial position.

### *Distribution Channels*

Fluorinated Solutions markets its products directly to customers and through some distributors.

### *Distribution Contracts*

Most sales are made directly to customers and through some distributors without contracts.

### *Competitive Position*

Fluorinated Solutions is its vertical integration from fluorite to refrigerants and medical propellants, offering a high level of security of supply which cannot be matched by other non-integrated producers who are dependent on fluorite's external supply. Fluorinated Solutions' strong regional presence in North America and its large HFC consumption quota in Europe also represent significant competitive advantages. In medical propellants, Fluorinated Solutions supplies 70% of the world's needs for medical propellants.

The announced investments and development in LGWP refrigerant gases and next generation medical propellants will contribute to sustain and expand this competitive position in the future.

## (e.4) Battery Materials

The journey to net-zero emissions is creating one of the biggest business opportunities to Orbia in the coming years, as it requires significant investments in capital, people, and technological development to effectively reduce carbon emissions. Energy storage applications, especially lithium-ion batteries, are critical enabling technologies in the global conversion of fossil fuels to renewable energy sources.

Fluorinated Solutions is developing materials, technologies and solutions that improve battery performance, cost and safety while ensuring a safe and reliable battery supply chain. It is increasingly becoming an important provider of fluorinated products to the energy storage industry, working with industry partners and researchers to develop and manufacture a wide range of advanced fluorine materials including electrolyte salts, binders and high-performance electrolyte additives for lithium-ion batteries.

### *Products*

In 2021, Fluorinated Solutions launched its Koflyte® product line of fluorinated additives and co-solvents and acquired Silatronix, a US company with expertise in fluorosilane additives for Lithium-ion batteries and an industry-wide reputation for developing innovative solutions that deliver improved battery safety and performance in a range of applications, from electric vehicles to stationary, grid-scale storage.

During 2022, Fluorinated Solutions signed a license agreement with PrimeStar Technologies and InnoVent Technology for fluoropolymer technology used in the production of solar panels, wind turbines and lithium-ion batteries.

Fluorinated Solutions is also leading the technology development for recycled battery materials, having led investment rounds in Ascend Elements (formerly Battery Resources), a closed-loop lithium-ion battery recycler and manufacturer. On February 15, 2022, Ascend Elements and Koura announced the launch of a proprietary process technology yielding battery-grade graphite material from spent lithium-ion batteries, with Fluorinated Solutions serving as a development partner to Ascend Elements to scale the company's technology for commercial production. Ascend Elements' technology is considered a game-changer in the battery recycling and sustainable materials spaces, as it delivers yields of over 99.9% pure graphite and energy capacity and cycle life on par with virgin battery-grade graphite anode material. The process also extends recycling and manufacturing throughput beyond cathode active materials to anode materials as well.

On November 3, 2022, Solvay and Orbia announced their entry into a joint venture framework agreement to create a partnership for the production of suspension-grade polyvinylidene fluoride (PVDF). The total investment of the joint venture is estimated to be approximately \$850 million, and is expected to be funded in part by a grant awarded by the U.S. Department of Energy of \$178 million to Solvay to build a facility in Augusta, Georgia. Solvay and Orbia intend to use two production sites, one for raw materials and the other for finished product, located in the southeastern United States. Both plants are expected to be fully operational by 2026. Orbia is uniquely positioned to support the PVDF supply chain with its three key raw materials: HF, VCM and chlorine. Commencement of the joint venture is subject to finalizing and entering into definitive agreements between the parties and satisfaction of customary conditions, including obtaining regulatory approvals. Koura also obtained a technology license for the production of emulsion-grade PVDF and is currently building a pilot plant.

In 2021, Fluorinated Solutions received an award of \$3.1 million in research funding by the US Department of Energy (DOE) to support the development of fluorinated electrolytes to extend the operating temperature range of Li-ion batteries while improving safety and fast charge capability for transportation applications.

In October 2022, Fluorinated Solutions received a \$100 million award from the U.S. Department of Energy (DOE) as part of the first set of projects funded by the President's Bipartisan Infrastructure Law to expand domestic manufacturing of batteries for electric vehicles (EVs) and the electrical grid and for materials and components currently imported from other countries. The grant will enable Koura to build the first U.S. manufacturing plant for LiPF<sub>6</sub> on the grounds of Koura's existing fluorochemical production site in St. Gabriel, Louisiana. Once operational, the proposed plant will produce up to 10,000MT of LiPF<sub>6</sub> per year, which is sufficient to support domestic production of more than one million full electric vehicles annually.

### *Industrial Processes*

The different industrial processes of the Fluorinated Solutions Business Group are described below:

#### **Fluorite Process**

Following the long-term life of mine plan, Fluorite ore is extracted, along with some impurities such as carbonates and silicates.

For Metallurgical Grade, the ore extracted from the mine is screened, crushed and sorted according to the desired specifications.

For Acid Grade, the crushed ore is fed into flotation plants, where the fluorite is concentrated and the impurities are separated.

#### **Hydrofluoric Acid Process**

Hydrofluoric acid is produced by reacting Acid Grade fluorite with sulfuric acid. Once produced, the hydrofluoric acid is subjected to various stages of distillation until it reaches the required purity to meet the high standards demanded by the market.

Sulfuric acid is obtained from the oxidation of sulfur into sulfur dioxide SO<sub>2</sub>, to convert it into sulfur trioxide SO<sub>3</sub> and subsequently obtain sulfuric acid.

#### **Aluminum Trifluoride Process**

The production of aluminum trifluoride is based on hydrofluoric acid, which evaporates and overheats before being injected in gaseous form into a pair of double bed fluidized reactors. In the reactors, it contacts and reacts with aluminum hydroxide, which is in solid form, to produce aluminum trifluoride. This product leaves the reactor in solid form at high temperature (700°C) so it must be cooled before being sent to storage and transport.

#### **Refrigerant Gas Process**

Refrigerant gases have unique production processes, but all require HF as a key feedstock. 134a is produced by the fluoridation of trichloroethylene with hydrofluoric acid. Once the reaction takes place, the hydrochloric acid that is produced as a by-product must be removed and the product must be distilled.

Fluorine-based propellants are produced by purifying certain HFCs to achieve a medical grade according to pharmaceutical specifications and cGMP standards.

In total, Fluorinated Solutions has eight operating plants established in Mexico, the United Kingdom, the United States, Taiwan and Japan, of which 6 are certified in accordance with ISO-9001, 4 with ISO-14001, 3 with OHSAS 18001, 1 with TS 16949, 1 with Clean Industry Certification by the Federal Attorney's Office for Environmental Protection (Mexico), 1 with Integral Responsibility certification by ANIQ and 3 with ISRS (International Safety Rating System) levels 5 to 7. The 4 chemical process plants of this business group are signatories of the chemical industry's voluntary commitment to Responsible Care.

## **ii. Distribution Channels**

See Section 2) "The Issuer", item b, "Business Description", sub-part i. "Main Activity" for each Business Group, of this Annual Report.

### iii. Patents, Licenses, Trademarks and other contracts

#### a) Patents and Licenses

Orbia holds rights to over 2,800 patents, including current patents and patents in the process of registration.

The Company has more than 4,850 trademarks, including current trademarks and trademarks in the process of registration.

The Company also has technology licenses in Mexico, Brazil, Colombia, the Netherlands and several other countries, which are currently used, or will eventually be used, in its operations. Most of the patents relate to the development of new products and processes for manufacturing and will expire by 2027. Orbia renews the registration of its brands on a regular basis. Although Orbia believes that its patents and trademarks are a valuable asset, thanks to its broad range of products and services, it does not believe that the loss or expiration of any patent or trademark would have a material adverse effect on its results of operations, financial condition or the continuity of its business.

#### b) Research, Development (R&D) and Innovation

Orbia recognizes the importance of innovation and development to remain a leader in its markets. Investments and actions in R&D are aimed at improving the performance of its products for the benefit of customers and complying with stricter regulations in the different geographic markets where it competes. The Company maintains 19 research and development centers with a technology center focused on developing technology to create products, improve processes and applications that positively impact the quality of life of users through comprehensive products and solutions.

The Polymer Solutions business group has research and development centers located in the USA (4), Mexico (2), United Kingdom (2), Colombia (1), Germany (1) and India (1); The Fluorinated Solutions (Fluorine) business group has R&D centers in the United Kingdom (1), the United States (1) and Mexico (1). The Building and Infrastructure business group has an R&D center located in the Netherlands, as well as 8 academies. The Connectivity Solutions business group has three R&D centers located in the United States, the Czech Republic and India. The Company has an innovation lab in San Francisco, California to explore innovative enhancements to its existing products and/or new non-existing products for all business groups.

Orbia has a Technology Committee (Innovation Board) located in the Netherlands in its Building and Infrastructure business to create synergies between Europe and Latin America focusing on satisfying the global market it serves and transferring technology between both regions. The result has been that Global solutions have been created and a technical team has been executing relevant technological changes in manufacturing processes.

The strategy in the R&D centers is focused on increasing the profitability (rate of return) of the projects and covering customer requirements by geographic region. This approach by region has allowed the research and development centers to better meet the technological needs of customers.

Orbia maintains its strategy of migrating to higher value-added products in its five business groups: in Polymer Solutions with the assets of Mexichem Specialty Resins and Mexichem Specialty Compounds focused on high-end plastic compounds. Vestolit, the largest producer of high impact PVC resins is developing a new generation of safer, more durable flexible PVC resins that use less energy to produce final products as well as the development of better heat retardant solutions for the production of cables; in Building and Infrastructure, through the Technological Committee and its R&D centers, generating innovative products such as heating systems controlled digitally through mobile phones (Sentio), in Connectivity Solutions with high-density polyethylene products through conduit and pressure pipe solutions for telecommunications (voice and data) and energy, while in the Precision Agriculture business, through its agricultural solutions, the GrowSphere Irrigation & Fertigation Operating System offers a technological platform that allows farmers to control their crops remotely through any mobile device and allow the Company, through the support of agronomists and technologists, to advise them on the administration of nutrients, fertilizers and irrigation and in the general management of their field during the production process; in Fluorinated Solutions (Koura) with the development and commercialization of Low Global Warming Potential (LGWP) refrigerant gases and fluorinated products to the energy storage industry.

Orbia invested \$72 million, \$69 million, and \$62 million in R&D in 2022, 2021 and 2020, respectively.

#### c) Brands

- The trademarks owned by Orbia are registered either directly by the Company or by its subsidiaries in various countries in which it operates or may start operations.
- The main brands under which Orbia markets its products are:

<b>Polymer Solutions Business Group</b>	
<b>Line of business</b>	<b>Brand</b>
PVC Resins	Primex
PVC Specialty Resins	Vestolit
Compounds	Provin, Polivisol, Iztablend, Ecotek, Frtek, Vinyltek, Escontek
Specialty Compounds	Alphagary, Alphaseal, Evoprene, Garaflex, Smokeguard, Megolon
Plasticizers	MexiFlex
Others	Quimir, Diablo Rojo, Pennclorito, Mexifloc

<b>Building and Infrastructure Business Group</b>	
<b>Line of business</b>	<b>Brand</b>
Civil Construction, Infrastructure	Amanco, Pavco, Plastigama, Plastubos
Geosynthetics.	Amanco, Pavco, Bidim
Plastic piping systems and solutions for customers in the civil construction, agriculture and wholesale sectors, plumbing dealers, home developers, large installers, telecommunications companies, utilities and municipalities, architects, specifying engineers.	Amanco, Pavco, Plastigama, Colpozos, Plastubos, Aquacell, AS+, Chemidro, Climasol, Hep 2 O, HepVO, Q-Bic, QBB, Tegra, Tigris, Pilsa, Smartfix, Sitech+, Quickstream, Ekoplastik, Supertemp, Warmafloor, Warmawall, Wavin, Vectus and Bow.

<b>Connectivity Solutions Business Group</b>	
<b>Line of business</b>	<b>Brand</b>
Telecommunications, Energy, Infrastructure.	Dura-Line, FuturePath, Silicore

<b>Precision Agriculture business Group</b>	
<b>Line of business</b>	<b>Brand</b>
Irrigation, Greenhouse	Netafim, NetBeat, Gakon

<b>Fluorinated Solutions Business Group</b>	
<b>Line of business</b>	<b>Brand</b>
Medical Propellants	Zephex, Respia
Refrigerants	Klea
Batteries/Electrolytes	Koflyte

The trademarks listed above are valid at the time of this publication and are periodically renewed.

#### d) Concessions

The Company owns the rights to several renewable mining concessions, mostly located in Mexico. In Fluorinated Solutions, there are several mining concessions that expire gradually from 2029 to 2061, which are renewable pursuant to the provisions of the Mining Act in Mexico. Fluorinated Solutions will take the necessary steps, pursuant to the deadlines established by law, to ensure the renewal of the concessions that are due to expire soon. However, the Company cannot guarantee that such renewals will be granted. Furthermore, and pursuant to Mexican legislation, Fluorinated Solutions is obligated to verify the investments in exploration and exploitation of these concessions, which

to date have been carried out in a timely manner. PMV has a mining concession for the salt dome in Veracruz that expires in 2043.

Additionally, Polymer Solutions holds two valid port concessions. The first is for its operating port in Altamira México and the second one for its operating port in Cartagena, Colombia.

#### **iv. Main Customers**

*See Section 2) "The Issuer", item b, "Business Description" sub-part 1 "Main Activity" for each Business Group, of this Annual Report.*

Orbia's top ten customers combined represented 16.6% of its consolidated net sales in 2022. Orbia's largest individual customer represented 5.5% of its total net sales in 2022, so there is no dependence on any one or various customers, since the loss of one of these would not materially adversely affect the Company's results of operations or financial condition.

#### **v. Applicable Legislation and Tax Situation**

The Company's operations are subject to the laws and regulations of the countries in which it operates.

##### **Orbia**

The shares representative of the Issuer's capital stock are publicly traded on the BMV, and are therefore subject to the following laws and regulations: (i) the Stock Market Act in Mexico; (ii) the General Provisions Applicable to Securities Issuers and Other Participants in the Securities Market issued by the CNBV; (iii) the General Provisions Applicable to Entities and Issuers Supervised by the National Banking and Securities Commission (CNBV) and that Engage Independent Audit Services for their Basic Financial Statements; (iv) the Internal Regulations of the BMV; and (v) the General Business Organizations Act.

##### **Business groups**

The Company's five business groups operate in 50 countries and are subject to the following general laws and regulations in all of them:

- Regulations of an international, national and local nature, primarily in financial aspects, monetary policies and access to the currency markets. They must comply with administrative requirements to obtain permissions to operate facilities, plants, and to import raw materials and finished products. They must comply with labor regulations at some sites that are influenced by unions and environmental regulations.
- Laws regulating health, safety, environment, unfair competition and monopolies, municipal construction and zoning, local licenses and permits for facilities. With respect to international commerce, customs regulations, control of imports and exports, specifically related to quotas, tariffs and anti-dumping protections, as well as government policies and regulations related to commerce, product sales, manufacturing operations and relationships with customers, distributors and competitors.
- Finally, all of the business groups comply with the laws against corruption such as the U.S. Foreign Corrupt Practices Act (FCPA), and other similar laws.

Specifically, some of Orbia's business groups may be subject to specific government laws and regulations. Below is a summary of the effects that these laws and regulations have on the development of the Company's business, for each one of its business groups:

##### **1. Polymer Solutions (Vestolit and Alphagary)**

Polymer Solutions' business is subject to environmental laws and government regulations that require it to carry out its supply, production, transportation, and disposal operations of raw materials and finished products in accordance with a broad range of regulations which are strict; non-compliance can lead to financial losses for the business group. These laws and regulations include, among others, environmental standards, strict labor regulations (LatAm), and very strict industrial safety requirements. Regulatory requirements apply in 6 main jurisdictions: Germany, the USA, Mexico, Asia, India, the UK, and Colombia.

In particular, Mexico and Colombia, governments are enacting stricter regulations, and critical individuals in regulating entities are changing.

Additionally, the current Ukraine-Russia Confrontation may generate new prohibitions or trade sanctions.

## **2. Fluorinated Solutions (Koura)**

Fluorinated Solutions operates mining projects located in Mexico and that are subject to various laws and government regulations on various matters, including, but not limited to: exploration, development, production, payment of taxes and royalties for extraction, environmental aspects, labor standards, maintenance of claims and mining concessions, land use, territorial claims of local inhabitants, use of water, waste disposal, power generation, protection and remediation of the environment, claims for the conservation of historical and cultural resources, industrial safety, occupational health, and the handling and disposal of toxic substances and explosives.

The Group's chemical, medical propellants and battery materials operations are located in Mexico, the United States, the United Kingdom and Japan. The manufacturing processes of these products are subject to the specific health and safety regulations of each country. Koura's refrigerant products are also governed by various environmental laws and regulations. Worldwide, many countries have signed the Kigali Amendment to the Montreal Protocol, which addresses climate change, limiting and progressively reducing the impact of global warming caused by this class of products. Regional blocs of countries and some individual countries have also adopted their own regulations in terms of control mechanisms and phase-down schedule. The company also produces a medical propellant that is subject to country-specific medical regulatory controls, such as those of the US Food and Drug Administration, the EU and the UK. The EU and some other jurisdictions are currently consulting on the definition and possible future control of substances known collectively as PerFluoroAlky Substances (PFAS). Although Fluorinated Solutions does not produce or use PFAS chemicals as they are commonly defined, the company monitors legislative and regulatory processes that may affect its business.

## **3. Connectivity Solutions (Dura-Line)**

Connectivity Solutions is present and has operations in the U.S. and Canada, as well as in EMEA and the Asia Pacific regions. In the normal course of its business, Connectivity Solutions is regulated by the general government laws and standards mentioned in the paragraphs above.

This business group does not report any specific additional standards that affected the development of its operations in 2022.

## **4. Building and Infrastructure (Wavin)**

Building and Infrastructure is a company with presence and operations in the EMEA, Asia Pacific, and Latin America regions. In the normal course of business, Building and Infrastructure is subject to the general government laws and regulations listed above at the beginning of this Section.

Besides the foregoing, this business group does not report any additional specific standards that affected the development of its operations during 2022.

## **5. Precision Agriculture (Netafim)**

Precision Agriculture is an Israeli company with presence and operations in the AMEA, Asia Pacific and Latin America regions. In the regular course of its business, it is subject to general government laws and regulations as described in the preceding paragraphs. However, it is also regulated by specific regulations that have an effect on the operations that Precision Agriculture carries out:

- Agricultural activity is subject to environmental laws or regulations, which may impact the operations of end users and/or the demand for Precision Agriculture products. The adoption of new environmental laws may require Precision Agriculture to remove or recycle its products or impose obligations related to such climate change concerns on its customers. It may not be possible to recover the potential costs associated with the development of such regulatory scenarios, and therefore could adversely impact the business.
- Precision Agriculture operates in countries or regions where laws criminalizing bribery and bribery are strictly enforced. Such laws may conflict with local customs and practices, particularly in markets irrigation of emerging countries, thus impeding the business.

## **Income Tax**

Income tax (ISR by its acronym in Spanish) is based on taxable profit, which differs from the profit reported in the consolidated statements of profits, primarily due to non-deductible expenses, non-taxable income, and other reconciling items pursuant to applicable tax laws. The Company's current tax liability is calculated using the tax rates enacted or substantially approved at the end of the reporting period in the countries in which the Company and its subsidiaries

operate. The following table shows the legal income tax rates applicable for 2022 in each of the countries in which the Company operates.

<b>Country</b>	<b>%</b>	<b>Country</b>	<b>%</b>
Argentina	**30	Lithuania	15
Australia	30	Mexico	30
Austria	25	Morocco	31
Belgium	25	Nicaragua	30
Brazil	34	Norway	22
Canada	*27	Oman	15
Chile	27	Panama	25
China	25	Peru	30
Colombia	35	Poland	19
Costa Rica	30	Republic of Serbia	15
<b>Country</b>	<b>%</b>	<b>Country</b>	<b>%</b>
Czech Republic	19	Romania	16
Denmark	22	Russia	20
Ecuador	25	Rwanda	30
El Salvador	30	Singapore	17
Estonia	20	Slovakia	21
Finland	20	South Africa	28
France	25	Spain	25
Germany	*34	Sweden	21
Greece	22	Switzerland	*21
Guatemala	25	Taiwan	20
Honduras	25	Thailand	20
Hungary	9	The Netherlands	26
India	**25	Turkey	23
Indonesia	22	Ukraine	18
Ireland	13	United Kingdom	19
Israel	23	United States of America	21
Italy	24	Uruguay	25
Japan	31	Venezuela	34
Kenya	30	Vietnam	20

\* Tax rate is a blended effective tax rate comprised of both a federal tax and a local tax. The actual blended rate can vary depending upon the municipality, province, or canton which each have differing tax rates within the particular country.

\*\* Tax rate is based upon progressive rates. The actual effective rate can vary depending upon the amount of taxable income and the corresponding tax brackets that apply.

In the ordinary course of business, Orbia applies various treaties to avoid double taxation and is responsible for making tax withholdings.

## VI. Human Resources

Orbia's global headcount at the end of last three years is summarized below:

<b>Personnel</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
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Unionized employees and temps	13,194	12,431	12,095
Non-unionized	11,256	99,19	9,593
<b>Total</b>	<b>24,450</b>	22,350	21,688
% Unionized employees and temps	54%	56%	56%
% Non-unionized	46%	44%	44%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

During the last three years, there has been no labor conflict with a material impact on the Company's operations. The Company maintains a positive relationship with the unions, which is characterized by mutual understanding and support to achieve significant changes for the Group's companies. Unionized workers of the subsidiary companies are affiliated to the corresponding unions and labor centers in each locality. In addition, each plant has a specific function that coordinates the labor relationships for that site.

Orbia administers its labor relations in accordance with applicable labor legislation in the locations in which it operates and by use of a set of global policies, procedures, and Code of Ethics.

The Company has transformed its talent management model to implement best market practices to attract, retain, evaluate, develop, compensate, and recognize its talent. Orbia has a salary structure based on the principles of internal equity based on job specifications and external competitiveness. Specifically, geographic salary market data and macroeconomic indicators are reviewed periodically to ensure that the Company remains competitive.

Certain subsidiaries of the Company have defined benefit plans funded for qualifying employees of its subsidiaries. Defined benefit plans are administered by a fund legally independent of the Company. There is a pension fund board which is responsible for investment policy in relation to the fund's assets.

In its Code of Ethics, Orbia includes its position regarding diversity, establishing it as an important pillar for the success and strengthening of the Company. The diversity and inclusion policy launched in 2018 aims to create a culture that incorporates different ideas and perspectives to enable its employees to have the opportunity to perform to their fullest capacity. Orbia hopes to achieve this objective by acting in accordance with applicable legislation and fostering communication, dialogue and collaboration.

## vii. Environmental Performance

### ***Sustainability Model and Commitment to safety, social and environmental responsibility***

At Orbia, sustainability is deeply embedded in the Company's businesses, a core component of its growth strategy, and drives its culture; from how it operates at the highest standards, to how its solutions help address today's pressing challenges, to how its investments are targeted for long-term positive impact. The Company believes that advancing solutions to improve the quality of life around the world brings business success, as well as social and economic value to all those connected directly or indirectly with its activities. The purpose-driven approach to addressing the world's most pressing challenges drives the Company's business agenda and its strategic approach to sustainability.

Orbia puts purpose into action as a leader in sustainability, with a science-based commitment to address climate change. It has bold, measurable goals, transparency on its progress, including the Company's alignment of short-term with long-term goals.

Orbia's strategy rests on three pillars supported by specific action programs:

<b>Low-Impact and Resilient Operations</b>	<b>Sustainable solutions</b>	<b>Impactful ventures</b>
Seeking opportunities to minimize or eliminate negative impact, while implementing projects to become climate-resilient.	Developing products and services with improved environmental performance and supporting the United Nations Sustainable Development Goals (SDGs).	Accelerating new technologies and business models for a net-positive world.
Opportunities include: <ul style="list-style-type: none"> <li>Optimizing processes to drive efficiencies;</li> </ul>	Orbia's solutions help solve some of the world's most pressing challenges: <ul style="list-style-type: none"> <li>Increase food availability, using less water, land and energy;</li> </ul>	Orbia's investments aim to: <ul style="list-style-type: none"> <li>Support the development of new businesses and technologies through Orbia Ventures;</li> </ul>

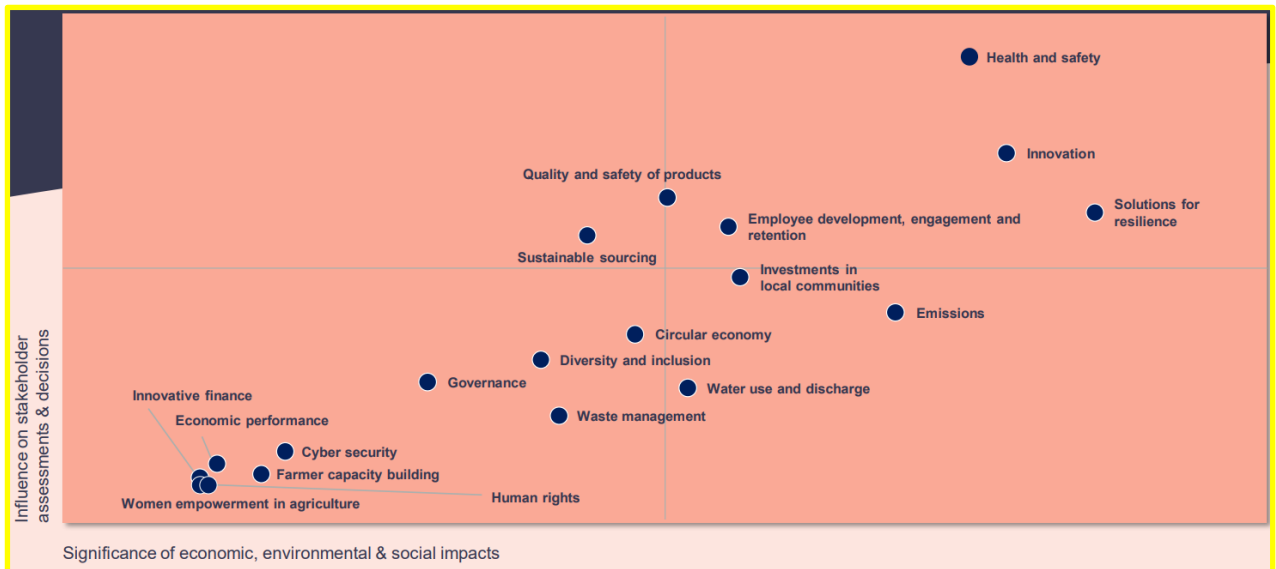
<ul style="list-style-type: none"> <li>• Transitioning to renewables and lower carbon energy sources;</li> <li>• Exploring carbon capture and hydrogen investment opportunities;</li> <li>• Diverting waste from landfill;</li> <li>• Driving use of recycled content;</li> <li>• Advancing water recovery and reuse.</li> </ul>	<ul style="list-style-type: none"> <li>• Build smart, safe, sustainable and regenerative cities;</li> <li>• Connect and empower communities through better access to data;</li> <li>• Support innovation to offer advanced health technologies.</li> </ul>	<ul style="list-style-type: none"> <li>• Drive the transition to a net-zero emissions world while strengthening its business value through strategic acquisitions;</li> <li>• Advancing innovative technologies that will have long-term impact by promoting circularity, climate technology, agriculture and food technology, smart cities, and energy storage.</li> </ul>
<p><b>Responsible business</b> Operating according to the highest standards, accountability, responsibility and transparency.</p> <ul style="list-style-type: none"> <li>• Corporate Governance and Risk Management</li> <li>• Ethics and Compliance</li> <li>• Health and security</li> <li>• Environment</li> <li>• people and community</li> <li>• Stakeholder participation</li> </ul>		

### **Materiality**

At the beginning of 2016, Orbia completed its first global materiality analysis, through which it identified the most relevant issues for stakeholders based on their economic, social and environmental impacts. In 2019, given the acquisition of Netafim and the transformation into 5 business groups, a new materiality analysis was carried out at the business group level and then aggregated at the Orbia level. This exercise started to integrate the concept of double materiality, considering the interconnectivity between the financial and non-financial perspectives, as promoted by the GRI and SASB standards.

Below is Orbia's materiality matrix. The top 10 material issues identified for Orbia are:

1. Health and Safety
2. Innovation
3. Solutions for resilience
4. Talent development, engagement and retention
5. Investments in local communities
6. Emissions
7. Quality and safety of the products.
8. Sustainable sourcing
9. The circular economy
10. Use and discharge of water



As part of Orbia’s processes to continually identify emerging risks and opportunities across its business, the Company plans to update its materiality assessment during 2023 to further evolve in its impact journey and align with emerging standards, requirements, and practices.

This update will involve a comprehensive analysis and integrated approach to evaluate double materiality: the external factors that have an impact on Orbia’s performance and value, as well as the impact that Orbia’s activities have on the planet and people.

**Sustainability strategy and goals**

Orbia contributes to sustainable development at a global level through its wide range of products, services and solutions that allow the Company to solve some of the world's greatest challenges. The Company is committed to responsible business growth, aligned with compliance with the regulations of all the countries where it has a presence. The Company continually seeks to minimize any risks identified in its production processes and products. Similarly, Orbia works to reduce the environmental footprint of the products and services it offers, generating the greatest value for its stakeholders, with the least possible impact.

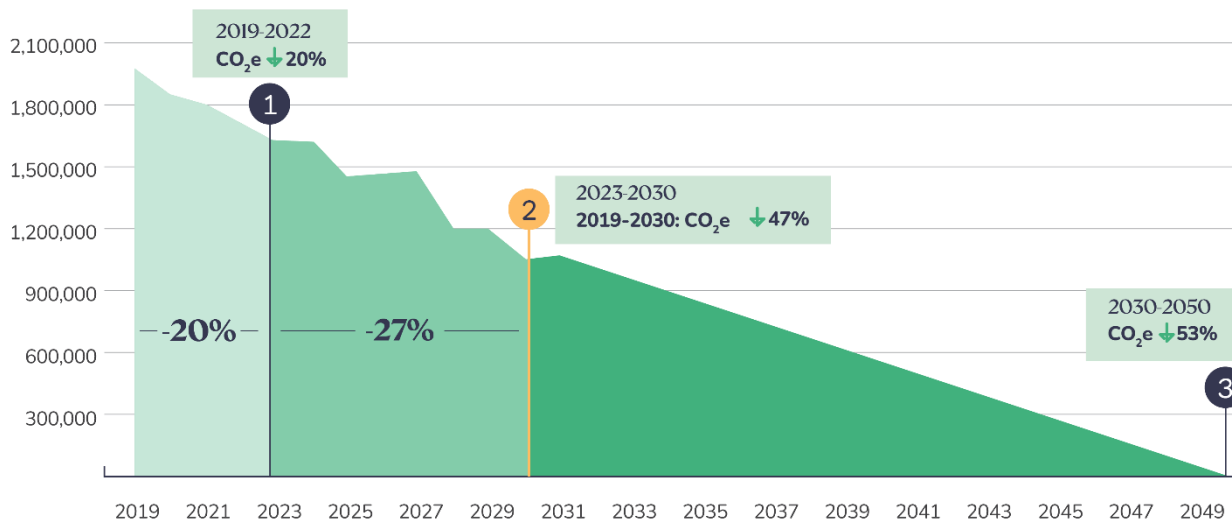
Orbia’s long-term sustainability objectives are shown below:

Area of impact	Objective	Target Year
Climate change	Achieve zero net carbon emissions.	2050
	Reduce Scope 1 and 2 GHG emissions by 47% vs. 2019 base year.	2030
	Reduce Scope 3*+ emissions by 30% vs. 2019 base year.	2030
Air emissions	Reduce sulfur oxide (SOx) emissions by 60% vs. 2019 base year.	2025
Environmental management	100% of sites certified with an environmental management system.	2025
Waste	100% of the plants will send zero waste to landfills.	2025
Security	Total Recordable Incident Rate (TRIR) less than 0.2 for employees and contractors.	2025

Progress against Orbia’s goals can be found here: <https://www.orbia.com/sustainability/goals>

In 2022, the Company continued to advance in line with its commitment to mitigate climate change and announced that the Science Based Targets initiative (SBTi), has approved its near-term targets to reduce Scope 1 and 2 GHG emissions 47% by 2030 from a 2019 base year and Scope 3 GHG emissions from use of and end of life treatment of sold products 30% for the same timeframe.

Orbia has defined a roadmap that outlines the instruments needed for accelerating its pathway to become net-zero (scope 1 & 2). This includes replacing electricity sources based on fossil fuels with renewables, phasing out coal-based equipment, increasing energy efficiency, and doubling efforts to understand how to transition and incorporate the use of hydrogen and carbon capture technologies at its operations. This is a work in progress that will incorporate growth in future versions. Orbia acknowledges that a net-zero pathway requires courage to think in innovative ways and implies a robust transformation of how it produces things today. The Company is committed to facing this challenge with balanced growth and profitability.



Specific reductions for the above periods are being quantified considering organic growth of Orbia's business groups.

Orbia's business groups have a collective focus on ensuring food security, reducing water scarcity, reinventing the future of cities and homes, connecting communities to data and information services, and expanding access to health and well-being through the provision of advanced materials, specialty products and innovative human-centered solutions. Orbia has identified five key challenges its businesses can contribute to;

1. Sanitation & Water Management
2. Health & Well-Being
3. Food & Water Security
4. Information Access & Connectivity
5. Climate Resilience & Decarbonization

In order to assess how and to what extent the Company's solutions contribute to the SDGs and their targets, it has carried out an initial identification and evaluation of the value delivered by Orbia's products and solutions, using existing methodologies and definitions as a basis. This process allowed the Company to link its solution portfolio to the SDGs by identifying the revenues of its products that contribute either directly or indirectly to the goals.

In 2019, the Company completed its first climate-focused risk assessment, including 12 sites across 3 business groups in six countries. The main findings of the analysis were the following:

**Physical risks:** The physical risk of Orbia's priority sites is low to medium. This is due to exposure to weather events such as cyclones, floods, fires, extreme temperatures and water stress.

The analysis was not limited to physical facilities; it also considered the impact on logistics and the flow of raw materials.

**Market, technological and regulatory risks:** In addition to the direct effects of meteorological phenomena, other impacts on the business were analyzed regarding government or commercial regulations, new market rules or the emergence of technologies. Using a 2030 horizon, a greater exposure to these risks were projected, with some high business risks derived from a transition to a low-carbon economy. They are likely to include market pressure to use low-carbon materials, broader regulation of global carbon prices, or increases in the cost of resources, primarily electricity and water by 2030. Higher water stress scenarios, for example, could affect water costs for the Company's operations. Such scenarios, in turn, can impact the supply chain or production processes from a continuity and cost standpoint.

The selected scenarios for assessing physical risks are those defined by the IPCC corresponding to both the lower-emissions scenario (SSP1: Sustainability – Taking the Green Road) and the higher emissions scenario (SSP5: Fossil-

fueled Development). For transition risks, Orbia will use the Network for Greening the Financial System (NGFS) climate scenarios. Results of this assessment will be published in its 2023 Impact Report.

**Opportunities:** In addition to the consideration of risks resulting from climate change, opportunities for Orbia were also analyzed, such as solutions for resilience that allow adaptation to climate change or replacement of products by others with lower carbon footprint. Orbia already has a range of products that provide resilience to high rainfall, for example, or solutions to replace water piping systems or installation of fiber optic ducts, without affecting or minimizing the impact on traffic and operation of a city. It is also the leader in precision agriculture, which, due to the higher productivity per hectare and the efficient use of agrochemicals, minimizes the growth of the agricultural frontier and therefore deforestation, while eliminating or minimizing the pollution of rivers and aquifers by runoff and leaching, as well as greenhouse gas emissions. Similarly, it has started an effort to replace propellant and refrigerant gases with others with a lower greenhouse effect.

Water is a fundamental part of the Company's operations, from the consumption of water in the extraction process and in its operations, to the solutions and products it provides for collection, distribution, sanitation and irrigation. Therefore, all but one of Building and Infrastructure, Precision Agriculture and Connectivity Solutions plants have a closed circuit. 70% of sites in water-stress areas have a closed-loop system.

Precision Agriculture offers solutions for precision irrigation systems that help reduce water consumption in the agricultural sector which is responsible for about 70% of water consumption.

The Company's Building and Infrastructure group offers solutions for better water management as well as more efficient building solutions. As an example, its range of rainwater management products can prevent flooding or at least minimize impacts, while also contributing to help replenish urban water tables. In addition, its "trenchless" pipe renewal technology helps reduce losses in water distribution networks in large cities.

Finally, Fluorinated Solutions is developing products to improve the performance and reusability of power storage batteries.

### **Awards, Certifications and Distinctions**

Orbia is proud of the recognition for its sustainability efforts and achievements it has received from outside organizations. Details can be found at: <https://www.orbia.com/sustainability/esg-indices-and-external-recognition/>

Orbia has been a member of the FTSE4Good Sustainability Index since 2015. In 2022, Orbia's total score in this index improved 14% vs. 2021 reflecting Orbia's continued commitment to implement leading ESG practices.

Orbia is also a member of the Dow Jones Sustainability Index (DJSI) MILA Pacific Alliance Index since 2019, and a member of the S&P/BMV Total México ESG Index of the Mexican Stock Exchange since 2012. In 2022, Orbia's total score in this index increased by 6%, reflecting Orbia's commitment to continuous improvement of our ESG performance in all aspects of its business.

The Company was included for the first time in the S&P Sustainability Yearbook in the 2021 edition, and then again, for the 2023 edition.

Below is a list of the awards, recognitions and certifications that Orbia and its business groups received during the year:

#### **Distinctions:**

- Member of the S&P Sustainability Yearbook in 2021 and 2023
- Member of the Dow Jones Sustainability Index (DJSI) MILA since 2019
- Member of the S&P/BMV Total Mexico ESG index of the Mexican Stock Exchange since 2012
- Member of the FTSE4Good index since 2015
- EcoVadis Silver Medal in 2021 and Gold Medal in 2021
- World's Best Employers of 2021 by Forbes
- Boscars Awards 2020
- The "Forest Conservation Award" granted by Reforestamos México to Orbia in 2020.
- CAMACOL Social Responsibility Award to Pavco Wavin Colombia
- PREAD Recognition District Environmental Excellence Program in Colombia for commitment to environmental management and performance
- Xpossible Colsubsidio Awards to Pavco Wavin Colombia
- Ekos de Oro, for being the most efficient company in the Plastics and Rubber sector in Ecuador
- Green Award in Costa Rica for the use of renewable energy
- Carbon Disclosure Project (CDP) Climate Change score "B"
- Maala Award for Business Diversity 2020

**Certifications:**

- ISO 14001: Environmental Management Systems
- ISO 50001: Energy Management
- EMAS: Environmental Management System in the European Union
- ESOS (Energy Savings Opportunity Scheme)
- Clean Industry awarded by the Environmental Authority of Mexico
- OHSAS 18001: Occupational Health and Safety Management Systems
- ISO 45001: Occupational Health and Safety
- ISRS (International Safety rating system) International safety rating system
- Certificate in Self-management in Safety and Health, Ministry of Labor and Social Welfare (STPS)
- IQNet SR10 Social responsibility management system in Germany.
- IRAG (SARI initials in Spanish): Comprehensive Responsibility Management System granted by the National Association of the Chemical Industry in Mexico
- Mexico without child labor
- Family-responsible company, awarded by the Ministry of Labor and Social Welfare of Mexico
- Kosher Certificate, granted by Calidad Kosher, S.C.
- ISO 9001: Quality Management Systems
- ISO 22000: Food Safety Management
- NSF: NSF International is an objective, nonprofit, independent product testing and certification agency that sets global performance standards for a wide variety of household and industrial products

**Other ESG certifications:**

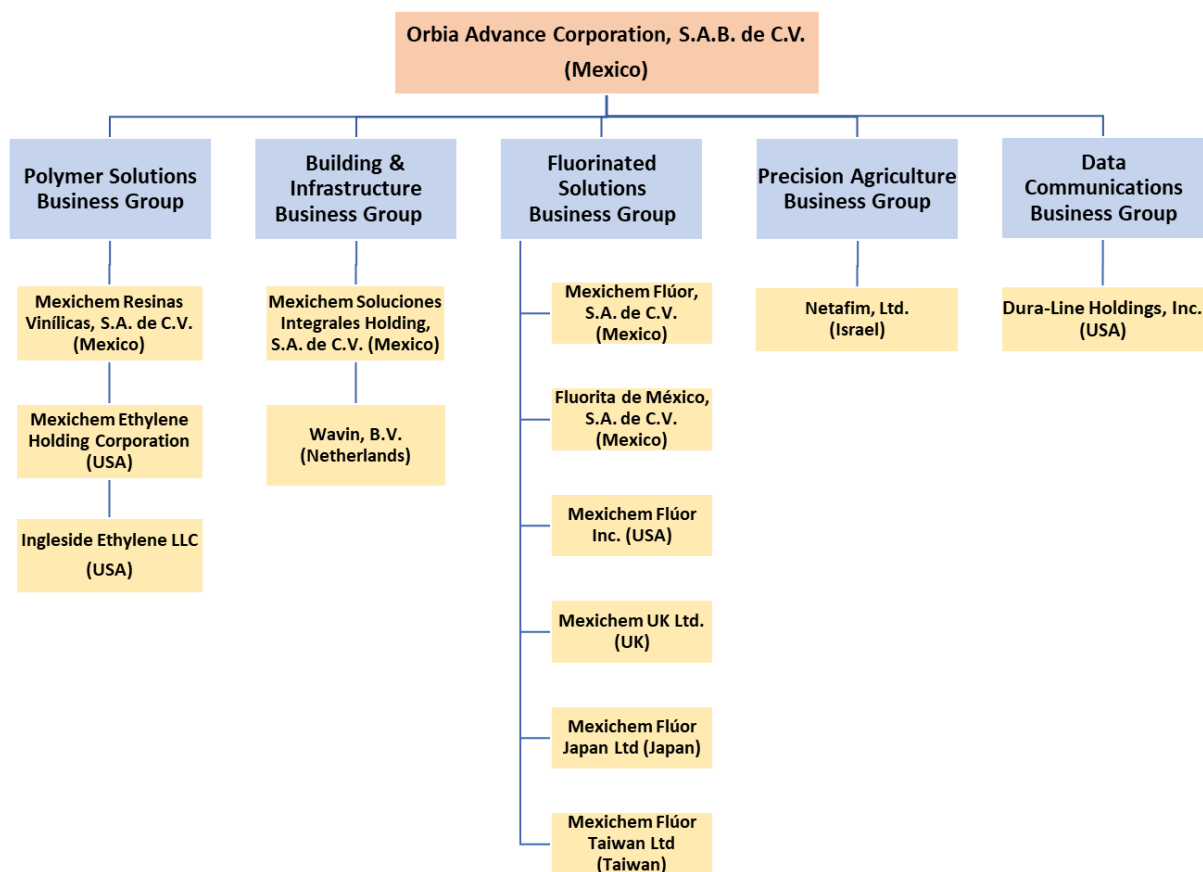
- Carbon Disclosure Project: In 2022, Orbia maintained a B rating (Management Level) for its performance in both Climate Change and Water Security in the CDP evaluation.
- Ecovadis: Orbia joined the Ecovadis platform in 2019. In the 2020 evaluation, it maintained its silver rating, ranking among the top 18% of companies evaluated. In the assessment completed in 2022, the Company obtained a gold rating, positioning it among the top 5% of companies assessed. Through this Ecovadis assessment the Company can understand, compare and share its Company's sustainability performance with stakeholders.
- MSCI: ESG Rating upgraded to BB score, proving a 3-year improvement score tendency, driven by its governance and environmental performance.
- Sustainalytics: ESG Risk Rating of 19.6, considered as a Low-Risk business

**viii. Market Information**

*For more information see Section 2, "The Issuer", item b, " Business Overview", sub-item i "Main Activity" of each business group, in this Annual Report.*

**ix. Corporate Structure**

The Issuer is part of a business group with 241 subsidiaries as of December 31, 2022. The organization chart provided below shows the most important Orbia subsidiaries in yellow, the assets and revenue of which, on an individual basis, do not exceed 10% of the total consolidated assets and/or 10% of the total consolidated revenue, based on the Company's audited consolidated financial statements for fiscal year 2022.



The table below shows the shareholding structure of the Issuer's most significant subsidiaries.

No.	Jurisdiction	Business Group	Corporate Name of Subsidiary	Shareholders	Equity Interest in Subsidiaries
1	Mexico	Polymer Solutions	Mexichem Resinas Vinílicas, S.A. de C.V.	Orbia Advance Corporation, S.A.B. de C.V. Mexichem Derivados, S.A. de C.V. Mexichem Servicios Administrativos, S.A. de C.V.	99.9999980% 0.0000011% 0.0000009%
2	United States	Polymer Solutions	Mexichem Ethylene Holding Corporation	Mexichem Resinas Vinílicas, S.A. de C.V.	100%
3	United States	Polymer Solutions	Ingleside Ethylene LLC	Mexichem Ethylene Holding Corporation Oxychem Ingleside Ethylene Holdings, Inc.	50% 50%
4	Mexico	Building & Infrastructure	Mexichem Soluciones Integrales Holding, S.A. de C.V.	Orbia Advance Corporation, S.A.B. de C.V. Mexichem Servicios Administrativos, S.A. de C.V.	99.9999863% 0.0000137%
5	Netherlands	Building & Infrastructure	Wavin B.V.	Mexichem Soluciones Integrales Holding, S.A. de C.V.	100%
6	Israel	Precision Agriculture	Netafim, Ltd.	Netafim Hatzerim Holdings (Cooperative Society) Ltd. Mexichem Soluciones Integrales Holding, S.A. de C.V.	20% 80%

For more information on "the activities of the subsidiaries" see Section 2, "The Issuer", item b, "Business Description", sub-item i. "Main Activity" for each business group, in this Annual Report.

#### x. Description of Main Assets

This section details the main assets of Orbia's business groups, all of which are free from liens or encumbrances of any kind, since none of them constitute any guarantee of financing, except for those assets that has been acquired through financial lease contracts totaling \$367 million. All assets are insured, are in good working condition and there are no environmental issues that affect their use.

The following table shows the details of Orbia's main production plants. In accordance with the provisions of article 33, subparagraph b), numeral 1, of the Single Issuer Circular, the Company has determined that the information on the percentage of utilization is strategic, and accordingly has reserved the right to not disclose this information.

Business group	Process	Country or Region	Number of Plants	Type of Asset	Products
Polymer Solutions	Chlorine-Soda	Mexico	1	Mine	Brine

Polymer Solutions	Chlorine-Soda	Mexico	2	Plant	Chlorine, Caustic Soda, Derivatives
Polymer Solutions	Chlorine-Soda	Colombia	1	Plant	Chlorine, Caustic Soda, Derivatives
Polymer Solutions	Chlorine-Soda	Germany	2	Plant	Chlorine, Caustic Soda, Derivatives
Polymer Solutions	Chlorine-Soda	Mexico	4	Plant	Phosphates
Polymer Solutions	Ethylene Chloro-Soda	EUA	1	Plant	Ethylene
Polymer Solutions	Vinyl	Mexico	5	Plant	PVC resins
Polymer Solutions	Vinyl	Colombia	3	Plant	PVC resins
Polymer Solutions	Vinyl	EUA	2	Plant	PVC resins
Polymer Solutions	Vinyl	Germany	2	Plant	PVC resins
Polymer Solutions	Vinyl	Mexico	2	Plant	Compounds
Polymer Solutions	Vinyl	Colombia	1	Plant	Compounds
Polymer Solutions	Vinyl	EUA	3	Plant	Compounds
Polymer Solutions	Vinyl	United Kingdom	2	Plant	Compounds
Polymer Solutions	Vinyl	India	4	Plant	Compounds
Polymer Solutions	Vinyl	Mexico	2	Plant	Phthalic Anhydride and Plasticizers
Polymer Solutions' capacity is approximately 4.8 million tons per year					
Building and Infrastructure LatAm	Wavin	Latin America	16	Plant	Pipes and Connections
Building and Infrastructure Europe	Wavin	Europe	20	Plant	Pipes and Connections
Building and Infrastructure capacity is approximately 1.6 million tons per year					
Connectivity Solutions US/Canada	Dura-Line	EUA, Canada,	13	Plant	Ducts, HDPE microducts
Connectivity Solutions AMEA	Dura-Line	India, Oman, South Africa, China	6	Plant	Ducts, HDPE microducts
Connectivity Solutions' capacity is approximately 350,000 tons per year					
Precision Agriculture	Precision Irrigation	Americas	8	Plant	Pipeline, recycling
Precision Agriculture	Precision Irrigation	AMEA	7	Plant	Pipe and drippers, GH structure
Precision Agriculture	Precision Irrigation	India	2	Plant	Pipeline
Precision Agriculture	Precision Irrigation	APAC (excluding India)	3	Plant	Pipeline
Precision Agriculture has approximately 150 lines					
Fluorinated Solutions	Fluorite	Mexico	2	Mines	Acid and metallurgical grade fluorite
Fluorinated Solutions	Fluorite	Mexico	3	Plant	Acid Grade Fluorite
Fluorinated Solutions	HF	Mexico	2	Plant	Hydrofluoric acid

Business group	Process	Country or Region	Number of Plants	Type of Asset	Products
Fluorinated Solutions	Refrigerant Gases	EUA.	1	Plant	Fluorinated hydrocarbons and refrigerants



Fluorinated Solutions	Refrigerant Gases	Japan	1	Plant	Fluorinated hydrocarbons and refrigerants
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Fluorinated Solutions' capacity is greater than 10 million tons per year

The following describes the Company's most significant fixed assets with the following plants as part of its Building and Infrastructure, Connectivity Solutions and Precision Agriculture business groups.

- ***In Latin America, Building and Infrastructure*** owns and operates 16 plants in 12 countries, with a combined installed production capacity of 907,000 tons of PVC extrusion, PVC injection molding, injected polyethylene products and polyethylene products, using state-of-the-art transformation technologies.
- ***In Europe, Building and Infrastructure*** owns 20 manufacturing plants and sales and distribution points in 25 countries, with a combined installed production capacity of 693,000 tons. It has procedures in place to comply with the standards established by ISO 9000 and ISO 9001, which are reviewed and certified by independent certifying companies. These plants operate in accordance with regionally established health and safety policies, complying with ISO 12001 and similar standards.
- ***In North America, Connectivity Solutions*** owns 13 manufacturing and assembly plants. It has procedures in place to comply with ISO 9001 standards, as well as other relevant standards for the competent authorities, which are reviewed and certified by independent companies. Design practices are subject to various regulatory tests to ensure products meet or exceed customer expectations and applicable regulatory requirements.
- ***In EMEA, Connectivity Solutions*** owns four manufacturing and assembly plants located in Europe, India, and Oman. It has procedures in place to comply with ISO 9001, ISO 14001, OHSAS 18001 standards, Underwriters Laboratory and Bureau of India Standards certifications, as well as other relevant standards for competent authorities, which are reviewed and certified by independent companies. Design practices are subject to various regulatory tests to ensure products meet or exceed customer expectations and applicable regulatory requirements.
- ***Precision Agriculture*** owns 21 manufacturing and assembly plants located in Israel, Turkey, the Netherlands, Spain, South Africa, Morocco, Mexico, Brazil, Peru, Chile, China, Colombia, Australia, India and the US, with a sold volume of 7 billion meters in fiscal year 2022.

### ***Insurance***

The Company has contracted at a group level for the businesses, insurance coverages typical for the mining, chemical, petrochemical and industrial industries to mitigate insurable risks or to comply with contractual obligations and regulatory requirements.

Although management believes that it has adequate and sufficient coverage in accordance with industry practices, there is the possibility that insurance coverage against possible unforeseen losses and other insurable liabilities due to deductibles, self-insurance and other retentions that are in place to leverage the strong operational, financial and Environmental, Health & Safety capabilities, may not be sufficient in some cases. Likewise, in the event that the losses derived from a claim exceed the insured limit, the result would have an adverse effect on Orbia's financial results in the form of higher costs, which may not be anticipated.

### **xi. Judicial, Administrative or Arbitral Proceedings**

With the exception of the information provided in regard to Connectivity Solutions, based on the information relevance criteria established in Annex N of the Sole Issuers Circular, the Company and its subsidiaries are not involved in any relevant proceeding of judicial, administrative or arbitration nature, that are different from those that are a normal part of the course of business and that have, had or could have a significant impact on the operating results or the financial position of Orbia or its business groups.

Notwithstanding the foregoing, in compliance with applicable regulations, internal policies and good practices, the Company and its subsidiaries maintain reserves to meet the obligations that may arise as a result of the proceedings in which it or its subsidiaries are party that meet IFRS accounting guidance for recognition.

As of December 31, 2022, the Company and its subsidiaries are not aware that any of its shareholders, directors or main officers are part of any judicial, administrative and/or arbitration procedure that could affect the results of the operation or the financial situation of the Issuer in a material adverse manner.

Likewise, neither the Company nor its subsidiaries are part of any tax proceedings that could affect the results of the operation or financial situation of the issuer in a material adverse manner.

Building and Infrastructure (Wavin)

On August 30, 2022, Orbia's Building and Infrastructure business acquired the Bow Plumbing Group ("Bow") a manufacturer and seller of plastic pipes and fittings headquartered in Quebec and sales in the United States of America and Canada. Bow Plumbing Group Inc., is the defendant in a putative nationwide class action litigation commenced in 2021 in Federal District Court in the District of Alabama (Braswell, Roselyn v. BOW Plumbing Group, Inc.). The plaintiffs in the case, all located in Alabama, are homeowners alleging that PEX piping manufactured by Bow and installed in their homes leaked as a result of manufacturing and design defects. In addition to the Federal litigation, three other cases have been brought in Alabama state court, with plaintiffs located in the vicinity of Montgomery, Alabama. The Federal and state litigations are being handled by Alabama counsel designated by Bow's insurers.

While the gathering of evidence and analysis of the case are ongoing, an important near-term event in the case will be the court's decision whether to certify the plaintiffs as a class of similarly situated plaintiffs that is eligible to avail itself of the US Federal class action litigation process, which is currently expected to be made in the second half of 2023.

For additional details refer to section 3 Financial Reporting "Contingent liabilities" for summary of all legal matters

## xii. Shares representing Capital Stock

As of December 31, 2022, the Company does not have open positions in derivative instruments that can be settled in kind whose underlying assets are ORBIA\* shares.

In the fiscal years 2022 and 2021, Orbia did not modify the number or amount of outstanding shares representing its share capital. The Company's share capital count was 2,010,000,000 shares.

The fixed portion of the Company's share capital is comprised of Class I registered shares with no right to withdrawal. The variable portion of the Company's share capital is comprised of Class II registered shares with no par value and may not exceed ten times the minimum fixed share capital.

At the Company's shareholders' meeting held on July 21, 2021, the shareholders agreed to cancel 90,000,000 Class II common shares, with no par value, which represented the variable portion of the Company's share capital. This cancellation did not result in a share capital decrease since the Company maintained the ownership of those shares as they had been repurchased from its own share capital.

An analysis of the Company's capital stock as of December 31, 2022, 2021 and 2020 is as follows:

December 31, 2022, and 2021		
Subscribed capital	Number of shares	Amount (Millions of dollars)
Class I	308,178,735	\$37
Class II	1,701,821,265	219
<b>Total</b>	<b>2,010,000,000</b>	<b>\$256</b>

December 31, 2020		
Subscribed capital	Number of shares	Amount (Millions of dollars)
Class I	308,178,735	\$37
Class II	1,791,821,265	219
<b>Total</b>	<b>2,100,000,000</b>	<b>\$256</b>

## xiii. Dividends

During the last three years (2020, 2021, and 2022) Orbia has decreed the payment of dividends in cash, as follows:

General Shareholders' Meeting	Dividend Declared in millions of USD	Number of Payments	Payment Dates
Mar-30-21	210	4 payments	Apr. 14, 2021, Jul. 14, 2021, Sept. 15, 2021 and Dec 15, 2021

Apr-01-22	240	4 payments	Apr 13 2022, Jun 15 2022,, Sept 15 2022 and Dec 15 2022
Mar-30-23	240	4 payments	Apr, 21 2023

The declaration, amount and payment of dividends are approved by the Ordinary General Shareholders' Meetings, on the recommendation of the Board of Directors, and dividends may only be paid from profits withheld from accounts previously approved by the shareholders, provided that a legal reserve has been created and any losses from previous fiscal years have been paid or absorbed.

The distribution of Orbia's dividend payments depends on the generation of profits, flow generation and the investments projected in its different business groups. (See Section 1, "General Information," item c, "Risk Factors," item c, "Risk Factors Related to Securities Issued by the Company.")

The amount and payment of Future Orbia dividends, if any, will be subject to applicable law and depend on a variety of factors that may be considered by the Board of Directors or shareholders, including future operating results, financial condition, capital requirements, investments in potential acquisitions or other growth opportunities, legal and contractual restrictions on current and future debt instruments and the ability to obtain funds from subsidiaries. Such factors may limit the ability to pay future dividends and may be considered by the Board of Directors in recommending, or by shareholders in approving, the payment of future dividends.

There is no dividend payment policy, although in recent years Orbia has paid a dividend of approximately 15% of the EBITDA of the corresponding fiscal year. In its 2022 Investor Day, the Company stated an intent to pay a base dividend of \$240 million annually going forward, with the intent to increase the amount as underlying income increases.

The Company's shareholders approved, at an Ordinary General Meeting held on December 2, 2019, the payment of a cash dividend in the amount of \$180 million, in four payments. The first was on February 26, 2020, the second on May 27, the third on August 26 and the fourth on November 25, 2020.

The Issuer's General Ordinary Shareholders' Meeting held on March 30, 2021, authorized the payment of a cash dividend in the amount of \$210 million payable in four installments in 2021, The first was on April 14, 2021, the second on July 14, the third on September 15 and the fourth on December 15, 2021. These dividends were distributed to the holders of the outstanding shares at each payment date during 2021, minus the amount corresponding to the shares of the share buyback program.

On April 1, 2022, the Company's shareholders' approved the payment of a cash dividend of \$240 million and an extraordinary dividend of \$60 million applied to retained earnings and the net taxable profits account (CUFIN, by its acronym in Spanish). These dividends were distributed to the holders of the outstanding shares at each payment date during 2022, minus the amount corresponding to the shares of the share buyback program.

On March 30, 2023, the Company's shareholders approved the payout of a cash dividend of \$240 million applied to retained earnings and the net taxable profits account (CUFIN, by its acronym in Spanish). These dividends will be distributed in four equal installments to the holders of the outstanding shares, at each payment date during 2023, less the amount corresponding to the shares of the share buyback program. Dividend payout dates are to be determined by the Company's executive officers.

### 3. FINANCIAL REPORTING

#### a) Selected Consolidated Financial Information

The following tables present selected consolidated financial information for Orbia for each of the periods indicated. This information should be read in conjunction with and is subject in its entirety to the complete terms of Orbia's audited financial statements as of December 31, 2022, 2021 and 2020, including the related financial statement disclosures.

The consolidated financial statements of the Company and its subsidiaries for the years ending December 31, 2022, 2021 and 2020 have been prepared in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

Orbia's functional currency is the U.S. dollar and it publishes its financial statements in this currency. Unless otherwise specified, references in this Annual Report to "\$", "Dollars" or "dollars" shall be construed as references to U.S. dollars and references to "Peso", "Pesos" or "Mexican Pesos" shall be construed as references to Mexican pesos. See notes on the audited financial statements in Section 7, "Annexes", "Consolidated Financial Statements", in this Annual Report.

There are factors of an uncertain nature that may make Orbia's past performance, as shown in the financial statements, not indicative of its future performance. Such factors are described in detail in Section 1, "General Information", item c, "Risk Factors".

Refer to section "General Information", item b), Executive Summary, item 4. "Significant events in the period 2022-2020" for a detail of key transactions during the periods presented.

Condensed financial information is provided below.

<b>Consolidated statements of income</b> <b>(Figures in millions of US Dollars)</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Continuing operations:			
<b>Net sales</b>	<b>9,648</b>	<b>8,783</b>	<b>6,420</b>
Cost of sales	7,079	6,156	4,651
<b>Gross profit</b>	<b>2,569</b>	<b>2,627</b>	<b>1,769</b>
Selling and development expenses	582	573	507
Administrative expenses	661	599	508
Other (income) expenses, net	(2)	6	34
Foreign exchange loss, net	13	32	2
Interest expense	285	248	239
Interest income	(30)	(16)	(10)
Change in fair value of redeemable non-controlling interests	(119)	28	10
Monetary position loss	11	4	1
Share of profit in associates	(3)	(1)	(1)
Impairment of goodwill	136	-	-
Profit before income tax	1,035	1,154	479
Income taxes	369	381	151
Profit from continuing operations	666	773	328
Discontinued operations:			
Net loss from discontinued operations	(1)	(1)	(9)

Consolidated net profit for the year	665	772	319
Consolidated net profit for the year attributable to:			
Equity holders of the parent	567	657	195
Non-controlling interest	98	115	124
	<u>\$665</u>	<u>\$772</u>	<u>\$319</u>
<b>Basic and diluted earnings per share</b>	\$0.30	\$0.33	\$0.10
<b>Weighted average ordinary shares outstanding</b>	1,918,919,097	1,992,657,096	2,024,791,839

Consolidated statements of financial position (Figures in millions of US dollars)	As of December 31:		
	2022	2021	2020
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	1,546	782	875
Accounts receivable	1,659	1,595	1,325
Due from related parties	2	1	5
Inventories	1,320	1,292	861
Prepaid expenses	54	50	60
Derivative financial instruments	1	2	20
Assets classified as held for sale	2	2	10
<b>Total current assets</b>	<b>4,584</b>	<b>3,724</b>	<b>3,156</b>
<b>Non-current assets</b>			
Property, plant, and equipment	3,170	3,051	3,186
Right-of-use assets	358	346	323
Equity investment in associates	58	40	39
Deferred taxes	197	174	200
Employee benefits asset	28	17	13
Intangible assets	1,627	1,617	1,734

Goodwill	1,478	1,514	1,491
Other assets	124	104	69
<b>Total non-current assets</b>	<b>7,040</b>	<b>6,863</b>	<b>7,055</b>
<b>Total assets</b>	<b>11,624</b>	<b>10,587</b>	<b>10,211</b>
<b>Liabilities and stockholders' equity</b>			
<b>Current liabilities:</b>			
Bank loans and current portion of long-term debt	760	240	495
Suppliers	812	1,046	788
Letters of credit	467	459	538
Due to related parties	1	1	1
Other accounts payable and accrued liabilities	651	521	467
Dividends payable	-	1	3
Provisions	33	29	33
Employee benefits	234	226	160
Lease liabilities	84	86	82
Derivative financial instruments	3	34	14
Liabilities associated with assets held for sale	-	-	6
<b>Total current liabilities</b>	<b>3,045</b>	<b>2,643</b>	<b>2,587</b>

Consolidated statements of financial position (Figures in millions of US dollars)	As of December 31:		
	2022	2021	2020
<b>Non-current liabilities:</b>			
Bank loans and long-term debt	3,936	3,280	3,131
Employee benefits	137	221	274
Provisions	22	17	21
Other long-term liabilities	75	41	30
Redeemable non-controlling interests	375	316	274
Derivative financial instruments	1	17	95
Deferred tax liabilities	373	318	314
Lease liabilities	285	281	263
Income tax	52	49	42
<b>Total non-current liabilities</b>	<b>5,256</b>	<b>4,540</b>	<b>4,444</b>
	<b>8,301</b>	<b>7,183</b>	<b>7,031</b>

**Stockholders' equity:**

Share capital	256	256	256
Additional paid-in capital	1,475	1,475	1,475
Cumulative inflation adjustment	24	24	24
	1,755	1,755	1,755
Earned capital			
Retained earnings	881	966	1,108
Redeemable non-controlling interests	(436)	(241)	(227)
Share buyback reserve	1,090	851	400
Other comprehensive loss	(622)	(595)	(543)
<b>Controlling interests</b>	<b>2,668</b>	<b>2,736</b>	<b>2,493</b>
Non-controlling interests	655	668	687
<b>Total stockholders' equity</b>	<b>3,323</b>	<b>3,404</b>	<b>3,180</b>
<b>Total liabilities and stockholders' equity</b>	<b>11,624</b>	<b>10,587</b>	<b>10,211</b>

**Long Term Debt:**

	As of December 31,		
(Millions of dollars)	2022	2021	2020
Bank loans and current and long-term debt	4,696	3,520	3,626
Current portion of long-term debt	760	240	495
Long term debt	3,936	3,280	3,131

**Net debt to EBITDA:**

	As of December 31,		
(Millions of dollars)	2022	2021	2020
Bank loans and current and long-term debt	4,696	3,520	3,626
Cash and cash equivalents	1,546	782	875
Net debt	3,150	2,738	2,751
EBITDA*	1,909	2,047	1,318
Net debt to EBITDA ratio	1.65	1.34	2.09

\* For purposes of this calculation EBITDA of businesses acquired is reflected only as of their date of incorporation in Orbia's consolidation.

**Financial indicators**

(Figures in millions of US dollars)

Indicators	2022	2021	2020
Investments in property, plant and equipment	470	286	204
Depreciation and amortization for the year	581	598	598
EBITDA	1,909	2,047	1,318
Accounts receivable turnover (days)	40	48	53
Average supplier payment term (days)	41	61	61

Inventory turnover (days)	66	63	66
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## b) Financial information by business group, geographical area and export sales

The main historical sales indicators by business group are shown below:

<b>Sales by Business Group <sup>(1)</sup></b>	<b>2022</b>	<b>%</b>	<b>2021</b>	<b>%</b>	<b>2020</b>	<b>%</b>
Polymer Solutions	3,696	38	3,438	39	2,171	34
Fluorinated Solutions	852	9	744	8	698	11
Building and Infrastructure	2,926	30	2,922	33	2,071	32
Connectivity Solutions	1,370	14	994	11	732	11
Precision Agriculture	1,085	11	1,126	13	972	15
Controlling Company	121	1	215	2	184	3
Eliminations	(402)	(4)	(656)	(7)	(408)	(6)
<b>Consolidated</b>	<b>9,648</b>	<b>100</b>	<b>8,783</b>	<b>100</b>	<b>6,420</b>	<b>100</b>

<b>Operating income by Business Group <sup>(1)</sup></b>	<b>2022</b>	<b>%</b>	<b>2021</b>	<b>%</b>	<b>2020</b>	<b>%</b>
Polymer Solutions	549	41	876	60	224	31
Fluorinated Solutions	247	19	183	13	193	27
Building and Infrastructure	193	15	283	20	126	18
Connectivity Solutions	321	24	102	7	141	20
Precision Agriculture	19	1	47	3	89	12
Controlling Company	(16)	(1)	(24)	(2)	(53)	(7)
Eliminations	15	1	(18)	(1)	0	0
<b>Consolidated</b>	<b>1,328</b>	<b>100</b>	<b>1,449</b>	<b>100</b>	<b>720</b>	<b>100</b>

Sales by geographical area of origin, for the years 2022, 2021 and 2020, are presented below:

<b>Net sales by region where customers are located <sup>(1)</sup></b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
United States of America	2,420	1,838	1,382
Northwest Europe	1,539	1,462	1,040
Southwest Europe	1,160	1,148	839



Mexico	996	971	633
Africa, Middle East and Asia	791	645	703
Brazil	711	653	455
Colombia	416	441	271
Central and Eastern Europe	351	395	286
Central America	267	277	190
Peru	217	231	136
Canada	192	96	65
Southeast Europe	166	172	122
Ecuador	135	139	91
Argentina	87	81	45
Chile	58	86	51
Israel	37	46	40
Other rest of the world countries	105	102	71
<b>Total</b>	<b>9,648</b>	<b>8,783</b>	<b>6,420</b>

<b>Sales by destination region <sup>(1)</sup></b>			
<b>Region</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Europe	3,216	3,177	2,287
North America	3,608	2,905	2,080
South America	1,624	1,631	1,049
AMEA	828	691	743
Others	372	379	261
<b>Total</b>	<b>9,648</b>	<b>8,783</b>	<b>6,420</b>

(1) Figures in millions of USD

### c) Relevant Credit Report

Orbia's policy is to maintain its net debt to EBITDA ratio of approximately 2.5x Net Debt / EBITDA, to protect the Company's position in potential future recessionary or lower growth cycles. At the end of the 2022 financial year, this ratio stood at 1.65x.

<b>Leverage Ratios</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Total Liabilities/Total Assets	71%	68%	69%
Total Liabilities/Stockholders' Equity (times)	2.50	2.11	2.21
Liabilities with Cost/Stockholders' Equity (times)	1.41	1.03	1.14
Net debt to EBITDA ratio	1.65	1.34	2.09

As of December 31, 2022, the Company's future interest-bearing long-term debt payment obligations, net of related placement expenses, are as follows:

<b>Payable during-</b>	<b>Millions of USD</b>
2023	\$760
2024	189
2025	126
2026	605
Thereafter	3,016
	<u>\$4,696</u>

Due to the nature of its operations, Orbia and its subsidiaries maintain bank and investment accounts in both local currencies, for the countries where it has operations, as well as in U.S. dollars.

Both the Company and its subsidiaries have no overdue debt payments as of December 31, 2022.

Orbia's net outstanding debt as of December 31, 2022 was \$3,150 million.

#### **Short-term indebtedness**

As of December 31, 2022, Orbia has access to revolving lines of credit with an undrawn balance of \$850 million and short-term debt of \$760 million.

The Company's management has established appropriate policies through the monitoring of working capital, in order to manage the Company's short, medium, and long-term funding requirements. The Company maintains cash reserves and available lines of credit, continuously monitoring projected and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

#### **Financial indebtedness**

The table below presents selected information regarding the Company's outstanding indebtedness as of December 31 of the most recent three fiscal years.

<b>Summary of loan agreements denominated in U.S. dollars and other currencies (millions of dollars)</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Debt in USD</b>			
Issuance of a 30-year International Bond for \$750 million, bearing semiannual interest at a fixed rate of 5.875%. The loan principal is repayable in a single installment upon maturity in September 2044.	\$750	\$750	\$750
Issuance of a 10-year International Bond ("Senior Notes") for \$750 million, bearing semi-annual interest at a fixed rate of 4.875% for a term of ten year. The loan principal is repayable in a single installment upon maturity in September 2022. This loan was fully repaid in September 2021.	-	-	750
Issuance of a 10-year International Bond ("Senior Notes") for \$500 million, bearing semi-annual interest at a fixed rate of 4.00% for a term of ten years. The loan principal is repayable in a single installment upon maturity on October 4, 2027.	500	500	500
Issuance of a 30-year International Bond ("Senior Notes") for \$500 million, bearing semi-annual interest at a fixed rate of 5.50% for a term of thirty years. The loan principal is repayable in a single installment upon maturity on January 15, 2048.	500	500	500
Issuance of a 30-year International Bond ("Senior Notes") for \$400 million, bearing semi-annual interest at a fixed rate of 6.75% at a thirty-year term. The loan principal is repayable in a single installment upon maturity on September 19, 2042	400	400	400
Issuance of a 5-year International Bond (Sustainability-Linked Bonds) for \$600 million, bearing semi-annual interest at a fixed rate of 1.875%. The loan principal is repayable in a single installment upon maturity in May 2026.	600	600	-

Issuance of a 10-year International Bond (Sustainability-Linked Bonds) for \$500 million, bearing semi-annual interest at a fixed rate of 2.875%. The loan principal is repayable in a single installment upon maturity in May 2031.	500	500	-
In June 2019, the Company issued a Revolving Credit Facility line for \$1,000 million that accrues monthly interest at the SOFR 1M (Secured Overnight Financing Rate) + Reserve Rate + 1.05%. The principal is amortized in a payment due on June 21, 2024.	150	-	-
Robobank. 5-year bank loan for \$75 million, bearing quarterly interest at a variable rate (1-month LIBOR + 1.85%) The loan principal is repayable quarterly, and matures in March 2024.	40	50	60
IFC. Bank loan for \$40 million, bearing interest at a variable rate (1-month LIBOR + 1.95%). The loan matures on June 28, 2024.	17	29	40
MUFG. 5-year bank loan for \$50 million, bearing quarterly interest at a variable rate (3-month LIBOR + 2.00%) The loan principal is repayable quarterly, and matures on March 25, 2024. This loan was fully repaid in March 2021.	-	-	39
<b>Debt in other currencies</b>			
Issuance of Commercial Paper for £300 million. The loan's discount rate is 0.60% and matured on May 18, 2021.	-	-	409
Issuance of Commercial Paper Program for up to € 750 million through the issuance of notes with maturity less than one year. As of December 31, notes have been issued for € 101 million with maturity in March 2022.	-	115	-
10-year structured note for 3,000 million, bearing semi-annual interest at a fixed rate of 8.12%. The loan principal is repayable in a single installment upon maturity in March 2022. This loan was fully repaid in June 2021.	-	-	150
On December 8th 2022, the Company issued 10-year Cebures ("Certificados Bursátiles") for 7,660 million Mexican pesos, bearing semi-annual interest at a fixed rate of 10.63%. The loan principal is repayable in a single installment upon maturity in December 2032.	396	-	-
On December 8th 2022, the Company issued 3-year Cebures for 2,340 million Mexican pesos, bearing monthly interest at a variable rate of 28-day TIIE + 0.40%. The loan principal is repayable in a single installment upon maturity in December 2025	121	-	-
Bancomext. Term loans for 3,000 million and 69,443,000 Mexican pesos, bearing quarterly interest at the TIIE rate + 0.825% and TIIE rate + 0.71%, respectively. The loan principal is repayable on a semi-annual basis, from September 2017 to March 2021.	-	-	15
BBVA Bancomer. 6-month promissory note for 1,000 million Mexican pesos, bearing monthly interest at a variable rate (28-day TIIE + 0.55%). The note's principal is repayable in a single installment upon maturity in June 2022.	-	49	-
In 2022, the Company issued Promissory notes for 9,985 million Mexican pesos, bearing monthly interest at an average variable rate of 28-day TIIE + 0.66%. The notes' principal is repayable in a single installment upon maturity in 2023.	516	-	-
Others	254	81	53
Summary of loan agreements denominated in U.S. dollars and other currencies:	2022	2021	2020
<b>TOTAL</b>	4,744	3,574	3,666
<b>Less – Total Bank Loans and Current Portion of Long-Term Debt</b>	(760)	(240)	(495)
<b>Less - Debt Issue Costs</b>	(48)	(54)	(40)
<b>Total Long-Term Debt Less Debt Issue Costs</b>	<b>\$3,936</b>	<b>\$3,280</b>	<b>\$3,131</b>

As of December 31, 2022, some of the Company's loan agreements contain certain affirmative and negative covenants including the requirement for the Company to maintain a consolidated interest ratio (calculated: EBITDA/Interest expense) above 3.0x and maintain a gearing ratio (calculated: Net debt/EBITDA) below 3.0x. The Company is in compliance with all of its financial covenants as of December 31, 2022. (See Note 17 to the Consolidated Financial Statements, annex to this Annual Report.)

#### **Hedging of foreign currency obligations**

The Company is exposed to market risks, operating risks and financial risks arising from the use of financial instruments involving interest rate risk, credit risk, liquidity risk and foreign currency risk, which are centrally managed.

The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the Board of Directors, which provide direction on foreign currency risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments and investment of surpluses. Compliance with policies and exposure limits is regularly reviewed.

The Company does not enter into nor trade financial instruments, including derivative financial instruments, for speculative purposes.

Foreign Exchange risk management — The Company carries out transactions denominated in foreign currency and therefore is exposed to exchange rate fluctuations, which are managed using forward exchange rate contracts when considered appropriate and effective in hedging the related risk. The Company's most significant exposure to foreign exchange risk in its operations is to the Euro, the Brazilian real, the Mexican peso, the Colombian peso, and the British pound.

The Company performed a sensitivity analysis which includes only monetary items denominated in foreign currency and then assumed a 10% weakening of the functional currency as of December 31, resulting in a hypothetical exchange gain (loss) included in the profit or loss or other comprehensive income statement:

Functional currency	2022	2021	2020
Euro	\$(52)	\$(76)	\$107
Mexican pesos	(87)	(21)	20
US Dollar	(1)	(7)	-
Colombian pesos	1	(5)	(2)
Panamanian balboa	-	-	(6)
Brazilian real	8	-	4
Pounds sterling	(8)	-	-
Others	4	-	-
Total	\$(135)	\$(109)	\$123

The sensitivity analysis may not necessarily reflect the Company's exposure during the year.

#### ***Lease financial liabilities***

For the years ended December 31, 2022, 2021 and 2020, the carrying amounts of lease liabilities recognized and related activity during those periods were as follows:

Lease liabilities	Amount
Lease liabilities as of January 1, 2020	\$345
New lease liabilities	83
Cash outflows from lease payments	(89)
Foreign currency translation reserve	6
Lease liabilities as of December 31, 2020	345
New lease liabilities	141
Business combination	-
Disposals	(11)
Cash outflows from lease payments	(97)
Foreign currency translation reserve	(11)
Lease liabilities as of December 31, 2021	367
New lease liabilities	112
Business combination	-
Disposals	(2)
Cash outflows from lease payments	(92)
Foreign currency translation reserve	(16)

Lease liabilities as of December 31, 2022	369
Current lease liability	\$ 84
Non-current lease liability	\$285

Figures in millions

Leases under IFRS 16 "Leases"			
Maturity analysis	2022	2021	2020
One year	\$84	\$86	\$82
Two years	63	55	53
Three years	45	42	43
Four years	44	43	35
more than four years	133	141	132
	\$369	\$367	\$345

Figures in millions

#### d) Management's Discussion of the Results of Operation and Financial Position of the Issuer

The following discussion is based on and should be read in conjunction with Orbia's audited consolidated financial statements and notes thereto, which have been prepared in accordance with IFRS. This management analysis of the Company's results of operations and financial situation must be read in conjunction with its audited consolidated financial statements for the fiscal years ended December 31, 2022, 2021 and 2020, and their respective explanatory notes included in this Annual Report, as well as with the information included in the sections "See Section 3, "Financial Information", item a, "Selected Financial Information", of this Annual Report.

This section contains statements regarding future or anticipated events, which are subject to various risks. Actual results could differ materially from the results discussed in this section in the context of future events for various reasons, including those factors indicated in "Section 1, "General Information, item c, "Risk Factors" of this Annual Report.

The financial figures contained in this Section have been prepared in accordance with International Financial Reporting Standards ("IFRS" or "IFRS"), with the US dollar as the functional and reporting currency. Unless otherwise specified, figures are reported in millions.

Figures and percentages have been rounded and may therefore not add arithmetically.

#### i. Operating Results

Orbia delivered revenue growth in 2022 vs. 2021 but macroeconomic challenges resulted in lower profitability. Orbia generated strong cash flow and maintained a strong balance sheet, demonstrating resilience in its businesses and robust long-term fundamentals. 2022 provided unique challenges for Orbia and the world at large, marked by the war in Ukraine, inflation and rising interest rates. Challenging times have offered Orbia with the opportunity to strengthen its business fundamentals, pursue vertical integration and synergies between its businesses and seed strategic partnerships for sustained value creation.

During 2021 Orbia achieved record sales, EBITDA and cash flows while maintaining a healthy balance sheet and rewarding its shareholders through dividends and share buybacks.

The Company's consolidated statements of income for 2022 compared to 2021 and 2020 are included below.

<b>Consolidated statements of income</b> <b>(Figures in millions of US Dollars)</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2022 vs 2021 % Change</b>	<b>2021 vs 2020 % Change</b>
<i>Continuous operations:</i>					
<b>Net sales</b>	<b>9,648</b>	<b>8,783</b>	<b>6,420</b>	9.8%	<b>36.8%</b>
Cost of sales	7,079	6,156	4,651	15.0%	32.3%
<b>Gross profit</b>	<b>2,569</b>	<b>2,627</b>	<b>1,769</b>	(2.2%)	<b>48.5%</b>
Selling and development expenses	582	573	507	1.6%	13.0%
Administration expenses	661	599	508	10.4%	18.0%
Other expenses, Net	(2)	6	33	(133.3%)	(81.8%)
Exchange loss	13	32	2	(59.4%)	1500%
Interest expenses	285	248	239	14.9%	3.8%
Interest income	(30)	(16)	(10)	87.5%	60.0%
Change in fair value of redeemable non-controlling interest	(119)	28	10	(525.0%)	180.0%
Monetary position profit	11	4	1	175.0%	300.0%
Participation in the results of associates	(3)	(1)	(1)	200.0%	0%
Impairment of goodwill	136	0	0	NA	NA
Earnings before income taxes	1,035	1,154	479	(10.3%)	140.9%
Income taxes	369	381	151	(3.1%)	152.3%
<b>Income from continuing operations</b>	<b>666</b>	<b>773</b>	<b>328</b>	(13.8%)	135.7%
<i>Discontinuous operations:</i>					
Income (loss) from discontinued operations, Net	<b>(1)</b>	<b>(1)</b>	(9)	<b>0.0%</b>	(88.9%)
<b>Consolidated net income for the year</b>	<b>665</b>	<b>772</b>	<b>319</b>	<b>(13.9%)</b>	<b>142.2%</b>
Consolidated net income for the year:					
Controlling interest	<b>567</b>	<b>657</b>	195	<b>(13.7%)</b>	236.9%
Noncontrolling interest	<b>98</b>	<b>115</b>	124	<b>(14.8%)</b>	(7.3%)

## Net Sales

Revenues reached a historic high at \$9.6 billion in 2022, up 10% from 2021. Revenues increased across all businesses, except for Precision Agriculture. Primary drivers of the year-over-year increase included strong PVC pricing in the Polymer Solutions businesses, particularly during the first half of the year, strong demand in Connectivity Solutions and improved pricing across the Fluorinated Solutions product portfolio.

By region, the sales growth in North America was 24%, AMEA was 20%, Europe was 1% and flat in South America in 2022.

Orbia's revenues grew 37% during 2021, reflecting the recovery of the global economy and a growing demand for the Company's products. Primary drivers of the increased included the strong results of Polymer Solutions business due to higher PVC prices and strong demand in Building and Infrastructure.

By region, the sales growth in Europe was 39%, North America was 40% and South America was 56% in 2021.

The revenue change by business group was as follows:

1. Polymer Solutions: 2022 and 2021 sales grew 8% and 58% to \$3.7 billion and \$3.4 billion respectively.
2. Building and Infrastructure: 2022 and 2021 sales grew 0.1% and 41% to \$2.9 billion in each year.
3. Precision Agriculture: 2022 and 2021 sales decreased 4% to \$1.1 billion and grew 16% respectively.
4. Connectivity Solutions: 2022 and 2021 sales grew 38% and 36% to \$1.4 billion and \$994 million respectively.

5. Fluorinated Solutions: 2022 and 2021 sales grew 15% and 7% to \$852 million and \$744 million respectively.

### **Cost of sales**

Cost of sales increased in 15% in 2022 to \$7.1 billion primarily due to inflationary pressures resulting in higher raw material, energy, freight and labor costs. Increases in raw materials and manufacturing expenses increased 18% and 17%, respectively.

The cost of sales grew 32% in 2021 to \$6.2 billion, due mainly to the higher cost of raw materials and higher volumes sold, and, to a lesser extent, to increases in freight and labor costs in all business groups.

### **Operating Income**

Operating profit decreased 8% to \$1.33 billion in 2022 despite record levels in Connectivity Solutions and strong performance in Fluorinated Solutions as other business groups were affected by lower pricing and other economic and market pressures.

In 2021 operating income increased 101% to \$1.45 billion due to the significant increase in sales across all businesses. vs. the prior year.

### **EBITDA**

EBITDA decreased 7% in 2022 to \$1.9 billion while EBITDA margin decreased approximately 350 basis points to 19.8%. The decrease in EBITDA and EBITDA margin was due to softening demand across certain markets in the second half of the year, coupled with higher input costs, particularly in Polymer Solutions, Building and Infrastructure, and Precision Agriculture. The decrease was partially offset by higher profitability in Connectivity Solutions, as well as in Fluorinated Solutions.

During 2021, EBITDA increased 55% to \$2.0 billion compared to 2020 and EBITDA margin increased approximately 280 basis points to 23.3%. The increase in EBITDA during 2021 was mainly due to strong performance in Polymer Solutions and Building and Infrastructure.

### **Net financial expense**

Financial costs decreased \$136 million to \$160 million vs. prior year. The decrease in financial costs was largely driven by adjustments in the valuation of put options due largely to higher discount rates used to value the put option liabilities as a result of rising interest rates. This impact was partially offset by the negative impact of foreign exchange, particularly from devaluations of the Euro and the British Pound.

The net financial cost of 2021 was \$296 million, an increase of 22% compared to 2020, driven by foreign exchange losses related to the depreciation of the Turkish Lira, the Mexican Peso and the Colombian Peso, as well as the impact of the valuation of the put options held by the minority shareholders of the operating entities of Netafim and Shakun Polymers. Additionally, the increase included a non-recurring charge associated with an early debt withdrawal during the year.

### **Income tax**

The Company's tax expense decreased 3% to \$369 million while the effective tax rate increased 258 basis points to 35.6 compared to 2021. The increase in the effective tax rate was driven by one-time items, including a nondeductible impairment charge of \$136 million that lowered earnings before taxes. This impairment charge was due to a higher discount rate used in the impairment analysis, caused by increases in interest rates during the year. The increase in the effective tax rate was also due to the strengthening of the Mexican Peso and additional charges for uncertain tax positions, partially offset by the release of valuation allowances and the impact of non-taxable option revaluation.

During 2021, tax expense increased 152% to \$381 million vs. 2020, while the effective tax rate increased approximately 160 basis points to 33%. The increase in tax expense and the tax rate was mainly due to the impairment of certain tax assets, an increase in profit before taxes and the geographic mix of profits.

### **Majority net income**

Net income to majority shareholders decreased 14% to \$567 million decreased 14% driven by lower EBITDA and the impact of one-time charges including the \$136 million impairment charge discussed above.

During 2021, the Company's majority net income increased by 237% to \$657 million driven by the increase in EBITDA.

### Operating results by business group

The following tables show the results of each of Orbia's business groups and the reconciliation of these with the Company's consolidated results of operations for the periods shown below.

Year ended December 31, 2022					
Business Group	Net sales	Cost of sales	Gross profit	Operating expenses	EBITDA
Polymer Solutions	3,696	2,925	771	222	804
Fluorinated Solutions	852	506	346	99	304
Building and Infrastructure	2,926	2,279	647	454	321
Connectivity Solutions	1,370	869	501	180	357
Precision Agriculture	1,085	790	295	276	119
Controlling Company	121	(1)	122	138	(11)
Eliminations	(402)	(289)	(113)	(128)	15
<b>Total</b>	<b>9,648</b>	<b>7,079</b>	<b>2,569</b>	<b>1,241</b>	<b>1,909</b>

Year ended December 31, 2021					
Business Group	Net sales	Cost of sales	Gross profit	Operating expenses	EBITDA
Polymer Solutions	3,438	2,344	1,094	218	1,135
Fluorinated Solutions	744	473	271	88	245
Building and Infrastructure	2,922	2,183	739	456	425
Connectivity Solutions	994	765	229	127	133
Precision Agriculture	1,126	804	322	275	146
Controlling Company	215	106	109	133	(19)
Eliminations	(656)	(519)	(137)	(119)	(18)
<b>Total</b>	<b>8,783</b>	<b>6,156</b>	<b>2,627</b>	<b>1,178</b>	<b>2,047</b>

Year ended December 31, 2020					
Business Group	Net sales	Cost of sales	Gross profit	Operating expenses	EBITDA
Polymer Solutions	2,171	1,764	407	183	462
Fluorinated Solutions	698	407	291	98	254
Building and Infrastructure	2,071	1,565	506	380	260
Connectivity Solutions	732	497	235	94	174
Precision Agriculture	972	643	329	240	181
Controlling Entity	184	109	75	128	(13)
Eliminations	(408)	(334)	(74)	(74)	-
<b>Total</b>	<b>6,420</b>	<b>4,651</b>	<b>1,769</b>	<b>1,049</b>	<b>1,318</b>

### Polymer Solutions Business Group

Year ended December 31,					
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Polymer Solutions <sup>(1)</sup>	2022	2021	2020
Net sales	3,696	3,438	2,171
Cost of sales	2,925	2,344	1,764
Gross profit	771	1,094	407
Operating expenses	222	218	183
EBITDA	804	1,135	462

(1) Figures in Millions of Dollars

### **Net sales**

2022 sales in Polymer Solutions grew 8% to \$3.7 billion. Growth in revenue was driven by the profitability of higher prices during the first half of the year, and a particularly strong performance of the Specialty PVC and Chlor-Alkali businesses over the course of the year.

2021 sales in Polymer Solutions grew 58% to \$3.4 billion. Polymer Solutions maintained PVC price leverage, resulting from robust demand in the construction industry and a continued tight supply/demand environment. Sales performance in key markets exceeded pre-pandemic levels, complemented by increased compounds prices and the inclusion of the majority interest of Shakun Polymers beginning in the second quarter of 2021.

### **Cost of sales**

Polymer Solutions cost of sales grew 24.8%, from \$2.3 billion in fiscal year 2021 to \$2.9 billion in 2022, and it grew as a percentage of sales from 68% in 2021 to 79% in 2022 due to higher raw materials and input costs.

Polymer Solutions cost of sales increased 33%, from \$1.8 billion in fiscal year 2020 to \$2.3 billion in 2021, and decreased as a percentage of sales from 81% in 2020 to 68% in 2021, as sales prices outpaced the increase in raw material costs.

### **Gross profit**

The gross profit of the business group fell by 30%. Weaker profits in 2022 were due to a decrease in demand during the last quarter of the year as well as reduced PVC prices.

The gross profit of the business increased 169% in 2021 to \$1.1 billion while gross margin increased from 19% in 2020 to 32% in 2021 due to higher sales prices that outpaced the increase in raw material costs and higher demand.

### **Operating expenses**

Operating expenses in Polymer Solutions grew 2% in 2022, from \$218 million to \$222 million, and remained stable as a percentage of sales at 6%.

In 2021, the business's operating expenses increased 19% to \$218 million due to higher compensation incentives, however decreased from 8% as a percentage of sales to 6% in 2021 as the increase in operating expenses did not outpace increases in revenues.

### **EBITDA**

Polymer Solutions EBITDA decreased 29% to \$804 million in 2022, and EBITDA margin decreased to 22%, mainly due to lower prices and volumes and higher feedstock and energy costs in General Purpose PVC resins, particularly in Europe. This was partly offset by strong pricing in Specialty PVC and Chlor-Alkali businesses.

EBITDA increased 145% in 2021 to \$1,134 million EBITDA margin increased 1,170 basis points to 33.0% compared to 2020 driven by robust sales and price growth that outpaced cost.

The Company expects the PVC market to improve over the course of 2023 as China reopens and construction markets worldwide stabilize. General purpose PVC prices appear to have rebounded from the bottom in early 2023, and ultimately, the Issuer expects general purpose PVC prices to settle above pre-pandemic levels. Ultimately Orbia believes that PVC industry supply/demand balance will remain tight for the long-term.

### **Fluorinated Solutions Business Group**

Fluorinated Solutions (Koura) <sup>(1)</sup>	Year ended December 31,		
	2022	2021	2020
Net sales	852	744	698
Cost of sales	506	473	407
Gross profit	346	271	291
Operating expenses	99	88	98
EBITDA	304	245	254

(1) Figures in Millions of Dollars

### **Net sales**

Fluorinated Solutions' sales revenue for 2022 was \$852 million, representing an increase of 15% compared to 2021. The growth in sales continue to reflect the favorable position of the business group's product mix and competitive pricing of all product lines, especially during the first half of the year despite lower volumes.

Revenues for 2021 were \$744 million, an increase of 7% compared to fiscal 2020. The growth in sales reflected an improvement in the product mix and prices of all product lines, especially in refrigerants, hydrofluoric acid and metallurgical grade fluorite.

### **Cost of sales**

Cost of sales increased 7% in 2022 from \$473 million in 2021 to \$506 million in 2022. The increase reflected higher costs of raw materials, logistics and freight.

Cost of sales increased 16% in 2021 from \$407 million in 2020 to \$473 million in 2021. The increase reflected higher costs of raw materials and freight, as well as strategic investments to promote business growth.

### **Gross profit**

In 2022 gross profit grew 28% to \$346 million and the business group's operating margin grew to 42% driven by strong product pricing which offset lower volumes and higher input costs.

In 2021, the cost of sales increase exceeded the sales impact of higher prices and a more favorable product mix which caused gross profit to decrease 7% to \$271 million and the business groups operating margin to decrease from 42% in 2020 to 36% in 2021.

### **Operating expenses**

Fluorinated Solutions operating expenses grew by 13% to \$99 million as result of increasing sales in 2022.

Operating expenses decreased 10% in 2021 to \$88 million due to lower expenses related to consulting and external services.

### **EBITDA**

Fluorinated Solution's EBITDA grew 24% to \$245 million and EBITDA margin grew 300 basis points to 36% compared with 2021, driven by revenue increases and strong pricing of the product portfolio, which helped offset aforementioned lower volumes and higher input costs.

In 2021 EBITDA decreased 4% to \$245 million and EBITDA margin decreased approximately 360 basis points to 32.9% compared to 2020, reflecting the higher raw material and supply chain costs and strategic investments to support the growth of the business.

Orbia expects improvements in the revenue and profitability across the product portfolio for Fluorinated Solutions, aligned with market strengthening and new regulations, partly offset by incremental costs to invest in long-term growth initiatives.

## **Building and Infrastructure Business Group**

Building and Infrastructure <sup>(1)</sup>	Year ended December 31,		
	2022	2021	2020
Net sales	2,926	2,922	2,071
Cost of sales	2,279	2,183	1,565
Gross profit	647	739	506
Operating expenses	454	456	380
EBITDA	321	425	260

(1) Figures in Millions of Dollars

### **Net sales**

In 2022, Building and Infrastructure sales were \$2.9 billion, representing growth of 0.1% compared to the previous year (essentially flat) as early strong demand in the year was offset by a decrease in revenues in the fourth quarter of 2022, mainly due to demand volatility in Europe and Brazil and the impact of currency devaluation.

In 2021, sales were \$2.9 billion, representing growth of 41% compared to the previous year. The performance was in line with a more normalized market environment, following a period of logistical disruptions and product shortages earlier in the year. Sales volumes during the first half of the year were particularly strong as the business benefited from being able to source PVC through the Polymer Solutions business during this period of raw material shortages. The second half of the year was a return to a more normalized market environment, with increased availability of PVC.

### **Cost of sales**

In 2022, cost of sales increased 4% to \$2.3 billion compared to \$2.2 billion in fiscal year 2021 in line with general inflationary cost pressures on production inputs.

In 2021, cost of sales increased 39% to \$2,183 million compared to \$1,565 million in fiscal year 2020 due mainly to higher raw material costs.

### **Gross profit**

Gross profit decreased 12% to \$647 million in 2022, and the gross margin of this business group decreased 3% from 24% in 2021 to 22% in 2022 as a result of higher costs.

Gross profit increased 46% to \$739 million in 2021, and the gross margin of this business group increased from 24% in 2020 to 25% in 2021 as the business group was able to increase sales volumes and prices that outpaced cost increases.

### **Operating expenses**

Operating expenses as a percentage of sales remained stable at 16% in 2022 as the business group was able to manage costs despite high inflation.

Operating expenses as a percentage of sales decreased from 18% in 2020 to 16% in 2021 as the business group was able to manage costs during this period of sales growth.

### **EBITDA**

2022 EBITDA decreased by 29% to \$321 million, and EBITDA margin fell by approximately 30 basis points to 12% compared to 2021, as a result of the difficult economic environment faced by the business group.

2021 EBITDA of \$452 million increased 62% and EBITDA margin increased approximately 190 basis points to 14.5% compared to 2020, driven by strong sales volumes and effective cost management measures discussed above.

Orbia expects inflationary cost pressures to impact the Building and Infrastructure group through the first half of the year, with conditions improving in the second half. Energy costs in key European countries have come down below pre-war levels but uncertainty remains. The Company will continue to manage margins and to focus on driving a higher-value sales mix in the business.

### **Connectivity Solutions Business Group**

Connectivity Solutions <sup>(1)</sup>	Year ended December 31,		
	2022	2021	2020
Net sales	1,370	994	732
Cost of sales	869	765	497
Gross profit	501	229	235
Operating expenses	180	127	94
EBITDA	357	133	174

(1) Figures in Millions of Dollars

### **Net sales**

Connectivity Solutions' revenue increased 38% in 2022 to \$1.4 billion, driven by sales growth in North America and Europe due to higher demand of fiber-optic infrastructure.

Revenues increased 36% in 2021 to \$994 million driven by sales growth in North America and Europe due to higher prices reflecting input cost increases, continued strong market demand, enhanced sales coverage and new fiber deployment projects.

### **Cost of sales**

Cost of sales increased 14% in 2022 to \$869 million as a result of higher raw-material and freight costs. Cost of sales increased 54% in 2021 to \$765 million following historically low raw material prices in 2020.

### **Gross profit**

Gross profit grew by 119% to \$501 million from \$229 million in the previous year, due to stronger demand that was met via previous investments in production capacity.

Gross profit decreased 3% in 2021 to \$229 million while the gross margin of the business group decreased from 32% in 2020 to 23% in 2021 driven by the lag in pass-through of higher raw material costs, and an unfavorable comparison to a historically low year for raw material cost.

### **Operating expenses**

Operating expenses grew 42% to \$180 million, but remained stable at 13% of sales, in line with the general sales growth of the business. In 2021 operating expenses grew 35% to \$127 million in line with the general sales growth of the business.

### **EBITDA**

2022 EBITDA grew year-over-year by 168%, driven by higher revenues described above combined with a stabilization of material costs.

The 2021 EBITDA decrease reflected the lag impact incurred during the first three quarters of the year, during which price adjustments were unable to fully offset the impact of cost increases. These results contrast with the extraordinary levels of the EBITDA margin achieved during 2020, which were due to historically low prices in raw materials.

Orbia expects continued growth throughout 2023, supported by favorable market conditions and continued investments in incremental capacity.

### **Precision Agriculture Business Group**

Precision Agriculture <sup>(1)</sup>	Year ended December 31,		
	2022	2021	2020
Net sales	1,085	1,126	972

Cost of sales	790	804	643
Gross profit	295	322	329
Operating expenses	276	275	240
EBITDA	119	146	181

(1) Figures in Millions of Dollars

### **Net sales**

Precision Agriculture's sales in 2022 fell by 4% to \$1.1 billion. The decrease in revenues was driven by a slowdown in demand in most markets and currency devaluation, partially offset by strength in Latin America and Turkey. The slowdown in Europe was directly related to economic weakness relating to the war in Ukraine and high energy costs affecting key market segments, especially the greenhouses business.

Sales in 2021 increased 16% to \$1,126 million, due to growing demand in most parts of the world, with the exception of India, which continues to show weakness due to COVID-19. The acquisition of Gakon Horticultural Projects also contributed to the growth in sales in this year.

### **Cost of sales**

Cost of sales in 2022 decreased by 2% to \$790 million due to the decrease in sales partially offset by increasing input cost. Cost of sales in 2021 increased 25% to \$804 million due to an increase in raw material costs and freight expenses during the year that was not passed through fully in customer prices.

### **Gross profit**

The business group's gross profit decreased 8% during 2022 to \$295 million while gross margin decreased to 27% in 2022 from 29% in 2021 due to the adverse impacts on sales and costs discussed above. As a result of increased costs outpacing revenue growth, the business group's gross profit decreased by 2% during 2021 to \$322 million while gross margin decreased from 34% in 2020 to 29% in 2021.

### **Operating expenses**

Precision Agriculture operating expenses remained stable, growing less than 1% to 25% of sales. Operating expenses increased 15% to \$275 million in 2021 commensurate with the growth in sales and also impacted by non-recurring items including certain provisions recorded in India.

### **EBITDA**

Precision Agriculture 2022 EBITDA was \$119 million, representing a decrease of 19%, while EBITDA margin decreased 200 basis points to 11% compared to 2021, as the business experienced a decrease in demand, particularly during the fourth quarter of the year, which was a result of continued destocking in the customer value chain after an inventory build-up in the first half of the year.

2021 EBITDA was \$146 million, decreasing 19% and EBITDA margin decreased 570 basis points to 13% compared to 2020 as the business experienced increasing raw material and transportation costs throughout the year, which were not fully reflected in selling prices. Additionally, EBITDA was impacted by approximately \$26 million of one-time charges related to a project in Ethiopia and provisions recorded in India due to sustained pressure from COVID-19 and decisions by local governments to delay certain projects. Excluding non-recurring impacts, the EBITDA margin for the year was 15.2%, representing a decrease of approximately 340 basis points compared to 2020.

The Company expects demand for precision irrigation products to strengthen in 2023, supported by continued investment in technologies that address water shortages worldwide.

## **ii. Financial Condition of the Company, Liquidity and Capital Resources**

Orbia continued to maintain a strong balance sheet in 2022. The net debt-to-EBITDA ratio increased from 1.34 times to 1.64 times year-over-year due to an increase in borrowings during the year and the reduction in EBITDA. Working capital

increased by \$33 million during the year. Capital expenditures year-over-year increased 77% to \$549 million, including ongoing maintenance spending and investments to support the Company's growth initiatives.

The average maturity of the Company's debt is 14.8 years, while the average cost of debt is 4.1%.

During 2022 Orbia returned \$440 million to shareholders, consisting of \$298 million of dividends and \$142 million of share repurchases.

Orbia's net debt of \$3.2 billion was comprised of total debt of \$4.7 billion, less cash and cash equivalents of \$1.5 billion.

In fiscal year 2022 Orbia covered its liquidity needs using its generation of cash flows from ordinary business operations, financing through loans and the issuance of debt securities in international markets.

Liquidity Ratios	2022	2021	2020
Current assets / short-term liabilities	1.51	1.41	1.22
Current assets – inventories / short-term liabilities	1.07	0.92	0.89
Current assets / total liabilities	0.55	0.52	0.45

The Company has financing needs mainly related to the following objectives:

- Working capital;
- Payment of interest, from time to time, related to the current debt;
- Capital investments related to its operations, construction of new plants, maintenance of facilities and expansion of plants;
- Funds required for the acquisition of companies that align with Orbia's strategy;
- Payment of dividends; and
- Repurchase of shares.

As described above, Orbia's main sources of liquidity have historically been the following:

- Cash generated from the Company's operations;
- Cash from short, medium and long term financing;
- Capital increases; and
- Disposal of assets, property or business of the Company.

#### Planned sources and uses of cash

At the close of 2022, Orbia has access to a committed Revolving Line of Credit with an available balance of \$850 million.

Additionally, the Company has a Commercial Paper Program for up to €750 million. The Company has no notes outstanding under the program as of December 31, 2022, for which it can issue €750 million with maturities of less than one year.

#### Cash Flows

##### Cash flows generated by (used in) operating activities

In 2022, 2021 and 2020, Orbia's cash flows from operating activities were \$1.3 billion, \$1.2 billion and \$1.1 billion, respectively.

Cash flows from operating activities were derived mainly from:

- Generation of \$1.6 billion, \$1.8 billion, and \$1.1 billion of income before income taxes, depreciation and amortization in 2022, 2021, and 2020 respectively.
- A reduction of \$130 million and \$563 million and increase \$92 million due to net changes in working capital in 2022, 2021, and 2020 respectively
- Use of \$285 million, \$248 million, and \$239 million for interest paid in 2022, 2021, and 2020 respectively
- Use of \$488 million for income tax paid in 2022

##### Cash flows generated by (used in) investing activities

In 2022, 2021 and 2020, cash flows used in investing activities were \$762 million, \$343 million and \$218 million, respectively.

The cash flows generated by (used in) investing activities were:

- Acquisition of subsidiaries, net of cash acquired in 2022 and 2021 use of (\$225) million and (\$48) million, respectively
- The acquisition of machinery and equipment in 2022, 2021, and 2020 use of (\$470) million, (\$286) million, and (\$204) million respectively
- Investment in other assets and intangibles in 2022, 2021, and 2020 use of (\$67) million, (\$27) million, and (\$31) million respectively
- The sale of machinery and equipment in 2022, 2021, and 2020 generation of \$11 million, \$18 million, and \$21 million respectively

#### **Cash flows generated by (used in) financing activities**

In 2022, 2021 and 2020, cash flows generated by (used in) financing activities were \$203 million, (\$963) million and (\$562) million, respectively.

Cash flows generated by (used in) financing activities consisted of:

- \$1,135 million and \$172 million net proceeds from loans obtained and repaid in 2022 and 2020 respectively.
- (\$258) million, (\$271) million, and (\$231) million in interest payments in 2022, 2021, and 2020 respectively.
- (\$92) million, (\$97) million, and (\$89) million used for lease payments in 2022, 2021, and 2020 respectively.
- (\$299) million, (\$200) million, and (\$230) million used in dividend payments in 2022, 2021, and 2020 respectively.
- (\$141) million, (\$135) million, and (\$142) million used for distribution to non-controlling interest in capital of subsidiary in 2022, 2021, and 2020 respectively.
- (\$142) million, (\$165) million, and (\$42) million use for the acquisition of the Company's own shares in 2022, 2021, and 2020 respectively.
- (\$95) million in payment amounts net of credits in 2021

#### ***Effect of the gain (loss) on the exchange rate of cash and cash equivalents.***

In 2022, 2021 and 2020, the effect of the foreign exchange gain (loss) on the Company's cash and cash equivalents was \$36 million, (\$23) million and (\$24) million, respectively.

#### **Contingent asset**

As of December 31, 2022, the Company has no contingent assets.

#### **Contingent liability**

From time to time, the Company is a party to certain legal matters, including those discussed below.

##### *Natural Gas Distribution Matter*

On April 20, 2021, Dura-Line Corporation's natural gas distribution business paused shipment and sales of small diameter, defined as 1.5 inch and smaller, natural gas distribution (NGD) pipe sold for use primarily in the United States, in order to investigate a potential quality issue. This issue does not impact Dura-Line's Datacom conduit products.

The natural gas distribution business, now operated through PolyPipe LLC ("PolyPipe"), conducted an analysis and determined that the issue occurred intermittently and estimates it impacted less than 1% of the small diameter NGD pipe produced by Dura-Line at its plant in Gainesville, Texas. Based on the analysis to date, management believes it is highly unlikely that any possibly affected pipe poses a risk of a near-term performance issue.

Polypipe has resumed shipping and sale of small diameter NGD pipe at its plant in Erwin, Tennessee with enhanced monitoring, production, and quality processes. PolyPipe has received demands for compensation from certain direct and indirect customers for costs associated with addressing the issue, including removing and replacing potentially impacted installed pipe. In September 2021 Southern California Gas Company and San Diego Gas & Electric Company filed a complaint against Dura-Line in the California Superior Court of San Diego (subsequently transferred to the Superior Court of Los Angeles), asserting various claims based on allegations that they may have purchased non-conforming pipe manufactured by Dura-Line and seeking unspecified damages. Dura-Line denies liability and intends to vigorously defend the matter. PolyPipe may receive additional demands for compensation in the future that may result in litigation and could give rise to potential material liabilities.

### *Wolkaite Project*

Netafim Ltd. is currently engaged in a government irrigation project in the Tigray region of Ethiopia called (the Wolkaite project), which is in an advanced stage. The customer is the Ethiopian Sugar Corporation (the ESC). Due to civil unrest, a state of emergency has been in effect in the region since November 4, 2020. In late November 2020, Netafim notified the ESC, the Lender, insurers, and other concerned parties that an event of force majeure had occurred as a result of the ongoing civil unrest, suspending Netafim's obligations under the project agreement.

Under the original project agreement, if the force majeure conditions were to continue for an extended period, each of the parties would have the right to terminate said agreement. On July 1, 2021, the parties entered into a Memorandum of Understanding (the MOU) which suspended until December 31, 2021, the right to cancel the project agreement due to an ongoing force majeure event. The MOU also establishes a period for the parties to assess the condition of the project and to try to reach an agreement to resume the project. At present, all parties are cooperating and monitoring the situation. In addition to potential costs arising from delays to the project and possible damage to the existing project, it is possible that Netafim could incur additional liabilities under certain scenarios.

### *Jain antitrust complaint*

In 2018, Irrigation Inc., Irrigation Design & Construction LLC. (IDC) and Agri Valley Irrigation LLC. (AVI) ("Jain Parties"), brought antitrust claims in a US Federal and State court in California claiming that Orbia's Netafim business, jointly with other manufacturers and distributors participated in a group boycott against the Jain Parties in alleged violation of State and Federal anti-trust laws. Jain withdrew its Federal case in June 2019, but continued to pursue its State antitrust claims. The parties entered into a mutual settlement agreement and this matter was settled and the respective claims withdrawn and released in the fourth quarter of 2022. In connection with the settlement, Netafim paid an immaterial amount.

### *Other issues*

In addition to the matters discussed above, the Company is party to litigation that it considers to be routine and incidental to the business. The Company does not expect the results of any of these litigation matters to have a material effect on the Company's business, results of operations, financial condition or cash flows.

### **Tax debts**

Neither the Company nor any of its subsidiaries have outstanding tax obligations as of December 31, 2022.

### **Relevant Transactions not Recorded in the Balance Sheet and Income Statement**

As of the date of this Annual Report, the Company has no relevant transactions not recorded in the Balance Sheet or the Income Statement of the Company. Orbia does not consolidate acquired companies until the related transactions have closed, subject to approval by competition authorities, when applicable.

### **iii. Internal control**

Orbia's bylaws provide for the existence of the Audit and Corporate Practices Committees, intermediate corporate bodies constituted in accordance with the Applicable Legislation in order to assist the Board of Directors in the performance of its functions. Through the aforementioned committees and the External Auditor, reasonable assurance is granted that the transactions and acts carried out by the Company are executed and recorded in accordance with the terms and parameters established by the Board of Directors and the governing bodies of Orbia, by the Applicable Legislation and relevant general guidelines, and the criteria and applicable financial information standards (IFRS).

### **Corporate governance**

Orbia is governed by corporate governance principles that frame its operations and support its results. As a public company listed on the BMV, Orbia adheres to Mexican legislation and, specifically, to the LMV. It also adheres to the principles established in the Code of Principles and Best Practices of Corporate Governance, endorsed by the Business Coordinating Council.

Orbia's Board of Directors determines the Company's corporate strategy, defines and supervises the implementation of the values and vision that define Orbia, and must approve transactions between related parties and those that are carried



out in the ordinary course of business in accordance with its bylaws. To carry out these duties, the Board of Directors is supported by the Corporate Governance, Responsibility and Compensation Committee, Audit Committee and Finance Committee.

Details regarding Orbia's Board of Directors, including its Corporate Governance, Responsibility and Compensation Committee, Audit Committee and Finance Committee can be found in Section 4. "Management" sub-section c) "Directors and Shareholders".

### ***Information for investors***

One of the Company's fundamental objectives is to ensure that shareholders and investors have sufficient information to be able to evaluate the performance and progress of the organization. The Company accomplishes this through its Investor Relations function and related information provided on its company website. In addition, the shareholders of the Company have various mechanisms to communicate to the Board of Directors through:

- 1) Shareholders' Meeting
- 2) Investor Relations
- 3) Conferences in which the Company participates, the presentation of which can be found on the Orbia website
- 4) Meetings with analysts, banks, shareholders, investors, rating agencies and financial market participant.

The Company has established guidelines to enable it to meet the following additional objectives:

- Protect and increase the assets of investors
- Issue reliable, timely and reasonable information
- Delegate authority and assign responsibilities to achieve the goals and objectives set
- Document the organization's business practices
- Provide administrative control methods that help supervise and monitor compliance with policies and procedures

There are defined controls for policies related to marketing as well as operational guidelines related to human resources, treasury, accounting, legal, tax and IT, among others.

Some of the most critical Internal Control Policies and Procedures are briefly described below:

### ***Human Resources***

The Company relies on the knowledge, experiences, motivation, skills, attitudes and abilities of its people to achieve its objectives. Therefore, it has policies and procedures that regulate the recruitment, selection, hiring and induction of all personnel, as well as their training, promotion, compensation and assistance. These policies also include aspects related to the control of leave, benefits and payroll. These guidelines comply with the current legal provisions in the jurisdictions in which Orbia does business with the objective to hire and retain critical talent and to increase the efficiency and productivity of the Company.

### ***Treasury***

The objective of the Treasury functions is to establish procedures and mechanisms to capture, protect and disburse the financial resources necessary for the optimal operation of the Company, including credit, loans, leases, debt issuance, financial and market risk hedging, payment and transfer collections, intercompany financing, and similar activities. It also oversees the procedures and policies for the control of credit to customers and accounts receivable generated by forward sales, i.e., the origin, management and recording of collection. These policies also include procedures for the administration and recording of accounts payable from suppliers of goods and services purchased by the Company and the various means of payment and collection (checks, electronic transfers, etc.) defining the necessary internal authorization schemes and supporting documentation. Additionally, the Treasury function is also primarily responsible for relations with all credit institutions, banking institutions and financial creditors.

Orbia's Treasury policy is to maintain a sound financial position with sufficient liquidity to guarantee the continuity of day-to-day operations, as well as the necessary investments in the acquisition, improvement, or maintenance of assets that allow it to have the most efficient and modern production technology at low costs and high quality.

Due to the nature of its operations, Orbia and its subsidiaries maintain bank and investment accounts both in local currency in the countries it operates and in U.S. Dollars.

### ***Supply Chain***

The acquisition of raw materials related to operating processes is carried out on the basis of authorized budgets and programs. These policies allow the Company's purchases to be made at a competitive price and favorable conditions

of quality, timeliness of delivery and service. Authorization and responsibility levels are defined for each purchase transaction.

### **IT Systems**

Orbia has information systems in the different regions and countries in which it operates, mainly supported by Resource Planning Systems (ERP) that support the different operating processes of each business. Orbia's IT function is responsible for operating these information platforms, with the principles of operational continuity and information security, which determines local and corporate policies and procedures in the different countries in which the organization operates.

Orbia has policies and procedures that promote the correct use and protection of systems, computer programs and information relevant to the organization. The organization has support staff and/or help desk to attend to reports on failures or service requirements for systems.

### **e) Critical accounting estimates, provisions or reserves**

In the application of the Company's accounting policies described in Note 4 to its Consolidated Financial Statements, the Company is required to make judgments, estimates and assumptions that have a significant impact on amounts recognized about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered 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 the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The critical accounting judgements and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

**Consolidation of Ingleside Ethylene LLC:** The Company consolidates Ingleside Ethylene LLC for which it owns a 50% equity interest as a subsidiary. The Company can contractually control major operating decisions regarding production and sales at the joint venture and accordingly has determined that it has control of this investment.

**Estimated impairment of goodwill and intangible assets with indefinite lives:** The Company annually performs tests to determine whether goodwill and intangible assets with indefinite lives are impairment. For impairment testing purposes, goodwill and intangible assets with indefinite lives are typically allocated to cash generating units (CGUs). The recoverable amounts of each CGU have been determined based on the calculations of their value in use, which require the use of significant estimates including projected cash flows driven from revenues, anticipated gross margins, capital expenditures, and the rate used to discount future cash flows based on the weighted cost of capital of each CGU. Additionally, the Company has utilized an estimation of fair value less cost to dispose (FVLCD) for one of its CGUs in 2022 to calculate an impairment charge for that CGU (see Note 16). Key assumptions used to calculate the FVLCD of that CGU included the determination of comparable market transactions from which to derive the appropriate valuation multiple as well as the assumed cost to dispose of the CGU.

**Long lived assets:** The Company reviews depreciable and amortizable assets on an annual basis for signs of impairment, or when certain events or circumstances indicate that the book value may not be recovered during the remaining useful life of the assets.

Additionally, the Company estimates the useful lives of long-lived assets in order to determine the depreciation and amortization expenses to be recorded during the reporting period. The useful life of an asset is calculated when the asset is acquired and is based on past experience with similar assets, considering anticipated technological changes or other such changes. When such changes to the anticipated use of an asset occur faster or differently than anticipated, the useful lives assigned to these assets may need to be reduced. This would lead to the recognition of a greater depreciation and amortization expense in future periods. Alternatively, these types of changes could result in the recognition of a charge for impairment to reflect the reduction in the expected future economic benefits associated with the assets.

**Inventory and Receivables:** The Company uses estimates to determine the net realizable value of its inventories and its allowance for current expected credit losses for its accounts receivable. The factors that the Company considers to determine the net realizable value of its inventory are production and sales volumes, and changes in demand for certain products, including expected sales prices and costs. The reserve for current expected credit losses is based on the Company's assessment of the probability of default and estimated recovery rate of its accounts receivable at period end

based on a variety of inputs, including collection history and an assessment of current factors that may impact the credit worthiness of its customers or risk of non-collection.

**Ore Reserves:** The Company periodically evaluates the estimates of its ore reserves (fluorite and salt), for the unexploited amount remaining in its existing mines, that can be produced and sold at a profit. Such estimates are based on engineering evaluations derived from samples, combined with assumptions about market prices and production costs relating to the respective mines. The Company updates the estimate for ore reserves at the beginning of each year.

**Defined Benefit Obligation Discount Rate:** To determine the carrying amount of the Company's defined benefit obligations, the Company must estimate an appropriate discount rate. The Company's defined benefit obligation is discounted using market yields on high-quality government and corporate bonds at the end of the reporting period. Judgement must be used to establish the criteria for the bonds to be included in the population from which the yield curve is derived. The most important criteria considered for the selection of the bonds include the size of the issuance of the government and corporate bonds, their rating and the identification of the atypical bonds that have been excluded.

**Contingent Liabilities:** Management makes judgments and estimates in recording provisions for matters relating to claims and litigation. Specifically, management must determine when a liability is probable to have occurred, and then, if deemed probable, must estimate the cost of the most likely outcome. Actual costs may vary from these estimates for several reasons, such as changes in cost estimates for resolution of complaints and different interpretations of the law.

**Recoverability of Deferred Tax Assets:** The Company prepares financial projections for each legal entity over which it has control in order to determine whether recorded tax assets may be used in the future against available tax loss carryforwards, and relies on these estimated projections to determine if a deferred tax asset is recoverable.

**Leases:** The determination of the value of the Company's right-of-assets and related lease liabilities require various estimates to be made including the expected term of the lease and the incremental borrowing rate used to discount future lease payments when determining the lease liability.

**Assets Acquired in Business Combinations:** The application of the acquisition method requires certain estimates and assumptions to be made concerning the fair values of the acquired intangible assets, inventories, property, plant and equipment and the liabilities assumed at the acquisition date and the useful lives of the intangible assets and property, plant, and equipment. Estimates of fair value require the use of various valuation techniques. These valuations require the use of management assumptions and estimates, including the value of comparable assets in the market, amount and timing of future cash flows, outcomes and costs of research and development activities, probability of obtaining regulatory approval, long-term sales forecasts, actions of competitors, discount rates and terminal growth rates.

**Fair Value of Financial Instruments:** The fair value of the financial instruments that are presented in the financial statements has been determined by the Company using the information available in the market or other valuation techniques that require judgment to develop and interpret fair value estimates. Additionally, such techniques use inputs based on market conditions as of the reporting date. Consequently, the estimated fair value of the financial instruments presented is not necessarily indicative of the amount that the Company could get in the open market. The use of different assumptions and/or estimation methods could have a material effect on the fair value calculations.

**"Put/Call" Options - Redeemable non-controlling interest:** The Company's calculation of the fair value of its "Put/Call" options with minority shareholders require certain estimates including the amount and timing of future EBITDA, determination of the discount rates used to calculate the liabilities, terminal growth rates and probability of execution.

**Uncertain Tax Positions:** The Company operates in multiple tax jurisdictions and tax returns filed in those countries are subject to review and examination by local tax authorities with the rules in some jurisdictions being complex to interpret.

The Company recognizes uncertain tax positions when it is probable that a relevant taxing authority will not accept the tax treatment as reported in the income tax filing. Estimates have to be made by the Company on the tax treatment of a number of transactions in advance of the ultimate tax determination being certain.

There is significant judgement and estimation required in determining uncertain tax positions and a risk that all potential tax exposures may not be identified. However, the Company considers that such uncertain tax positions will not have a material effect on its consolidated financial position or operating results.

### ***Main accounting policies***

For additional details regarding estimates, provisions or critical accounting reserves applied by the Company, the investing public is recommended to carefully read and analyze Note 4 of the audited consolidated financial statements of Orbia that are included in the Section "Annexes" of this Annual Report.

## 4. MANAGEMENT

### a) External Auditor

The independent external auditors are Deloitte Touche Tohmatsu Limited; Galaz, Yamazaki, Ruiz Urquiza, S.C. ("Deloitte"), with offices in Mexico City, Mexico. Deloitte has provided audit services to Orbia for over 10 fiscal years.

Deloitte has confirmed that it is an independent firm with respect to Orbia, within the meaning of the stock market regulations applicable to the latter (Article 343 of the LMV and Article 6 and other applicable provisions of the "General Provisions Applicable to Entities and Issuers Supervised by the National Banking and Securities Commission that hire services of External Audit of Basic Financial Statements", known as the Single Circular of External Auditors "CUAE").

As of the date of this Annual Report, the independent external auditors have not issued qualified or negative opinions, nor have they refrained from issuing any opinion on the Company's financial statements.

The fees paid by Orbia do not represent 10% of Deloitte's annual revenue. The amount that the external auditors have charged related to the audit as of December 31, 2022 for audit services are \$5.4 million dollars, while the other services not related to the audit are approximately \$2.3 million dollars, among the main services are those related to transfer pricing studies, legal and tax advice, which represent 30% of the total fees paid.

The additional services not related to the December 31, 2022 audit do not affect the independence of the external auditor. These services are permitted since they do not entail the design or implementation of internal controls over financial information, which continue to be the Issuer's responsibility.

The appointment/ratification of the independent auditors is submitted annually by management to the Company's Audit Committee, which in turn reports thereon to the Board of Directors.

### b) Transactions with Related Persons and Conflicts of Interest

In the past, the Company has entered into, and intends to continue to, enter into certain transactions with related persons or companies, including, but not limited to, the transactions described in this section. The terms of these transactions are reported to, and verified by, the Audit Committee and/or the Responsibility and Compensation Committee (previously called the Corporate Practices and Sustainability Committee), as well as the external auditors, who render their opinion on the transactions reported and follow-up as needed. The Company believes that these transactions are entered into under conditions similar to those it could obtain from unrelated third parties, i.e., representing current market prices.

#### ***Relationships and transactions with related parties***

The companies Kaluz, Elementia, S.A.B. de C.V., Grupo Financiero Ve por Más, S.A. de C.V., Grupo Pochteca, S.A.B. de C.V., Banco Ve por Más, S.A., Institución de Banca Múltiple, Grupo Financiero Ve por Más, Casa de Bolsa Ve por Más S.A. de C.V., Grupo Financiero Ve por Más and Constructora y Perforadora Latina, S.A. de C.V., as well as subsidiaries of the foregoing, are considered persons or parties related to the Issuer for the purposes of this Report.

All transactions with related persons or parties are carried out under conditions similar to market conditions.

Orbia has several investment securities, trust, and bank and investment contracts with Banco Ve por Más, S.A., Institución de Banca Múltiple, Grupo Financiero Ve por Más y Casa de Bolsa Ve por Más, S.A. de C.V., Grupo Financiero Ve por Más (related parties of Orbia), which generate interest at rates similar to market rates.

Orbia and Kaluz, the Company's main shareholder, maintain an advisory services contract, which establishes that Orbia will pay Kaluz monthly the amount equivalent to the total costs and expenses incurred by Kaluz as a result of providing such services, to which a market margin is added.

The Company recognized revenues from related parties for the years ended 2022, 2021, and 2020 of \$6 million, \$4 million and \$7 million, respectively, and expenses to related parties for the years ended 2022, 2021, and 2020 of \$5 million, \$5 million, and \$7 million respectively. Amounts due to and due from related parties for the years ended 2022, 2021, and 2020 were not material.

### c) Directors and Shareholders

In accordance with the corporate bylaws, the Company's administration under the charge of a Board of Directors and a General Director who performs the functions established in the LMV. The Board of Directors will be made up of a maximum of 21 Proprietary Directors, as determined by the Ordinary General Assembly of Shareholders that appoints them and, where appropriate, their respective alternates. Of said members, both owners and alternates, at least 25% must be independent. It should be noted that notwithstanding the foregoing, the Company's Board of Directors in fiscal year 2022 is made up of 12 directors, eight of whom are independent and represent 66.7% of the Board.

The Company exceeds the minimum number of independent members of 25% required by the Mexican Securities Market Law and its bylaws. Also, the Board of Directors has three members of the Board who are women thus comprising 25% of the Board.

The criteria used to identify whether a member is independent, proprietary, or a related Director, as indicated in the Report, is defined in the Code of Principles and Best Practices of Corporate Governance, issued by the Business Coordinating Council.

Likewise, per Article 24 of the LMV, the Alternate Directors of the Independent Directors, have the same character, highlighting that currently the Board of Directors of the Issuer is exclusively made up of proprietary directors. The members of the Board of Directors may be shareholders or persons outside the Company.

The General Assembly of Shareholders both appoints and verifies the independence of the Directors.

The Independent Directors and, where appropriate, their respective alternates, are selected for their experience, capacity and professional prestige, considering their business and/or professional career and their ability to perform their duties free of conflicts of interest, with freedom of criterion and without being subject to personal, patrimonial or economic interests.

During fiscal year 2022, the Board of Directors met seven times:

- February 23<sup>rd</sup>. In said session, there was 100% attendance (“quorum”).
- April 26<sup>th</sup>. There was 100% attendance (“quorum”) in said session.
- July 26<sup>th</sup>. There was 100% attendance (“quorum”) in said session.
- October 25<sup>th</sup>. There was 100% attendance (“quorum”) in said session.
- December 15<sup>th</sup>. In said session there was attendance (“quorum”) of 100%

During the 2023 fiscal year, the Board of Directors have met on two occasions:

- February 22<sup>nd</sup>. In said session there was 91.66% attendance (“quorum”).

In order for the members of the Board of Directors to better understand the responsibility implied by the performance of their duties, once per year the Secretary of the Board of Directors delivers a report that contains the main obligations, responsibilities and recommendations applicable to the Company as an issuer of securities listed on the BMV derived from the LMV, the Sole Issuer Circular and other applicable legislation. This report also describes the main obligations, responsibilities and powers applicable to the members of Orbia's Board of Directors as a result of those requirements.

The Board of Directors for fiscal year 2023 was designated by the Annual Ordinary General Shareholders' Meeting held on March 30, 2023.

The Board of Directors is structured as follows:

Board Members	Position	Types of Members
Juan Pablo del Valle Perochena	Chairman	Non- Independent
Antonio del Valle Perochena	Board Member	Non- Independent
María de Guadalupe del Valle Perochena	Board Member	Non- Independent
Francisco Javier del Valle Perochena	Board Member	Non- Independent
Divo Milán Haddad	Board Member	Independent
Guillermo Ortiz Martínez	Board Member	Independent
Alma Rosa Moreno Razo	Board Member	Independent
María Teresa Altigracia Arnal Machado	Board Member	Independent
Jack Goldstein Ring	Board Member	Independent
Edward Mark Rajkowski	Board Member	Independent
Mihir Arvind Desahi	Board Member	Independent
Antonio del Valle Ruiz	Honorary Life Chairman*	Non- Independent

\*Without being a member of the board

Secretary	
Juan Pablo del Río Benítez	Without being a member of the board
Vice-Secretary	
Sheldon Vincent Hirt	Without being a member of the board

Below are the names of the Company's directors appointed at said General Ordinary Shareholders' Meeting, their professional experience and the year in which they were appointed directors for the first time.

**Name:** Antonio del Valle Ruiz

**Position and type of director:** Honorary and Life Chairman of the Board of Directors without membership, Patrimonial Related

**Member of the Board of Directors since:** 2000

**Professional experience:** Private Accountant, graduated from the Banking and Commercial School, has the degree of Business Executive Director granted by the Pan-American Institute of Senior Business Management (IPADE). He is

Honorary Chairman for Life of Kaluz, SA de CV and Grupo Financiero Ve por Más, SA de CV and is a member of several boards of directors, among which are, Telefónicas de México, SA de CV, Industrias Monterrey, SA de CV, Grupo México, SAB de CV, Escuela Bancaria y Comercial and Fundación ProEmpleo. Mr. Antonio del Valle Ruíz is the father of Messrs. María de Guadalupe, Antonio, Francisco Javier and Juan Pablo del Valle Perochena.

**Name:** Juan Pablo del Valle Perochena

**Position and type of director:** Chairman of the Board of Directors, Patrimonial Related

**Member of the Board of Directors since:** 2002

**Professional experience:** Industrial Engineer graduated from Universidad Anáhuac, with a Master's degree in Business Administration from Harvard Business School. Chairman of the Board since 2011. Chairman of Fortaleza Materiales, S.A.P.I. de C.V. and Elementia Materiales, S.A.P.I. de CV. Participates in the following associations: Chairman's International Advisory Council of the Americas Society, as well as Co- Chairman of the Latin American Conservation Council. Mr. Juan Pablo del Valle Perochena is the son of Mr. Antonio del Valle Ruíz and is the brother of Messrs. María de Guadalupe, and Antonio and Francisco Javier del Valle Perochena.

**Name:** Antonio del Valle Perochena

**Position and type of director:** Patrimonial

**Member of the Board of Directors since:** 2002

**Professional experience:** Bachelor of Business Administration, graduated from the Anahuac University where he also completed a Master's degree in Management. In addition, he has a postgraduate degree in Senior Management from the Pan-American Institute of Senior Business Management (IPADE) and a specialization in literature from the Universidad Iberoamericana. Chairman of the Board of Directors of Grupo Financiero Ve por Más, SA de CV and of Kaluz, the controlling company of Orbia. Member of the Board of Directors of Banco Ve por Más, SA, Controladora GEK, SAPI de CV, Afianzadora Sofimex, SA and Biline Bank. In addition, he is part of the Board of Trustees of the National Institute of Medical Sciences and Nutrition "Salvador Zubirán", Pro Bosque de Chapultepec Trust, Colmex Foundation Board of Trustees, Mexican Institute for Competitiveness, AC and as of February 2019 is the Chairman of the Consejo Mexicano de Negocios, an organization group that brings together the 60 most important companies with Mexican capital. Mr. Antonio del Valle Perochena is the son of Mr. Antonio del Valle Ruiz and brother of Messrs. Francisco Javier, Juan Pablo and Mrs. María de Guadalupe del Valle Perochena.

**Name:** Maria de Guadalupe del Valle Perochena

**Position and type of director:** Patrimonial

**Member of the Board of Directors since:** 2005

**Professional experience:** Degree in Economics, graduated from the Anáhuac University. In addition, she has a postgraduate degree in Senior Management from the Pan-American Institute of Senior Business Management (IPADE). Member of the Board of Directors of Kaluz, Banco Ve por Más, S.A. and Controladora GEK, S.A.P.I. de C.V. She worked in the finance and marketing functions of Banco de Santander and Bitel, and supervises the investments of the "Family Office" of the family of del Valle Perochena. Mrs. María de Guadalupe del Valle Perochena is the daughter of Mr. Antonio del Valle Ruíz and the sister of Messrs. Antonio, Francisco Javier and Juan Pablo del Valle Perochena.

**Name:** Francisco Javier del Valle Perochena

**Position and type of director:** Patrimonial

**Member of the Board of Directors since:** 2021

**Professional experience :** He has a degree in Business Administration from the Anáhuac University, a master's degree in economics and business from the same university and an AD-2 in Senior Management from the Pan-American Institute of Senior Business Management (IPADE). Chairman of the Board of Grupo Lehren and Innova Schools México, and member of the Board of Directors of Elementia Materials, SAB de CV). In 2010 he entered the educational sector founding SAE Institute Latin America, a university specialized in creative media, he is also a member of the Board of Directors of Grupo Financiero Ve por Más, Cuprum, Grupo Inter Council, Consejo Empresarial Alianza del Pacífico, Educación para Compartir, Techo y Endeavor México. In 2019 he opened the Artek Institute specialized in digital technologies and innovation Committed to society, he supports different causes, such as sponsorship of high-performance athletes, campaigns and initiatives focused on the care and preservation of the environment, and housing programs. Mr. Francisco Javier del Valle Perochena is the son of Mr. Antonio del Valle Ruiz and the brother of Messrs. Juan Pablo, María de Guadalupe and Antonio del Valle Perochena.

**Name:** Divo Milan Haddad

**Position and type of director:** Independent

**Member of the Board of Directors since:** 2002

**Professional experience:** General Director of Strategic Research, Pro-Invest, and Dimmag Invest (Panama Real Estate). Chairman of the Board of Directors of: Inmobiliaria del Norte, Pro-Invest, (Commercial Real Estate), Dimmag Invest, Círculo de Crédito (Risk Rating Agency), Círculo Laboral (Labor Database), Grupo Aradam (Food Franchise) and Quonia (Spanish Real Estate Company). Member of the Board of Directors of NetCapital (Technological School) and Orbia.

**Name:** Guillermo Ortiz Martinez

**Position and type of director:** Independent

**Member of the Board of Directors since:** 2010

**Professional experience:** Graduated from the National School of Economics of the National Autonomous University of Mexico. He later obtained a Master's and Ph.D. in Economics from Stanford University in the United States.

Currently, Dr. Ortiz is a Senior Advisor and member of the Board of Directors of BTG Pactual, and is also a member of the Group of Thirty, the Council of the Center for Financial Stability, the Institute for Globalization and Monetary Policy at the Federal Reserve Bank of Dallas and the CDPQ Global Economic and Financial Advisory Board, as well as Chairman of the Per Jacobsson Foundation. He is the founder of GO & Asociados, an economic consulting company created in 2009. Dr. Ortiz was Chairman of BTG Pactual Latin America ex-Brazil from 2016 to 2018 and Chairman of the Board of Directors of Grupo Financiero Banorte-Ixe from 2011 to 2014. Additionally, he is a member of the Board of the Mexican companies Aeropuertos del Sureste, Orbia and Vitro. Dr. Ortiz was Governor of the Bank of Mexico between January 1998 and December 2009 and Secretary of Finance and Public Credit between December 1994 and December 1997.

**Name:** Alma Rosa Moreno Razo

**Position and type of director:** Independent

**Member of the Board of Directors since:** 2018

**Professional experience:** Degree in Economics, graduated from Instituto Tecnológico Autónomo de México. In addition, she has a master's degree in Economics from the Colegio de México and doctoral studies from the University of New York. She was President of the Tax Administration System from 1999 to 2000. She was Ambassador of Mexico to the United Kingdom of Great Britain and Northern Ireland, from 2001 to 2004, Director of Administration at Grupo Financiero Banorte from 2004 to 2009 and from 2009 in the middle of 2018 would be an official at Pemex.

**Name:** Maria Teresa Altagracia Arnal Machado

**Position and type of director:** Independent

**Member of the Board of Directors since:** 2019

**Professional experience:** Industrial Engineer from the Universidad Católica Andrés Bello in Venezuela, has a Master's Degree in Business Administration (MBA) from Columbia University and is a member of the International Women's Forum. Mrs. Arnal is a senior leader with over 25 years of experience across digital technology and its application in different industries and businesses. She is currently on a sabbatical period. Her last position was as Head of LatAm for Stripe where she was responsible for the strategy in the region, including product development, as well as building and managing the Stripe business in Latin America. Previous to joining Stripe, she was the Managing Director for Google in Mexico, where she was responsible for the strategy and overall Google business in the country. Her background spans from many years in ad tech in companies like Microsoft, Twitter and Google to management consulting (Booz Allen, BCG), while also starting her own company (Clarus) later sold to WPP under the Mirum network. She is passionate about how technology can help solve many of the problems in Latin America. She has been actively engaged with the entrepreneurial ecosystem in the region, working as mentor and board member at Endeavor and through angel investing in early tech companies throughout LatAm. She holds Independent Board member positions in Walmart de Mexico and Centroamérica (Walmex), Sigma Alimentos (part of Grupo Alfa), Salud Digna and in Orbia where she also leads the Corporate Governance, Responsibility and Compensation Committee. She is very passionate about helping entrepreneurs grow their businesses and supporting women in their quest for empowerment and realizing their full potential.

**Name:** Jack Goldstein Ring

**Position and type of director:** Independent

**Member of the Board of Directors since:** 2020

**Professional experience:** Degree in Business Administrator from the Universidad de Los Andes in Colombia and has a Master's Degree in Business Administration from Babson College. He has attended several continuing education courses at Oxford University and Harvard University. Founder, Managing Partner and Sole Owner of Alfa International (Investment Manager). He served as CEO and President of Sanford Management, a company dedicated to managing a portfolio of multi-sector companies based mainly in Latin America. He was also President of Filmtex, a major market player in the plastics industry. He has been an advisor to several companies and charitable foundations, including Bavaria (today SAB Miller), the Colombian-American Chamber of Commerce, the Ministry of Foreign Trade, and the Julio Mario Santo Domingo Foundation. He also served as President of the Genesis Foundation and member of the Advisory Committee of the Banco de la República de Colombia.

**Name:** Edward Mark Rajkowski

**Position and type of director:** Independent

**Member of the Board of Directors since:** 2021

**Professional experience:** Degree in Accounting from Lehigh University in Bethlehem, Pennsylvania, United States. From 2016 to 2020, he was CFO of Xylem, where he helped engineer the company's transformation into a leading global provider of water technology solutions and put sustainability at the heart of the company's strategy. Before joining Xylem, he was Strategic Advisor to West Rock Company, a global specialty chemicals and packaging company that was formed from the merger of Mead Westvaco and Rock Tenn. He was previously Chief Financial Officer of Mead Westvaco, where he led all areas of Finance, Strategy, Corporate Development, IT and Shared Services, and played a

key role in executing the company's merger with Rock Tenn in 2015. Previously, he held various Senior financial and operational positions at Eastman Kodak Company, including General Manager of Worldwide Operations for the Film and Digital Imaging Systems Group. He began his career at Price Waterhouse Coopers LLP, where his last position was Managing Partner of the Upstate New York Technology group and Partner of the firm's business advisory and audit services group. He is also a member of the board of directors of ACCO Brands, one of the world's largest providers of branded academic, consumer and business products.

**Name:** Mihir Arvind Desai

Position and type of director: Independent

**Member of the Board of Directors since:** 2021

**Professional experience:** Ph.D. in Political Economy from Harvard University; He earned an MBA as a Baker Scholar from Harvard Business School and a BA in History and Economics from Brown University. In 1994, he was a Fulbright Scholar in India. He is the Mizuho Financial Group Professor of Finance at Harvard Business School and Professor of Law at Harvard Law School. Professor Desai's areas of specialization include fiscal policy, international finance, and corporate finance. His scholarly publications have appeared in leading economics, finance, and law journals. His work has emphasized the proper design of fiscal policy in a globalized environment, the links between corporate governance and the application of tax burdens, and the internal capital markets of multinational companies. His research papers have been cited in The Economist, BusinessWeek, The New York Times, and several other publications. He is a Research Associate in the Public Economics and Corporate Finance Programs at the National Bureau of Economic Research, and served as co-director of the NBER India program. His professional experience includes working at CS First Boston (1989-1991), McKinsey & Co. (1992), and advising various companies and government organizations. He is also on the Advisory Board of the International Tax Policy Forum and the Oxford University Center for Business Taxation.

**Name:** Juan Pablo del Rio Benitez

**Position and type of director:** Secretary without being a member of the Board of Directors

**Member of the Board of Directors since:** 2008

**Professional experience:** Graduated in Law from the Universidad Anáhuac in 1992. He specialized in commercial law (postgraduate) at the Escuela Libre de Derecho, period 1993-1994. He is a founding partner of the law firm DRB Consultores Legales. He has concentrated his professional practice in the areas of corporate, commercial, financial, foreign investment, mergers and acquisitions, securities and corporate financing. He is non-member Secretary of the Board of Directors and external legal advisor to several companies, including: Orbia, Elementia, Fortaleza Materials, SAB de CV and Elementia Materials, SAB de CV, Compañía Minera Autlán, Grupo Pochteca, Grupo Hotelero Santa Fe, Banco Go for More, Grupo Financiero Go for More, Aeropuertos Mexicanos del Pacífico, Grupo Finaccess, Sabormex y Cía. La Central Match Girl. He is a member of the Regulatory Committee of the Mexican Stock Exchange, the Mexican Bar Association and the Center for International Legal Studies.

The directors are elected at the Annual Shareholders' Meeting, and their functions last one year, with the Assembly having the power to re-elect them or, if applicable, appoint new members. The appointment date of each Director is included below.

Member	BOARD OF DIRECTORS	
	Gender	Appointment Date
Antonio del Valle Ruiz Honorary President for Life +	Male	Ordinary General Assembly of Shareholders dated April 28, 2000
Juan Pablo del Valle Perochena	Male	Extraordinary and Ordinary General Meeting of Shareholders dated April 30, 2002
Antonio del Valle Perochena	Male	Extraordinary and Ordinary General Meeting of Shareholders dated April 30, 2002
Maria de Guadalupe del Valle Perochena	Female	Ordinary General Meeting of Shareholders dated April 27, 2005
Francisco Javier del Valle Perochena	Male	Ordinary Annual General Meeting of Shareholders dated March 30, 2021
Divo Milan Haddad*	Male	Extraordinary and Ordinary General Meeting of Shareholders dated April 30, 2002
William Ortiz Martinez*	Male	Ordinary Annual General Meeting of Shareholders dated April 30, 2010
Alma Rosa Moreno Razo*	Female	Ordinary Annual General Meeting of Shareholders dated April 23, 2018
Maria Teresa Altagracia Arnal Machado*	Female	Ordinary and Extraordinary Annual General Meeting of Shareholders dated April 23, 2019
Jack Goldstein Ring*	Male	Ordinary Annual General Meeting of Shareholders dated April 28, 2020
Edward Mark Rajkowski*	Male	Ordinary Annual General Meeting of Shareholders dated April 28, 2020
Mihir Arvind Desai*	Male	Ordinary General Assembly of Shareholders dated July 21, 2021

(\*) Independent directors.

(+) Without being a member of the Council.

As of 2023, 27% of the Directors are women, as of 2022 and 2021, 24% of the Directors were women.



### ***Powers of the Board of Directors***

The Board of Directors represents the Company legally and holds the broadest power to carry out all the operations inherent to the corporate purpose, except those expressly entrusted to the General Assembly of Shareholders. The Board of Directors is vested with, but not limited to, the following faculties or powers: (i) initiating lawsuits and collections, (ii) administering assets, (iii) exercising acts of ownership, (iv) appointing and removing the General Director, executive directors, managers, officers and attorneys-in-fact, and determining their powers, working conditions, remuneration and guarantees, and conferring powers of attorney to directors, managers, officers, attorneys and other persons required to carry out the Company's operations.

The Board of Directors also have various mandates which require it to: (i) monitor compliance with the agreements of the Shareholders' Meetings, which may be carried out through the Audit Committee; (ii) establish compensation plans for executives and directors, as well as to make decisions regarding any other matter in which the aforementioned persons may have an interest.

The Board of Directors reports annually to the Assembly of Shareholders on its activities and resolutions, with the Assembly of Shareholders having the power to evaluate, qualify and, if applicable, approve said report on the operation of the Board of Directors, and may require additional reports.

Furthermore, the Board of Directors is in charge of the strategic management of the Company and is empowered to resolve any matter that is not expressly reserved for the Shareholders' Meeting including the obligations and responsibilities established in article 28 of the LMV.

In accordance with the LMV, the Board of Directors, for the performance of its functions, will have the support of an Audit Committee, Corporate Governance, Responsibility and Compensation Committee (formerly called the Corporate Practices and Sustainability Committee) and Finance Committee.

### ***Audit Committee***

The Audit Committee is appointed by the Board of Directors of the Company to fulfill the responsibilities delegated by the Board of Directors and to assist it in fulfilling its responsibilities related to matters of: (a) appointment and supervision of the performance of the external auditors of the Company, (b) assisting the Board of Directors with respect to (i) ensuring the integrity of the Company's financial statements, (ii) supervising the Company's compliance with legal and regulatory requirements, (iii) evaluating the qualifications and independence of the independent auditor, and (iv) evaluate and monitor the performance of the Company's internal controls and internal audit function; and (c) prepare and deliver said reports and opinions, and carry out other activities, as required by the LMV, other applicable laws and regulations and the Company's Bylaws.

The Audit Committee must be composed of at least three members, all of whom must be independent members of the Board of Directors in accordance with applicable laws and Company policy. The members will be appointed by the Board of Directors acting on the recommendation of the Corporate Governance, Responsibility and Compensation Committee of the same Board of Directors and will serve until their successors are duly elected and qualified or until their previous resignation, disqualification, retirement, death or dismissal. The Chairman of the Audit Committee will be elected by majority vote of the Company's Shareholders, and members of the Audit Committee other than the Chairman may be removed by the Board of Directors.

The Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities through the following activities:

#### ***Matters Related to Financial Statements and Disclosure***

1. Review and discuss the annual audited financial statements, including related disclosures, with management and the Company's independent auditors, to make its recommendation to the Board of Directors regarding the approval of the Company's audited financial statements.
2. Review and discuss with management and, if the Committee deems it appropriate or necessary, with the Company's independent auditor, the Company's quarterly financial statements prior to the filing of its earnings report and related disclosures.
3. Review and discuss with management the Company's earnings news releases, including the "pro forma" or "adjusted" information, as well as financial information and earnings guidance provided to analysts and rating agencies. This discussion can be done in a general way which consists of discussing the types of information that will be disclosed and the types of presentations that will be made. to enable the Committee to review and approve the Company's press releases and other public statements related to quarterly and annual financial performance.

4. Review, with appropriate members of senior management, the Company's disclosure controls and procedures, including management's conclusions about their effectiveness and any material breaches thereof, and any audit steps taken in light of such breach.

5. Review and discuss with the independent auditors (i) all critical accounting policies and practices to be used (ii) all alternative treatments (and related disclosures) of financial information within International Financial Reporting Standards (IFRS), as well as the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors, and (iii) other material written communications between the independent auditors and management, such as any letters from management or list of unadjusted differences.

6. Discuss with management and the independent auditor the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, if any, on the Company's financial statements.

7. Discuss with the independent auditors the matters that need to be discussed with the Audit Committee in accordance with applicable legislation, including the Mexican Securities Market Law and the Mexican Stock Exchange.

8. Assist in the resolution of disagreements, if any, between management and independent auditors related to financial information.

#### *Independent Auditor Matters*

1. Issue their opinion and opinion to the Board on the appointment and, where appropriate, replacement of the independent account auditors, who will report directly to the Committee. Review the experience and qualifications of the senior members of the independent audit team, including those of the lead partner.

2. Approve and discuss the scope and approach (including staffing) of all audit services, including assurance letters and statutory audits, and permitted non-audit services including fees and terms. that will be carried out for the Company prior to the performance of said work and approve and recommend any changes thereto for subsequent approval by the Board.

3. Obtain and review a report from the independent auditor at least annually regarding (a) the independent auditors' internal quality control procedures, (b) any material issues raised by the internal quality control review most recent, or peer review, of the auditors, or by any inquiry or investigation by government or professional authorities within the preceding five years with respect to one or more independent audits conducted by the firm, (c) any steps taken to deal with such matters, and (d) all relationships between the independent auditor and the Company. Assess the qualifications, performance and independence of the independent auditor, including consideration of whether the auditors' quality controls are adequate and whether the provision of permitted non-audit services is consistent with maintaining the auditors' independence, taking into account the opinions of management and internal auditors.

4. Review and consider, as appropriate, the length of tenure of the lead audit partner and review audit partner in providing audit services for the Company and ensure that new lead audit partners and audit review partner are appointed periodically in accordance with applicable laws and industry practices.

5. Ensure that the independent auditors submit, at least once a year, to the Committee a formal written statement that describes all relationships between the independent auditors and the Company, and actively engage in a dialogue with the independent auditors regarding any disclosed relationships or services that may affect the objectivity and independence of the independent auditors.

6. Review, approve and establish the policies for the hiring by the Company of the employees or former employees of the independent auditors.

7. Discuss with the engagement partner of the independent auditors any significant matters related to the quality and consistency of the audit.

#### *Internal Audit Matters*

1. Review the internal audit process to establish the annual internal audit plan and its approach.

2. Discuss annually, with input from the Corporate Vice President and Head of Internal Audit, the budget, organizational structure, responsibilities, and qualifications of the internal audit staff.

3. Discuss and approve the appointment, substitution or removal of the Head of Internal Audit.

4. Review and discuss significant issues or recommendations reported by the internal audit group and management responses to those issues or recommendations. Oversee actions taken by management to resolve such issues. Conceptually, Internal Audit reports directly to the Committee.

### *Internal Controls*

Review with management and, as deemed necessary or appropriate with the independent auditor, the Company's internal control over financial reporting, including management's annual evaluation of the adequacy and effectiveness of internal control over financial reporting, any significant deficiency or material weakness in internal controls (including remediation), any fraud (regardless of materiality) involving management or other employees who have a significant role in internal control over financial reporting, and any changes in internal controls that has materially affected or may materially affect internal control over financial reporting. This shall include review of the disclosures made to the Committee by the CEO and CFO of the Company in connection with their periodic certifications, review of the reports of the independent auditor and the Head of Internal Audit related to the adequacy of accounting controls, including any management letter and management responses to recommendations made by the independent auditor or Chief Internal Auditor.

### *Legal and Tax Matters*

1. Review material legal matters involving the Company periodically with the Company's Senior Vice President and General Counsel and the Company's Chief Compliance Officer, it being understood that each individual has express authority to communicate personally with the Chairman of the Compliance Committee or Audit Committee on any such matter as deemed appropriate.

2. Review important tax issues with the company's Chief Financial Officer.

### *Compliance Issues*

1. Review material compliance matters involving the Company periodically with the Senior Vice President and General Counsel and the Vice President and Chief Compliance Officer of the Company, it being understood that each individual has express authority to communicate personally with the Chairman of the Compliance Committee or Audit Committee on any matter, as deemed appropriate.

2. Advise the Board regarding the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Global Ethics and Compliance Standards.

3. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding compliance, accounting, internal accounting controls or auditing matters, including confidential anonymous submissions made by employees.

4. Review any report of evidence of a "material violation" made to the Committee pursuant to Office of General Counsel Policy by any of the Company's internal or external counsel and take all necessary or appropriate action to respond.

### *Risk management*

1. Meet periodically with management to discuss the Company's major risk exposures, the potential impact of those risks on financial reporting, and steps taken to ensure that appropriate processes are in place to identify, manage, and control those risks to the Company.

2. Discuss with management significant risk management failures, if any, and management responses to such failures.

3. Monitor and provide risk oversight with respect to such areas of focus as the Board of Directors may assign to the Committee from time to time, including cybersecurity, tax and liquidity management, product integrity and security, risk supplier management, operational business continuity, and crisis management.

### ***Corporate Governance, Responsibility and Compensation Committee (previously called the Corporate Practices and Sustainability Committee)***

The Board of Directors, for the performance of its functions, also utilizes Corporate Governance, Responsibility and Compensation Committee (previously called the Corporate Practices and Sustainability Committee).

The Committee must be made up of a majority of Independent Directors per Article 25 of the LMV, and by a minimum of three members appointed by the Board of Directors, at the proposal of the President of said corporate body. Its President will be appointed and removed by the General Assembly of Shareholders, The Chairman of the Board of Directors cannot chair this Committee.

The Corporate Governance, Responsibility and Compensation Committee assists the Board of Directors in fulfilling its responsibilities via the following activities:

1. Consider, evaluate and make recommendations to the Board of Directors regarding the appropriate size, functions, needs and performance of the Board of Directors and its Committees.
2. Advise and supervise the relevant sustainability strategies, policies and programs of the Company.
3. Consider and supervise corporate governance issues.
4. Determine and monitor the Company's compensation philosophy.
5. Set the compensation of the Company's Chief Executive Officer ("CEO") and other executive officers of the Company who report directly to the Chief Executive Officer (the "Executive Leadership Team" or "ELT").
6. Administer the Company's capital incentive plans, and
7. Oversee the Company's leadership succession planning and talent development efforts.

Additionally, the Committee proposes candidates for election to the Board of Directors. In selecting candidates for election to the Board of Directors, the Committee recognizes the importance of diversity among the members of its Board of Directors, to reflect differences in perspectives, skills, international and industry experience, backgrounds, ethnicity, gender and other attributes.

Likewise, the Committee will have the following functions and purposes:

*Corporate Practices and Government Affairs:*

1. Develop and recommend to the Board of Directors the criteria for membership of the Board of Directors, including those set forth in the Company's Principles of Corporate Governance, as amended from time to time;
2. Evaluate, in accordance with applicable law and Company policies, the independence of the candidates proposed for election to the Board of Directors;
3. Consider and make recommendations on the appropriate size and needs of the Board of Directors and annually assess the attributes, skills, and mix of experiences and talents of the members of the Board of Directors to optimize the composition of the Board of Directors and support the planning of the succession of Directors;
4. Monitor and make recommendations on the functions, composition and Presidencies of the different committees of the Board of Directors;
5. Make recommendations regarding retirements and resignations of Directors;
6. Oversee the annual self-assessment of the Board of Directors and its committees, including making recommendations on the structure of meetings of the Board of Directors and its committees;
7. Prepare an annual evaluation of the Committee's performance and annually assess the adequacy of its charter, and recommend any proposed changes to the Board of Directors for approval;
8. Consider corporate governance matters and review, at least annually, the Company's Corporate Governance Principles;
9. Consider issues of potential conflicts of interest of members of the Board of Directors and executive officers;
10. Review and approve related person transactions submitted to the Committee for its consideration, and provide a summary of such transactions, including their terms, structure and business purpose, and the Committee's approval decision to the Audit Committee.

*Sustainability issues:*

1. Review, advise and monitor the Company's sustainability strategy, reporting and performance.

*Compensation and Performance Issues:*

1. Annually review and approve relevant corporate goals and objectives for compensation of the Chief Executive Officer, evaluate the performance of the Chief Executive Officer in light of those goals and objectives, and determine and approve the level of compensation of the Chief Executive Officer based on this evaluation;

2. In consultation with the Company's Chief Executive Officer, annually review and approve corporate goals and objectives relevant to the Company's ELT compensation, oversee the evaluation of individual ELT performance in light of those goals and objectives, and determine the individual ELT's compensation levels based on such evaluations;
3. Periodically review, relative to comparable companies, and approve (i) executive compensation, including compensation levels of salaries, bonuses and incentives; (ii) deferred compensation; (iii) executive bonuses; (iii) executive capital compensation (including awards to encourage employment); (iv) executive compensation; (iv) benefits for changes in executive control and (v) other forms of executive compensation;
4. Approve all incentive compensation and deferred compensation plans for the Company's executives;
5. Exercise all rights, authority and functions of the Board of Directors under the Company's stock incentive and other stock-based plans, including, without limitation, the authority to interpret the terms thereof, to grant shares in virtue thereof; and to amend said plan. In addition, the Committee may exercise all the rights, powers and functions of the Board of Directors by virtue of the incentive plans, deferred and other compensation plans, retirement plans and other benefit plans of the Company. To the extent permitted by applicable law and the provisions of a particular stock-based plan, and in accordance with the requirements of applicable law and such stock-based plan, the Committee may delegate to one or more executive officers of the Company, or in a deputy director-committee of the Committee formed for that purpose, the power to make stock awards pursuant to such stock-based plan to employees of the Company or any subsidiary of the Company who are not directors or executive officers of the Company;
6. Periodically review and make recommendations to the Board of Directors regarding compensation of Directors;
7. Periodically review and make recommendations to the Board of Directors regarding management succession planning, including policies and principles for the selection and succession of the Chief Executive Officer in the event of an emergency or retirement of the Chief Executive Officer.

#### ***Finance Committee***

The Finance Committee was created by resolution of the Board of Directors adopted at its meeting held on June 9, 2016, based on article 38 of the bylaws.

The Finance Committee is designated by the Company's Board of Directors to support the Board of Directors in monitoring and supervising the Company's capital structure, capital allocation strategy, financial policies and financial risk management, cash flow, dividend policy and investment strategy including mergers, acquisitions and divestitures.

The Finance Committee is not responsible for financial reports or controls, which are overseen by the Audit Committee of the Board of Directors.

The Finance Committee shall be composed of no less than three members appointed by the Board of Directors. The members of the Committee will be appointed by the Board of Directors at the proposal of the Corporate Governance, Responsibility and Compensation Committee, and may be removed by the Board of Directors. The members of the Committee will perform their duties until their successors are duly elected and qualified or until their previous resignation, disqualification, retirement, death or dismissal. The Chairman of the Committee will be elected and may be removed by the Board of Directors.

The Finance Committee discharges its responsibilities and assist the Board of Directors in fulfilling its oversight responsibilities by doing the following:

1. Capital structure, planning and management. The Committee is responsible for reviewing and making appropriate recommendations to the Board of Directors and management of the Company regarding the capital structure of the Company. In addition, the Committee reviews the Company's capital allocation plans and provide guidance and advice on liquidity, the sources and uses of capital, and expected returns;
2. Supervision of financial planning. The Committee reviews and recommends to the Board of Directors the Company's annual operating plan and oversee the Company's annual resource allocation plan, liquidity status, significant operating investment plans and other financial planning;
3. Investment policies. The Committee reviews and supervises the policies for investing and safeguarding the Company's financial resources and for related Treasury activities;
4. Mergers, acquisitions, divestitures and other strategic investments. The Committee reviews proposed material mergers, acquisitions, joint ventures and divestitures, along with the financial implications of the proposed transactions, and make recommendations to the Board of Directors. The Committee will also review and

evaluate integration and synergy plans related to major mergers and acquisitions, as well as the effectiveness of their post-transaction implementation;

5. Issuance and repurchase of Company securities. The Committee supervises the issuance and repurchase of securities by the Company and will offer the terms of said issuances and repurchases of securities;
6. Dividends. The Committee is responsible for reviewing and making appropriate recommendations to the Board of Directors regarding the Company's dividend policy and the declaration and issuance of dividends;
7. Financial risk management. The Committee periodically reviews the Company's general financial risk management plans and strategies related to insurance coverage. In addition, the Committee monitors the Company's strategies, policies and procedures with respect to hedging, swaps and other derivative transactions.

### **Critical Risks Executive Committee**

Orbia has an Executive Critical Risk Committee (CRC), chaired by its Orbia General Manager and made up of the Finance Director, the presidents of the five business groups and other key officials. The CRC helps the Board of Directors to identify and assess corporate risks, assess the Company's risk profile, develop risk mitigation plans and supervise their implementation. The CRC meets quarterly and reports directly to the Audit Committee and the Board of Directors as required.

Orbia's risk mapping process in 2021 included teams from each business group that identified and analyzed a universe of risks relevant to each of them, using research, internal surveys and targeted interviews with business leaders. Their results were aggregated to form a Risk Register, which was reviewed and approved by the CRC. In addition, the CRC reviewed Orbia's position and disclosures on climate change, prepared by the Company's vice president of sustainability, and a cyber risk assessment prepared by Orbia's Chief Information Security Officer. The business risks, and specifically those that could be material to Orbia as a whole, were updated and reviewed quarterly during 2022 along with the status of related risk mitigation plans. This was reviewed with the Audit Committee each quarter.

### **Officers and Executives**

The following table shows the names of the current main officers of the Company:

<b>Name</b>	<b>Sex</b>	<b>Date of birth</b>	<b>Position</b>	<b>Date of admission (dd/mm/yy)</b>
Sameer S. Bharadwaj	Male	04/04/1970	Chief Executive Officer	08/15/2016
Peter Hajdu	Male	07/11/1976	Business Group President Connectivity Solutions	08/01/2018
Gabriel Miodownik	Male	09/07/1973	Business Group President Precision Agriculture	09/22/2003
Nicholas P. Ballas	Male	07/27/1960	Business Group President Polymer Solutions (Vestolit)/ President of the Polymer Solutions Business Group (Vestolit) and interim Business Group President Building and Infrastructure	09/01/2020
Gautam Nivarthi	Male	04/26/1973	Business Group President Polymer Solutions (Alphagary)	03/27/2017
Gregg Smith	Male	09/10/1964	Business Group President Fluorinated Solutions	03/26/2018
James P. Kelly	Male	11/18/1959	Chief Financial Officer	08/23/2021
Sheldon Hirt	Male	07/10/1963	General Counsel	05/17/2019
Deborah Butters	Female	03/01/1969	Chief People Officer	07/01/2020
Jorge Luis Guzman Mejia	Male	08/21/1970	Corporate Vice-President, Internal Audit	02/01/2008
Tania Rabasa Kovacs	Female	11/22/1979	Sustainability & Corporate Affairs Vice President	06/19/2019

**Sameer S. Bharadwaj** is the CEO of Orbia and until January 2021, president of the Fluorinated Solutions and Polymer Solutions business groups, a group of leading companies improving life through basic materials, advanced materials and formulated solutions in a set diverse end markets.

With more than 20 years of experience, Sameer is a recognized strategic leader with a track record of fostering business growth through technology-driven innovation, operational excellence, and talent development in the advanced materials, technology, energy, and energy industries. and pharmaceutical industries.

Since 2016, when he joined Orbia to lead the Compounds business group, Sameer has progressively assumed the leadership of the Alphagary, Koura and Vestolit commercial brands, managing to position the portfolio of solutions competitively in the market and has led its global teams at high levels of performance. Prior to joining Orbia, Sameer held various executive leadership positions in his 11-year career at Cabot Corporation, where he served as Vice President and General Manager. As part of his duties, he led the market and commercialization strategy for new technologies with a key focus on the energy and materials sectors. Prior to this, Sameer worked as a strategy consultant for The Boston Consulting Group, where he served clients in the metals, telecommunications, technology, biotech and pharmaceutical industries. He began his professional career as a senior research engineer with The Dow Chemical Company.

Sameer earned a master's degree from Harvard Business School, a Ph.D. in chemical engineering from the University of Minnesota, and a bachelor's degree in chemical engineering from the University of Bombay.

**Peter Hajdu** is president of Orbia's Dura-Line business group, a company that produces more than 400 million meters of cable conduit a year to create the physical pathways that fiber and other technologies use to connect cities and homes.

Peter joined Orbia in 2018 having held multiple executive positions across Cisco's EMEA and emerging markets operations, Peter has a wealth of knowledge and insight on how to use data to make life easier. Prior to Cisco, Peter was a consultant with McKinsey & Company, serving clients in the chemical, automotive, aviation, and banking industries.

He is a graduate of the University of California, Berkeley, where he earned his MBA and bachelor's degree in technology management.

**Gabriel Miodownik** is president of Orbia's Precision Agriculture business group, a world leader in precision irrigation solutions for sustainable agriculture.

Over 17 years, Gaby gained a deep understanding of Netafim's global customer base and agricultural markets, spanning multiple geographies, holding positions such as CFO for Latin America, General Manager of Netafim Mexico, Vice President of the Americas, Vice President of Europe, the Middle East and Africa, and most recently as Senior Vice President and President of the Americas at Netafim.

Gaby has an MBA with a major in Accounting and Finance from Tel Aviv University. He is also a certified accountant in Israel.

**Nicholas Ballas** is president of Orbia's Vestolit Polymer Solutions business group and interim President of Orbia's Building and Infrastructure business group. He has extensive global experience in the chemical and manufacturing industries. He also has extensive experience in developing and executing strategies and optimizing operations aimed at growth in sales and profits.

Prior to joining Orbia in 2020, Mr. Ballas was Executive Vice President of Nexans, SA, a global leader in the cable industry, where he led the company's business division in the Asia Pacific region for 8 years. He also served as director of the Nexans Foundation, where he helped lead efforts to provide electricity to disadvantaged communities around the world. Mr. Ballas began his career at Cabot Corporation, where for 22 years he held various finance, strategy and general management positions in the U.S., Japan, Malaysia and Indonesia.

Mr. Ballas is currently a member of the Board of Directors of Samudera Shipping Line Ltd. He holds an MBA from Thunderbird School of Global Management and a BA from St. Cloud State University.

**Gautam Nivarthi** is president of Orbia's Alphagary Polymer Solutions business group. As a chemical engineer by profession and with over 20 years of management experience in the chemical industry, Gautam has led extensive business transformation efforts that have created significant value.

Since joining Orbia in 2017, Gautam has taken Alphagary to a leading position in the industry thanks to its innovative solutions tailored to customer needs. Prior to joining Orbia, Gautam held executive leadership positions in marketing, strategy and general management for Honeywell, DuPont and Unilever. During his time at DuPont and Unilever he lived in Southeast Asia and Europe.

Gautam holds a Ph.D. in chemical technology from the University of Twente, an MBA from Columbia Business School, and a BSc in chemical engineering from the University of Bombay.

**Gregg Smith** is president of Orbia's Fluorinated Solutions business group. Gregg has more than three decades of experience in the global chemical and specialty materials industries, with an extensive background in general management, business development, and developing technologies to drive growth.

Since joining Orbia in 2018, Gregg has led Fluorinated Solutions to a competitive position in the fluorine value chain by expanding into existing and new verticals where fluorite is paramount. Prior to joining Orbia, Gregg held executive leadership positions in operations, business and business development, and technology at Cabot Corporation. He has a successful track record as a corporate entrepreneur and technological developer creating new businesses and materials for electrophotographic and inkjet printing, carbon-reinforced composites and lithium-ion battery technologies.

Gregg received his MBA from Northeastern University and a BS in chemical engineering from the University of New Hampshire.

**James P. Kelly** is Senior Vice President and CFO of Orbia and brings over 30 years of experience to leading Orbia's finance organization and presiding over the accounting, treasury, financial planning and analysis, tax and investor relations functions.

Jim is a seasoned executive with extensive experience in building global finance organizations and a track record of financial and operational leadership in the chemical and manufacturing industries. He has expertise in establishing best-in-class finance systems, processes and fundamentals that enhance organizational resilience and support growth.

Prior to joining Orbia, Jim held a variety of senior positions, most recently serving as Vice President and Corporate Controller of Cabot Corporation, where he oversaw all reporting and internal control activities, finance process improvements and facilitation of Cabot's Audit Committee activities. Over the course of his career, Jim lived and worked across several continents and steered teams in corporate reporting, business financial planning and analysis, investor relations and internal audit.

Jim holds an MBA from Harvard University and a B.S. degree in accounting from Georgetown University.

**Sheldon Hirt** is Vice President and General Counsel of Orbia. He oversees Orbia's legal, compliance and regulatory organization, ensuring that the Company's business continues to grow responsibly.

Prior to joining Orbia, Sheldon worked at Amneal Pharmaceuticals, where he was a member of the executive leadership team. Sheldon has significant experience handling legal and compliance matters at international pharmaceutical companies such as Johnson & Johnson, Actavis, and Progenics Pharmaceuticals. He specializes in mergers and acquisitions, licensing, securities, and corporate governance.

Sheldon holds a bachelor's degree in international affairs from Columbia University's School of International and Public Affairs and a JD from Columbia Law School.

**Deborah Butters** is the Chief People Officer, responsible for growing and developing Orbia as a people-oriented and sustainable organization and enhancing the experiences and capabilities of Orbia's team around the world. In addition, she leads the execution and strategic vision of Orbia's brand communication and marketing.

With over 25 years of experience, she is a seasoned HR leader, team builder and cultural manager who brings a pragmatic and creative approach to driving business value. In addition to having worked in the technology, consulting, life sciences and now industrial sectors on a global scale, Deborah has experience in attracting and retaining talent, integrating acquisitions, executive and employee compensation models, and business initiatives. change management and transformational performance support. Prior to joining Orbia, she served as Global Human Resources Director (CHRO) at PerkinElmer for four years, leading the company's people strategy. Prior to PerkinElmer, Deborah spent 17 years with IBM, living and working in the United States and Europe in leadership roles where she enhanced the company's global HR programs and led a company-wide talent transformation. Deborah began her career at a software startup with Lotus Development in 1991, where she held progressive leadership positions until IBM acquired Lotus in 1999.

Deborah obtained a Bachelor of Science degree in Human Resources from the University of Bath in England, and subsequently a Postgraduate degree in Human Resources from the University of London.

**Jorge Luis Guzman Mejia** is the Corporate Vice president of Internal Audit. He has more than 20 years of experience in finance, treasury, credit, risk assessment, auditing, and internal controls.

Before joining Orbia in 2008, he worked for companies including Avon, Becton Dickinson, DuPont and Dow Chemical.



Jorge Luis has a degree in business administration and an MBA from the Universidad Iberoamericana. He is also CIA certified and CSA certified by the Florida Institute of Internal Auditors.

**Tania Rabasa Kovacs** is the Corporate Vice President of Sustainability & Corporate Affairs. Tania is responsible for steering Orbia's corporate governance and sustainability agenda to achieve a net positive impact on the environment by addressing decarbonization, renewable energy and energy efficiency, circular economy, sustainability science and innovation, technology, partnerships and external affairs.

Tania brings a commitment to Orbia's purpose-driven journey to her role as well as corporate development expertise and more than 15 years of experience in the energy sector. She has a background at the intersection of energy and strategy, with a particular focus on guiding transitions and sustainable development agendas. In addition, Tania has worked across the private and public sectors and built a broad network of stakeholders in Mexico, spanning policymakers, industry groups, academia, members of the media and NGOs.

Prior to joining Orbia, Tania held numerous leadership roles in Mexico's largest state-owned electricity company, CFE, and in its trading and marketing entity CFenergía. Before that, Tania worked at the Board level as well as in the finance department at PEMEX. Tania is a founding member of Voz Experta, an NGO that supports women's leadership in businesses in the environmental and energy sectors as well as a member of numerous think tanks including COMEXI, Club of Rome and Centro Tepoztlán that are promoting the study and analysis of global challenges including climate change.

She holds an M.A. in Economics and Political Science from El Colegio de Mexico in Mexico City and a B.A. in Economics, Politics and Philosophy from York University in the U.K.

#### ***Compensation to the members of the Board of Directors and the Company's Committees***

In accordance with the resolutions of the Ordinary Annual General Meeting of Shareholders held on March 30, 2023, it was resolved that during the fiscal year of 2023 and until further resolution by the Shareholders' Meeting:

- a) The members of the Board of Directors, with the exception of the Honorary President and the President of the Board of Directors, will receive annual compensation in cash in Mexican pesos equivalent to USD \$60,000.00 and a compensation in kind. In Pesos (net resulting from the withholding of the corresponding taxes) of USD \$90,000.00 in restricted shares of the Company.
- b) The Honorary President of the Board of Directors receives an annual cash payment equivalent in Pesos, National Currency, to USD \$500,000.00
- c) The Chairman of the Board of Directors receives an annual cash payment equivalent in Pesos, National Currency, to USD \$750,000.00 and, in addition, shall be entitled to receive an additional contingent payment of up to a maximum equivalent in Pesos, National Currency, of USD \$750,000.00, payable on the basis of the achievement of certain specific objectives established and evaluated by the Corporate Governance, Responsibility and Compensation Committee.
- d) The Chairman of the Audit Committee will receive, in addition to the payment in cash and in kind due to him as a member of the Board of Directors, an annual payment in cash equivalent in Pesos, National Currency, to USD \$25,000.00 and the Presidents of the Corporate Governance, Responsibility and Compensation Committee and the Finance Committee will receive, also in addition to the payment in cash and in kind due to them as members of the Board of Directors, an annual payment in cash equivalent in Pesos, National Currency, at USD \$20,000.00.

Together, the benefits received from the Company during 2022 by the members of the Board of Directors and Relevant Directors amounted to \$3 million in cash, plus \$1 million in kind (restricted shares of Orbia), for a total of \$4. million.

#### ***Intermediate Administration Bodies***

The Committees that assist the Board of Directors are the Audit Committee, the Corporate Governance, Responsibility and Compensation Committee and the Finance Committee. Orbia does not have intermediate bodies other than those mentioned above.

#### ***Code of ethics***

Orbia must be a company recognized for its principles and values. In order to maintain and reinforce its ethical and professional performance, its Code of Ethics has been updated and reinforced, while a reporting system has been established through which behaviors contrary to the principles and values of the Company can be reported.

The Code of Ethics establishes Orbia's commitments to society, the government and the competition, as well as to its collaborators, suppliers, consumers, customers, partners and shareholders.

The Code of Ethics is the standard of behavior in the daily operation of Orbia.

### ***Major Shareholders***

As of the date of this Annual Report, the main shareholder of the Company is Kaluz, which is controlled by the del Valle Perochena family, and which owns approximately 45.81% of the capital stock with voting rights and accordingly is a shareholder that exercises significant influence, according to the LMV. The del Valle Perochena brothers individually own 0.50%, other shareholders related to a greater or lesser extent to the Valle family own approximately 5.34% of the capital stock with voting rights, so together with Kaluz are considered to be a shareholder who exercise significant influence over the Company in accordance with the LMV. No governmental institution owns more than 5% of the voting capital stock.

As of this date, the Company's capital remains unchanged. The capital is represented by 2,010,000,000 shares.

### ***Shareholding of employees and executives***

The Company is unaware that any of its employees and/or Relevant Directors has an individual holding of shares greater than 1% of the capital stock.

### ***Shareholding of the Directors***

The main shareholders of the Company are the members of the del Valle Perochena Family (Antonio del Valle Perochena, María Blanca del Valle Perochena, María de Guadalupe del Valle Perochena, Francisco Javier del Valle Perochena and Juan Pablo del Valle Perochena), through the Kaluz company, of which they own 45.81% of the total shares issued by Orbia.

Messrs. Juan Pablo, Antonio, María de Guadalupe and Francisco Javier del Valle Perochena are also Directors of the Company.

Based on the lists of owners provided to the Company by various stock market intermediaries on the date of its Ordinary General Shareholders' Meeting on March 30, 2023, none of the Company's directors holds a direct and individual shareholding greater than 1% and less than 10% of the Company's capital stock:

### ***Significant Changes in the Last Three Years in Shareholder Ownership***

There have been no significant changes in the ownership of shareholders in the last three fiscal years.

### ***Labor inclusion program policy description***

Orbia's corporate culture respects professional, cultural and gender diversity and encourages professional development based on talent, character, education, knowledge, discipline and work, without regard to gender, race, religion or other factors. Furthermore, Orbia strictly prohibits any kind of discriminatory conduct, including gender discrimination. To date, the Company is working on documenting policies, to be approved by the Board of Directors, that will actively promote corporate and labor diversity both in its governing bodies as well workforce, with a view to broadening the diversity of gender, perspective and experience.

As of 2022, 24% of the Company's Directors are women.

## **d) Corporate Bylaws and Other Agreements**

The following is a brief summary of the main provisions contained in the Company's corporate bylaws.

### **Right of Preference**

In cash capital increases, shareholders will have preference to subscribe the new shares issued to represent the increase. This right must be exercised within the term established for such purpose by the Shareholders' Meeting that decrees the increase, which in no case may be less than 15 (fifteen) calendar days counted from the date of publication of the corresponding notice in the electronic system established by the Ministry of Economy. In addition, the Company may publish the respective notice in a newspaper with widespread circulation at the registered office. However, if all the shares comprising the capital stock are represented at the Meeting that decreed the increase, said period of at least 15 (fifteen) days shall begin to run and be counted, if so resolved by said Meeting, as from the date the Meeting is held, and

the shareholders shall be deemed to have been notified of the resolution at that time, and therefore its publication shall not be necessary.

In the event that, after the expiration of the aforementioned period, certain shares still remain unsubscribed, the Board of Directors shall have the power to determine the person or persons to whom the unsubscribed shares must be offered for subscription and payment.

Shareholders shall not enjoy a pre-emptive right in the case of: (i) the merger of the Company, (ii) the conversion of debentures into shares, (iii) the public offering of shares under the terms of Article 53 of the LMV and Article Eight of the bylaws, (iv) the increase in the capital stock through the payment in kind of the shares issued, or through the cancellation or capitalization of liabilities payable by the Company, (v) the placement of shares acquired by the Company in accordance with Article 56 of the LMV and Article Thirteen of the bylaws (repurchase fund), (vi) the capitalization of share premiums, retained earnings and reserves or other items of the assets of the Company; and (vii) any other case where the Law permits the non- application of the pre-emptive subscription right.

### **Provisions for Change of Control**

The ninth article of the corporate Bylaws contains measures to limit shareholding "Poison Pill", such that any transfer of shares to any person or group of persons acting in a concerted manner, which accumulates in one or more transactions (without time limit) 10% or more of the total shares representing the outstanding capital stock, shall be subject to the authorization of the Board of Directors.

The above, including but not limited to: a) The purchase or acquisition by any title or means, of shares representing the capital stock of this Company, including Ordinary Participation Certificates (CPO's) or any other instrument whose underlying value are shares issued by the Company; b) The purchase or acquisition of any class of rights corresponding to the holders or owners of the Company's shares or shares issued in the future by the Company; c) Any contract, agreement or legal act that seeks to limit or results in the transfer of any of the rights and powers that correspond to shareholders or owners of shares in the Company, including derivative financial instruments or operations, as well as acts that imply the loss or limitation of voting rights granted by shares representing the capital stock of this Company; and d) Purchases or acquisitions intended to be made by one or more interested parties, who act in a concerted manner or are linked to each other, de jure or de facto, to take decisions as a group, association of persons or consortia.

The prior favorable written agreement of the Board of Directors shall be required regardless of whether the purchase or acquisition of the shares, securities and/or rights is intended to be made on or off the Stock Exchange, directly or indirectly, through a public offer, private offer, or through any other modality or legal act, in one or several transactions of any legal nature, simultaneous or successive, in Mexico or abroad.

The favorable prior written agreement of the Board of Directors shall also be required for the execution of agreements, contracts and any other legal acts of any nature, oral or written, by virtue of which voting mechanisms or association agreements are formed or adopted, to be exercised at one or more Shareholders' Meetings of the Company, each time the number of grouped votes results in a number equal to or greater than any percentage of the total shares representing the capital stock of the Company that are equal to or greater than 10% (ten percent) of the capital stock. An agreement of this nature shall not be understood to be an agreement entered into by shareholders for the appointment of minority Directors. Such agreements shall be subject to the provisions of the LMV and shall not be enforceable against the Company to the detriment of the other shareholders or the Company's financial or business interests.

If purchases or acquisitions of shares are made, or restricted agreements are entered into, without observing the requirement to obtain prior favorable written agreement of the Board of Directors of the Company and, if applicable, compliance with the aforementioned provisions, the shares, securities and rights pertaining to such purchases, acquisitions or agreements, shall not grant any right or faculty to vote at the Company's Shareholders' Meetings, nor shall any value be given to certificates of deposit of shares issued by any credit institution, financial intermediary or stock exchange, depository or institution or for the deposit of securities, to accredit the right to attend a Shareholders' Meeting. Nor shall such shares, rights or securities be entered in the Register of Shares of the Company or, as the case may be, the Company shall cancel their entry in the Register of Shares kept by the Company.

Notwithstanding and regardless of any consequence arising from noncompliance with the foregoing, each person who acquires shares, securities, instruments, or rights representing the Company's capital stock in violation of the provisions will be obliged to pay the Company a conventional penalty in an amount equal to the price of all the shares, securities or instruments representing the Company's capital stock that have been the object of the forbidden transaction. In the event that the transactions that have given rise to the acquisition of a percentage of shares, securities, instruments, or rights representing the Company's capital stock equal to or greater than 10% (ten percent) of the capital stock are made free of charge, the conventional penalty will be equivalent to the market value of said shares, securities, or instruments, provided that the authorization of the Company's Board of Directors has not been obtained.

If the Company maintains the shares representing its capital stock registered in the National Securities Registry, the above requirement, in the event of transactions carried out through the stock exchange, will also be subject to the rules

established by the Stock Market Act or those issued by the National Banking and Securities Commission in accordance therewith.

## **Shares**

All shares, both those representing the minimum fixed capital stock, with no right of withdrawal, and those representing variable capital, are ordinary, nominative, without nominal value and confer on their holders' equal rights and obligations.

## **Shareholders' Meetings**

The General Shareholders' Meeting is the supreme body of the Company. Meetings shall be Ordinary, Extraordinary or Special. The Extraordinary Meetings will be those that meet to deal with any of the matters referred to in Article 182 of the General Corporations Act, as well as Articles 53 and 108 of the LMV. Special Meetings will be those that meet to deal with matters that may affect a single category of shareholders. All other Meetings shall be Ordinary, the latter being held at least once a year within the four months following the end of the fiscal year, to address the matters indicated in Articles 181 of the General Corporations Act and 56 section IV of the LMV.

The Annual Ordinary General Shareholders' Meeting will appoint the members of the Board of Directors, based on the payroll proposed by the control group. In accordance with the LMV and the Bylaws, any shareholder or group of shareholders owning shares representing 10% of the capital stock may appoint and revoke a member of the Board of Directors at a general shareholders' meeting. Such appointment may only be revoked by the other shareholders when the appointment of all the other directors is revoked.

In terms of Article 47 of the LMV, the Ordinary General Shareholders' Meeting, in addition to the provisions of the General Corporations Act, will meet to approve the operations that the Company or the legal entities it controls intends to carry out, within the period of a fiscal year, when they represent 20% (twenty percent) or more of the consolidated assets of the Company based on figures corresponding to the close of the previous quarter, regardless of the way in which they are carried out, whether simultaneously or successively, but which due to their characteristics may be consolidated as a single operation.

In addition, the Annual Ordinary General Shareholders' Meeting shall be informed of the annual report prepared by the Committee or Committees that perform the Corporate Practices and Auditing functions referred to in Article 43 of the LMV, which must be presented to said Shareholders' Meeting by the Company's Board of Directors.

Shareholders' Meetings must be called at least 15 calendar days in advance, through the publication of the respective call through the electronic system of publications established for such purpose by the Ministry of Economy of the Mexican government. In addition, the Company publishes this announcement in a newspaper with widespread national circulation. The call for the Shareholders' Meetings contains the meeting's agenda and, cannot be changed unless 100% of the issued shares are represented at the Shareholders' Meeting.

The Ordinary Shareholders' Meeting will be considered legitimately installed by virtue of the first call if at least 50% plus one of all the shares with voting rights in such Meetings are present. In the case of a second or subsequent call, with the expression of this circumstance, it will be considered legitimately installed with any number of shares represented in the Meeting.

The Extraordinary Meeting shall be legally installed by virtue of the first call if at least 75% of all the shares entitled to vote in the Meeting are represented. In the case of a second or subsequent call, with the expression of this circumstance, it shall be considered legitimately installed if at least 50% plus one of all the shares with the right to vote in said Meeting is represented in it.

The Ordinary or Extraordinary General Meeting will be legitimately installed without the need to call a meeting if all the shares into which the capital stock is divided are represented and may resolve any matter if at the time of voting all the shares are still represented.

## **Admission to Shareholders' Meetings**

In order to attend the Meetings, shareholders must obtain from the Company's secretary the corresponding admission card for the Meeting, at least one day in advance, at the day and time set for the holding of the Meeting.

In order to obtain the admission card, shareholders must deposit their shares at the Secretary of the company's office in advance; in the case of shares deposited at the S.D. Inval Institución para el Depósito de Valores, S.A. de C.V., This must be complemented with the list referred to in Article 290 of the LMV and delivered to the address of the Company's secretariat or to the address of the Company to obtain the admission card.

Shareholders may be represented at the Meetings by the person or persons they appoint by means of a power of attorney signed before two witnesses or by representatives with sufficient general or special power of attorney granted in terms of the applicable legislation or through the forms referred to in Article 49 of the LMV, which must be available to shareholders from the day of publication of the call.

### **Transactions with Company securities**

On February 24, 2015, the Board of Directors approved the "Policies and Agreements on Securities Transactions and the Acquisition and Placement of the Company's Own Shares" and the "Policies and Agreements on Securities Transactions and the Acquisition and Placement of the Company's Own Shares". The purpose of this document is to disclose the limitations/prohibitions that certain persons related to the Company have considering that its shares are listed on the BMV, among them the members of the Board of Directors, the General Director, the Relevant Officers and others, to carry out operations with securities (shares or any class of securities issued by Orbia or credit securities that represent them; as well as optional securities or derivative financial instruments that have such securities or securities as underlying) issued by the Company itself.

Although it is the responsibility of the members of the Board of Directors, Relevant Executives, and other parties obligated under the aforementioned policy to comply with the same and with the regulations regarding transactions with securities issued by Orbia, including the use of insider information, the Company has tried to alert such persons about such provisions and regularly informs them of the periods of restriction for the purchase or sale by them of Orbia shares based on the existence of insider information that has not been communicated to the public.

### **Compensation and Performance Evaluation of Directors and Committee Members**

The Directors shall receive as compensation for their services the one established in cash or in kind by the Ordinary General Shareholders' Meeting that has appointed them. This Meeting may delegate to the Board of Directors or any other competent administrative body the implementation of any remuneration in kind for Directors.

The Corporate Governance, Responsibility and Compensation Committee is responsible for evaluating the performance of and compensation to the Issuer's relevant executives as discussed earlier in this annual report.

### **Faculty of the Council to make decisions regarding any other matter in which they may have a personal interest**

The members and, where appropriate, the Secretary of the Board of Directors, who have a conflict of interest in any matter, must refrain from participating and be present in the deliberation and voting on said matter.

### ***Modifications in the bylaws***

At the Extraordinary General Meeting of Shareholders held on September 13, 2021. Article Three of the Company's bylaws was amended in order to specify the purpose of the Company.

### **Process to be followed to change the rights associated with the shares**

Both the shares that represent the minimum fixed capital stock, without the right to withdrawal, and those that represent the variable capital, are ordinary, nominative, without expression of nominal value and confer equal rights and obligations to their holders.

With the prior express authorization of the CNBV, the Company may issue limited, restricted or non-voting voting shares.

The issuance of shares other than ordinary shares must not exceed twenty-five percent of the paid-in capital stock placed among the investing public. When expressly authorized by the CNBV, said limit may be extended, in certain exceptional cases.

### **Statutory clauses or agreements between shareholders that limit or restrict the management of the issuer or its shareholders**

There is no restriction for the shareholders to participate in the management of the Company, in this regard, the bylaws establish that the shareholders holding shares with voting rights, even limited or restricted, that individually or jointly have the 10 % of the Capital Stock, shall have the right to appoint and revoke a member of the Board of Directors and their respective alternate at the General Shareholders' Meeting, on the understanding that it must always be respected that 25% of the Directors must be independent. Such appointment may only be revoked by the other shareholders when the appointment of all the other Directors is also revoked, in which case the persons replaced may not be appointed in that capacity during the twelve months immediately following the date of revocation.

Minority shareholders who, in terms of what is described above, intend to appoint a Director, must notify the Company's Corporate Governance, Responsibility and Compensation Committee at least five business days in advance of the Ordinary Annual General Meeting of Shareholders. Said communication must contain at least: (i) full name and

experience of the person they propose to appoint, and (ii) an indication of whether or not, in their opinion, they meet the conditions of independence, recognized experience and professional or business prestige and of moral solvency, as well as those defined in the laws and other applicable provisions.

## 5. CAPITAL MARKET

### a) Shareholding structure

The capital stock as of December 31, 2022, is represented by 2,010,000,000 shares, ordinary, nominative with voting rights and without par value, which are fully paid. The fixed part of the capital is represented by registered shares of Class I without right of withdrawal. The variable part of the capital is represented by registered shares of Class II, without expression of nominal value. As of December 31, 2022 and 2021, the number of shares and amount of capital stock is as follows:

December 31, 2022		
Subscribed capital	Number of actions	Amount (Millions of dollars)
Class I	308,178,735	\$37
Class II	1,701,821,265	219
<b>Total</b>	<b>2,010,000,000</b>	<b>\$256</b>

As of December 31, 2022, the Company does not have open positions in derivative instruments that can be settled in kind whose underlying assets are ORBIA\* shares.

During 2022 and 2021, Orbia has not changed the number or amount of outstanding shares representing its share capital.

At the Company's shareholders' meeting held on July 21, 2021, the shareholders agreed to cancel 90,000,000 Class II common shares, with no par value, which represented the variable portion of the Company's share capital. This cancellation did not result in a share capital decrease since the Company maintained the ownership of those shares as they had been repurchased from its own share capital.

### b) Performance of the share in the Stock Market

The ORBIA\* share prices are presented in Mexican pesos.

The level of stock marketability of Orbia's shares is rated "High", according to the information available from the Marketability Index carried out by the BMV up to the month of March 2021. Since 2008, Orbia's shares have been an integral part of the BMV Quote Price Index.

In the last three years, the listing on the BMV of the "ORBIA \*\*" series shares have not been suspended.

The following tables show the maximum, minimum and last prices of the shares listed on the BMV during the indicated periods:

#### Annual Performance

Date	Maximum	Minimum	Closing	Volume	Amount
2018	67.79	42.71	49.94	832,795,705	47,304,043,848
2019	52.88	31.02	40.32	935,124,030	39,673,776,115
2020	51.80	23.80	46.75	788,091,617	28,193,436,291
2021	59.75	42.70	52.27	667,223,259	34,871,105,769
2022	54.81	32.30	34.50	694,803,523	31,418,605,938
2023	40.28	34.53	36.17	123,500,631	4,726,234,631

### Quarterly Performance

Date	Maximum	Minimum	Closing	Volume	Amount
1Q2021	57.49	42.70	54.57	215,027,954	10,560,032,428
2Q2021	59.75	51.04	52.14	151,480,318	8,309,475,936
3Q2021	59.20	48.51	52.91	142,701,883	7,748,698,333
4Q2021	56.56	49.28	52.27	158,013,104	8,252,899,072
1Q2022	54.81	46.47	52.51	172,015,943	8,788,248,027
2Q2022	54.75	46.31	47.06	204,078,712	10,266,435,556
3Q2022	48.84	33.64	33.78	161,553,501	6,715,528,391
4Q2022	41.36	32.30	34.50	157,155,367	5,648,393,964
1Q2023	40.28	34.53	39.19	123,500,631	4,726,234,631

### Monthly Performance

Date	Maximum	Minimum	Closing	Volume	amount
30-Apr-22	54.75	47.18	49.10	41,582,284	2,099,299,384
31-May-22	53.29	47.09	52.85	101,461,165	5,124,015,922
30-Jun-22	54.45	46.31	47.06	61,035,263	3,043,120,250
31-Jul-22	48.84	41.62	44.96	49,079,649	2,207,439,486
31-Aug-22	45.34	37.65	38.02	64,494,395	2,706,990,705
30-Sep-22	39.91	33.64	33.78	47,979,457	1,801,098,200
31-Oct-22	36.45	32.30	33.45	53,354,824	1,813,323,807
30-Nov-22	41.36	33.16	37.73	52,452,918	1,972,505,465
31-Dec-22	39.62	33.54	34.50	51,347,625	1,862,564,692
31-Jan-23	40.05	34.53	37.72	36,816,692	1,413,139,401
28-Feb-23	39.74	36.28	38.21	57,408,515	2,182,110,075
31-Mar-23	40.28	35.48	39.19	29,275,424	1,130,985,155

Source: Financial Infotel. Price figures in pesos.

### c) Market Maker

As of the date of this Annual Report, the Company has not contracted the services of a Market Maker to support the trading of ORBIA\* shares, as permitted by the LMV.



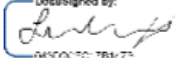
## 6. RESPONSIBLE PERSONS

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### 6. Personas responsables

Los suscritos manifestamos bajo protesta de decir verdad que, en el ámbito de nuestras respectivas funciones, preparamos la información relativa a la Emisora contenida en el presente reporte anual, la cual, a nuestro leal saber y entender, refleja razonablemente su situación. Asimismo, manifestamos que no tenemos conocimiento de información relevante que haya sido omitida o falseada en este Reporte Anual o que el mismo contenga información que pudiera inducir a error a los inversionistas.

Atentamente,  
Orbia Advance Corporation, S.A.B. de C.V.

DocuSigned by:  
  
Sameer S. Bharadwaj  
Director General

DocuSigned by:  
  
James P. Kelly  
Director de Finanzas

DocuSigned by:  
  
Sheldon Hirt  
Director Jurídico

**Orbia Advance Corporation,  
S.A.B. de C.V. y Subsidiarias**

Manifiesto de consentimiento para la  
inclusión en el reporte anual en los  
términos del Artículo 33 de las  
Disposiciones por el año que terminó  
el 31 de diciembre de 2022.



Ciudad de México a 1 de mayo de 2023

Al Presidente del Comité de Auditoría de  
**Orbia Advance Corporation, S.A.B. de C.V.**

Estimados señores:

Los suscritos manifestamos, bajo protesta de decir verdad, que los estados financieros consolidados de Orbia Advance Corporation, S.A.B. de C.V. y Subsidiarias (la "Emisora") que contiene el presente reporte anual al 31 de diciembre de 2022, 2021 y 2020 y por los años que terminaron en esas fechas, fueron dictaminados con fecha 22 de febrero de 2023, de conformidad con las Normas Internacionales de Auditoría.

Asimismo, manifestamos que hemos leído el presente reporte anual y, basado en su lectura y dentro del alcance del trabajo de auditoría realizado, no tenemos conocimiento de errores relevantes o inconsistencias en la información que se incluye y cuya fuente provenga de los estados financieros dictaminados señalados en el párrafo anterior, ni de información que haya sido omitida o falseada en este reporte anual, o que el mismo contenga información que pudiera inducir a errores a los inversionistas.

No obstante, los suscritos no fuimos contratados para realizar, y no realizamos, procedimientos adicionales con el objeto de expresar una opinión respecto de la otra información contenida en el reporte anual que no provenga de los estados financieros dictaminados.

Atentamente,



C.P.C María Isabel Romero Miranda  
Representante Legal  
Socio de Galaz, Yamazaki, Ruiz Urquiza, S.C.  
Miembro de Deloitte Touche Tohmatsu Limited



C.P.C. Erick Jonathan Calvillo Rello  
Auditor Externo  
Socio de Galaz, Yamazaki, Ruiz Urquiza, S.C.  
Miembro de Deloitte Touche Tohmatsu Limited

\* \* \* \* \*



Deloitte se refiere a Deloitte Touche Tohmatsu Limited, sociedad privada de responsabilidad limitada en el Reino Unido, y a su red de firmas miembro, cada una de ellas como una entidad legal única e independiente. Conozca en [www.deloitte.com/mx/conozcanos](http://www.deloitte.com/mx/conozcanos) la descripción detallada de la estructura legal de Deloitte Touche Tohmatsu Limited y sus firmas miembro.

## **7. ANNEXES**

- Consolidated and audited financial statements of Orbia Advance Corporation, S.A.B. de C.V., for the years 2022, 2021 and 2020.
- Reports of the Corporate Practices and Audit Committee of Orbia Advance Corporation, S.A.B. de C.V., for the years 2022, 2021 and 2020.