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

ANNUAL REPORT 2020

SUBMITTED PURSUANT TO THE GENERAL PROVISIONS APPLICABLE TO ISSUERS OF SECURITIES AND OTHER MARKET PARTICIPANTS
FOR THE YEAR ENDING 31 DECEMBER 2020

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

Financial figures presented in millions of US dollars ($)
Avenida Paseo de la Reforma 483, piso 47,
Colonia Cuauhtémoc,
Alcaldía Cuauhtémoc,
Ciudad de México, 06500
Tel. **+52 55** 5366 4000

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" or the "Company") 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 (sole) 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.

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

The credit risk rating assigned by Fitch Ratings is 'BBB' on a global scale and 'AA+' (mex) on a long-term national scale with a negative outlook.

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

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Bolsa Mexicana
ORBIA

II. Orbia Advance Corporation, S.A.B. de C.V. has the following outstanding share recorded in the National Securities Registry:

Under a Revolving Stock Exchange Certificates Program for an amount of up to 10,000 million Mexican pesos or the equivalent in Investment Units (UDI – acronym in Spanish), authorized by the National Banking and Securities Commission, on March 15, 2012, by means of document number 153/8167/2012, for a period of up to 5 years as of the latter date, Orbia Advance Corporation, S.A.B. de C.V., under this Program, placed and listed its third issue of 30,000,000 long term Stock Exchange Certificates, with ticker symbol ORBIA 12, with the following characteristics:

ITEM	DESCRIPTION
Date of Issue:	March 21, 2012
Maturity Date:	March 9, 2022
Issue Term:	3,640 days, approximately 10 years
Par Value:	\$100.00 (MXN one hundred pesos and zero cents) each
Gross Annual Interest Rate applicable to the Issue:	8.12% (eight-point one two percent), which will remain fixed throughout the third issue period. The interest accrued by the Stock Exchange Certificates during each interest period, and the calculations to determine the amount payable, shall include the calendar days that have effectively elapsed up to the corresponding Interest Payment Date. Payments shall be rounded to two decimal places. To determine the amount of interest payable in each Interest Period on the Stock Exchange Certificates, the Joint Representative shall use the formula and follow the terms and conditions set forth in the corresponding security.
Interest Payment Intervals:	The interest accrued on Stock Exchange Certificates shall be paid every 182 (one hundred and eighty-two) days, in accordance with the calendar and on the dates stipulated on the corresponding certificate.
Place and Method of Payment of Interest and Principal:	The principal will be amortized, and the ordinary interest accrued on the Stock Exchange Certificates will be paid, on the date it becomes due and on each of the interest payment dates respectively, by means of electronic transfer of funds, through Indeval, whose address is Paseo de la Reforma No. 255, Piso 3, Col. Cuauhtémoc, C.P. 06500, Ciudad de México or, if applicable, at the Issuer's offices located at Avenida Paseo de la Reforma 483, piso 47 entre Río Elba y Río de la Plata, Colonia Cuauhtémoc, Alcaldía Cuauhtémoc, Ciudad de México, 06500. The amount owed for arrears interest must be paid at the Issuer's address, in the same currency as the principal amount.
Amortization:	The Stock Exchange Certificates will be amortized in full upon maturity, i.e. on March 9, 2022, in one installment, by means of electronic transfer and against submission of the corresponding certificate.
Accelerated Amortization:	The Issuer may accelerate amortization of all (but not part) of the Stock Exchange Certificates on any date prior to their maturity date at a price equal to the Accelerated Amortization Price (as set forth on the relevant certificate), plus accrued and unpaid interest on the principal of the Stock Exchange Certificates, on the accelerated amortization date. Under no circumstances shall the Accelerated Amortization Price be less than 100% (one hundred percent) of the par value of the Stock Exchange Certificates on the Accelerated Amortization date.
Guarantee	This issuance of Stock Exchange Certificates is guaranteed by the Company's subsidiaries Mexichem Compuestos, S.A. de C.V., Mexichem Amanco Holding, S.A. de C.V., Mexichem Derivados, S.A. de C.V., Mexichem Resinas Vinílicas, S.A. de C.V., Mexichem Flúor, S.A. de C.V., and Mexichem Brasil Industria de Transformação Plástica Ltda. ("Mexichem Brazil"), the latter guarantor is a Brazilian corporation and all of its assets are located outside Mexico. In the event of Mexichem Brazil's insolvency or bankruptcy, the claims of the Holders under the Stock Exchange Certificates will be subject to the preemptive rights set forth by the laws in force in Brazil.

ITEM	DESCRIPTION
Joint Representative:	CI Banco, S.A. Institución de Banca Múltiple.
Depository:	S.D. INDEVAL Institución para el Depósito de Valores, S.A. de C.V.
Tax Regime:	Tax Regime: The withholding rate applicable, on the date of the Supplement, with respect to interest paid pursuant to the Stock Exchange Certificates is subject to. (i) for individuals or legal entities domiciled in Mexico for tax purposes, the provisions of articles 58, 160 and other applicable articles of the Income Tax Act in force and article 21 of the Federal Revenue Act for the 2012 tax year, as well as complementary provisions, and (ii) for individuals and legal entities domiciled outside of Mexico for tax purposes, the provisions of articles 179, 195 and other applicable articles of the Income Tax Act in force and will depend on the beneficiary of the interests. POTENTIAL PURCHASERS OF STOCK EXCHANGE CERTIFICATES SHOULD CONSULT THEIR ADVISORS ON THE TAX CONSEQUENCES OF THEIR INVESTMENT IN THE STOCK EXCHANGE CERTIFICATES, INCLUDING THE APPLICATION OF SPECIFIC RULES WITH RESPECT TO THEIR PARTICULAR SITUATION. THE CURRENT TAX REGIME MAY BE MODIFIED DURING THE DURATION OF THE PROGRAM AND DURING THE TERM OF THIS ISSUE. THERE IS NO OBLIGATION TO REPORT CHANGES IN THE APPLICABLE TAX PROVISIONS DURING THE TERM OF THE CERTIFICATES.

Ticker Symbol of the Stock Exchange Certificates: ORBIA 12

For the ORBIA 12 issue, the credit risk rating assigned by Standard & Poor's is 'mxAA/mxA-1+' on a national scale with a stable outlook and by Fitch Ratings is 'AA+ (mex)' with a negative outlook.

Current Stoc-k Exchange Certificates Program

On November 3, 2017, the National Banking and Securities Commission (CNBV) authorized a new program for revolving stock exchange certificates for the amount of up to 10,000 million Mexican pesos or their equivalent in UDIs through official document number: 153/10875/2017, for 5 years (maturity November 3, 2022).

The purpose of this current program is to be able to issue debt several times in the Mexican stock market. The authorization of this new program does not imply any current or future issuance of debt by Orbia and does not change any of the conditions of the ORBIA 12 issue.

Policies regarding changes in control, corporate restructurings (including mergers, acquisitions and spin-offs), sale and/or constitution of liens on essential assets of the Issuer, during the term of the ORBIA 12 issue:

As of December 31, 2020, certain financings and Senior Notes or International Bonds issued in 2012, 2014 and 2017 set forth certain restrictions, among which are restrictions on the lien or mortgage of properties, the sale and subsequent lease of assets and limitations on the consolidation, merger or transfer of assets of the Issuer.

Among the negative covenants contained in the current financing of the Company are those typical for this type of corporate financing such as:

(i) Change of control: Debt acceleration clauses in the event of a change of control, pursuant to applicable legislation.

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

(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 Company's assets.

III. Orbia Advance Corporation, S.A.B. de C.V. has the following outstanding international debt instruments denominated in Dollars:

On September 19, 2012, Orbia Advance Corporation, S.A.B. de C.V., issued and placed Senior Notes for a total amount of $1,150 million, in two blocks: one of $750 million, for a ten-year term with a fixed rate coupon of 4.875% and another of $400 million, for a thirty-year term with a fixed rate coupon of 6.75%. In both blocks of Senior Notes, interest is paid every six months on March 19 and September 19 as of the issue date and until they mature on September 19, 2022 and September 19, 2042, respectively. The Senior Notes have been listed on the Luxembourg Stock Exchange and for trading on the 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 under the regulations of the U.S. Securities Act of 1933, which governs securities transactions in that country, they were only offered to purchasers in the U.S. deemed to be qualified investors as defined by Rule 144-A or Rule 144-A of the U.S. Securities Act, and to purchasers outside the U.S., who do not reside in the U.S., under "Regulation S" of the U.S. Securities Act.

For this issue, Fitch Ratings issued a 'BBB-' rating and Moody's a 'Ba1' rating to the Senior Note for $400 million maturing in 2042 as well as the Senior Note for $750 million maturing in 2022.

On September 17, 2014, the Company issued and placed Senior Notes for a total amount of $750 million with a term of thirty years, which accrue a fixed annual rate of 5.875%, payable every six months on March 17 and September 17 as of their issue date until they mature on September 17, 2044. The Senior Notes have been listed on the Luxembourg Stock Exchange and for trading on the 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 under the regulations of the U.S. Securities Act of 1933, which governs securities transactions in that country, they were only offered to purchasers in the U.S. deemed to be qualified investors as defined by Rule 144-A of the U.S. Securities Act, and to purchasers outside the U.S., who do not reside in the U.S., under "Regulation S" of the U.S. Securities Act.

The credit rating assigned for this issue by Standard & Poor's was 'BBB-' on a long-term global scale, Fitch Ratings assigned 'BBB' and by Moody's assigned 'Baa3'.

On October 4, 2017, Orbia issued and placed Senior Notes for a total amount of $1,000 million in two tranches, $500 million for a ten-year term (maturing on October 4, 2027) and $500 million for a thirty-year term (maturing on January 15, 2048), which accrue a fixed annual rate of 4.0% and 5.50%, respectively, payable every six months on April 4 and October 4, for the first tranche, and on January 15 and July 15 for the second tranche. The Senior Notes have been listed on the Luxembourg Stock Exchange and for trading on the 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 under the regulations of the U.S. Securities Act of 1933, which governs securities transactions in that country, they were only offered to purchasers in the U.S. deemed to be qualified investors as defined by Rule 144-A of the U.S. Securities Act, and to purchasers outside the U.S., who do not reside in the U.S., under "Regulation S" of the U.S. Securities Act.

The credit rating assigned for this issue by Standard & Poor's was 'BBB-' (Outlook: Stable), Fitch Ratings assigned a BBB rating (Outlook: Negative) and Moody's assigned a 'Baa3' rating (Outlook: Stable).

As of the date of this Annual Report, the rating assigned to Orbia’s credit risk by Standard & Poors is 'BBB-' on a global scale with a stable outlook, Fitch Ratings assigned a rating of 'BBB' with a negative outlook, while the rating assigned by Moody´s is 'Baa3' with a stable outlook.

On September 16, 2020, Orbia issued under its U.K. Commercial Paper Program the amount of £300 million Pounds Sterling through the issue of notes (promissory notes). This disbursement was acquired through the Bank of England with a support scheme established in conjunction with HM Treasury and under the Covid Corporate Financing Facility. The notes have been issued at a discount and will not generate interest, since they have a maturity of less than one year.

Table of Contents

1. GENERAL INFORMATION

a) Glossary of terms and definitions

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

Hydrochloric acid: means an aqueous hydrogen chloride solution. It is the most used acid in the industry after sulfuric acid. It is used for descaling metals and as a neutralizer, reducer and intermediate in organic and inorganic synthesis in the chemical industry, as well as to make cleaning products.

Hydrofluoric acid or HF: means a chemical compound produced by mixing calcium fluoride (fluorite) with sulfuric acid. It is mainly used to produce refrigerant gases and fluoropolymers.

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

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

AMEA stands for Africa, Middle East and Asia.

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

ASTM stands for the American Society for Testing Materials.

International Bonds, Notes or "Senior Notes": debt instruments issued by the Company in Dollars in different international markets and not registered in the RNV. (See Section III of the Cover of this Annual Report) Senior Notes have a preferential payment priority over the rest of the Company's unsecured sovereign debt and are unconditionally secured by certain subsidiaries of the Company**.**

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

Wavin: business group that is redefining the pipes and fittings industry today thanks to the creation of innovative solutions with longer shelf life and less installation work. This group, with customers in five continents, also develops sustainable technologies for water management systems, as well as home water heating and cooling systems.

Camesa: means Grupo Industrial Camesa, S.A. de C.V.

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

CFE: means 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.

Clinker: means an intermediate cement product made by mixing limestone, clay and calcined iron oxide in a kiln at about 1,450 degrees Celsius. One metric ton of clinker is used to make approximately 1.1 metric tons of gray Portland cement.

Chlorine: means a pale green, gaseous chemical element belonging to the halogen group. Chlorine is used mainly to manufacture PVC, paint, insecticides, paper and dyes, as well as to kill bacteria in water.

CNBV: means 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 in order to ensure their stability and proper functioning in Mexico.

Compounds: means physical mixtures of different materials made to achieve combinations of properties that cannot be obtained from the original materials. In the case of Orbia, at least one of the components is polymer matrices, mainly PVC, but polyolefins, styrenes, and engineering plastics can also be used.

Acid grade concentrate or acid grade fluorite: means fluorite mineral (calcium fluoride) from which impurities are removed through a process of selective milling / flotation to comply with a chemical specification of calcium fluoride, 97% minimum content; silica (SiO2), 1.1% maximum content; calcium carbonate (CaCO3), 1.2% maximum content. It also complies with a physical particle size specification. Acid grade concentrate is used to manufacture HF (base for producing refrigerants), aluminum trifluoride, ceramics, propellants, nonstick coatings, among others.

Control (Control Group): the ability of a person or group of persons to perform any of the following acts:

a) Make, directly or indirectly, decisions at general meetings of shareholders, partners or equivalent bodies, or appoint or remove a majority of the directors, administrators or equivalent of a legal entity.

b) Maintain ownership of rights, directly or indirectly, to vote in respect of more than fifty percent of a legal entity's share capital.

c) Directing, either directly or indirectly, the administration, strategy or major policies of a legal entity, whether through ownership of securities, by contract or by any other means.

Copolymer: means the result of a two-monomer polymerization. The most common polymerization in the vinyl industry is the combination of vinyl chloride monomer with vinyl acetate monomer. The products obtained from this polymerization are called copolymers because two different types of monomer are linked. Copolymers impart different properties to homopolymers, the main one being a reduction in the softening point of a product for better processing and greater flexibility. It is used mainly to make floor tiles, packaging sheets and carpet bases.

Cracker: means the system in which different petrochemical products are separated using steam at very high temperatures.

Dollars: means the legal tender of the United States, which is the Company's functional and reporting currency.

Dura-Line: business group operating with the conviction that each organization, community and inhabitant of the planet deserves the chance to benefit as much as possible from modern technology. The Company produces over 400 million meters of essential and innovative infrastructure a year -conduits, FuturePath, cables-in-conduit and fittings- which create the physical routes for fiber optics and other network technologies that connect cities, homes and people. Dura-Line is the global leader in the manufacture and distribution of these products in a highly dynamic industry.

ECU: an electrochemical unit consisting of one unit of chlorine and 1.1 units of caustic soda.

EDC: ethyl dichloroethane.

USA or U.S.A. the United States of America.

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.

Euro or €: the legal tender of the European Union.

Eurostat: the Eurostat Economist Intelligence Unit.

Exploration: work performed in the ground to identify mineral deposits, as well as quantify and assess any economically exploitable reserves they contain.

Exploitation: work to prepare and develop the area comprising the mineral deposit, as well as work to separate and extract mineral products in the deposit.

Fluorite: means the trade name of the mineral calcium fluoride.

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

Fluorocarbons: means chemical compounds containing carbon-fluorine bonds.

Aluminum Fluoride or AlF3: means aluminum trifluoride, an inorganic compound used in the electrolytic production of aluminum to lower its melting point, and as a flux.

Phosphates: phosphoric acid salts or esters. They are used in various industries, such as soap, soft drinks, food and water treatment.

Geosynthetics: means materials composed primarily of polymers such as polypropylene, polyester, polyamide and polyethylene that are transformed into sheets, mantles or three-dimensional structures to be used in contact with soils or other geotechnical materials for different purposes in the world of construction, such as road works, hydraulic works, erosion control systems and environmental activities, among others. The most common types of geosynthetics used in engineering are geotextiles, geogrids, geomembranes, geonets, geocomposites and mantles for erosion control.

Metallurgical grade: means fluorite ore selected for its calcium fluoride content and subjected to reduction in size and classification, defined in accordance with customer requirements, and used to produce steel and cement.

GRI: stands for 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". Its mission is to improve the quality, rigor and usefulness of sustainability reports so they attain a level equivalent to that of financial reports. It is fundamentally based on the implementation of the triple bottom line: economic, social and environmental. In 2016, GRI launched the first global standards for sustainability reporting that allow all organizations to publicly report on their economic, environmental and social impacts and show how they contribute to sustainable development.

Business group: means the Company divisions made up of one or more businesses, as this item is defined below, brought together by the type of solutions offered to meet the most pressing demands, such as ensuring an adequate supply of water and sources of food for people, within the context of sustainability.

Sodium hypochlorite: a clear, slightly yellow (amber), aqueous solution with a characteristic penetrating and irritating odor, containing sodium hydroxide and sodium carbonate. It is widely used for cleaning products.

HDPE stands for high density polyethylene.

HIS-PVC stands for suspension PVC resin with high-impact suspension-PVC properties.

Homopolymer: means the product obtained from the combining or polymerization of several molecules of a single type or monomer and which may have different characteristics in accordance with their chemical nature. In the case of PVC resins, the monomer used for polymerization is vinyl chloride (VCM), whose molecules, when joined together, produce what is called a homopolymer (many molecules of a monomer of the same type chemically linked to each other).

ICIS stands for Independent Chemical Information Service.

IFRS: stands for International Financial Reporting Standards as adopted by the International Accounting Standards Board.

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

Ingleside: means Ingleside Ethylene LLC.

Invenergy: means Invenergy Clean Power LLC.

ISO 9001: a standard developed by the International Standard Organization that applies to quality management systems (QMS) and focuses on every aspect of quality management that a company needs to have in order to have an effective system 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), in order to allow an organization to formulate its policies and objectives considering legal requirements and information relating to significant environmental impacts. It applies to environmental aspects that the Organization can control and can expect to influence. It does not establish specific environmental performance criteria.

JV or Joint Venture: means co-investment joint businesses.

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

Koura: business group that supplies fluorinated material products, technologies and other applications which support modern life in endless ways. With the largest fluorite mine in the world, solid know-how and vast experience in production, this group develops added-value chemical products, as well as propellants and advanced materials used in a wide range of applications, including the automotive sector, infrastructure, health and medicine, HVAC and cold chain for food.

LMV: stands for the Securities Market Act.

LIBOR: stands for the London Interbank Offered Rate.

Mexico: means the United Mexican States.

Business: means the organization of several companies and/or functions of the Company that together manufacture and market products, services and solutions under criteria of vertical integration, lower volatility of their raw materials, a focus on specialty products and higher profitability. Each Orbia business has a clear mission and the resources to be more responsive, act quickly and be closer to its customers.

Netafim: business group that helps the world grow more with less. Netafim's state-of-the-art irrigation systems, services and digital agricultural technologies allow farmers to achieve significantly higher yields and better-quality food while using less water, fertilizers and other supplies. By helping them to grow more with less, Netafim enables farmers from across the world to feed the planet more efficiently and sustainably.

OECD: Organisation for Economic Co-operation and Development (OECD).

ORBIA *: means 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.

OxyChem: Occidental Chemical Corporation.

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

Pemex TRI (formerly Pemex Petroquímica or PPQ): Pemex Transformación Industrial is a productive 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.

Peso, Pesos or Mexican Pesos: the legal tender in Mexico.

GDP: Gross Domestic Product.

Plastisol: a mixture of an emulsion-type resin (PVC), a plasticizer and other additives in a viscous liquid state (paste) at room temperature that has visco-elastic properties and, depending on the reference resin used, may behave like a dilatant or pseudoplastic. It is usually whitish in color, but this depends to a large extent on the additives used.

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.

Polymer Solutions: business group that is as universal and dynamic as the materials it produces. It focuses on the production of general and special PVC resins, and other vinyl polymers with a wide range of applications, creating solutions that support its customers' everyday life, such as pipes, cables, floors, auto parts, household appliances, clothing, packaging and medical devices.

PROFEPA: The Federal Attorney for Environmental Protection, a decentralized administrative body of the Mexican federal government's Ministry of the Environment and Natural Resources (SEMARNAT).

Stock Exchange Certificates Program: refers to (i) the program for issuing and placing a revolving Stock Exchange Certificates program for an amount of up to ten billion Mexican pesos or the equivalent in UDIs, authorized by the CNBV on March 15, 2012, through official notice number 153/8167/2012, for a term of up to 5 years and (ii) the program for issuing and placing revolving stock for an amount of up to 10,000 million Mexican pesos or the equivalent in UDIs authorized on November 3, 2017, by the CNBV through official document number 153/10875/2017, for 5 years (maturity date: November 3, 2022).

PVC or Polyvinyl Chloride: a thermoplastic resin obtained from the polymerization of vinyl chloride. PVC can be produced using four different processes: suspension, emulsion, mass and solution. PVC resins are used mainly in the construction industry for cable and wire insulation, door and window frames, water and sewer ducts and pipes, floors, tiles, etc. It is also used to make, among other things, dolls, balls and inflatable toys. In the automotive industry it is used in door panels, dashboards, seat upholstery, moldings, electrical cables, air and oil filters, automotive sealants and harnesses. In the textile industry it is used to make synthetic leather and canvases. In the packaging industry, it is used to manufacture cylinders and bottles for purified water and cleaning products, films for food wrappers, sheeting for medicine packaging. In the medical sector it is the main material used to make bags for serum and blood, as well as other accessories for healthcare.

Quimir: means Quimir, S.A. de C.V., a subsidiary of Orbia, part of the Polymer Solutions Group, which produces industrial and food phosphates.

Reais, "real" or "R$": means the legal tender of Brazil.

Regulation S: means Regulation S under the US Securities Act.

Rule 144-A: means Rule 144-A under the US Securities Act.

Refrigerants: gases used for refrigeration and air conditioning. They are compounds or mixtures of organic chemical compounds containing mainly hydrogen, carbon, fluorine and chlorine.

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

PVC Resins or Vinyl Resins: plastic resins produced by polymerization of vinyl monochloride (VCM).

Extender Resins: PVC resins used in Plastisols as an additive with two functions: to help lower viscosity and reduce formulation costs without affecting Plastisol properties.

Roskill Consulting: global metals and minerals research company.

Brine: an aqueous solution saturated with sodium chloride or common salt.

SEC: US Securities and Exchange Commission, the US federal agency in charge of supervising the country's financial markets.

Petrochemical sector: the predominant sector of companies and/or public and/or private entities engaged in the manufacture and marketing of petroleum products and/or natural gas.

Chemical sector: the predominant sector of companies and/or public and/or private entities manufacturing chemical products in general.

Caustic soda: the trade name of sodium hydroxide, NaOH, which is widely used in the alumina, soap and detergent industry and the chemical industry in general.

Suspension: the system in which small particles of a solid or liquid are suspended within a liquid or gas. In the case of PVC resins, this refers to the production process in which vinyl monochloride (VCM) is suspended in small droplets in water to polymerize and produce PVC resins.

Holder(s): the holders and/or owners of the various securities issued by the Company, including but not limited to outstanding shares, Stock Exchange Certificates and/or Senior Notes, as the case may be.

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

TPA: metric tons per year (one metric ton is equal to 1,000 kilograms or 2,204.6 pounds).

UDIS: Investment Units.

EBITDA: stands for earnings before interest, taxes, depreciation and amortization.

European Union or EU: the EU is a unique economic and political union comprising 27 European countries covering a large part of the continent, namely Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden.

VCM or MCV: stands for vinyl chloride monomer.

Vestolit: Vestolit, GmbH, a subsidiary of Orbia, part of the Polymer Solutions Group and specializing in the manufacture and marketing of resins and derivatives. It is also the brand that Orbia aims to position as global leader for these products.

Wavin: The Building and Infrastructure group that is **r**edefining the pipes and fittings industry today thanks to the creation of innovative solutions with longer shelf life and less installation work. This group, with customers in five continents, also develops sustainable technologies for water management systems, as well as home water heating and cooling systems.

WVA: stands for World Vinyl Analysis of IHS Markit Chemical World Analysis - Vinyls

b) **Executive Summary**

This summary does not purport to contain all the information that may be relevant for making investment decisions regarding the securities mentioned herein. Investors should therefore read the whole Annual Report, 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 the convenience of investing in the securities issued by Orbia (*See section 5 "Capital Markets", item b, "Stock Market Performance*" of this Annual Report).

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

The audited consolidated financial statements as of December 31, 2020, 2019 and 2018, and for the years then ended have been prepared based on IFRS. The accounting standards comprise various provisions known as IAS (International Accounting Standard), IFRIC (International Financial Reporting Interpretations Committee) and SIC (Standard Interpretation Committee).

The figures included in this Annual Report have been rounded to millions of dollars (except as otherwise indicated), whereas the figures presented in the Company's financial statements that form part of this Annual Report have been rounded to thousands of dollars (unless otherwise indicated) for convenience of presentation. The percentage figures in this Annual Report have not, in all cases, been calculated based on those rounded figures, but 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 it, 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 *"Executive Summary," "Risk Factors," "Discussion and Analysis of Financial Position and Operating Results by Management"* and *"Business Overview"* sections.

As a result of the new strategy and global reorganization undertaken by Orbia, and the need to re-launch an identity and image consistent with the mission, vision, philosophy and worldwide presence of the Company, on August 26, 2019, the Extraordinary General Shareholders' Meeting of Mexichem, S.A.B. de C.V., decided to approve the change of its corporate name to ORBIA ADVANCE CORPORATION, S.A.B. de C.V., as such, the investing public should consider that for the purposes of this Annual Report, the new corporate name is used even for events, information, stock quotes, and circumstances that occurred before August 26, 2019.

1. The Company

Orbia is a Mexican shareholding business corporation, domiciled in Mexico City. Its main address is Avenida Paseo de la Reforma 483, piso 47, Colonia Cuauhtémoc, Alcaldía Cuauhtémoc, Ciudad de México, Código Postal 06500. Mexico.

Orbia is a community of companies bound by a shared purpose: to advance life around the world. Orbia seeks to achieve this purpose by designing customer-centered added-value proposals through its leading business platform in basic and advanced materials, urban and rural infrastructure, in addition to solutions and services.

Orbia's business groups have a common focus to ensure food security, reduce water scarcity, reinvent the future of cities and homes, connect communities with data infrastructure and expand wellbeing and healthcare access with advanced materials. The business groups are Netafim, Wavin, Koura, Polymer Solutions and Dura-Line, which collectively seek human-centered solutions for global challenges. Orbia has commercial activities in more than 110 countries and operations in 50, with offices in Mexico City, Boston, Amsterdam and Tel Aviv.

Orbia's business groups are:

i) Netafim (Precision Agriculture, represented 15% of Orbia's sales in 2020). Netafim helps the world to grow more with less. Netafim's state-of-the-art irrigation systems, services and digital agricultural technologies allow farmers to achieve significantly higher yields and better-quality food while using less water, fertilizers and other supplies. By helping them grow more with less, Netafim enables farmers from across the world to feed the planet more efficiently and sustainably.

ii) Dura-Line (Data Communications, represented 11% of Orbia's sales in 2020). Dura-Line operates with the conviction that each organization, community and inhabitant of the planet deserves the chance to benefit as much as possible from modern technology. The Company produces over 400 million meters of essential and innovative infrastructure a year -conduits, FuturePath, cables-in-conduit and fittings- which create the physical routes for fiber optics and other network technologies that connect cities, homes and people. Dura-Line is the global leader in the manufacture and distribution of these products in a highly dynamic industry. Dura-Line is the global leader in conduits and a leading company in high-density polyethylene (HDPE) based products for cable and fiber optics, as well as pressurized pipes for natural gas and other solutions.

iii) Wavin (Building and Infrastructure, represented 32% of Orbia's sales in 2020). Wavin is redefining the pipes and fittings industry today thanks to the creation of innovative solutions with longer shelf life and less installation work. This group, with customers in five continents, also develops sustainable technologies for water management systems, as well as home water heating and cooling systems.

iv) Koura (Fluor, represented 11% of Orbia's sales in 2020). Koura provides fluorinated material products, technologies and other applications that support modern life in endless ways. With the largest fluorite mine in the world, solid know-how and vast experience in production, this group develops added-value chemical products, as well as propellants and advanced materials used in a wide range of applications, including the automotive sector, infrastructure, health and medicine, HVAC and cold chain for food.

v) Polymer Solutions (Vestolit and Alphagary, represented 34% of Orbia's sales in 2020). Polymer Solutions is as universal and dynamic as the materials it produces. It focuses on the production of general and special PVC resins and other vinyl polymers with a wide range of applications, creating solutions that support its customers' everyday life, such as pipes, cables, floors, automobile parts, household appliances, clothing, packaging and medical devices.

These five Business Groups collectively allow Orbia to focus on ensuring food security, reducing water scarcity, reinventing the future of cities and homes, connecting communities with data infrastructure and expanding wellbeing and healthcare access with advanced materials. Orbia has commercial activities in more than 110 countries and operations in 50, with offices in Mexico City, Boston, Amsterdam and Tel Aviv.

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

In 2020, Orbia's net sales stood at $6,420 million. Revenue decreased by 8% on the previous fiscal year, due to the adverse impact of the COVID-19 pandemic, mainly in the second quarter, which was not fully compensated by the strong recovery in the second half.

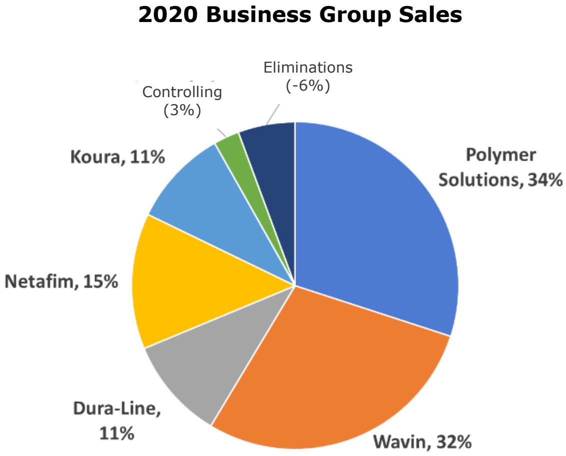
In 2019, the amount for consolidated sales decreased by 3% compared with revenue from fiscal year 2018 to $6,987 million, mainly because: (1) the Polymer Solutions business group (Vestolit and Alphagary) faced challenging market conditions which caused lower prices for caustic soda and PVC; (2) lower sales of Wavin and Dura-Line (formerly belonging to the Fluent business group), and (3) the Koura business group being affected by illegal imports of refrigerant gases to Europe.

In 2020, EBITDA stood at $1,318 million, with a decrease of only 3% on 2019, due to the sustained recovery from the third quarter led by Polymer Solutions (Vestolit and Alphagary) and Wavin, complemented by cost management initiatives in all the businesses which mitigated the adverse impact of the COVID-19 pandemic. EBITDA margin increased 100 basis points to 20.5%.

The 2019 EBITDA stood at $1,365 million, 2% lower than that achieved in 2018, which is explained by the marginal reduction in sales, compensated by a better product mix both at Dura-Line and at Netafim in a context of lower raw material costs. In 2019, the EBITDA margin stood at 19.5%, 14 basis points more than 19.4% in 2018.

Orbia's business strategy emphasizes the importance of having a leading business portfolio in its sectors which, by being focused on basic and advanced materials, infrastructure and services, allows us to lead the search for solutions to the world's problems and advance life on the planet. Orbia benefits from being a vertically integrated company, which allows us to mitigate volatility in the prices of its main raw materials and ensure their supply even in conditions of market scarcity. The Company's commercial focus is centered on higher added-value products and services which offer more attractive profitability. The Company is strategically focused on organic growth to improve both its portfolio of products and its geographic diversification.

The following charts provide a breakdown of the percent share of total sales by business group at the close of fiscal year 2020, including intercompany eliminations within Orbia.



	Year ending December 31:			Year ending December 31:		
	Quantity sold (1)			Sales		
Business group	**2020**	**2019**	**2018**	**2020**	**2019**	**2018**
Polymer Solutions	2,535	2,565	2,524	2,171	2,334	2,460
Wavin	N.D.	N.D.	*N.D.*	2,071	2,239	2,362
Dura-Line	N.D.	N.D.	*N.D.*	732	749	798
Netafim	N.D.	N.D.	*N.D.*	972	1,063	945
Koura	1,080	1,152	1,150	698	805	837
Holding Company				184	97	-12
Eliminations				(408)	(300)	(192)
Orbia Total Sales				**6,420**	**6,987**	**7,198**

(1) Thousands of Tons

The products manufactured and marketed by Orbia's five business groups are positioned among the first places in the markets of countries where it has a presence.

2. Select Financial Information

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and on a historical cost basis except for the revaluation of certain long-term assets and financial instruments that are assessed at fair values.

The following tables provide select financial information from Orbia for each of the periods indicated. This information should be read together and is fully subject to the complete terms of Orbia's audited financial statements as of December 31, 2020, 2019 and 2018, including the related notes attached to this Report.

Consolidated statements of income	**For the years ending December 31:**		
(Figures in Millions of US Dollars)	**2020**	**2019**	**2018**
Continuing operations:			
Net sales	**6,420**	**6,987**	**7,198**
Cost of sales	4,574	5,029	5,199
Gross Profit	**1,846**	**1,958**	**1,999**
Sales and development expenses	585	625	588
Administrative expenses	508	468	449
Other expenses, Net	33	43	27
Exchange gain	(102)	(49)	(84)
Exchange loss	104	68	132
Interest expenses	239	272	251
Interest Income	(10)	(14)	(20)
Change in the fair value of redeemable non-controlling interest	10	18	19
Monetary position loss (gain)	1	(0)	(13)
Share in Income of associated entity	(1)	(4)	(4)
Income before Income taxes	479	533	655
Income taxes	151	206	195
Profit from continuing operations	328	327	460
Discontinued operations:			
Income (loss) on discontinued operations, Net	(10)	(0)	23
Consolidated net income for the year	**319**	**327**	**483**
Controlling interest	195	207	355
Non-controlling interest	124	120	128
	319	327	483
Controlling net income per share	$0.09	$0.10	$0.17
Weighted average of outstanding shares	2,100,000,000	2,100,000,000	2,100,000,000

Consolidated Statements of Financial Position (Figures in Millions of US Dollars)	Through December 31: 2020	 2019	 2018
Assets			
Current assets:			
Cash and cash equivalents	875	586	700
Accounts receivable	1,325	1,352	1,318
Accounts receivable from related parties	5	5	5
Inventories	861	834	866
Derivative financial instruments	20	-	-
Advance payments	60	65	78
Assets held for sale	10	9	10
Total current assets	**3,156**	**2,852**	**2,977**
Non-current assets:			
Property, plant and equipment	3,186	3,349	3,507
Rights of use assets	323	337	-
Investment in shares of associated companies	39	34	36
Other assets	69	89	101
Deferred taxes	200	126	96
Employee benefit asset	13	14	14
Intangible assets	1,734	1,766	1,852
Goodwill	1,491	1,492	1,493
Total non-current assets	**7,055**	**7,205**	**7,098**
Total assets	**10,211**	**10,057**	**10,075**
Liabilities and stockholders' equity			
Current liabilities:			
Bank loans and current portion of long-term debt	$495	$322	$396
Suppliers	788	679	794
Letters of credit	538	585	619
Accounts payable to related parties	1	101	117
Other accounts payable and accrued liabilities	467	478	462
Dividends payable	3	134	156
Provisions	33	52	22
Employee benefits	160	128	102
Lease liabilities	82	78	18
Derivative financial instruments	14	13	16
Liabilities associated with assets held for sale	6	6	7
Total current liabilities	**2,588**	**2,577**	**2,708**
Non-current liabilities:			
Bank loans and debt	3,131	3,129	3,175
Employee benefits	274	229	214
Provisions	21	23	18
Other liabilities	31	36	26
Redeemable non-controlling interest	274	264	246
Derivative financial instruments	95	67	113
Liabilities from deferred taxes	314	335	349
Lease liabilities	263	267	15
Income tax	42	35	41
Total non-current liabilities	**4,444**	**4,385**	**4,197**
Total liabilities	**7,032**	**6,963**	**6,905**

Consolidated Statements of Financial Position (Figures in Millions of US Dollars	**Through December 31:**		
	2020	**2019**	**2018**
Stockholders' equity:			
Contributed capital			
Capital stock	256	256	256
Share premium	1,475	1,475	1,475
Update of capital stock	24	24	24
	1,755	1,755	1,755
Earned capital			
Accumulated earnings	1,108	1,059	1,053
Redeemable non-controlling interest	(227)	(227)	(227)
Reserve for acquisition of own shares	400	296	329
Other comprehensive income	(543)	(508)	(501)
	738	**620**	**653**
Total controlling interest	**2,493**	**2,375**	**2,408**
Total non-controlling interest	687	719	761
Total stockholders' equity	**3,180**	**3,094**	**3,170**
Total liabilities and stockholders' equity	**10,211**	**10,057**	**10,075**

Financial Indicators

Indicators	**2020**	**2019**	**2018**
Investments in property, plant and equipment	204	261	283
Depreciation and amortization of the fiscal year	598	542	462
EBITDA	1,318	1,365	1,397
Accounts Receivable rotation (days)	58	53	50
Average supplier payment period (days)	105	117	116
Inventory rotation (days)	69	61	52

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

During the last three fiscal years analyzed in this Annual Report, ORBIA* shares have been part of the BMV's Price and Quotation Index ("IPC"). In accordance with the BMV Stock Index, due to its significant volume of daily operations in the Mexican stock market, as of March 2021 its shares remain in the HIGHLY TRADED category. (See section 5) "Equity Market" item b), "Performance of shares in the Stock Market", of this Annual Report).

4. Highlights of the 2020-2018 period.

2020

- On November 18, 2020, Orbia completed its first corporate venture capital transaction through an investment in SeeTree, a leading start-up in the agricultural technology sector with a focus on tree cultivation. SeeTree uses military grade telecommunications, surface sensors, artificial intelligence and machine learning in an integrated manner to prevent pests in trees and to maximize productivity at a low cost. Netafim is partnering with SeeTree to incorporate the company's advanced technology into Netafim's solutions offering. This investment represents a significant step for Orbia and Netafim, to the extent that it will allow us to drive the development of conscious and profitable agriculture.

- On September 16, 2020, the Company set up a U.K. Commercial Paper Program for £300 million Pounds Sterling through the issue of notes (promissory notes) with the Bank of England and HM Treasury under the Covid Corporate Financing Facility. The notes mature on May 18, 2021. The annual cost of this facility equivalent in US dollars at 0.74% and they were not listed on any stock market. The Company managed to access this financing option offered by the Bank of England in the context of the COVID-19 pandemic due to its operations and significant presence in the United Kingdom. This commercial paper program allows for the reduction of the comprehensive cost of financing and uncertainty in the context of the pandemic.

- On May 29, 2020, Orbia informed the investing public that, due to the impact of the COVID-19 pandemic on the world economy and capital markets, it had decided to pause efforts related to a possible divestiture or other strategic option for its Polymer Solutions business. The Company stated that it had decided to wait for a stable environment that would allow it to maximize its shareholder value in a potential transaction. Lastly, it added that the Company believes that Polymer Solutions is a solid business with a unique global position and strong cash flow generation and will continue to drive its sustainable and profitable growth.

- On March 5, 2020, the Company notified its agent bank of the revolving line of credit signed on June 21, 2019 of the $500 million reduction of that line of credit that was originally signed for $1,500 million, leaving the Entity access to a balance of $1,000 million, which generates monthly interest at LIBOR plus 1.05% and whose principal is amortized in a payment upon maturity on June 21, 2024. On March 27, 2020, a disbursement was made for $1,000 million, which was prepaid as follows: $400 million on September 30, $350 million on October 30, $175 million on November 30 and, finally, $75 million on December 31.

- On January 10, 2020, the Company informed the investing public that, as part of its strategy, it continuously seeks business opportunities, as well as options for acquisitions, sales, mergers and any other financial transactions that allow it to maximize shareholder value. In this context and continuing with the long-term strategy, the Company was in the process of analyzing divestiture options or strategic alliances that would allow it trigger a corporate operation or synergies with third parties with respect to the Polymer Solutions business, without there being certainty or approval on the completion of any transaction to date.

- The World Health Organization ("WHO") declared Coronavirus disease ("COVID-19") a global pandemic. Orbia has taken comprehensive measures to protect employees, customers and communities from the risks associated with the COVID-19 pandemic. During 2020, the Company implemented initiatives such as those summarized below:

  - It maintained strict health and safety measures at all its operating sites.
  - It introduced staggered back-to-work protocols, when applicable, for essential sites and facilities.
  - It continued restricting all non-essential business travel, as well as promoting remote working for a large section of employees at a global level.
  - It continued using digital tools to work efficiently and drove innovation while improving digital infrastructure to adapt, increase volume and satisfy customer needs.
  - It increased online training and learning, while extending remote medical support and healthcare access to all employees.
  - It implemented the employee assistance program in certain regions to offer medical and psychological support, which will continue after the COVID-19 pandemic.

The majority of Orbia’s facilities and plants have remained in operation, and the supply chain has been practically unaffected. The Company has also adapted its production processes, streamlining prototype creation periods to supply essential medical equipment and materials, including the thousands of inhalers that use our propellants or adaptable critical care equipment, rapid COVID-19 test devices, sanitation tents and health evaluations; as well as medical grade personal protective equipment manufactured with its plastics.

Orbia also continues with its medium- and long-term business strategy based on the resilience of its main businesses and the rapid recovery seen from the second half of 2020. Some uncertainty remains, however, around the potential long-term impact that COVID-19 will have.

The most significant impact on Orbia´s financial performance include a decrease in sales resulting from a decline in demand mainly during the months of April and May 2020. Orbia also made use of lines of credit as precautionary measures in the face of the uncertainty resulting from the COVID-19 emergency.

- Historically, Orbia's strategic position mainly focused on the production and sale of added-value products to end customers, as well as the production of chemical products through three business groups: Vinyl, Fluor and Fluent. Due to the Company's growth in recent years, Management conducted an analysis to identify whether these business groups would continue operating as a benchmark in both operational and financial decision making; as well as to assess their efficiency, considering that the Company has focused on expansion in new and existing markets through organic growth, in addition to the acquisition of companies that offer synergies and opportunities to improve the product and service offering, taking advantage of the boom in its local brands in the countries and territories where it operates.

- Therefore, once this analysis was concluded, from April 2020, the Company defined a new structure for its business groups, which will allow it to obtain detailed information for decision making, as follows: i) Wavin (Building & Infrastructure), ii) Dura-Line (Data Communications), iii) Netafim (Precision Agriculture), iv) Koura (Fluor) and v) Polymer Solutions (Vestolit and Alphagary).

- Change of corporate name - At the Company's Shareholders' Meeting held on August 26, 2019, it was decided to approve the change of corporate name to Orbia Advance Corporation, S.A.B. de C.V. This change reflects the new strategy and global reorganization and restructuring undertaken by the Company, which implies its re-launching of its identity and image in accordance with its mission, vision and philosophy.

- On June 24, 2019, the Company informed the investing public that it had signed the renewal of its revolving credit for $1,500 million dollars, with a 5-year maturity and upgrading different clauses and conditions in line with its investment grade rating based on the Standard & Poor´s ratings ('BBB-' global scale and 'MXAA/MXA-1+' national scale), FitchRatings ('BBB' global scale and 'AA+ (mex)' national scale) and Moody´s ('Baa3' global scale). The revolving credit could be used for any company purpose, including acquisitions, debt refinancing and the financing of commercial transactions, among others. This arrangement replaced the one that was signed in 2014 for a term of 5 years with a syndicate of 10 of the most globally renowned banks.

- On July 6, 2018, Orbia announced that in line with its strategy of consolidating key businesses, it had reached an agreement to acquire 44.09% of the shares representing Pemex's share capital in PMV, through its subsidiary PPQ Cadena Productiva S.L., after approval by the Boards of Directors of both Pemex and Orbia. The transaction amount was approximately $159.3 million. Orbia completed the acquisition on November 16, 2018, therefore as of that date, PMV is exclusively a subsidiary of Orbia and its activity, from that date and up to the date of this Annual Report, consists solely of the operation of the chlorine-soda plant. In May 2018, $267.5 million were collected from the insurance companies that covered the property damage, erection and trade disruption policy in relation to the accident that occurred at the complex of the PMV strategic partnership on April 20, 2016.

- On February 7, 2018, Orbia completed the acquisition of 80% of the shares of Netafim LTD (Netafim), Israel's leading micro irrigation solutions company, after obtaining all government authorizations and complying with the prior conditions set forth in the Share Purchase Agreement signed in August 2017.

- On January 22, 2018, Orbia acquired Sylvin Technologies Inc. (Sylvin), a manufacturer specializing in PVC compounds based in Denver, Pennsylvania, USA, for $39 million free of cash and debt. Sylvin has 30 years of experience serving a wide range of industries including: cable, electrical, industrial, automotive, medical and food products. Orbia consolidated Sylvin in the Polymer Solutions Business Unit.

5. Subsequent Events (2021).

- On March 15, 2021, Orbia informed the investing public that Netafim, its Precision Agriculture business, had signed a final agreement for the acquisition of Gakon Horticultural Projects, the Dutch leader in turnkey greenhouse projects. The acquisition is synergistic, combining the global presence and experience of Netafim and the greenhouse technology of Gakon. Gakon brings a unique experience in all aspects of greenhouse project execution, greenhouse manufacturing capacities and a proven history in key verticals.

- On February 25, 2021, Orbia informed the investing public that it expected EBITDA during 2021 to grow between 4% and 7% compared to 2020, driven by the recovery observed in demand in several of its businesses, provided that there were no unanticipated material disruptions as a result of COVID-19. It also stated that the CAPEX would be between $350 and $400 million for the year.

- On January 19, 2021, Orbia announced the appointment of Sameer S. Bharadwaj as new Chief Executive Officer, effective from February 1, 2021, after Daniel Martínez-Valle stepped down from this position by mutual agreement with the Board of Directors.

- On December 31, 2020, there was a reserve of $25,000,000 in relation to the investigation of Vestolit GmbH by the European Union competition authorities. On January 15, 2021, a 22,367,000 Euro fine was paid to the European Union competition authorities, bringing the matter to an end.

- On January 7, 2021, Orbia informed the investing public that, as it has reported on different occasions, in the ordinary course of business, the Company continuously explores opportunities to create shareholder value, including possible alliances, mergers, acquisitions, sales and other types of strategic transactions. In this respect, Orbia continues to evaluate value creation opportunities, including the possible sale and/or strategic alliances in relation to Polymer Solutions (Vinyl Business). On the date of this communique, Orbia had not signed any binding agreement to execute any specific transaction.

c) **Risk Factors**

In order to decide 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, as well as its liquidity.

The risks and uncertainties described below are not an exhaustive list, since they are not the only ones the Company faces or could face. Additional risks and uncertainties of which we have no knowledge could also affect its business operations. Any of the following risks, should they arise, could adversely and materially affect the business, results of its operations, prospects and financial condition. In such a case, the market price of its CEBURES (Stock Exchange certificates), 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 businesses

The cyclical nature of the industry can diminish the business results and margins.

Some industries in which we operate, including the markets in which we compete, are cyclical. They 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 we have 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. Mainly in the chemical material production business, we set 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 operations are heavily dependent on the energy and petrochemical industries.

The energy and petrochemical industries, including the markets in which the Company operates, are cyclical and 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 the energy industry, which in turn depends in part on the overall price levels of oil, natural gas and other energy sources. Oil prices have been very volatile in recent years. A continued decline in its customers' investments in this industry, whether due to a decrease in oil or natural gas prices, 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 and 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 its control, including adverse weather conditions, accidents, decreased access to the financial system, labor contingencies, work stoppages, strikes, or others, may cause delays in its customers' investment projects or increases in the production costs of its raw materials and thereby increase their prices and, in turn, affect the operations results, cash flows and financial position.

The lack of development of new products, production technologies, access to new technologies, the impossibility of developing products that satisfy the needs of the market, the development of raw materials that substitute those that Orbia currently uses or produces, or the impossibility of successfully implementing productivity and cost reduction initiatives 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, we need to develop and market products that meet market needs in a timely manner. In the event that the market changes unexpectedly, new technologies are developed that we do not have access to, we are unable to develop products that meet market needs in a timely manner or the life cycles of its products are shorter than anticipated and this hinders the recovery of research and development costs or investments related to those specific products, its operating results and financial position could be adversely and significantly affected.

In addition, research and development of new technologies could result in the creation of new products or raw materials that come to replace those we currently produce or use. In the event that the Company is unable to compete with such new products or raw materials or to access raw materials newer than those the Issuer currently uses in the production process, its operations results could be adversely and materially affected.

Failure to stay up to date with current technological advances in the industries in which Orbia operates, or develop or seeking commercially unacceptable technologies could affect its business, operations results or financial position.

Technology is an extremely important concept for business nowadays, as well as for the growth strategy of companies. The Issuer’s success in the industries in which it operates depends largely on its designs and improvements in the products it develops, implements and that are accepted in the marketplace. its ability to adapt quickly and to develop new products and technologies that can be updated according to the evolution of the industry and to offer reasonable prices to its customers will determine its competitiveness within the markets in which we operate and to this effect we invested in research and development activities. However, competitors may develop disruptive products or technologies that are superior to ours, or they may develop more efficient or effective methods for providing related products and services, or they may adapt more quickly than we do to new products or related technologies or changing customer demands. If Orbia’s products and technologies are not able to gain market acceptance because it fails to innovate them or because its competitors offer more attractive products, this may adversely affect its business, financial position and operating results.

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 we operate.

Orbia markets its products in more than 110 countries. We participate 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 we operate have experienced political and social instability in the past and interruptions or cessation of operations may occur at any of the production facilities or distribution networks in those countries. 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 the products we market in the territories in which we operate and other parts of the world, where essentially all of our chemicals are sold, are highly competitive. We generally have no or limited control over the prevailing pricing on international markets of the chemical products we sell that are treated with basic products or raw materials, such as chlorine, caustic soda, resin and fluorite compounds. While 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 we 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 best 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 received considerable 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 its operation 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 and ethylene, resins, among other raw materials and supplies, have experienced significant fluctuations in local and international markets. These fluctuations cause variations in production costs, which in turn is reflected in the margins of the products we manufacture and market. 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, 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 some volatility, could result in variations in the cost of the supplies the Company uses to produce its products, while 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 our 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 Issuer relies on a limited number of suppliers for the production and delivery of these supplies. We 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, as well as a substantial increase in the costs thereof, could adversely affect the 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 the operating results and financial position could also be adversely affected.

Maintenance increases and improvements in terms of production capacity, as well as the Company's acquisition operations, generally require significant investments and we cannot guarantee we will achieve the expected return on these.

Orbia has recently made and significant capital investments specifically related to the maintenance of its production capacities, environmental protection and safety, safety of workers and facilities, efficiency and modernization of its plants. For example, during 2020, 2019 and 2018, the Company made investments in assets of $204 million, $261 million and $283 million, respectively.

In addition, the Company has acquired or incorporated, and plans to continue to acquire or incorporate, companies or joint ventures to increase its production capacity, even though the current strategy is aimed at the organic growth of the businesses, complemented by potential appropriate and complementary acquisitions.

For more information on acquisitions see "*Select Financial Information. Establishment and acquisition of new businesses*".

Orbia may not be able to obtain the expected return on its investments if unfavorable conditions arise in its product markets, furthermore its 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 our operating results, including expenses due to impairment of assets. Furthermore, the Company may not be able to meet its obligations under the financing it has taken out if it does not obtain the expected return on its investments. In addition, 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, in which case, this could have a material adverse effect on the operating results, including as a result of charges for the impairment of assets.

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

Orbia is exposed to a potential risk of expropriation or nationalization of its assets located in the different countries in which it operates.

Some of the countries in which it 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 us to renegotiate existing contracts with such governments. These events could materially affect its financial position and the operating results.

The Issuer's customer base depends to a degree on major customers and the loss of all or a portion of business with some major customers may adversely affect its operating results.

In 2020, Orbia's top ten customers combined accounted for 11.3% of its total net sales. The largest single customer accounted for 2.6% of total net sales in the same year. Because Orbia's profitability depends on maintaining a high-capacity utilization rate, the loss of all or a substantial portion of an important customer or end user's sales volume could have a negative effect on its sales or operating results. In the event that any of its major customers face financial difficulties, this could affect the operating results by reducing sales or resulting in the inability to collect accounts and recover the investment made in its production facilities. In addition, a consolidation of Orbia's customers could reduce net sales and profitability, particularly if one of its most important customers were to be acquired by a company related to any of its competitors.

Thus, any negative financial impact on some of Orbia's major customers could lead to a reduction in the production and sale of its products, affecting its operating results and financial position.

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 of organic growth, the Issuer's EBITDA has undergone a growth rate of up to double digits. In addition, the operating income and cash flows have increased substantially, which provides flexibility to continue growing while maintaining its core strengths. This has resulted, and will continue to result, in a significant effort in its administrative, operational and financial infrastructure.

However, the integration of Orbia's new businesses and their operations is a complex and demanding process. Prior to each acquisition, the acquired companies operated independently, with their own business plans, corporate culture, locations, employees and systems. Any integration of another business with Orbia's own could involve significant difficulties, costs and delays, including: (1) de-concentration of the management of day-to-day operations; (2) a possible incompatibility of corporate cultures; and (3) the inability to achieve planned synergies, in addition to costs and delays in implementing common systems and processes.

Similarly, the Company believes that additional growth will be required to expand the scope of its operations and the size of its customer base. Orbia's success will depend in part on the ability of its key executives to effectively manage this growth.

To manage the business and grow effectively, Orbia must continue to improve its operational, financial and administrative processes, controls, systems and procedures, as well as its reporting systems and procedures. In addition, hiring new staff will increase costs, which could make it difficult, in the short term, to offset such expenses against revenues. If it is unable to manage its growth effectively, expenses will increase more than expected, revenues may decrease or increase at a slower rate than anticipated, and it may not be able to implement its business strategy, which could affect its operations, financial position and results.

Orbia has recently made and may make important acquisitions that, if not integrated satisfactorily with the company, 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 the section "Investments made in the last three fiscal years, Chapter 2. The Issuer."*

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 and not achieving the expected savings;
- 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.

We face, and may face in the future, difficulties in the integration of operations, accounting systems and internet technology systems of some of our acquired companies. If we are unable to successfully integrate or manage the acquired operations, we may not achieve the expected cost savings, increased revenues and levels of integration. This could result in lower profitability or losses on transactions arising from asset impairment tests. In addition, we expect to incur significant expenses associated with the integration of the accounts and systems of the acquired companies. Such costs and impacts may have a negative effect on the operating results and financial position.

Orbia is exposed to product risks that could cause damage to third parties.

The Company may be exposed to risks or damages arising from civil liability to third parties resulting from the use of its products, as well as the resulting court case, regardless of whether such products are used in a manner contrary to instructions. It may also be exposed to damage related to the use of its products in medical grade applications and for the food and beverage industry.

Orbia has purchased standard market insurance coverage for this type of risk. However, it cannot assure you that the safety measures taken to prevent product risks are sufficient or that its insurance coverage will be sufficient to cover all the damages it may incur, in which case its operating results or financial position 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 we operate or have a market share are: desertification and drought, rising sea levels, changes in rainfall patterns, decreased water availability, deforestation and disease, all phenomena that 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.

Orbia is exposed to risks related to extreme weather events, including possible damage to its facilities and the lack of availability of water resources to maintain the operation of its facilities.

Extreme weather events can also have a serious impact on the Company's logistics. Its production facilities could be isolated and be unable to receive or ship products by land or sea, as the case may be. Furthermore, the flow of materials could be interrupted in places away from the location of the Issuer's productive facilities, but that are strategic for the transport of goods (for example: closed ports in the USA due to hurricanes or inaccessible borders owing to floods in Europe). The Intergovernmental Panel on Climate Change (IPCC) estimates that extreme weather events will increase in number and intensity. As a result, Orbia's operating sites are exposed to hurricanes, cyclones, tropical storms or other climate change events, and if they are affected by such events, the operating results and financial position could be affected. In addition, the Company may be subject to sanctions, third party actions and regulatory authority investigations if we are unable to comply with existing or future approved environmental legislation.

Natural disasters, production hazards 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.

Orbia has insured its plants against damage caused by accidents or other similar incidents, as well as indirect damage resulting therefrom, such as a business interruption. However, if losses are incurred as a result of these events, they may exceed the limits of the insurance policies, or if they do not exceed them, they may not be fully recovered. Damages that significantly exceed the limits of insurance policies, damages that cannot be recovered for any reason, even if they are within the limits of the insurance policies, or were not foreseeable or covered by them, could have a material adverse effect on operations, operating results, financial position and outlook. In addition, even if we receive payment for insurance policies as a result of a loss, facilities could suffer production interruptions while repairs are being completed, which could materially and adversely affect the operating results, financial position and outlook.

The loss of key executives of both the Issuer and companies acquired now or in the future as a result of acquisitions could affect its operations.

The integration of the Company's management and operations with different companies depends largely on the human resources involved, who know the details of their management and operations, and have vast experience within the industry.

As a result, the projected results of the acquisitions will depend to some extent on the efforts and integration of the companies' operations with those of the Issuer, and the loss of the services of any key executive of any of these companies in the future, for any reason, could affect its operations and results.

Labor disputes could affect Orbia's operating results.

At the end of the 2020 fiscal year, approximately 56% 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 good 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 that, if any, 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 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, as 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 will 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 us 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 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, 2020, the Issuer had cost-bearing debt totaling $3,971 million ($3,626 million for purposes of covenants contained in debt agreements and $345 million in leases), 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.

Our ability to sell additional shares in order to raise capital for the expansion of our business will depend, in part, on the market price of our shares, and failure to meet market expectations with respect to our business could have a negative effect on the market price of our shares and limit our ability to sell them.

Our ability to self-finance through capital depends, in part, on the market price of our shares, which in turn depends on multiple market conditions and other factors that could change at any time, including:

- Interest from investors;
- Our financial development;
- Analyst reports regarding us and the economic, political and social environment in Mexico, or the countries where we operate;

- General conditions in the capital and debt markets, which depend largely on the cash flows of our operations, which in turn depend on increased revenues as a result of events, acquisitions or profits;
- Other factors such as changes in government regulations or tax laws;
- Judicial or administrative proceedings in any jurisdiction in which we operate that could have an adverse effect on our financial position or income; and

The inability to self-finance through capital, due to any of the above circumstances or any other circumstance, may affect our future plans and projects and may also have a negative impact on our operating results or financial position. Furthermore, failure to meet market expectations in terms of our future earnings and cash distributions could adversely affect the market value of our shares and, as a result, our ability to self-finance through capital. Thus, should we be unable to obtain the necessary capital, our operating results could be adversely affected.

Orbia has opted to hedge a portion of the risk associated with fluctuations in interest rates and/or foreign exchange rates using swaps.

We are exposed to interest rate risk (because a portion of our debt is at a variable interest rate) as well as foreign exchange risk (because we have debt and investments in currencies other than the Dollar). Our vulnerability to interest rates is primarily concentrated in the Interbank Equilibrium Interest Rate (TIIE) and LIBOR, which are used for financial liabilities when exchange rate exposure is primarily due to debt and investments in currencies other than the U.S. Dollar. A stress test is conducted 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 made in currencies other than the U.S. Dollar, resulting in internal reports on exposure to interest rate and exchange rate risks that are submitted to our Board of Directors and the corporate governance bodies delegated by the latter. Corporate Finance and Corporate Treasury monitor and manage financial risks related to different operations through internal risk reports, through which risk exposure is analyzed by degree and magnitude. These risks include market risks (currency, exchange rate, interest rate and market value risks), credit risk, liquidity risk and cash flow interest rates.

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. Had the TIIE and LIBOR interest rates increased 100 basis points in each reporting period and all other variables remained constant, pre-tax earnings for the 2020, 2019 and 2018 fiscal years would have decreased by $2 million, $4 million and $4 million, respectively. This is mainly due to the fact that the Company's exposure to Libor and TIIE interest rates on its long-term loans is insignificant, since most of the bank loans and long-term are at a fixed interest rate.

Orbia performs sensitivity analyses for a 10% increase or decrease in U.S. Dollars against relevant foreign currencies. The sensitivity analysis only includes monetary items listed in currencies other than the functional and reporting currencies and adjusts their conversion at the end of the period by a fluctuation of 10%. Thus, by weakening the foreign currency (other than the Dollar) by 10% against the main currencies, the greatest negative effect in terms of results in 2020, 2019 and 2018 would have been in Euros with $107 million, $123 million and $91 million, respectively. Secondly, the effect would have been $20 million, $24 million and $18 million in Pesos for the years 2020, 2019 and 2018, respectively.

The Company cannot assure that the stress tests and hedges it performs are sufficient to cover possible contingencies derived from the stress scenarios considered, or from significant fluctuations in interest rates and exchange rates, which would adversely affect its financial position and operating results.

In addition, transactions with financial derivatives involve certain risks other than currency and interest rate risks, such as counterparty risk (collection risk), risks posed by unusual transactions in underlying or benchmark assets, and risks arising from the need to increase the collateral provided, among others. In the event that any such risks arise, we may suffer a material adverse effect to our results and financial position.

Market practices and documentation of derivative financial instruments in Mexico may differ from those in other countries. The execution and enforcement of these types of operations depends on our ability to develop adequate management and control systems and to hire and retain qualified personnel. These factors could further increase the risks associated with such operations and, as a result, could have a material adverse effect on our operating results and financial position.

The adoption of new accounting criteria, as well as changes in existing accounting criteria, could have a material adverse effect on our operating results and financial position.

From time to time, the IASB (International Accounting Standards Board) reviews and updates its accounting standards, issues interpretations of existing standards and issues new ones. We report our results and financial position pursuant to IFRS. Changes in the IFRS, its interpretations and the issuance of new standards may cause our future reported results and financial position to differ from current expectations, or our historical results to differ from those previously reported due to the adoption of such changes, interpretations or new accounting standards.

In 2020, Orbia implemented a series of new and amended IFRS, issued by the International Accounting Standards Board ("IASB"), which are mandatory and came into effect for the fiscal years starting on or after January 1, 2020 and which are explained in detail in Note 3 of the consolidated audited financial statements attached to this Annual Report and mentioned below.

Initial impact of the application of the Benchmark Interest Rate Reform (Amendment to IRS 9, IAS 39 and IFRS 7). In September 2019, the IASB issued the document Interest Rate Benchmark Reform (amendments to IFRS 9, IAS 39 and IFRS 7). These amendments modify specific requirements of hedge accounting to allow hedge accounting to continue for the hedges affected during the period of uncertainty before the hedging of items or instruments affected by the current benchmark interest rate is amended as a result of the benchmark interest rate reforms that are underway. These modifications are relevant for the Company given that it applies hedge accounting to its exposure at benchmark interest rates. The impact of the amendments applied to the Company's accounting are as follows:

- The Company will retain the gains or losses accrued due to the hedging reserve of the cash flow designated to cash flow subject to the Benchmark Interest Rate Reform, even if there is some uncertainty around the Benchmark Interest Rate Reform with respect to the time and quantity of the cash flow items hedged. Orbia shall consider that future cash flow hedges are not expected to occur for other reasons that are not in the Benchmark Interest Rate Reform. The gains or losses accrued will be immediately reclassified to results.

The amendments also introduce a new disclosure requirement for IFRS 7 for hedge ratios that are subject to exceptions introduced by the amendment to IFRS 9.

Initial impact of the application of other new and amended IFRS that are effective for the fiscal years and reporting periods from January 1, 2020.

In 2020, the Company applied the following amendments and interpretations to IFRS issued by the Committee that are effective for the reporting period from January 1, 2020. The adoption has not had any material impact on the disclosures or on the quantities of these financial statements.

The impacts due to the applied modifications indicated below are explained in detail in Note 3 of the consolidated audited financial statements included in the Annexes Section of this Annual Report:

Amendments to references to the Conceptual Framework in the IFRS

Amendments to IFRS 3 Definition of a business

Amendments to IAS 1 and to IAS 8 Definition of materiality

As a result of the foregoing, the Company's consolidated financial statements may not be comparable against prior periods if we do not adopt a retrospective method of presentation that takes these new standards into consideration. For more information, see Note 3 of our audited consolidated financial statements included in the Financial Statements attached to this Annual Report.

We may not be able to protect our intellectual property rights

We may not be able to prevent third parties from using our patents and trademarks without our authorization or from otherwise infringing on our intellectual property rights. The intellectual property laws of the various jurisdictions in which we operate and the enforcement of such laws by the authorities in such jurisdictions may not be efficient, which may affect our ability to protect our rights over our intellectual property. We cannot guarantee that we will be successful if we try to enforce our intellectual property rights. Because we believe that our patents and trademarks are one of our competitive advantages, if we are unable to enforce these intellectual property rights, our business could be adversely and substantially affected. In addition, any legal proceedings to enforce our intellectual property rights could be costly and could adversely affect our operating results.

We employ and develop technologies that may infringe on certain third-party intellectual property rights

We cannot guarantee that our processes and products do not infringe, or will not infringe at any time, on the intellectual property rights of third parties, or that such third parties will not sue or take legal action in this regard in the future. We cannot guarantee that third parties will not take any legal action for possible infringement on their intellectual property rights by the Company, or that such third parties will not win these legal actions.

Any legal action or proceeding by third parties could:

- Take a long time to be finally resolved;
- Result in a lawsuit or arbitration proceeding, the diversion of the attention of the technical and administrative personal of our principal business, as well as the diversion of financial resources from our operating businesses in order to use them to protect the Company against such actions;
- Require the development of products and services that do not violate third party intellectual property rights, or that adapt to royalty schemes or licensing contracts; and
- Require the use of any product or process that violates third-party rights to cease.

As a result, if any or all of these events were to occur, our operating results and financial condition could be adversely affected.

Higher financial compensation may be required to pay employees for technological innovation

In some of the countries in which we operate, inventions conceived by any employee during his or her employment by a company will be considered an "invention service" and will belong to the employer, as is the case, for example, with the Israeli Patent Law 5727-1967. Thus, the employee who develops an "invention service" may be entitled to receive royalties derived from the profits generated by the employer as a result of the commercialization of said "invention service", unless such employee waives his or her right to receive royalties. Although the Company's employees generally agree to waive such claims, we may face claims for royalties or other compensation relating to "invention service" from employees who do not waive their right. As a result of such claims, we would be required to pay royalties or additional compensation to employees, or be forced to litigate such claims, which could adversely affect our business and operating results.

We are subject to legal and administrative proceedings in certain countries in which we operate, the results of which could adversely affect our business.

We currently operate in more than 50 countries around the world and distribute in more than 110 nations. In some of these countries we have are the plaintiff or defendant in multiple judicial or administrative proceedings regarding our routine operations. We are fully committed to complying with applicable laws and regulations in the jurisdictions in which we operate.

Although the company has policies and procedures outlining how the Issuer and its employees and agents should act in order to ensure compliance with the standards and laws in force in the jurisdictions in which we operate, these and other procedures may be initiated in such jurisdictions and the Company may be the defendant or plaintiff in such cases, therefore we cannot guarantee that the Company will not be party to or involved in such proceedings or that the outcome of such proceedings will be in Orbia's interests. 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, the Issuer'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 our operations, operating results, cash flows or financial position.

We produce, distribute and transport hazardous materials as part of our operations, which involves risks of leaks and spills that could potentially affect both ordinary people and the environment. We also produce, distribute and sell products that are dangerous or have certain levels of global warming potential that may be restricted in the future. As a result, we are 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 our 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 our operating results, cash flow and financial position.

Given the nature of our products, we are required to obtain permits from government authorities for certain operations. We cannot guarantee that we have or will always fully comply with such laws, regulations and permits. If we violate or breach these laws, regulations or permits, regulators may fine or otherwise sanction us. We 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 we have budgeted for the capital requirements and operating expenses necessary to continue to comply with environmental, health and safety laws, we 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 us to incur significant unforeseen capital expenditures, which could affect our future profitability or financial position. Therefore, we 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 our responsibilities arising from past or future releases of, or exposure to, hazardous substances, will not adversely affect our business, operating results, cash flow or financial position.

In the event that the Company does not comply with legal provisions regarding the prevention of corruption, bribery and money laundering, we could be subject to significant fines and our reputation and operations could be adversely affected.

The Company operates in several countries and is subject to complex regulatory frameworks, enforcement of which is becoming increasingly stricter. The Issuer's corporate governance practices and the processes it uses to ensure compliance with the legal provisions to which it is subject may be insufficient to prevent violations of applicable laws, regulations and accounting or corporate governance standards. The Company may be affected by violations of its code of ethics, its anti-corruption policies and its business conduct protocols, as well as instances of fraudulent conduct and corrupt or dishonest practices by its employees, contractors or other representatives. Failure to comply with applicable laws and regulatory measures could damage the Company's reputation, lead us to incur significant fines or penalties and adversely affect our operations, our ability to use the financial markets and, therefore, our financial position.

The use of social networks could adversely affect and impact our 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 our 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 veracity of their content. The opportunities to spread information, including false or inaccurate information, are virtually unlimited. Information that concerns us, or that could seriously affect us, may be transmitted through such platforms and devices at any time. This information could be inaccurate and harmful to us and could damage our business. This damage could be immediate and we 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 our business, operating results and financial position.

Changes in information technology could adversely affect our operation.

Our business growth must go hand in hand with the constant evolution and progress of information technologies (IT), as well as the multiple hardware and software upgrades launched. If our information systems are unstable or obsolete, this could affect our business by reducing the flexibility of our customer value propositions or increasing operational complexity. Any such consequences could have a material adverse effect on our business and operating results.

Our operations could be affected by a failure, interruption or collapse of our IT (Information technology) system.

The efficient execution of our 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 we constantly improve our IT systems and protect our 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 our operating results or financial position.

Security failures in our information system and technological systems and processes could materially affect our subsidiaries, affiliates, suppliers and customers, as well as restrict or adversely affect access to our networks and operating systems, or expose us to significant legal, financial, operational and even reputational consequences.

The execution of our 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 our profile and the amount of PII we handle in our business, and the amount of strategic industrial and technological information stored in our different internal systems, we are vulnerable to cyber-attacks and database infiltration.

We require usernames and passwords in order to access our IT systems. We also use authentication and encryption technology designed to secure the transmission and storage of data and to restrict access to our data or accounts. These security measures are exposed to third party failures or human errors, alterations, incorrect password control or other irregularities. For example, outsiders may attempt to fraudulently persuade employees or customers to disclose usernames, passwords or other sensitive information that could be used to gain access to our IT systems, directly affect our Treasury Department, and extract sensitive or confidential information for illegal transactions or extract information that could expose the Company to the risk of claims of violation of current General Data Protection Regulations (GDPR). Emails 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.

We invest a significant amount of resources on network security, data encryption and other security measures to protect our systems and data, but these security measures cannot provide absolute protection. If we are victims of infiltration of our internal systems and are unable to protect sensitive or strategic data, such infiltration could cause a material adverse change in our business, operating results and our relationships with business partners and customers, as well as have an adverse effect on the Company's operating results and financial position.

Cyber-attacks or other disruptions to our network or information systems could have an adverse effect on our 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 we take to reduce the risk of cyber incidents and protect our 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 our systems include increased expenses associated with strengthening cyber security measures and decreased losses associated with disruption of our services, lawsuits, and damage to our reputation.

Cyber-attacks or other disruptions to our security network or information systems could cause equipment failure or disrupt our operations. Such failures, even when they occur over a short period of time, could cause significant losses or declines in the market price of our shares. In addition, potential losses from cyber-attack events and disruptions to our network could exceed our insurance coverage. Furthermore, cyber-attacks may lead to the distribution, without our consent, of valuable financial information and confidential data of our customers and business, resulting in failures to protect the privacy of our customers and business, which could have adverse effects on our operating results, reputation or financial position.

Our contracting model for high-density polyethylene (HDPE) products involves certain risks related to customer retention, which could have a material adverse effect on our financial and business situation.

We sell a substantial amount of high-density polyethylene (HDPE) products under short-term contractual orders. In addition, we have long-term contracts, particularly with agreements for voice and data telecommunications products in the U.S., Europe and India, among others. Most of our agreements contain terms and conditions relating to pricing, including any type of resin transfer provision, and in general our 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 acquisition of our 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, changes in manufacturing practices, transfer of part of the business to competitors, an economic recession or the inability to adapt services to the needs of our customers, can have a material adverse effect on our financial position.

The operations of the Netafim, Dura-Line and Wavin business groups depend on the agriculture, telecommunications and construction industries, respectively.

Our Wavin, Dura-Line and Netafim business groups depend mostly on the viability of the construction, infrastructure, telecommunications and agricultural industries. A slowdown in the growth of these industries in the countries in which we operate, or a negative change in the economic and demographic factors that influence these industries, could have a material adverse effect on the results of our operations, cash flows and financial position.

Changes in investment levels in the voice and data telecommunications industry could affect the production and sales of our products at Dura-Line.

The different investments required by participants in the telecommunications industry to implement fiber optics and broadband communication systems widely influence this industry, including the markets in which we compete. Investment in this industry depends on a variety of factors, including:

- Local and federal regulation of 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;
- Rights of way, and permits from local and state governments, in the countries where we operate, required to access the construction of new networks;
- The development and acceptance of new industry standards;
- The pressures related to competition in the sector, including prices;
- Annual budget cycles;
- Investments in private company projects and their investment cycles;
- The impact on industry consolidation;
- Access to financing and general economic conditions of the market;
- Price levels;
- Existence, creation or improvement of alternative products, new technologies, etc., and;
- Political stability.

Lack of investment in voice and data telecommunications, due to any of these or other factors, could have a material adverse effect on our sales, operating results and financial position.

Netafim sales are highly dependent on the dynamism of the agricultural industry, including government support to this sector.

Our sales 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 our 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. The state and trend of government support for farms, financial aid and policies regarding the ability to use water for agricultural irrigation can affect the demand for our irrigation products and irrigation system solutions. As farm incomes decline, producers may postpone investments, including the purchase of our products, or look for less expensive irrigation alternatives.

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

Conditions in Israel could affect Netafim's business operations

Netafim is incorporated under the laws of Israel. Its main offices and three of its production plants, including all our manufacturing facilities for drip irrigation products, are in this country. Netafim operations in Israel depend on imported raw materials and the company also exports a significant amount of its products from this country. In addition, all its information and data are in Israel. Since the creation of the State of Israel in 1948, there have been multiple military conflicts in which Israel and surrounding countries have been involved, including opposing Islamic military operations, as well as incidents of terrorist acts and other attacks (including the Second Lebanon War during the summer of 2006 and Israeli military campaigns in Gaza during December 2008, November 2012 and the summer of 2014).

Political, economic and security conditions in Israel can directly affect Netafim's operations. This could be adversely affected by hostilities involving the State of Israel, including terrorist attacks or any other hostility or threat to Israel, the interruption or reduction of treaties between Israel and its trading allies, a significant increase in inflation or a significant reduction in economic and financial conditions in Israel. Any present or future conflict, terrorist attack or tension within Israel's borders or political instability in the region may disrupt international business activities, adversely affecting Precision Agriculture's business and could damage the Company's financial condition and operating results. In addition, these military conflicts could damage production plants in Israel, which would not be easy to replace.

Although Israeli law obliges its Government to pay the reinstatement value derived from damages caused by terrorist attacks or acts of war, there can be no assurance that the policy of that Government will be maintained, or will be sufficient, to compensate the Company for all expenses it may incur. In addition, indirect damages may not be covered. Any loss or damage in which Netafim has been involved, and which has not been paid by the Israeli government, could have an adverse effect on the Company. Certain countries, as well as certain companies and organizations continue or plan to participate in the boycott of Israeli companies, companies with significant operations in Israel, and others. Current and future boycotts, economic strikes or blockades, restrictive laws, policies or practices involving Israel or Israeli businesses, or citizens could adversely affect our business, financial condition or future operating results.

A decrease in prices or agricultural activity caused by weather or other conditions, crop diseases and natural disasters could lead to a decrease in demand for our products and adversely affect our business, financial condition or operating results.

We need farmers to have funds available to buy our products. Crop prices are a factor in boosting sales of our products. Several factors influence crop prices and profitability, including weather, financial markets and water, as well as other supplies. Weather conditions, especially before the planting season, can significantly affect the purchasing decisions of consumers of irrigation equipment, projects and services in the particular locations in which we operate. Natural disasters, such as regional floods, hurricanes or other storms, and droughts, along with crop diseases, can have significant effects on the demand for seasonal irrigation. Drought conditions, which generally positively affect the demand for long-term irrigation equipment, can adversely affect demand if water sources are not available, governments impose water restriction policies, or if farms reduce land for cultivation. Extreme weather conditions over an extended period of time or consecutive seasons, for example due to climate change, could reduce the availability of funds for farmers to purchase our technology and adversely affect our business, financial position or operating results.

Our operations could be disrupted or affected as a result of the key management team's duty to perform military service.

Some of the employees in the countries in which we operate are required to report for reserve duty, depending on age and rank within the armed forces. In addition, they may be called to the active reserve service at any time, in emergency circumstances for extended periods of time. For example, Netafim's operations could be interrupted by the absence, for a significant period, of one or more of its key employees as a result of military service. Thus, any duty of our management team or key personnel to perform military service or to report for active reserve service at any time could cause disruption to the operation of our business and adversely affect our operating results or financial position.

Our relationship with OxyChem, our partner in Ingleside Ethylene, or the decision-making process of Kibbutz Hatzerim regarding its investment in 20% of Netafim's capital stock, could have a material adverse effect on our financial and business situation.

We have a strategic alliance with OxyChem for the construction, operation and production of ethylene in Texas, USA, in a company called Ingleside Ethylene, LLC, which began in October 2013. In February 2017, the 50:50 joint-venture, called Ingleside Ethylene LLC, began operations, on time and on budget, of the ethylene cracker at the OxyChem complex located in Ingleside, Texas, USA. In the second quarter of 2017, the cracker began commercial operations.

On August 8, 2017, the Company announced that Mexichem Soluciones Integrales Holding, S.A. de C.V. (MSIH), an Orbia subsidiary, had reached an agreement with Kibbutz Hatzerim for the acquisition of: i) voting shares representing 80% of the subscribed and paid-in capital stock, ii) all non-voting shares representing approximately 0.4% of the subscribed and paid-in capital of Netafim, and iii) certain loans granted by some of the shareholders of Netafim, Bluedrip S.ar.l, and Netafim Hatzerim Holdings. Kibbutz Hatzerim will retain the remaining 20% of Netafim's capital stock.

We cannot anticipate the extent and consequences that OxyChem decisions may have, or the manner in which Kibbutz Hatzerim will exercise its minority rights contained in the shareholders' agreements, nor the effects this may have on the production and business relationships between the parties, including the Ingleside joint venture or the Netafim partnership.

As a result, Orbia cannot make any guarantees as to how OxyChem, Kibbutz Hatzerim, or as applicable any other related strategic partner, may act in the future, nor the response time of its decision-making process, nor how the new business conditions adopted by such business partners and their subsidiaries will affect us, which could represent a material adverse effect on our business and operating results.

Our agreements executed with OxyChem, ethane, ethylene and VCM suppliers may be insufficient to meet all of our operational and commercial needs, which may affect our production costs due to increases in the price of our raw materials or lack of production capacity.

The supply contracts we enter into with OxyChem, ethane and/or ethylene suppliers or other VCM suppliers may not be sufficient to meet all of our operational and commercial needs, which could have an effect on our production costs due to an increase in the price of raw materials or the services we require, or due to a lack of production capacity at our plants that prevents us from absorbing costs efficiently, as well as the loss of opportunities to sell our 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. Also, variations in PVC, caustic soda and/or ethane prices in the future could affect our operating results and hinder or delay the recovery of our investment in Ingleside.

Our mining concessions may be subject to a being declared invalid, cancellation, suspension, expropriation or revocation of rights pursuant to applicable legal provisions and/or we may not be able to renew our existing concessions, which could have a material adverse effect on our operations and financial position.

We own the rights to several renewable mining concessions, mostly located in Mexico. In Koura, 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. Koura 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, we cannot guarantee that such renewals will be granted. Furthermore, and pursuant to Mexican legislation, Koura 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. Our mining rights derive from concessions granted by the Ministry of Economy. Our 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.

In light of the foregoing, the concessions we have 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 our 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, we may request 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 our concessions are cancelled, terminated, suspended or revoked and we are unable to ensure fair compensation, our 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 will be extended for the same amount of time if their owners did not incur in the grounds for cancellation set forth by law and this is requested within the five years prior to the expiration of their term. Although we plan to apply for such renewals and will comply with all the conditions necessary to obtain them, we cannot guarantee that the concessions will be renewed because the renewal of concessions is subject to the government's discretion. Our inability to renew any of our concessions could have a material adverse effect on our operations, operating results, financial position and outlook.

Under the terms and conditions of the concessions, we are required to comply with certain obligations under the Mining Act. Non-compliance would result in administrative sanctions imposed by the Ministry of the Economy or, as the case may be, following the corresponding administrative action, the authority could decree the cancellation of the concessions. This could result in a material adverse effect on our operations, operating results, financial position and outlook, and would hinder our ability to conduct our operations as we currently do.

Therefore, 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 we are unable to renew the concessions, it would not be possible to receive adequate or timely compensation, our operating results and financial position may be adversely affected.

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

The amount of fluorite reserves in our 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.

We have prepared estimates of proven and probable reserves applying the usual methods of evaluation and assumptions generally used by the mining industry. Although we believe the findings of such studies to be reasonable, they are subject to several uncertainties beyond our control that could have a negative impact on future levels of fluorite production. Fluorite bodies may not conform to standard geological expectations, and estimates may change as new data becomes available. Because fluorite bodies do not contain grades of purity or uniform types of minerals, our mineral extraction rates may vary at any time.

We cannot guarantee that estimates of our 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 our fluorite reserves to be economically unviable for exploitation. Should this occur, we may be unable to obtain enough raw materials to meet our production targets and other commitments, which would have a material adverse effect on our business and operating results.

Illegal imports of refrigerant gases to Europe affect Koura's sales

The European Union revised the F-GAS Regulation in 2014 to gradually reduce the use of hydrofluorocarbons, a family of synthetic chemical products commonly used in refrigeration, air conditioning equipment, fire protection, aerosols and plastic foams. Due to the decrease in supply and the rise in price as a result of the application of import taxes to the region, the illegal traffic of these products came about to meet demand through imports from China directly or through Russia, the Ukraine, Turkey and Albania.

For the Koura business, the illegal import of refrigerant gases to Europe has decreased its downstream business, i.e., the highest added-value fluor products, and has entailed a decrease in its revenue.

Due to the environmental and health risks, the European Union authorities combat this illegal traffic of refrigerant gases. However, the Company cannot estimate how much longer, nor in what quantities, illegal imports to Europe will continue. The results of the Koura business group's operations will likely therefore be affected.

(b) Risk Factors relating to Mexico and other countries in which the Company has its main operations.

The Company's financial position and operating results are exposed to general economic conditions in the countries in which we operate. Orbia has a presence in various markets such as construction, refrigerants, agriculture/irrigation, industry, automotive, consumer, telecommunications (voice and data), energy, and urban and rural infrastructure, among others. The Company actively contributes to the development of Mexico and the countries in which it has an industrial and commercial presence through its subsidiaries, by focusing on each of its strategic sectors and channeling its products to intermediate or end consumers. As a result, Orbia has manufacturing and marketing assets and operations in several countries in the Americas, including: Mexico, Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, the U.S., Guatemala, Honduras, Nicaragua, Panama, Peru, and Venezuela. In addition, the Company has operations in Europe, Africa and Asia as a result of the acquisitions of Polymer Solutions (Vestolit and Alphagary) Wavin, Dura-Line and Netafim. In view of the foregoing, Orbia has 129 production plants in 50 countries with a commercial presence in more than 110 countries. Consequently, Orbia's activities, financial position, and operating results are largely subject to the overall situation of the economies of the countries in which it operates and the purchasing power of their populations.

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

In January 2020, an epidemic was reported in Hubei Province, China, particularly in the capital Wuhan, an industrial center with a significant presence of the automotive sector. The rapid spread of the epidemic and the number of deaths forced the Chinese government to take measures by suspending activities, mass isolation and the interruption of transport routes, to stop the epidemic from spreading throughout the country.

China's complex network of investments, alliances and trade relations with the rest of the world has kept a constant flow of people in and out of the country. This condition facilitated the rapid spread of the epidemic to other countries and soon to virtually the entire world.

The World Health Organization declared it a pandemic, which has infected hundreds of thousands of people and the death of tens of thousands worldwide. The virus causing the pandemic has been named COVID-19.

To stop the rapid advance of the pandemic, many countries, including the most economically developed, implemented isolation measures, social distancing, canceled large events, closed factories, movie theaters, restaurants and borders.

The health measures have had a significant impact on the global economy: an abrupt rise in unemployment, the breakdown of supply chains, a halt to productive activities, a fall in sales and consumption, a fall in cash flows from business operations, non-payment of loans and financial commitments.

The governments of the United States, the European Union and several other countries have approved economic support packages to support and prevent further damage to their respective labor, financial and economic markets.

The COVID-19 pandemic and its human and economic consequences are unprecedented, and so it is difficult to estimate the final consequences of this phenomenon.

The operations, results and financial position of Orbia, its business groups and their respective subsidiaries may be affected by the pandemic caused by COVID-19, and other epidemics that may occur in the future, especially those of greater geographical scope.

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 U.S., 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. Of net sales to third parties by destination in 2020, classified by geographical area, the Company generated 34% in Europe, 32% in North America, with 21% in the USA and 10% in Mexico; and 20% in South America, with 7% in Brazil and 14% in other countries.

Accordingly, the actions and policies of the governments of the countries in which the Company operates, relating to the economy as a whole and the sectors in which we operate, 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 our operations, operating results, financial position and outlook.

The economic, political and social conditions in Mexico, the USA, Germany, the United Kingdom, Colombia, Brazil and India may adversely affect the Company's operations.

The Company's financial performance may be significantly affected by the economic, political and social conditions in the markets in which it operates. In the past, many countries in Latin America, including Mexico, Brazil and Colombia, Asia, including India, and now the United Kingdom, have suffered major economic, political and social crises. The Company cannot predict whether changes in government will result in reforms of government policies and, if so, whether such reforms will affect our operations. In particular, the Company's operations may be affected by conditions in Mexico, the USA, Germany, the United Kingdom, Colombia, Brazil and India, its largest markets.

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 our 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.

Political, geopolitical and economic developments around the world, and particularly in the countries in which the Company operates or to which it sells its products and/or services, could adversely affect the Company's business plans, financial position and operating results.

As a result of the COVID-19 pandemic that spread worldwide in the first few months of 2020, many economic activities were suddenly suspended in most countries. This caused a significant drop in the Gross Domestic Product in the counties where we have a presence. With the exception of China, the world's largest economies recorded a decrease in their respective GDP data.

The economies of the European Union recorded lockdowns throughout 2020 to different degrees and for different periods of time, in order to contain the spread of COVID-19, which resulted in significant declines in the economies of their member countries and increased unemployment levels.

The emergence of the COVID-19 pandemic, which has affected the entire world, has forced the temporary suspension of activities in many economic areas that are not essential to life, creating uncertainty about the immediate future of the economy in each country, by region and worldwide.

Practically one year on from the emergence of the pandemic, and with its economic and financial effects now known, the gradual reopening of economic activities, as well as the availability and application of vaccines, has given rise to expectations that in 2021 and 2022, an economic recovery can be achieved in most countries.

The measures taken to limit the spread of the epidemic in many countries include the suspension of non-essential production activities, closing borders to the passage of people and goods, among others. Though the duration of the health emergency is short, as is desirable, it is not possible to estimate the impact on economies or the permanence of blockade measures affecting international trade and global tourism.

Furthermore, trade and political tensions and warlike conflicts in some parts of the world, result in measures such as new tariffs, economic sanctions from developed countries on other countries for political reasons, and the termination or suspension of international agreements.

Orbia is likely to lower its financial results or see its financial situation affected if current or future international relations drastically modify the current or future balance causing unilateral or multilateral decisions to the detriment of any country, community of countries or region.

Therefore, given Orbia's balance and geographical presence in more than 110 countries, any political, geopolitical, and economic development in the world, and especially in the countries in which the Company operates or to which it sells its products and/or services, could adversely affect the Company's business plans, financial position, and operating results.

Given that the Company produces using raw materials that in previous years have not undergone a price reduction at the same rate as the reduction in oil prices, and sells in markets where the price of the end product has reduced at the same rate, operating margins have been affected as has the financial position of the Issuer. Thus, any political, geopolitical or economic condition, as well as any development that affects the raw materials used in place of those used by the Company that result in changes in the market prices of the Issuer’s end products, could affect our operating margins and financial position.

Orbia may be affected as a result of the change in the federal administration and the arrival of new congress members in the United States.

In January 2021, Joe Biden, the Democratic Party candidate, became President of the United States. From the first day of his term, the new President has taken executive decisions to eliminate policies and regulations issued by his predecessor, reflecting a change of policy in a large number of areas including policies, taxes, the environment, migration, health care and others.

The decisions of the new U.S. President and Congress may eventually have repercussions on the activities undertaken by Orbia, both in US territory and in other regions in which it operates.

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 economic conditions in the U.S. and the European Union as a result of the free trade agreements signed by Mexico with the aforementioned regions, which have contributed to increasing economic activity among these countries and regions, akin to what happened during the recent economic crisis that affected both the U.S. and Europe. The Mexican economy continues to be strongly influenced by the U.S. and European economies and, therefore, the termination of free trade agreements or other related developments, further deterioration in economic conditions or delays in the recovery of the U.S. or European economy could affect recovery in Mexico and Latin America. These events could have a material adverse effect on the Company's operating results and revenues, which could affect the Company's liquidity, financial position and/or the market price of the securities issued by the Company.

Inflation and government measures to restrict inflation and/or reactivate economies may adversely affect the economies of the countries in which the Company operates, as well as the Company's business, its operations and the market prices of its securities.

In the past, Mexico and certain countries in which the Company operates (including Argentina, Brazil and Colombia) have experienced high rates of inflation. Although many of these countries have maintained low inflation rates in the recent past, except for Argentina, there is no guarantee that this trend will continue. Measures taken by the governments of these countries to control inflation have often included maintaining a restrictive monetary policy with high interest rates, which has restricted the availability of credit and reduced economic growth. Inflation, actions to combat it and public speculation of possible additional measures have contributed significantly to a lack of economic certainty in many of these countries, and increased volatility in stock markets.

These countries could experience high levels of inflation in the future. Periods of high inflation could reduce the growth rate of their economies, which could result in a reduction in demand for the Company's products and a reduction in sales. Inflation may increase some of Orbia’s expenses and costs, which it may not be able to pass on to its customers and, as a result, may reduce its margins and net income. In addition, high inflation generally leads to local increases in interest rates and, as a result, the costs of repaying debt contracted at variable rates may increase, resulting in a decrease in net income. Consequently, inflation and its effects on local interest rates may lead to reduced liquidity in the local capital and loan market, which could affect the Company’s ability to refinance its debt in such markets. Any reduction in sales or net income, and any deterioration in Orbia’s financial performance, could affect the Company's liquidity and financial position.

The Company recognizes the effects of inflation in hyperinflationary economies, i.e., where cumulative inflation compounded over the last three years is greater than 100%, in any applicable cases.

Foreign exchange fluctuations of the currencies of the countries in which the Company operates, compared to the U.S. Dollar, and a significant fluctuation in variable interest rates could adversely affect the Company.

In the past, fluctuations in exchange rates in currencies other than the U.S. Dollar against it have affected operating results and could continue to result in decreases in sales and net earnings reported by the Company.

Until January 1, 2013, Orbia considered that the functional currency applicable to certain subsidiaries was the local currency. In 2013, the Company determined that, in accordance with current operating conditions, including new operations and plant capacity expansion, the functional currency should be modified to the U.S. dollar. Furthermore, the functional currency of most of Netafim's operations is the corresponding local currency; however, the currency used by Netafim for information purposes is the Dollar. Therefore, the Company is required to convert assets, liabilities, expenses and loans from its operations in local currency to the U.S. Dollar at the corresponding exchange rates. Thus, Orbia is exposed to exchange risk in relation to the U.S. Dollar in subsidiaries through transactions whose recording and functional currency is different from the U.S. Dollar. The currencies to which the Company is exposed are the Mexican peso, the Brazilian real, the Colombian peso, the euro, the British pound sterling, the Czech crown, the South African rand, the Turkish lira, the Indian rupee, the Israeli shekel and the Polish zloty, among others.

Approximately 83% of the Company's outstanding loans are expressed in U.S. Dollars, although the Company has hedges that mean that 97% of its outstanding loans are in U.S. Dollars, without derivatives, 4% are expressed in Mexican pesos, 11% are in pounds sterling and the remaining 1% are in other currencies (Turkish lira, rupees, etc.).

Of the Company's total revenues, approximately 26% are expressed in local currencies that differ from the U.S. Dollar and Euro and 74% are expressed either in U.S. Dollars and Euros. Loans in Dollars and other currencies bear interest based on fixed and variable interest rates. The Company's fixed interest rate U.S. Dollar and other currency loans represent 96% of Orbia’s total loans.

Moreover, 17% of Orbia’s loans are expressed in currencies other than the U.S. dollar, of which 97.5% (16.6% of total loans) bear interest at a fixed rate, while 2.5% (0.4% of total loans) bear interest at a variable rate (related to the TIIE). Any devaluation of the U.S. Dollar against the various currencies of the countries in which the Company operates and whose functional currency differs from the U.S. Dollar, or any increase in interest rates in countries in which the Company has floating rate loans, would have an adverse impact on Orbia’s net income, operating results and financial position.

Antitrust laws in Mexico and other countries in which Orbia operates may limit our ability to expand our operations.

In Mexico and in the countries where Orbia operates, antitrust laws and related regulations could adversely affect our ability to acquire, sell, 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 we operate or in the countries which we intend to enter.

It should be taken into consideration that Orbia currently has a relevant position in most of the markets in which we operate 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 our operations and market position increase, the risks that may arise with antitrust regulations related to future acquisitions increases, which could have a material adverse effect on the Company's financial and operating results.

Breach or the imposition of stricter government regulations could adversely affect us.

The Company is subject to various federal, state and municipal laws and regulations in the countries in which it operates, including those relating to mining, manufacture, use and handling of hazardous materials, environmental protection, workplace safety and consumer protection. Concessions, permits, licenses and authorizations from various government authorities must be obtained, conserved and renewed on a regular basis in order to carry out our projects and operations. At all times, we seek to comply with these laws and regulations. Failure to comply with the foregoing would result in fines, plant closures, cancellation of licenses, revocation of authorizations or concessions or other restrictions on our ability to operate, which could have an adverse impact on our financial position.

Regulations governing the chemical industry have become more restrictive over time. We cannot be sure that new and more restrictive regulations will not be adopted or be applicable, or that there won't be stricter interpretations of current laws and regulations. Any such event may require incurring additional expenses to meet these new requirements in so far as possible, which would increase the cost of operation.

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 our operating results.

In December 2019, the Mexican government enacted several reforms to the federal tax laws, which - subject to specific provisions - entered into force on January 1, 2020. The most relevant points include: (1) the income tax rate for corporations was kept at 30%; (2) new provisions were included to implement international guidelines, such as the recommendations issued by the Organization for Economic Cooperation and Development (OECD), among others; (3) the powers of the Mexican tax authorities were strengthened; (4) a general anti-abuse rule and new transparency obligations for taxpayers and tax advisors were included; (5) additional limitations on the deductibility of interest were included; (6) tax deductions for payments made to entities resident in a low tax jurisdiction were limited; (6) additional rules are included that strengthen the applicable "Preferential Tax Regime" regime.

The Company's business, financial position and operating results could be adversely affected by the abovementioned changes.

The Company cannot conclude with certainty of what all the final outcomes of such reforms and potential changes to the tax laws of the countries in which it operates could be on its business, and furthermore, some governments may make significant changes to their tax policies in response to their weakened economies. Adverse or unanticipated taxation of the Company's business may have a material adverse impact on the Company's financial position and 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 conduction of audits of previous years and tax payments, as well as the imposition of additional taxes. Some of these actions and evaluations could be exhaustive and could result in the imposition of material sanctions, fines and/or updates. A focused analysis of each of the jurisdictions in which the Company operates is required to evaluate the various fiscal positions of the authority in turn, and thus be able to take the necessary actions. The various unfavorable resolutions taken by the authorities, the payment of additional taxes, the imposition of penalties, the payment of fines, sanctions, expenses or restatements resulting from changes and updates in the tax and fiscal position of the various authorities in any of the jurisdictions in which the Company does business could materially and adversely affect our operating results, financial position and cash flow.

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 our securities are traded.

In Mexico, the U.S. 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 USA 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 USA 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 are different from the United States Generally Accepted Accounting Principles, in various respects.

(c) ***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 cannot be 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.

Relatively low liquidity and high volatility of the Mexican stock market could cause share prices and trading volumes to fluctuate significantly.

Orbia´s shares are listed on the Mexican Stock Exchange. Although the Mexican Stock Exchange is one of the largest stock exchanges in Latin America in terms of market capitalization value, it remains relatively small, liquid and volatile compared to other foreign stock markets, mainly in Europe and the USA. Although the public participates in securities transactions through the Mexican Stock Exchange, a significant portion of these transactions are carried out on behalf of institutional investors. These market characteristics could limit Shareholders' ability to sell their shares and could adversely affect the market price of the shares. The trading volume of securities issued by companies incorporated or operating in emerging markets tends to be lower than the trading volume of securities issued by companies incorporated or operating in more developed countries.

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 USA, 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 USA. 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 USA, 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 decision by shareholders.

The Company's Board of Directors must submit its audited consolidated annual financial statements for the previous fiscal year at Orbia's Annual General Shareholders' Meeting for approval. Once shareholders approve the Company's audited consolidated annual financial statements, shareholders allocate the net income for the previous fiscal year.

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, flow generation, and projected investments in its different business groups. There are several factors that may affect the availability and intervals of cash dividend payments to Orbia's shareholders. The amount of cash available for dividend payments may be affected by various factors, including operating results, financial position, future capital requirements, contractual or legal restrictions stipulated in Orbia's current or future financings, those of its subsidiaries, and the ability to obtain resources from its subsidiaries, as well as many other variables. Cash available for dividend payments can vary significantly from estimates. Even when the Company intends to pay such dividends, there can be no guarantee that the Company will be able to pay or maintain cash dividends or that dividends will increase in the future. The results could differ significantly from the estimates informing the Board of Directors' recommendation to the Shareholders' Meeting to pay dividends or adjust the dividend policy.

There is no dividend payment policy. Until 2017, Orbia applied a criterion of paying up to 10% of the EBITDA for the corresponding fiscal year as a dividend, but this is not a formally adopted policy since there is no document setting it forth in writing, rather it was adopted at the request of the controlling shareholder.

In any event, under Mexican law, the Company can only make dividend payments when the losses of previous years have been paid or absorbed and the payment of the respective dividend is expressly approved by the shareholders. In addition, and pursuant to Mexican law, prior to a dividend distribution, at least 5% of the Company's net income must be allocated to the legal reserve fund until such reserve fund equals 20% of Orbia's capital stock. Additional amounts may be allocated to other reserve funds as determined by the shareholders, including the amount to be allocated to the share repurchase fund. The remaining balance of retained earnings, if any, may be distributed as dividends.

In 2018, an extraordinary dividend of $150 million was declared, payable during the second half of 2018, the last installment payment was made on February 26, 2020 and an ordinary dividend of $168 million was declared, payable in four installments during the course of 2019, which was paid in full in that fiscal year.

On December 2, 2019, Orbia's shareholders decided to approve the payment of a dividend of $180 million payable in four installments during 2020.

On March 30, 2021, the Shareholders' Meeting decided to pay a dividend of $0.10 per share in four installments to be paid throughout the year.

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

As part of our 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 our 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. Thus, Orbia cannot guarantee that in the event that the Company needs to finance future acquisitions or other corporate expenses and for this purpose requires financing through the issuance of additional shares, the price of the Issuer's securities will not fluctuate, and therefore investors may find it difficult to sell their ORBIA* shares, or that they may be sold at the same price or at a price higher than the price paid for them. The market price and market liquidity of ORBIA* shares could be affected by the issuance of additional shares in the future.

The principal and related shareholders, who control Orbia, may have interests that differ from the rest of the shareholders and the holders of the Stock Exchange Certificates and/or Notes.

At the time of this Annual Report, the Company's principal shareholder is Kaluz, which is controlled by the Valle Perochena family which owns approximately 42.91% of the voting capital stock, so it should be considered a significantly influential shareholder pursuant to the LMV. The Valle Perochena brothers individually own 0.43%; other shareholders related to the Valle family that is: (a) Ignacio del Valle Ruíz with 5.09% and (b) various individuals and companies related to a greater or lesser extent to the Valle family have 3.98% 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 and its Stock Exchange Certificates 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 and Stock Exchange Certificates on the BMV could be suspended or even cancelled. In such an event, the market price of the Shares, Stock Exchange Certificates and Notes would be adversely affected.

Lack of a market for outstanding shares or a decrease in the marketability of shares could affect share prices.

Orbia's outstanding shares are part of the sample of shares listed on the BMV whose averages are included in the IPC, according to the information on the behavior of ORBIA* shares in the BMV.

In accordance with the Marketability Index of the BMV, as of March 2021, the share was ranked among those that are grouped in the High Marketability category which includes the shares with the most stock exchange activity in the last six months. Since December 2008, ORBIA* has been included in the High Marketability category.

The Company cannot guarantee that the quotation, the volume, the amount traded and the number of transactions executed in the BMV will enable it to maintain the current position of ORBIA* as a High Marketability security, nor that in the face of decrease in the marketability of the share, ORBIA* will remain as part of the sample of the shares that make up the IPC. A lack of volume, amount traded and the number of shares traded could affect the marketability of the Company's share and this could cause the Issuer to be removed from the sample of shares that make up the IPC, which could negatively impact the Company's share price.

The Company records significant levels of debt

On December 31, 2020, the Company's total active debt was $3,971 million ($3.626 million for the purposes of covenants contained in debt contracts and $345 million in leases), and its stockholders' equity was $3,180 million. The Company's level of debt may have significant consequences for the investor. Among other consequences, debt may:

- Limit our 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 we can offer to obtain additional financing.
- Restrict our 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 our ability to carry out additional acquisitions;
- Place the Company at a competitive disadvantage compared to our less leveraged competitors; and
- Increase the Company's vulnerability to the effects of the adverse economic conditions inherent to the industry.

There can be no guarantee that the Company will continue to generate cash flows in sufficient amounts to service its debt, meet its working capital and capital expenditure requirements or carry out its expansion plans. If sufficient operating cash flow cannot be generated, or in the event that additional loans or financing cannot be requested, it will probably be necessary to sell assets, reduce capital expenditures, refinance all or a portion of existing debt, or obtain additional financing through equity or debt issuances. If this happens, there can be no guarantee that the debt will be refinanced, that assets will be sold or that additional financing will be obtained on terms that are acceptable to the Company. In addition, the capacity to incur additional debt will be limited as stipulated in the credit line agreements. *(See section 3, "Financial Information," item c) Relevant Credit in this Annual Report*).

Additionally, the Company may incur additional debt in the future. The modalities under which the Notes and Stock Exchange Certificates were issued allow Orbia and its existing and future Subsidiaries to incur additional debt, as do the vehicles that govern the Company's existing debt. If the Company incurs additional debt, the above risks could be exacerbated.

Lack of market for notes and stock exchange certificates.

The secondary market for Notes and Certificates is limited and there is a possibility that such a market will not develop. There are several factors to which the price at which Notes and Certificates are traded is subject, such as the level of general interest rates and market conditions for similar instruments. The liquidity of the Notes and Certificates may be adversely affected if such a secondary market does not develop and the Holders thereof may not be able to dispose of their Notes and Certificates in the market. There can be no guarantee that a secondary market will develop for Notes and/or Certificates or that, if one does develop, that it will provide liquidity to Holders. For this reason, Holders should be prepared to hold on to the Notes and/or the Certificates until their maturity and assume all risks arising therefrom. Neither Orbia nor the corresponding placement intermediaries are obligated to generate a secondary market for the Notes and/or the Stock Exchange Certificates, nor do they guarantee that such a market will develop, therefore the Holders assume the risk that in the future there may not be buyers for such securities.

The contractual documents that govern the Notes, the Stock Exchange Certificates, and the instruments that regulate the existing debt impose significant operating and financial restrictions, which could prevent capitalization on business opportunities presented to Orbia.

The contractual documents that constitute and regulate the Notes, as well as the Stock Exchange Certificates and the instruments that govern Orbia´s existing debt, contain restrictions that limit the Company's ability to take certain actions in the future and to participate in certain transactions, either directly or through its subsidiary companies. Furthermore, under some of the current debt agreements we have entered into, the Company is required to maintain specific financial ratios and confirm our compliance at any time. Events beyond the control of the Company may affect our ability to comply with these obligations and mean that we may not be able to adhere to these limitations and verify compliance. Failure to perform any of these obligations could result in an event of breach, which could, in turn, cause the immediate and accelerated maturity of all amounts due under such contracts or securities. The restrictions set forth in the contracts and securities that constitute their debt could limit the Company's ability to take advantage of attractive growth opportunities for currently unforeseen business, particularly if they were limited to increasing debt or making investments in order to take advantage of such opportunities.

The contracts and securities governing the debt, including the Notes and Exchange Certificates, 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 Stock Exchange Certificates 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 ratios. 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. Past events could affect the Company's ability to grow, its financial position or operating results.

Orbia may not be able to obtain the financial resources necessary to finance the consequences of a change of control offer set forth in the terms of the instruments governing the Notes or the Stock Exchange Certificates.

Pursuant to the provisions of the contractual documents of the Notes or the Stock Exchange Certificates, if an event occurs that triggers a change of control (as defined in such documents), Orbia will be obligated to offer to purchase each series of Notes or the Stock Exchange Certificates at a price equivalent to 101% of the principal value of each series of Notes or Stock Exchange Certificates, plus accrued and unpaid interest at the time of purchase. Such events could affect the company's ability to grow and its financial position or operating results. In the event of a change of control, Orbia will need to refinance a very significant amount of its debt, including the Notes, as well as other loans under other contracts or lines of credit. Orbia may not have sufficient financial resources available to make the obligatory purchase of the Notes under such circumstances, and the Company would therefore be in breach of this obligation, which in turn would trigger a cross default provision as set forth by any other debt instrument. Any debt that Orbia owes in the future may also place restrictions on the repurchase of the Notes due to the aforementioned change of control.

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

Each series of Notes and/or the Stock Exchange Certificates, 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.

Pursuant to applicable law, in the event that any of these subsidiaries is subject to a bankruptcy or insolvency proceeding, any payment of the guarantee granted to Orbia could be considered a fraudulent payment and declared null and void because the other creditors of said subsidiary would not be given equal treatment. If any of these events should occur, the likelihood of payment of the Notes and/or the Stock Exchange Certificates, or other financing when applicable, and their respective market value would be materially adversely affected. In addition, pursuant to the Bankruptcy Act and other applicable legislation in Mexico, if Orbia or any of its guarantor subsidiaries or guarantors are declared bankrupt, the payment obligations for Orbia loans or loans its guaranteeing subsidiaries (i) would be converted into Mexican pesos and from pesos to Investment Units or UDIs (units adjusted to the official inflation rate recognized by Banco de México), and would no longer be adjusted to the exchange rate of the Mexican peso to the U.S. Dollar, after the first conversion (ii) payment would be made at the same time as all other creditors' claims; (iii) would be subject to the result of recognition of priority or preferential obligations; and (iv) payment of the Notes and/or Stock Exchange Certificates or other financing would be subject to preferential payment of certain obligations including tax, labor and social security debts and credits with specific collateral, which would take precedence over any other claims, including claims of any investor with respect to the Stock Exchange Certificates and/or the Notes or such collateral. Furthermore, the validity of each guarantee is subject to the existence and validity of the principal obligation being guaranteed. Because of the foregoing, its performance is not separate from the guaranteed principal obligation.

A federal court, or in the absence thereof, any other court, may rule in favor of such a determination if it finds, among other factors, that a guarantor subsidiary exercises its guarantee or grants a lien (or, in some jurisdictions, where such guarantor is obligated to make payments under the pledged assets):

- and such guarantor subsidiary would have received compensation less than the reasonable equivalent or a reasonable value compared to that which it would have received for granting its guarantee or for the granting of a lien;

- and/or such guarantor subsidiary:

    1. was (or was declared) insolvent due to the granting of the guarantee;
    2. was or was about to conduct a deal or transaction in which its assets constituted unreasonably small capital for conducting its business;
    3. intended to incur, or considered that it would incur, obligations that were beyond its capacity to pay at the time of maturity;

It was a defendant in a damage proceeding, or already had a judgment issued against it for damages and, in any event, after the judgment became final, the judgment was not complied with.

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 Stock Exchange Certificates.

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 under the above conditions, the Notes and the Stock Exchange Certificates would be subordinated to all the liabilities, including the accounts payable, of the guarantor subsidiaries. As of December 31, 2020, the Company's Stock Exchange Certificate guarantor subsidiaries had total liabilities of $1,714 million. A court may also issue a judgment against the holders of the Stock Exchange Certificates and/or 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 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 and/or the Stock Exchange Certificates in full.

The provisions of Mexican law may make it difficult for holders of Notes and/or Stock Exchange Certificates 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 obligated to pay the Notes and other credits in U.S. dollars. However, under Mexico's Monetary Act, payment obligations in Mexico in foreign currencies, either by agreement or by order of a judge, may be made in Mexican pesos at the exchange rate at the time and place of payment or of the corresponding court. Pursuant to the foregoing, Orbia will be obligated to pay loans taken out in currencies other than Mexican pesos, as set forth by Mexico's Monetary Act, and the Company cannot guarantee that the amounts paid will be converted by the beneficiary into U.S. dollars or that, if converted, such amount paid will be sufficient to acquire dollars in the same amount of the principal, interest, or additional payments derived from such instruments or loans in currencies other than Mexican pesos.

Holders of the Notes and the Stock Exchange Certificates 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 U.S. laws.

Charging interest on interest may not be enforceable in Mexico.

Mexican law does not permit charging interest on interest and, as a result, the accrual of interest in the event of default on ordinary interest payments on the Notes, the Stock Exchange Certificates and other loans taken out by Orbia may not be enforceable in Mexico.

The payment of the Notes and the Stock Exchange Certificates, 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 Stock Exchange Certificates 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 or Stock Exchange Certificates 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 and/or the Stock Exchange Certificates 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 or the Stock Exchange Certificates.

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 Stock Exchange Certificates.

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*, and;

ii. Long-term Stock Exchange Certificates issued under a Program of Stock Exchange Certificates for up to $10,000 million (ten billion Mexican pesos and zero cents), which can be placed among the investing public. The original authorization of this Program was granted by the CNBV on December 19, 2008 for an amount of up to $4,000 million (four billion Mexican pesos and zero cents), to be issued within a period of 5 years, and the CNBV itself authorized increasing the amount to up to $10,000 million (ten billion Mexican pesos and zero cents) maintaining the term of issues within a period of 5 years, as of March 15, 2012. On November 3, 2017, the CNBV authorized a new program valid for 5 years, for an amount of up to $10,000 million (ten billion Mexican pesos and zero cents).

As of the date of this Annual Report, the following issue has been placed and listed under the Stock Exchange Certificates Program:

ORBIA 12 issue (third of the Program) for 30 million long-term Stock Exchange Certificates, with a par value of 100.00 (one hundred Mexican pesos and zero cents) each, issued on March 21, 2012, maturing on March 9, 2022 through a single payment on the latter date, for a term of 3,640 days, approximately 10 years, paying an annual gross interest rate of 8.12% (eight-point one two percent), which will remain fixed during the term of this third issuance. This issuance of Stock Exchange Certificates is guaranteed by the Company's subsidiaries Mexichem Compuestos, S.A. de C.V., Mexichem Amanco Holding, S.A., Mexichem Derivados, S.A. de C.V., Mexichem Resinas Vinílicas, S.A. de C.V., Mexichem Flúor, S.A. de C.V., and Mexichem Brasil Indústria de Transformação Plástica Ltda. ("Mexichem Brasil"), the latter is a Brazilian corporation and most of its assets are located outside Mexico. In the event of Mexichem Brasil's insolvency or bankruptcy, the claims of the Holders under the Stock Exchange Certificates will be subject to the preference set forth by the laws applicable in the Federal Republic of Brazil.

CI Banco, S.A. Institución de Banca Múltiple acts as joint representative, and S.D. INDEVAL Institución para el Depósito de Valores, S.A. de C.V. acts as depository.

iii. *Senior Notes* or Notes

On September 19, 2012, Orbia Advance Corporation, S.A.B. de C.V., issued and placed Senior Notes for a total amount of $1,150 million, in two blocks: one of $750 million, with a ten-year term and a fixed rate coupon of 4.875% and another of $400 million, with a thirty-year term and a fixed rate coupon of 6.75%. In both blocks of Senior Notes, interest is paid semi-annually on March 19 and September 19, from their date of issue until their maturity on September 19, 2022 and September 19, 2042, respectively. The Senior Notes have been listed on the Luxembourg Stock Exchange for trading on the Euro MTF Market. These Senior Notes have not been registered in the RNV, nor have they been authorized by the CNBV, nor have they been registered under the regulations of the U.S. Securities Act of 1933, which governs securities transactions in the U.S., they were only offered to purchasers considered qualified investors as defined by "Rule 144-A" of the U.S. Securities Act, in that country, and outside the U.S., to non-U.S. residents, under "Regulation S" under the same U.S. Securities Act.

On September 17, 2014, Orbia Advance Corporation, S.A.B. de C.V., issued and placed Senior Notes for a total amount of $750 million, with a term of thirty years, which accrues a fixed annual rate of 5.875%, payable semiannually on March 17 and September 17 from their date of issue until their maturity on September 17, 2044. The Senior Notes have been listed on the Luxembourg Stock Exchange for trading on the Euro MTF Market. These Senior Notes have not been registered in the RNV, nor have they been authorized by the CNBV, nor have they been registered under the regulations of the U.S. Securities Act of 1933, which governs securities transactions in the U.S., they were only offered to purchasers considered qualified investors as defined by "Rule 144-A" of the U.S. Securities Act, in that country, and outside the U.S., to non-U.S. residents, under "Regulation S" under the same U.S. Securities Act.

On October 4, 2017, Orbia Advance Corporation, S.A.B. de C.V., issued and placed Senior Notes for a total amount of $1,000 million, in two tranches. The first tranche, in the amount of $500 million, with a ten-year term, accrues a fixed annual rate of 4.0%, payable semiannually on April 4 and October 4 from its issuance date until its maturity on October 4, 2027. The second tranche, for the remaining $500 million, with a 30-year term, accrues a fixed annual rate of 5.50% payable semiannually on January 15 and July 15 from its issuance date until its maturity on January 15, 2048. The Senior Notes have the option of being redeemed at 100% of the book value of the principal 3 months before maturity for the first tranche and 6 months before maturity for the second tranche. The Senior Notes have been listed on the Luxembourg Stock Exchange for trading on the Euro MTF Market. These Senior Notes have not been registered in the RNV, nor have they been authorized by the CNBV, nor have they been registered under the regulations of the U.S. Securities Act of 1933, which governs securities transactions in the U.S., they were only offered to purchasers considered qualified investors as defined by "Rule 144-A" of the U.S. Securities Act, in that country, and outside the U.S., to non-U.S. residents, under "Regulation S" under the same U.S. Securities Act.

iv. On September 16, 2020, Orbia issued under its U.K. Commercial Paper Program the amount of £300 million Pounds Sterling through the issue of notes (promissory notes). This disbursement was acquired through the Bank of England with a support scheme established together with HM Treasury and under the Covid Corporate Financing Facility. The notes have been issued at a discount and will not generate interest, since they have a maturity of less than one year.

Orbia 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 required to submit, by virtue of the fact that the outstanding shares and their Stock Exchange Certificates 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) **Destination of Funds**

During the 2020, 2019 and 2018 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*).

g) **Public Documents**

Investors may check 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, or on the CNBV website at the following website: 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 person responsible for investor relations, Mr. Javier Luna, Javier.Luna @orbia.com, telephones (52 55) 5366 4084, 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.

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, was originally incorporated under the name of Grupo Industrial Camesa, S.A. and in 1984 adopted the variable capital corporation regime. On April 27, 2005, the Company changed its name to Mexichem, S.A. de C.V. and on December 6, 2006, it adopted the regime of publicly-traded variable capital corporation.

At the Company's Shareholders' Meeting held on August 26, 2019, it was decided to approve the change of its corporate name to Orbia Advance Corporation, S.A.B. de C.V. This 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

1953
Orbia’s origins date back to 1953, when the company Cables Mexicanos, S.A., a manufacturer of wire rope, was incorporated. It later changed its name to Aceros Camesa, S.A. de C.V.

1978
A holding company called 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.

1986
GICSA acquired the company Compañía Minera las Cuevas, S.A. de C.V., whose main activity consisted of the exploitation of fluorite mines in the state of San Luis Potosí.

1997
Grupo Empresarial Privado Mexicano (GEPM), held by the Valle family, acquired GICSA, which in turn acquired a 50.4% stake in Química Pennwalt, S.A. de C.V., a company that produces chlorine, caustic soda, hydrochloric acid, resins, PVC compounds and other derivatives. The French chemical group Elf Atochem held 49.3% of the shares in Química Pennwalt, S.A. de C.V.

2003
GICSA acquired 100% of the Mexichem, S.A. de C.V. shares.

2004
In May 2004, Química Flúor, S.A. de C.V., a producer of hydrofluoric acid, was acquired, and the company’s operations were integrated with that of Compañía Minera Las Cuevas, S.A. de C.V. Through this acquisition, the Company became the largest integrated producer of hydrofluoric acid in the Americas.

In December 2004, the Company acquired Grupo Primex, S.A. de C.V., the market leader in Mexico and Latin America in the production of PVC resins and compounds, as well as of phthalic anhydride. Through this acquisition, the Company positioned itself as the leading producer of PVC resins in Mexico and the third-ranking producer in Latin America.

2005
In order to focus on the chemical business, the Company sold its wire rope business in June 2005.

That same year, the Company changed its corporate name from Grupo Industrial Camesa, S.A. de C.V. to Mexichem, S.A. de C.V. in order to strengthen the strategic positioning achieved by the Group in the chemical sector. The Group's strategic vision was focused on this sector and sought consolidation and vertical integration of its production chains, which is why it only acquired companies related to its value chains (which are now business groups).

2006
Química Flúor, S.A. de C.V. and Mexichem Flúor, S.A. de C.V. merged, with Mexichem Flúor, S.A. de C.V. surviving.

The company began its international expansion in February 2006 with the acquisition of Bayshore Group, a business that produces PVC compounds in the United States.

2007
In order to consolidate its PVC business, in February 2007 the Company acquired Amanco Holding, Inc., a PVC pipe producer and leader in Latin America in water conveyance systems. Through this acquisition, Orbia formed the Fluent business group, which existed until the 2019 tax year, after which the Company decided to separate into three business groups.

In March that same year, the Company acquired the PVC resin manufacturer Petroquímica Colombiana, S.A. (PETCO).

In June 2007, the Company acquired a 50% share of C.I. Geon Andina, S.A., a producer of PVC compounds, located in Colombia.

2008
In January 2008, the Company acquired 70% of the capital of DVG Industria e Comercio de Plásticos Ltda. (Plastubos), a Brazilian company specializing in the production of rigid PVC pipes for drinking water and drainage, for the housing, infrastructure, irrigation and electricity markets. Subsequently, the Company exercised the call option on the remaining 30%.

In April 2008, the Company acquired 100% of the shares representing the capital stock of Fluorita de Río Verde, S.A. de C.V., along with the production plants located in the municipalities of Río Verde, San Luis Potosí and Álamos de Martínez, Guanajuato, as well as the mining concessions to exploit the Fluorita "Lilia II" and "La Esperanza" mines. This company produces Fluorite concentrates, which are basically used for consumption by Mexichem Flúor, in its plant located in Matamoros, Tamaulipas.

In June 2008, the Company acquired 100% of the shares representing the capital stock of Quimir, S.A. de C.V., a Mexican company that produces and markets industrial and food phosphates.

Also, in June 2008, the Company acquired Geotextiles del Perú, S.A., securing Orbia's position as a leader in the geotextiles market and at the same time it expanded its offering of other geosynthetic solutions in the Peruvian market.

That same month, the Company acquired the Brazilian company Fiberweb Bidim Industria e Comercio de Nao-Tecidos Ltda., which manufactures and sells nonwoven products for Geotextiles.

In November 2008, the company acquired Colpozos, S.A., located in Cali, Colombia, which alongside its well drilling, construction, maintenance and repair activities for water extraction, it designs, builds and installs water management solutions in applications such as pumping and irrigation systems.

2009
On March 31, 2009, the Company acquired 100% of the capital stock of Tubos Flexibles, S.A. de C.V., a Mexican company that produces PVC pipes and fittings.

In August 2009, the Issuer's capital stock was increased by 153,600,000 new shares, representing an increase in capital of $2,258 million Mexican pesos.

In September 2009, a 60,000 MT per year capacity aluminum fluoride plant was inaugurated at the Mexichem Flúor, S.A. de C.V. facilities located in Matamoros, Tamaulipas. A $60 million investment was made in this plant.

In September 2009, the first placement of Stock Exchange Certificates issued by Orbia was made in the Mexican debt market for $2,500 million Mexican pesos, for a 5-year term with a 28 Day Interbank Equilibrium Interest Rate (28 Day TIIE) plus 2.44 basis points under the ticker symbol MEXCHEM 09. The funds obtained were used to refinance debt and change its maturity profile, with only 15% of its total debt remaining in the short term. On July 20, 2011, Orbia decided to exercise its right to accelerate all of the Stock Exchange Certificates of this first placement by paying the holders the amount set forth in the corresponding instrument plus the premium for accelerated amortization stipulated therein.

In October 2009, the Company acquired the remaining 50% of the shares in C.I. Geon Andina, S.A., a company that produces PVC compounds, located in Colombia.

During the month of November 2009, the first placement of Senior Notes in the amount of $350 million over 10 years at an annual rate of 8.75% was made. The funds obtained were used for general corporate purposes, including working capital and possible future acquisitions. An amount of $267.1 million was prepaid in September 2012 and settled in November 2019 upon maturity.

2010

In January 2010 Amanco del Perú, S.A. (now Mexichem Perú, S.A.) increased its share of the capital stock of Plastisur, S.A., a PVC pipe manufacturer, from 25% to 98.45%. Plastisur merged with Tuberías y Geosistemas del Perú, S.A., a subsidiary of the Company, immediately after Orbia increased its equity interest.

In March 2010, the Company acquired the Refrigerants division of Ineos Group with a presence in the United Kingdom, the United States, Canada, Japan and Taiwan. Through this acquisition, Orbia strengthened its global presence in the refrigerant gas market for the automotive, medical, and construction sectors.

In June 2010, the Fluor Business Group (formerly the Fluor Chain), inaugurated Hydrofluoric Acid plant II in the city of Matamoros, Tamaulipas, which has a capacity of 30,000 MT per year and an investment of $40 million. This investment was financed with the Company's own funds and bank loans.

In October 2010, Orbia acquired 100% of the shares of Policyd, S.A. de C.V. (a manufacturer of PVC resins) and 100% of the shares of Plásticos Rex, S.A. de C.V. (a manufacturer of PVC pipes). Included in the payment to the seller for this transaction were all the assets, rights and property necessary for the operation of the Santa Clara Plant, owned by the Company, located in the municipality of Santa Clara, Estado de México. Policyd, S.A. de C.V. merged in October 2010 with Mexichem Resinas Vinílicas, S.A. de C.V. and Plásticos Rex, S.A. de C.V. merged with Mexichem Soluciones Integrales, S.A. de C.V. in June 2011.

2011

On January 7, 2011, Orbia acquired 100% of the shares representing the companies AlphaGary Corporation and AlphaGary Limited, PVC compound producers located in the United States and the United Kingdom, respectively. This acquisition, which brought new technologies, gave Orbia the potential to research and develop new products.

On August 31, 2011, the Issuer signed a revolving line of credit for $1,000 million for a term of three years, under a Club Deal format, at a rate of LIBOR plus 90 basis points, which allowed the Company to increase its financial flexibility and take advantage of opportunities that arose in its markets to consolidate its strategic growth plans while improving its debt repayment profile.

On September 2, 2011, the Company offered and placed the second issue of Stock Exchange Certificates under the Program with the ticker symbol MEXCHEM 11 (as it had not yet changed its corporate name as of that date nor upon the issue's maturity), for an amount of $2,500 million Mexican pesos. The principal was due in a single payment on September 2, 2016, paying a gross interest rate equivalent to TIIE plus 60 basis points. The funds were used to pay the bridge loan used to accelerate the payment of the issue of MEXCHEM 09 Stock Exchange Certificates, therefore, the issue did not increase the total amount of active debt, but it did strengthen the financial structure, reduce the financial cost and modify its long-term maturity profile.

In December 2011, Plastubos, which was acquired in 2008, merged with Mexichem Brasil Industria de Transformação Plástica Ltda.

2012

In January 2012, the Company acquired 100% of the shares of Fluorita de México, S.A. de C.V., a company located in the municipality of Múzquiz, Coahuila. Through this acquisition, Mexichem gained access to Fluorita's high-purity mining concessions.

On March 15, 2012, the CNBV authorized the expansion of the Stock Exchange Certificates Program for an amount of up to 10,000 million Mexican pesos or its equivalent in UDIS and for a term of up to 5 years as of the date of such expansion. Orbia therefore publicly offered and placed on September 9, 2011 25,000,000 Stock Exchange Certificates, and on March 21, 2012, 20,000,000 Stock Exchange Certificates of the MEXCHEM 11 issue, so that this issue would reach a new total of 45,000,000,000 Stock Exchange Certificates with a par value of 100.00 Mexican pesos each. The principal was accelerated in a single payment on September 23, 2014.

On March 21, 2012, Orbia made the third issue of Stock Exchange Certificates (ORBIA 12) under the Program, for 30,000,000 Stock Exchange Certificates, with a par value of $100.00 Mexican pesos each, with the maturity date of March 9, 2022 through a single payment, for a term of approximately 10 years, paying a gross annual interest rate of 8.12%, which will remain fixed during the term of this third issue.

In May 2012, Orbia acquired, through a public offering, 95.7% of the shares of Wavin, B.V., a company located in the Netherlands. This company produces plastic pipe systems. It has operations in 18 European countries. In March 2013, the Company acquired the remaining 4.3% of Wavin, B.V. shares.

At Orbia's Ordinary and Extraordinary General Shareholders' Meetings held on April 30 and May 18, 2012, respectively, shareholders approved the payment of a dividend of $136 million (1,800 million Mexican pesos), payable from the Company's CUFIN account. This dividend was paid, according to each shareholder's choice, either (i) in kind through the delivery of one Issuer Share for every 45 Shares of the corresponding shareholder, or (ii) in cash at the rate of $1.00 Mexican peso per Share. In order to facilitate the payment of this dividend, the shareholders authorized a capital increase of up to 40,000,000 Shares. As a result, at the May 18, 2012 Shareholders' Meeting, shareholders approved the issuance of 28,029,771 Shares at a subscription price of $45.00 Mexican pesos for each new Share. The corresponding funds were used to pay the dividend to the shareholders who elected to receive the cash payment. The remaining 11,970,229 shares were issued as payment of the dividend in kind to the shareholders who decided to receive payment in Shares.

On September 14, 2012, Orbia announced the results of its cash redemption offer for a total of $350 million Pesos on debt instruments at an 8.75% rate due in 2019 (the "**Redemption Offer**"). In addition, consent was requested from the holders of debt instruments in order to make modifications to the terms and conditions of such securities. The Redemption Offer and consent expired on September 13, 2012, and on the expiration date, $267.1 million of the outstanding amount of the debt instruments (or 76.32% of those securities) accepted the offer and gave their consent. The Redemption Offer was settled on September 19, 2012, paying a consideration of $1.245 Mexican pesos for each Mexican peso of par value plus unpaid accrued interest on the settlement date.

On September 19, 2012, Orbia successfully finalized the transaction for the issuance of long-term debt instruments, and due to the excess demand for this issue (over 17 times), it was decided to increase the initial amount of the debt instruments to be issued, with a resulting value of $1,150 million. The issuance was made in two blocks: one of $750 million for a 10-year term with a fixed rate coupon of 4.875% and another of $400 million for a 30-year term with a fixed rate coupon of 6.75%.

The Company used the proceeds from the issuance of $1,150 million for corporate purposes and, in general, primarily to prepay debt as follows: (i) up to $600 million for the prepayment of its revolving credit dated August 26, 2011, and (ii) up to $436 million to repay long-term debt, of which $333 million (principal of $267 million and premium of $65 million) has been used to repurchase debt instruments maturing in 2019, through the Redemption Offer that expired on September 13, 2012, $38.0 million ($484 million Mexican pesos) to repay the loan taken out with BBVA Bancomer and $65 million to pay a loan from Bancolombia, S.A., and (iii) prepaid interest and fees of $16 million. The remaining balance of $97.8 million was left in the Company's cash.

On October 9, 2012, Orbia concluded its primary public offering of shares; through which it increased its authorized variable capital stock by issuing 260,000,000 Single Series, Class "II" shares with a price of 60.00 Mexican pesos per share (par value of $1.3192 Mexican pesos per share and the differential generated a premium on share subscription); the amount of funds obtained was $1,211 million ($15,600 million Mexican pesos), which are presented net of placement expenses and their income tax effect of $1,185 million.

2013

In March 2013, Orbia reached an agreement with PolyOne Corporation to acquire 100% of its specialty PVC resin operations in the United States, assets consisting of two production plants and a research and development center. Through this acquisition, Orbia entered the specialized resin products market with higher margins. The approximate value of this acquisition was $250 million.

During 2013 Orbia signed the joint venture agreement with Oxy to build an Ethylene Cracker in Texas, USA. This is part of the vertical integration strategy to capture the competitive advantage of shale gas in North America.

During 2013 PMV, the strategic alliance between Orbia and Pemex began operations in the last quarter of 2013, in line with the plan to increase the capacity of VCM from around 120 thousand tons/year to more than 400 thousand tons/year.

2014

On June 30, 2014, the Company took out a $1,500 million five-year revolving line of credit with a rate of LIBOR plus 95 basis points at 1.35 basis points; this range depends on the utilization level and the rating assigned by S&P and Fitch. With this revolving credit, Orbia increased its financial flexibility to take advantage of the opportunities that arise in its markets to consolidate its strategic growth plans.

On September 17, 2014, the issuance of a $750 million 30-year Senior Note under Rule 144-A / Reg S with a spread of 270 basis points on U.S. Treasury bonds was completed. The Senior Note was payable on maturity. The proceeds were mainly used to refinance the "MEXICHEM 11" issue maturing in 2016 and to fund acquisitions.

On September 19, 2014, Orbia acquired 100% of the shares of Dura-Line Holding Inc. from CHS Capital. Dura-Line, based in Knoxville, Tennessee, USA, has a strong presence in the telecommunications market in several countries and regions around the world. This includes the United States, India, Europe, South Africa and others. This acquisition was valued at $630 million.

On September 23, 2014, Orbia accelerated all the "MEXCHEM 11" stock certificates.

In December 2014, Orbia acquired 100% of the shares of Vesto PVC Holding GmbH (Vestolit). Vestolit is the only European producer of high-impact suspension PVC resin (HIS-PVC) and the second largest producer, also in Europe, of PVC paste and the sixth largest European producer of PVC resins. Vestolit is in Marl, Germany. Its total installed PVC capacity is 415 thousand tons per year. This acquisition strengthened the Company's position in the European market. Additionally, this acquisition gave Orbia access to new technologies and best practices that have improved the operations of its Polymer Solutions business group. Vestolit was acquired for a total of $219 million euros in cash and assumed liabilities. As of December 1, 2014, Vestolit was consolidated into the Vinyl Business Group for accounting purposes.

On December 31, 2014, Mexichem UK Ltd. acquired from E.I. Du Pont de Nemours and Company the exclusive worldwide rights for the distribution and sale of pharmaceutical grade HFC-227ea/P, for the regulated medical and pharmaceutical market for medical propellants. This transaction supports the Company's strategy with a focus on global growth through participation in specialty products. The product is used to safely release various medicines in aerosol form, including fixed-dose inhalers for the treatment of asthma. The product will be sold under the ZEPHEX® brand, owned by the Issuer, the world's leading brand of medical propellants with approximately 75% of the market for medical inhalers produced worldwide. The acquisition price was $4.1 million.

2015

On May 12, 2015, Orbia inaugurated a new manufacturing plant in Hyderabad, India. The plant produces high pressure ducts and pipes for the water, telecommunications (voice and data) and gas markets. The new plant is Orbia’s fourth plant in India, along with two others located in Goa and one in Neemrana, near Delhi. The location of the Hyderabad plant in southern India will provide Orbia with a strategic location to export to Southeast Asia, serve customers in southern India, and capture new business opportunities in the region. The opening of the plant is part of Orbia’s ongoing strategy to become a global, vertically integrated chemical company with a focus on specialty products and solutions. An investment of $3.4 million was made in the plant.

2016

On October 26, 2016, the Company announced the acquisition of Gravenhurst Plastics Ltd. (GPL) in Temiskaming, Ontario, Canada in order to reinforce its global growth model in value-added specialty products. GPL supplies high-density polyethylene (HDPE) piping and ducts for fiber optics as well as construction products in the Canadian market. The transaction was consolidated into the Fluent business group and had a value of $13 million paid in cash.

On November 28, 2016, Orbia announced the acquisition in the United Kingdom of 100% of the shares of Vinyl Compounds Holdings Ltd. (VCHL), a leading supplier of PVC compounds serving a wide range of industries including: building and construction, pipe and profile manufacturing, footwear and consumer goods. The Derbyshire-based PVC composite manufacturer, VCHL, generated annual revenues of approximately $40 million at the time of acquisition. Orbia consolidated VCHL's operations under its Compounds business unit, a leading supplier of PVC compounds, which is part of the Polymer Solutions business group. This acquisition had a value of £24 million pounds sterling, equivalent to $30 million paid in cash.

2017

In February 2017, the 50/50 joint venture formalized on October 31, 2013 between the Issuer and Occidental Chemical Corporation (OxyChem), the Ingleside Ethylene LLC, began operations on time and on budget of the ethylene cracker in the OxyChem complex located in Ingleside, Texas, USA. During the second quarter of 2017, the Cracker began commercial operations. The Cracker has a production capacity of 1.2 billion pounds (550,000 metric tons) of ethylene per year and provides OxyChem with a continuous source of ethylene for the production of vinyl monochloride (VCM), which the Company uses to produce polyvinyl chloride (PVC resins) used to make PVC pipes, among other products. The total amount invested during 2017 and 2016 alone was $62 million and $350 million respectively (based on asset accounting and not cash flow). The joint venture also includes the gas pipeline and storage plant in Markham, Texas, USA.

On March 23, 2017, the Company announced that the U.S. International Trade Commission (ITC) found that imports of refrigerant gas R-134ª were causing material damage to the R-134ª production industry in the United States. The decision was the result of a year-long investigation by the U.S. Department of Commerce, which found that imports of R-134ª from China were entering the United States at prices below fair value. On February 22, 2017, the Department of Commerce announced that imports from China of R-134ª engaged in dumping practices and imposed anti-dumping duties of between 148.79% and 167.02%.

In August 2017, Mexichem Soluciones Integrales Holding, S.A. de C.V. (MSIH), an Orbia subsidiary, reached an agreement to acquire: i) voting shares representing 80% of the subscribed and paid-in capital stock of Netafim, ii) all non-voting shares representing approximately 0.4% of the subscribed and paid-in capital of Netafim, and iii) certain loans granted by some of the shareholders of Netafim, Bluedrip S.ar.l, and Netafim Hatzerim Holdings, Cooperative Association Limited, in favor of Netafim.

On September 27, 2017, Orbia successfully completed the $1,000 million 144ª / Reg S bond offering. The offering consists of two tranches: $500 million 4.00% fixed rate bonds due in October 2027 and $500 million 5.50% fixed rate bonds due in January 2048. The proceeds of the offering were used primarily to finance the acquisition of Netafim, L.T.D. (Netafim).

On December 20, 2017, Orbia announced the decision of PVM shareholders not to rebuild its VCM production capacity. As a result, the VCM business, the assets and liabilities associated with the production of ethylene and the ancillary services associated with VCM and ethylene were classified on that date as discontinued operations in its consolidated financial statements and other statements. Thus, all impacts and recognized revenues related to the incident at the VCM plant are reported as discontinued operations. In 2018, $22.8 million of revenue was recorded in the same item of discontinued operations for complements to the estimates made by Orbia the previous year. In addition, PMV's decision not to rebuild the VCM plant resulted in the additional cancellation of $196 million related to the assets of the Ethylene plant and ancillary services related to the VCM and Ethylene plants, which were also listed as discontinued operations.

2018
On January 22, 2018, Orbia announced that it acquired Sylvin Technologies Inc. (Sylvin), which is a manufacturer specializing in PVC compounds based in Denver, Pennsylvania, USA. for $39 million free of cash and debt. Sylvin, on the date of the announcement, had a 30-year history serving a wide range of industries including: cable, electrical, industrial, automotive, medical and food product industries. Orbia consolidated Sylvin into the Polymer Solutions business group under the Compounds business unit. By combining Sylvin's customer-oriented business model, its strong work force, and application development capabilities with Orbia's global compound business, they will be able to offer greater added value to their U.S. customers. Sylvin's key raw materials are PVC resins, plasticizers, and stabilizers, which should result in synergies with the operations of Orbia’s Polymer Solutions business group.

On February 7, 2018, Orbia completed the acquisition of 80% of the shares of Netafim LTD (Netafim), a leading Israeli company in micro irrigation solutions, after obtaining all government authorizations and fulfilling the prerequisites required in the Share Purchase Agreement signed in August 2017. The price paid for the acquisition was $1,424 million. Kibbutz Hatzerim will retain the remaining 20% of Netafim's capital stock. This transaction represented a significant step forward in Orbia’s long-term strategy to position itself as a world leader in specialized products and solutions, serving high-growth markets. Orbia consolidated Netafim in the Fluent business group.

The acquisition was mainly financed as follows: (i) cash of $239 million, (ii) new short-term loan of $200 million, and (iii) cash flows from the issuance of a long-term bond of $985 million.

On July 6, 2018, Orbia announced that in line with its strategy of consolidating key businesses, it reached an agreement for the acquisition of 44.09% of the shares representing the capital stock held by Pemex in Petroquímica Mexicana de Vinilo, SA de CV. (PMV), through its subsidiary PPQ Cadena Productiva S.L., after approval by the Boards of Directors of both Pemex and Orbia. The transaction amount was approximately $159.3 million, which is within the valuation ranges of comparable companies and prior transactions in the petrochemical sector. Orbia completed the acquisition on November 16, 2018, meaning that, from that date, PMV was exclusively a subsidiary of Orbia and its activity, as of that date until the date of this Annual Report, only consisted of the operation of the chlorine-soda plant.

2019
On June 24, 2019, the Company informed the investing public that it had signed the renewal of its revolving credit for $1,500 million dollars, with 5-year maturity and upgrading different clauses and conditions in line with its investment grade rating based on the Standard & Poor´s ratings ('BBB-' global scale and 'MXAA/MXA-1+' national scale), FitchRatings ('BBB' global scale and 'AA+ (mex)' national scale) and Moody´s ('Baa3' global scale). The credit could be used for any company purpose, including acquisitions, debt refinancing and the financing of commercial transactions, among others. This arrangement replaced the one that was signed in 2014 for a term of 5 years with a syndicate of 10 of the most globally renowned banks.

At the Company's Shareholders' Meeting held on August 26, 2019, it was decided to approve the change of corporate name to Orbia Advance Corporation, S.A.B. de C.V. This 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.

For the Company's management, the fiscal year marked the culmination of the implementation of a multi-year growth strategy based on acquisitions, which significantly increased our global footprint and market penetration.

We defined and announced a new name, purpose, and strategy that reflects our ability to meet the most pressing global challenges and our commitment to advance life around the world.

We reorganized into five business groups focused on providing customer-driven solutions through the verticals of Data Communications (Dura-Line), Precision Agriculture (Netafim), Building & Infrastructure (Wavin), Fluor (Koura) and Polymer Solutions (Vestolit and Alphagary). We also started to implement our "play-to-win" strategy to capitalize on organic growth opportunities and generate greater operational and financial performance.

2020
Sameer Bharadwaj, Chief Executive Officer of Orbia since February 2021, noted the following in his fourth quarter results report with regard to fiscal year 2020: “… Never could we have imagined the disruptions we would have to face as a result of the COVID-19 pandemic. But the most difficult times may be those in which

people’s courage and spirit come to the surface. In 2020, we saw how both emerged, while our resilience grew as we made an extraordinary effort in benefit of all our associates and beneficiaries. First of all, I want to thank and pay tribute to Orbia’s 21,500 plus employees, who have worked tirelessly to keep all our operations running and to deal with our customers’ needs. Everyone has given the best of themselves. We worked diligently to protect our team’s health, safety and wellbeing by implementing strict protocols to prevent COVID-19 infections”.

The World Health Organization ("WHO") declared Coronavirus disease ("COVID-19") a global pandemic. Orbia has taken comprehensive measures to protect employees, customers and communities from the risks associated with the COVID-19 pandemic. During 2020, the Company implemented initiatives such as those summarized below:

- It maintained strict health and safety measures at all its operating sites.
- It introduced staggered back-to-work protocols, when applicable, for essential sites and facilities.
- It continued restricting all non-essential business travel, as well as promoting remote working for a large section of employees at a global level.
- It continued using digital tools to work efficiently and drove innovation while improving digital infrastructure to adapt, increase volume and satisfy customer needs.
- It increased online training and learning, while extending remote medical support and healthcare access to all employees.
- It implemented the employee assistance program in certain regions to offer medical and psychological support, which will continue after the COVID-19 pandemic.

The majority of Orbia’s facilities and plants have remained in operation, and the supply chain has been practically unaffected. The Company has also adapted its production processes, streamlining prototype creation periods to supply essential medical equipment and materials, including the thousands of inhalers that use our propellants or adaptable critical care equipment, rapid COVID-19 test devices, sanitation tents and health evaluations; as well as medical grade personal protective equipment manufactured with our plastics.

Orbia also continues with its medium- and long-term business strategy based on the resilience of its main businesses and the rapid recovery seen from the second half of 2020. Some uncertainty remains, however, around the potential long-term impact that COVID-19 will have.

The most significant effects on Orbia´s financial performance include a decrease in sales resulting from a decline in demand mainly during the months of April and May 2020. Orbia also made use of lines of credit as precautionary measures in the face of the uncertainty resulting from the COVID-19 emergency.

On January 10, 2020, the Company informed the investing public that, as part of its strategy, it continuously seeks business opportunities, as well as options for acquisitions, sales, mergers and any other financial transactions that allow it to maximize shareholder value. In this context and continuing with the long-term strategy, the Company was in the process of analyzing divestiture options or strategic alliances that would allow it to trigger a corporate operation or synergies with third parties with respect to the Polymer Solutions business, without there being certainty or approval on the completion of any transaction to date.

On March 5, 2020, the Company notified its agent bank of the revolving line of credit signed on June 21, 2019, the $500 million reduction of that line of credit that was originally signed for $1,500 million, leaving the Company access to a balance of $1,000 million, which bears monthly interest at LIBOR plus 1.05% and whose principal is amortized in a payment upon maturity on June 21, 2024. On March 27, 2020, a disbursement was made for $1,000 million, which was prepaid as follows: $400 million on September 30, $350 million on October 30, $175 million on November 30 and, finally, $75 million on December 31.

Historically, Orbia’s strategic position mainly focused on the production and sale of added-value products to end customers, as well as the production of chemical products through three business groups: Vinyl, Fluor and Fluent. Due to the Company’s growth in recent years, Management conducted an analysis to identify whether these business groups would continue operating as a benchmark in both operational and financial decision making; as well as to assess their efficiency, considering that the Company has focused on expansion in new and existing markets through organic growth, in addition to the acquisition of companies that offer synergies and opportunities to improve the product and service offering, taking advantage of the boom in its local brands in the countries and territories where it operates.

Therefore, once this analysis was concluded, from April 2020, the Company defined a new structure and way to analyze the business groups, which will allow it to obtain detailed information for decision making, as follows: i) Wavin (Building & Infrastructure), ii) Dura-Line (Data Communications), iii) Netafim (Precision Agriculture), iv) Koura (Fluor) and v) Polymer Solutions (Vestolit and Alphagary).

On May 29, 2020, Orbia informed the investing public that, due to the impact of the COVID-19 pandemic on the world economy and capital markets, it decided to pause efforts related to a possible divestiture, or other strategic option, of its Polymer Solutions business. The Company stated that it had decided to wait for a stable environment that would allow it to maximize shareholder value in a potential transaction. Finally, it added that the Company believes that Polymer Solutions is a solid business with a unique global position with a strong cash flow that will continue to drive sustainable and profitable growth.

On September 16, 2020, the Company set up a Commercial Paper Program for £300 million Pounds Sterling through the issue of notes (promissory notes) with the Bank of England and HM Treasury under the Covid Corporate Financing Facility. The notes mature on May 18, 2021. The annual cost of this facility equivalent in U.S. dollars is 0.74% and they were not listed on any stock market. The Company managed to access this financing option offered by the Bank of England in the context of the COVID-19 pandemic due to its operations and important presence in the United Kingdom. This commercial paper program allows for the reduction of the comprehensive cost of financing and uncertainty in the context of the pandemic.

On November 18, 2020, Orbia completed its first corporate venture capital transaction through an investment in SeeTree, a leading start-up in the agricultural technology sector with a focus on tree cultivation. SeeTree uses military grade telecommunications, surface sensors, artificial intelligence and machine learning in an integrated manner to prevent pests in trees and to maximize its productivity at a low cost. Netafim is partnering with SeeTree to incorporate the company’s advanced technology into Netafim’s solutions offering. This investment represents a significant step for Orbia and Netafim, to the extent that it will allow us to drive the development of conscious and profitable agriculture.

Since this first investment, Orbia Ventures has completed another three additional investment transactions.

Subsequent events (2021)

On March 15, 2021, Orbia informed the investing public that Netafim, its Precision Agriculture business, had signed a final agreement for the Acquisition of Gakon Horticultural Projects, the Dutch leader in turnkey greenhouse projects. The acquisition is synergistic, combining the global presence and experience of Netafim and the greenhouse technology of Gakon. Gakon brings a unique experience to all aspects of greenhouse project execution, greenhouse manufacturing capacities and a proven history in key verticals.

On February 25, 2021, Orbia informed the investing public that it expected EBITDA during 2021 to grow between 4% and 7%, driven by the recovery observed in demand in several of its businesses, provided that there were no unanticipated material disruptions as a result of COVID-19. It also informed that the CAPEX would be between $350 and $400 million for the year.

On January 19, 2021, Orbia announced the appointment of Sameer S. Bharadwaj as new Chief Executive Officer effective from February 1, 2021, after Daniel Martínez-Valle stepped down from this position by mutual agreement with the Board of Directors.

On December 31, 2020 there was a reserve of $25,000,000 in relation to the investigation of Vestolit GmbH by the European Union competition authorities. On January 15, 2021, a €22,367,000 fine was paid to the European Union competition authorities, bringing the matter to an end.

On January 7, 2021, Orbia informed the investing public that, as it has reported on different occasions, in the ordinary course of business, the Company continuously explores opportunities to create shareholder value, including possible alliances, mergers, acquisitions, sales and other types of strategic transactions. In this respect, Orbia continues to evaluate value creation opportunities, including the possible sale and/or strategic alliances in relation to Polymer Solutions (Vinyl Business). On the date of this communiqué, Orbia had not signed any binding agreement to execute any specific transaction.

General business strategy

For several years Orbia defined and implemented a growth strategy based on acquisitions, albeit with a strict financial discipline, which significantly increased its global presence and market penetration. *(See item b) "General Business Description", "Business Strategy" Section of Chapter 2 ": The Issuer" in this Annual Report).*

Most recently, with the arrival of Daniel Martínez-Valle as Chief Executive Officer, the Company stated that the strategy would focus on organic growth complemented by appropriate acquisitions that complement the Company's profile. This strategy is expected to continue under the leadership of Sameer S. Bharadwaj, who became Chief Executive Officer of the Issuer as of February 1, 2021.

To date, Orbia is a community of companies bound by a shared purpose: to advance life around the world. Orbia seeks to achieve this purpose by designing customer-centered added-value proposals through its leading business platform in basic and advanced materials, urban and rural infrastructure, in addition to solutions and services. Orbia's business groups are:

i) Netafim (Precision Agriculture, represented 15% of Orbia's sales in 2020). Netafim's advanced irrigation systems, agricultural technologies and services allow its customers to achieve significantly higher yields and better-quality food in their harvests while using less water, fertilizers and other supplies. By helping farmers achieve more with less, Netafim enables farmers to feed the planet more efficiently and sustainably. Netafim is the global leader in the production and sale of precision solutions for agricultural purposes.

ii) Dura-Line (Data Communications, represented 11% of Orbia's sales in 2020). Dura-Line believes that all people, corporations and communities in the world have the right to get the most out of modern technology. The Company produces over 400 million meters of essential and innovative infrastructure a year -conduits, FuturePath, cables-in-conduit and fittings- which create the physical routes for fiber optics and other network technologies that connect people, homes and cities. Dura-Line is the world leader in conduits and a leading company in high-density polyethylene (HDPE) based products for cable and fiber optics, as well as pressurized pipes for natural gas and other solutions.

iii) Wavin (Building and Infrastructure, represented 32% of Orbia's sales in 2020). Wavin is redefining the pipe and fitting industry by creating innovative solutions that are longer lasting and easier to install. With customers in five continents, Wavin is also developing sustainable technologies around water management, as well as home environmental systems. Wavin is a leading producer of above and below ground solutions for Latin America and Europe.

iv) Koura (Fluor, represented 11% of Orbia's sales in 2020). Koura produces fluor solutions which facilitate modern life in different ways. Koura operates the world's largest fluorite mine and produces propellants, refrigerants and intermediates for the automotive industry, infrastructure, semiconductors, health, medicine, environmental control, food cold chain, energy storage, computing and telecommunications applications. Koura is the global leader in fluorite and the largest integrated producer in the world of hydrofluoric acid.

v) Polymer Solutions (Vestolit and Alphagary, represented 34% of Orbia's sales in 2020). Polymer Solutions focuses on general resins, special resins and compounds based on PVC with a wide range of applications in solutions that facilitate everyday life, such as pipes, cables, floors, auto parts, household appliances, clothing, packaging and medical devices. Polymer Solutions is the global leader in the vinyl sector with strong positioning in the Americas and Europe.

These five Business Groups collectively allow Orbia to focus on ensuring food security, reducing water scarcity, reinventing the future of cities and homes, connecting communities with data infrastructure and expanding wellbeing and healthcare access with advanced materials. Orbia has commercial activities in more than 110 countries and operations in 50, with offices in Mexico City, Boston, Amsterdam and Tel Aviv.

Summary of Corporate and Structural Changes

The Company has implemented the corporate restructuring of some of its subsidiary businesses in order to align, integrate and optimize the productive processes of its value chains, and has appointed the management team in charge of these businesses. The following are the most significant changes that have allowed the Company to create process synergies and efficiencies:

In 2019 we reorganized into five business groups focused on providing customer-driven solutions through the verticals of Data Communications (Dura-Line), Precision Agriculture (Netafim), Building and Infrastructure (Wavin), Fluor (Koura) and Polymer Solutions (Vestolit and Alphagary).

On May 17, 2019, Mr. Sheldon Hirt was appointed Vice President, General Counsel at Orbia. Also, on August 5, 2019, Mr. Edgardo Carlos was appointed Orbia's Chief Financial Officer.

On January 19, 2021, Orbia announced the appointment of Sameer S. Bharadwaj as new Chief Executive Officer effective from February 1, 2021, after Daniel Martínez-Valle stepped down from this position by mutual agreement with the Board of Directors.

In the Polymer Solutions business group:

The following changes have been made in the Polymer Solutions business group (formerly the Vinyl business group):

With the acquisition in 2014 of Vestolit and the acquisition in 2016 of Vinyl Compounds Holdings in the United Kingdom, Orbia entered new markets and regions with higher-margin specialty products. With Vestolit in particular, the Company included high impact suspension PVC (HIS-PVC) resin and PVC paste. In the case of Vinyl Compounds Holdings, the Company acquired a leading PVC compounds supplier that deals with a wide range of industries including: building and construction, pipe and fitting manufacturing, footwear and consumer goods.

The acquisition of Mexichem Resinas Vinílicas in Mexico and in Colombia brought with it the production of suspension and emulsion vinyl resins, copolymer, homopolymer, Blender resins and Extender resins.

On January 22, 2018, Orbia announced the acquisition of Sylvin Technologies Inc. a specialized PVC compound manufacturer based in Denver, Pennsylvania, USA, for $39 million free of cash and debt. Sylvin recorded total sales of $29 million in 2017. The company has a 30-year history of serving a wide range of industries including: the cable, electrical, industrial, automotive, medical, and food product industries.

Sylvin's key raw materials are PVC resins, plasticizers and stabilizers, which should bring synergies to the operations of the Polymer Solutions business group. Orbia consolidated Sylvin in the Polymer solutions business group.

On July 6, 2018, Orbia announced that in line with its strategy of consolidating key businesses, it had reached an agreement for the acquisition of 44.09% of the shares representing the capital stock held by Pemex in PMV, through its subsidiary PPQ Cadena Productiva S.L., after the approval by the Boards of Directors of both Pemex and Orbia. The amount of the transaction came to approximately $159.3 million, a value within the valuation ranges of comparable companies and prior transactions in the petrochemical sector. Orbia completed the acquisition on November 16, 2018, so that, as of that date, PMV was exclusively a subsidiary of Orbia and its activity, as of that date, consisted only of operating the chlorine-soda plant.

The joint venture with Oxy incorporated the production of ethylene for the integration of the Polymer Solutions business group.

In February 2021, both Nicholas Ballas and Gautam Nivarthy were appointed Presidents of the Polymer Solutions business group (Vestolit and Alphagary). Nicholas P. Ballas is now in charge of Vestolit, while Gautam Nivarthy heads Alphagary. Both occupy the post vacated by Sameer S. Bharadwaj when he became Chief Executive Officer of Orbia.

In the Koura business group

With the acquisition in 2014 of the license to distribute and sell pharmaceutical grade HFC-227/ea propellant, Orbia managed to position itself closer to the end consumer in this business area.

The acquisition of Química Flúor added hydrofluoric acid to the product portfolio, which is needed to produce multiple specialty products in this business group. The integration strategy for the Fluor business group has allowed the incorporation of aluminum fluoride products to the product portfolio with its plant in Tamaulipas; with the acquisition of Ineos Fluor it burst into the refrigerant market with higher value-added products, and the latest acquisition of Fluorita de México gave it access to the highest purity fluorite worldwide.

In early 2018, Sameer S. Bharadwaj, President of the Compounds business unit (part of the Polymer Solutions business group), also took over as President of the Koura business group. Sameer participated as a member of the Advisory Board of the Koura business group from 2010 to 2016 demonstrating in-depth knowledge of the business group.

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

In the Netafim business group:

On February 7, 2018, Orbia completed the acquisition of 80% of the shares of Netafim LTD (Netafim), a leading Israeli company in micro irrigation solutions, after obtaining all government authorizations and fulfilling the prerequisites required in the Share Purchase Agreement signed in August 2017. The price paid for the acquisition was $1,424 million. Kibbutz Hatzerim will retain the remaining 20% of Netafim's capital stock. This transaction represented a significant step forward in Orbia's long-term strategy to position itself as a world leader in specialized products and solutions, serving high-growth markets.

The Company believes that the acquisition of Netafim is transformational and will further push its strategy toward specialty solutions, products and services, positioning the Company as an innovative leader in the high-growth market of precision irrigation. By acquiring Netafim, Orbia has become a leading developer of solutions for addressing two of the mega-trends facing the world: food and water shortages, and responding to the need to increase crop yields and meet the highest sustainability standards with respect to fertilization. Netafim has a long history at the forefront of creating smart solutions in the irrigation market. This acquisition gives Orbia access to this smart technology, which can be used in water supply and in other sectors, providing a platform from which it can generate smart industrial solutions based on existing production lines that serve the infrastructure, housing, and data communication markets as well as other sectors. The Issuer believes that this acquisition will also strengthen its global presence and impact in key growth markets and allow it to grow in the replacement market and diversify and expand the end markets in which it sells its products.

Gaby Miodownik is President of this acquired company as of March 1, 2020.

In the Dura-Line business group:

With the 2014 acquisition of Dura-Line, Orbia managed to establish a new Business Group related to development in the telecommunications sector and with excellent positioning in North America and to a certain extent in Europe as well.

With Gravenhurst, Orbia entered the Canadian telecommunications market with specialty polyethylene products.

Orbia also included in its portfolio high density polyethylene (HDPE) products in conduit pipe solutions, pipe protectors and pressure pipes for telecommunications (voice and data), as well as in the energy and infrastructure industry.

Peter Hajdu took over as President of the Dura-Line business in 2018.

In the Wavin business group:

Marteen Roef, who was serving as President of Wavin Europa, took over as President of Wavin in 2018.

The acquisition of Wavin in May 2012 added new technologies and products, especially in the following areas:

- Water management and conveyance through roof drainage via siphon, rainwater infiltration/attenuation units and filters.
- Heating and cooling of surfaces by means of roof heating systems and underfloor cooling systems. Indoor heating and cooling solutions.
- High-spec systems for heating and cooling water, as well as high-spec systems for floors and waste containment.
- Water treatment systems.

Changes to the corporate name

The Company changed its name to Orbia Advance Corporation, S.A.B. de C.V., through an Extraordinary General Shareholders Meeting held on August 26, 2019.

Bankruptcy

As can be seen from 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 to date there is no risk, nor is it known that it could be or has been declared bankrupt.

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 contract 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 units operate in 50 countries, in all of which they adhere to the following general laws and regulations:

- International, national and local regulations, mainly with regard to tax, monetary policy and currency markets access. They must fulfill the administrative requirements in order to obtain permits to operate facilities and plants, and 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, 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.

- The COVID-19 pandemic affected the following aspects:
    - Lockdown restrictions established for non-essential economic activities.
    - Migration of job tasks from the Company’s plants and facilities to remote work, which may result in additional expenses.
    - Regulations on safety protocols that can have an impact on the Company’s plant operations.
    - Customer performance.
    - Product shipments.

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

Investments Made in the Last Three Fiscal Years

Orbia's strategy has historically been to grow through acquiring companies with whom they are able to create synergies and in recent years has focused on capital expenditures to encourage organic growth. The Company can maintain high levels of efficiency and low production costs while improving its leadership position in the markets in which it operates. The following table shows its capital expenditures for the periods indicated.

	Year ending December 31:		
Investment Items	**2020**	**2019**	**2018**
Investments in property, plant and equipment (CAPEX)	204	261	283
Proceeds from the sale of machinery and equipment	(21)	(23)	(4)
Investment in other assets and intangible assets	31	36	71
Investment on a permanent basis	4	-	1,427
Sum	218	274	1,777

Figures in millions

Furthermore, the Company is constantly making investments in technology in order to penetrate and grow downstream businesses and become closer to consumers to offer them high value-added products, as well as differentiated solutions and services.

Acquisitions and new businesses established during the years ending December 31, 2020, 2019 and 2018 included:

1. On November 18, 2020, Orbia completed its first corporate venture capital transaction through an investment in SeeTree, a leading start-up in the agricultural technology sector with a focus on tree cultivation. SeeTree uses military grade telecommunications, surface sensors, artificial intelligence and machine learning in an integrated manner to prevent pests in trees and to maximize productivity at a low cost. Netafim is partnering with SeeTree to incorporate the company's advanced technology into Netafim's solutions offering. This investment represents a significant step for Orbia and Netafim, to the extent that it will allow us to drive the development of conscious and profitable agriculture.

2. On July 6, 2018, Orbia announced that in line with its strategy of consolidating key businesses, it reached an agreement for the acquisition of 44.09% of the shares representing the capital stock held by Petróleos Mexicanos (Pemex) in PMV, through its subsidiary PPQ Cadena Productiva S.L., after approval by the Boards of Directors of both Pemex and Orbia. The transaction amount is approximately $159.3 million, which is within the valuation ranges of comparable companies and precedent transactions in the petrochemical sector.

3. On February 7, 2018, Orbia completed the acquisition of 80% of the shares of Netafim LTD a leading Israeli company in precision irrigation solutions, after obtaining all government authorizations and meeting the prerequisites required in the Share Purchase Agreement signed in August 2017. The price paid for the acquisition was $1,424 million. Kibbutz Hatzerim retained the remaining 20% of Netafim's share capital. This transaction represented a significant step in Orbia's long-term strategy of positioning itself as a world leader in specialized products and solutions, serving high-growth markets.

   The financial statements of Netafim were consolidated in the financial statements of Orbia, as of this date. The acquisition was primarily financed as follows: (i) cash in the amount of $239 million, (ii) new short-term loan in the amount of $200 million, and (iii) cash flows from the issuance of a long-term bond in the amount of $985 million.

4. On January 22, 2018, Orbia acquired Sylvin Technologies Inc. (Sylvin), which is a manufacturer specializing in PVC compounds based in Denver, Pennsylvania, USA for $39 million free of cash and debt. By then, Sylvin had a 30-year history serving a wide range of industries including: the cable, electricity, industry, automotive, medical and food products industries. Orbia consolidated Sylvin into the Polymer Solutions business under the Compounds business unit. By combining

Sylvin's customer-focused business model, strong work force, and application development capabilities with Compound's business group (Orbia's Polymer Solutions business, currently in the group) they were able to offer greater added value to their U.S. customers. Sylvin's key raw materials are PVC resins, plasticizers, and stabilizers, which should result in synergies with the operations of Orbia's Polymer Solutions business group.

The following table shows the acquisitions made from 2018 to 2020, together with their installed capacity and sales (in millions of Dollars) by each company prior to its acquisition.

Acquisition date	Company	Product	Business Group	Installed Annual Production Capacity	Sales 2019 (millions)	Sales 2018 (millions)
January 22, 2018	Sylvin Technologies	Compounds	Polymer Solutions	13,500 (1)	28	29
November 18, 2020	SeeTree	Digital agriculture and agricultural technology space services	Netafim	N/A	N/A	N/A

(1) Tons per year (TPA)

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.

Orbia has not made public offerings of debt or equity in the last three fiscal years.

On September 16, 2020, Orbia set up a Commercial Paper Program for £300 million Pounds Sterling through the issue of notes (promissory notes) with the Bank of England and HM Treasury under the Covid Corporate Financing Facility. The notes mature on May 18, 2021. The annual cost of this facility equivalent in U.S. dollars is 0.74% and they were not listed on any stock market, nor was any related public offering made. The company managed to access this financing option offered by the Bank of England in the context of the COVID-19 pandemic due to its operations and important presence in the United Kingdom. This commercial paper program allows for the reduction of the comprehensive cost of financing and uncertainty in the context of the pandemic.

b) Business Description

Business Strategy

Since the company stopped using the name Mexichem S.A.B. de C.V. and became Orbia Advance Corporation S.A.B. de C.V., the Company has adopted the strategy and capabilities to address some of the world's most pressing challenges, marking the beginning of a new era of social and environmental contributions.

Orbia experienced one of its most challenging years in 2020 due to the COVID-19 pandemic. Each of its 21,500 plus employees worked responsibly to keep operations running, allowing it to fulfill its customer commitments. The Company worked diligently to protect its work teams' health, safety and wellbeing by applying strict COVID-19 protocols. The Company introduced remote working for almost half its staff and supported its employees and their families, as well as the communities in which it operates, at all times.

Despite the context it faced, Orbia achieved very positive financial results, exceeding the expectations it had at the start of the pandemic. The management team acted quickly and decisively from the start, mobilizing its work teams by leveraging technology, operating its operating facilities always with employee health as the priority, preserving capital, controlling costs and increasing connectivity with its customers.

Orbia's portfolio of businesses showed its resilience, achieving particularly positive financial results in the second part of the year. The core of this performance was the consistent execution of the strategy in addition to the recovery of the markets covered.

During the year, the Company continued prioritizing customer-centric approaches through analysis and the implementation of commercial and operational strategies designed to meet the customer demand of its markets, capitalize on organic growth opportunities and deliver superior operational and financial performance.

During the year, despite the challenges presented by the COVID-19 pandemic, the Company continued with the implementation of the following strategies:

A purpose-driven global growth model

In 2020, Orbia continued 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 our customers that our businesses seek to identify and mitigate, always with their needs in mind. Thus, the Company decided to put 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

The Issuer continues to position itself as a leader in Sustainability and Corporate Governance. The following milestones were reached in 2020:

- Environment: The Company continued driving life cycle evaluations. For example, it was found that drip irrigation has a significantly smaller carbon footprint than traditional irrigation methods. In addition, the use of recycled polymers increased at Wavin and Netafim. At Koura, the Company received authorization for its third refrigerant recovery plant in Mihara, Japan. Sulfur oxide emission also decreased by 28% compared to our baseline, on course to achieve the goal of a 60% reduction for 2025.

- Social Responsibility: Orbia made and continues to make an effort at all its businesses to support its stakeholders and their families in overcoming the COVID-19 crisis from a comprehensive perspective that incorporates medical and mental health assistance. The company made historic contributions to civil society organizations like UNICEF, Doctors Without Borders, CARE and others to support efforts that make a reduction in infections possible as well as population assistance in some of the most vulnerable areas. Orbia joined Tent Partnership for Refugees in the fall and set up an alliance with Resilient Cities Network, which represents the world's leading urban resilience network.

- Corporate Governance: The Company introduced a new ESG incentive as part of the management team's compensation applicable from 2021. The Board also selected two new independent board members, bringing the percentage of independents to 66.7%. The company is working with leading headhunters to hire independent board members with relevant management skills so that they can join as other board members leave in the coming months.

This is in addition to different efforts we have been making in recent years and which we summarize below:

- In 2018, the Issuer joined the United Nations Global Compact, reporting on the commitment and actions for the ten principles of the compact in the sustainability report since that year.

- In 2019, it joined the United Nations Global Compact Water Mandate, committing to making progress in six areas with regard to water management. Today, the Issuer is one of a select group of 175 companies worldwide that have joined this compact.

Finally, the Issuer complies with the new Global Reporting Initiative (GRI) guideline criteria based on materiality disclosure and independent third-party review of relevant indicators. In effect, this independent third party assures the data in the report in accordance with the ISAE 3000 standard for assurance. In addition, the Issuer has begun to align the information in the sustainability report with the requirements of the *Sustainability Accounting Standards Board* (SASB), as well as climate-related risks and opportunities within the Task Force on Climate-related Financial Disclosures (TCFD) framework since 2019. The Issuer has set long-term goals that it monitors year after year.

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 any price volatility of the main raw materials. Koura, for example, is 100% integrated from the exploitation of fluorite to the production of refrigerant gases; while since February 2017, the Polymer Solutions business group is approximately 70% integrated with the Ethylene group 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 the return on invested capital in order to achieve and maintain it above its weighted average cost of capital.

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

The Issuer will continue to use 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 our customers, making products available to customers in the markets in which they participate. Orbia will also continue to develop and implement its own 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 allow it to produce pipes that uniquely meet, the requirements of most infrastructure and construction projects in which we compete. Orbia has developed solutions based on fluor compounds for the cement industry that allow for the optimization of Clinker production, whose benefits are not only economic but also reduce the Company’s environmental impact by reducing its carbon footprint.

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 operates by seeking to maintain at a net debt/EBITDA ratio of around 2.0 in the long-term. If in the past Orbia needed to exceed this ratio due to a project, the project must generate value, make perfect 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 around 2.0 net debt/EBITDA in a period of less than 18 months. Orbia will maintain and continue to implement financial strategies, including a conservative debt profile, a conservative hedging structure, as well as strategies to hedge exposure to foreign exchange rates, and thus be able to continue executing its growth strategy.

Implementing a unique business culture

Orbia’s current operations are the result of almost 30 business acquisitions 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 consolidated business culture is important for meeting the objectives set by the Company itself and the market. Orbia is proud to establish and spread among its companies its mission, vision, unique values, and strict adherence to its Code of Ethics as part of this organizational culture so that its employees are not only aware of it, but also apply it to their daily lives.

i. Main activity.

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

With a global presence, Orbia employs more than 21,500 people in 50 countries in which it has 129 production plants, concessions for the exploitation of 2 fluorite mines in Mexico, 8 training academies, and 19 research and development laboratories. It generated sales in 2020 of $6,420 million.

With a more than 50-year trajectory and more than 40 years of trading 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.

Through its commitment to being a good corporate citizen, Orbia offers total value to all its stakeholders, such as customers, employees, investors, and others around the world.

Orbia's operations consist of five business groups: Netafim, (Precision Agriculture), Dura-Line (Data Communications), Wavin (Building and Infrastructure), Koura (Fluor) y Polymer Solutions (Vestolit and Alphagary). The following is a more detailed description of each Business Group:

1. Polymer Solutions Business Group (Vestolit and Alphagary)**.**

This business group consists of six manufacturing processes: (i) basic chemicals including ethylene, chlorine, caustic soda and their derivatives, VCM, EDC and specialty chemicals; (ii) phosphates used in food and beverages, soaps and detergents, fertilizers and food supplements; (iii) the Vinyl Process, which produces general resins used for pipes and fittings, cable, flexible and rigid films, bottles, etc.; (iv) specialty resins used for flooring, wallpaper, coatings, among others; (v) the Plasticizer Process that produces phthalic anhydride and a wide variety of plasticizers used in the processing of plastic resin; and (vi) the Compound Process, which produces plastic resins used to produce products with different applications such as medical products, industrial and consumer products, products for the construction industry, among others, and calcium-zinc stabilizer used in the processing of PVC.

The Polymer Solutions group had net sales of $2,171 million in 2020, $2,334 million in 2019, and $2,460 million in 2018, which represented approximately 34%, 33% and 34% of Orbia’s total sales (before holding company revenues and intercompany eliminations) in those years. Orbia owns the rights to a salt dome in Mexico with more than 30 years of potential reserves, a 50% share in an ethylene production joint venture in the U.S. and a 25% share in a brine production joint venture in Germany. It operates modern production facilities for chlorine, caustic soda, PVC resins, and compounds. It is the largest producer of specialty resins, and the sixth largest producer of PVC resins in the world.

2. Koura Business Group

The process of this business group is divided into 3 stages: (i) the Fluorite Process, which consists of the extraction of fluorite, used for the production of hydrofluoric acid in the cement, steel, ceramic and glass industries, (ii) the Hydrofluoric Acid and Aluminum Fluoride process, used for the production of refrigerant gases, downstream and in the aluminum industry and (iii) the Refrigerant and Propellant Gases process, used in air conditioning and medical applications. This business group includes the mining concession for the world's largest fluorite mine with an installed annual production capacity of approximately 1.8 million TPA, representing approximately 18% of the world's annual fluorite requirements. The mine has proven reserves of about 62 million tons (34 years) according to the latest internal estimate. Sales of the Fluor business group or Koura during 2020 reached $698 million, representing approximately 11% of Orbia’s net sales (before holding company revenues and eliminations). In 2020, 2019 and 2018, this business group’s sales were $698 million, $805 million and $837 million, respectively.

3. Wavin Business Group

Wavin is a global supplier of innovative solutions for the construction and infrastructure industries with more than 60 years of experience and specialization. This business group focuses on solving global challenges in water supply, sanitization, cities resilient to climate change and better construction performance. It is committed to building healthy and sustainable environments. Wavin’s main offices are in Amsterdam, the Netherlands and it has a presence in more than 40 countries with around 10,000 employees.

The Wavin business group is comprised of Orbia’s acquisitions: Wavin in 2012 and Amanco in 2007. Since 2019, this business group has operated under Wavin’s global leadership, as global leader in PVC pipe systems and solutions, and also as market leader in Europe and Latin America.

In 2020, 2019 and 2018, Wavin recorded sales of $2,071 million, $2,239 million and $2,362 million, respectively (before holding company revenue and eliminations), representing approximately 32%, 32% and 33% of Orbia’s net sales (before holding company revenue and eliminations) for each of those years, respectively.

4. Dura-Line Business Group

Dura-Line operates with the conviction that each organization, community and inhabitant of the planet deserves the chance to benefit as much as possible from modern technology. The Company produces over 400 million meters of essential and innovative infrastructure a year -conduits, FuturePath, cables-in-conduit and fittings- which create the physical routes for fiber optics and other network technologies that connect cities, homes and people. Dura-Line is the global leader in the manufacture and distribution of these products in a highly dynamic industry.

The company has positioned itself as a leader in the production and distribution of pipes, fittings and solutions for cable and fiber optics for voice and data transmission, as well as pipes for the transportation and distribution of certain materials, mainly in the U.S. / Canada and AMEA regions.

This group recorded net sales of $732 million, $749 million and $798 million, equivalent to approximately 11%, 11% and 11% of Orbia’s total sales (before holding company revenue and intercompany eliminations) for fiscal years 2020, 2019 and 2018, respectively.

5. Netafim Business Group

Netafim is aimed at high growth markets and produces solutions to address two global mega-trends: growing water and food scarcity.

The Company is the global leader in the production and sale of smart micro-irrigation solutions, with 62 subsidiaries and 17 plants located in Israel, Turkey, the Netherlands, Spain, South Africa, Mexico, Brazil, Peru, Chile, China, Colombia, Australia, India and the United States, serving more than 110 countries.

Netafim offers agriculture, civil engineering and project solutions related to water management, use and control in agricultural, livestock and aquaculture activities. All this allows it to offer the widest variety and diversity of solutions that adapt to customers’ needs.

Netafim’s sales in the 2020, 2019 and 2018 periods stood at $972 million, $1,063 million and $945 million, respectively. Netafim contributed to Orbia’s consolidated revenues for the same fiscal years the equivalent of 15%, 15% and 13%, respectively.

Competitive Advantages

Orbia focuses on creating value for its stakeholders, including its shareholders, customers and suppliers, and employees through the development and continuous improvement of its products and services, starting with its basic raw materials. Through vertical integration of the market for products with higher added value, it seeks to obtain better results. 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, a leader in the markets in which it participates, is known for its strategy focused on low-cost production through constant investments in its own state-of-the-art technology; the integration of its basic raw materials in its two main production chains; creation of synergies in logistics, purchasing, systems, treasury, human resources and other functions, and constant development and implementation of cost-efficiency projects.

In the Polymer Solutions business group, Orbia is partially integrated to its main raw material, ethylene, and thus the production chain is integrated from the extraction of salt to the production of plastic compounds. It has facilities for the production of salt for industrial consumption, ethylene, chlorine, soda, VCM chlorine derivatives, PVC and specialty resins, as well as compounds, in addition to being integrated to one of the main raw materials for the manufacture of plasticizers: phthalic anhydride.

Koura, of the Fluor business group, has its own fluorite mine, making it the only fully integrated global producer of its raw material. This integration gives Koura an unparalleled competitive advantage, not only in Mexico but also worldwide. Koura is the only company in the world with a vertically integrated value chain, from the extraction of fluorite, through hydrofluoric acid, to the production and sale of refrigerant gases and medical propellants in the Americas, Europe, and Asia.

For the Wavin, Dura-Line and Netafim business groups, their main raw materials 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 a very important competitive advantage, particularly in times of shortages, as was seen during the last few month of 2020.

Over the past 18 years, Orbia has acquired companies or formed joint ventures to vertically integrate its operations and increase access to the raw materials needed for its operations.

Leading position in the PVC and plastic pipe markets in Latin America and Europe and considerable growth forecasts as well as being an undisputed global leader in the fluorite market.

Orbia is one of the largest pipe producers in Europe and Latin America, a leader in the production of PVC resin in Latin America, according to IHS Markit, and maintains a leading position worldwide. The Company believes that the primary markets for such products in the infrastructure and construction industries could experience sustained growth over the next few years, particularly in the Latin America and Asia Pacific regions.

Of the net sales to third parties in 2020, by geographical area of destination, the Company generated 34% in Europe; 32% in North America, with the U.S. representing 21% and Mexico 10%; 20% in South America, with 7% in Brazil and 14% in other countries. Over the past five years, the Company has expanded its operations throughout the Western Hemisphere, the Middle East and Africa and now has production facilities in 10 Latin American countries, as well as facilities in the United States, Canada, Japan, China, the United Kingdom, Oman, South Africa and Israel. There are attractive growth forecasts in infrastructure and construction in the emerging markets in which Orbia sells its main Wavin and Polymer Solutions business group products due to a significant housing deficit, insufficient infrastructure, lack of access to water and sanitation and electricity, etc. Meanwhile, in developed countries, the greatest challenge is large-scale maintenance and improvement of transport, water, electricity and telecommunication networks.

Thus, the Issuer expects a sustained demand for PVC in the coming years in line with reports by IHS Markit (2020 World Analysis - Vinyls) and estimates an annual average rate of growth through 2030 averaging 3.7%.

Orbia has a strong presence in the American, European, and Asian markets due to its unique position within the Koura business group. The Issuer has the concession rights for the exploitation and extraction in Mexico from the world's largest fluorspar mine, and has modern plants for the production of HF and refrigerant gases, which allows it to forge solid relationships with strategic market participants. In addition, the proximity to the end fluorochemicals market in the U.S. provides a competitive advantage. The Company frequently enters into long-term dollar-denominated contracts with reputable international customers to sell fluorite and the HF it produces. The Company's global positioning will allow it to explore opportunities in order to supply more value-added products.

Our proven ability to integrate and operate acquired companies throughout the Americas, Europe, the Middle East, Asia and Africa

While since 2003, Orbia has grown rapidly by consolidating 30 finalized business acquisitions, the current management team’s strategic focus is centered on organic growth and seeking synergies between the existing 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.

Thus, Orbia's geographical diversification, like its growing focus on added-value and specialty products, has changed the Company's profile considerably, from a company based on commodities and chemical products, to a company increasingly based on innovative and specialty products, which has made it more and more resilient in the face of constant changes 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, with an average of more than 10 years' experience in similar industries and more than 20 years of professional experience. The management team has a proven track record of operating successfully in the industry, particularly Orbia's operations new acquisitions in order to grow and strengthen its businesses.

Strong relationship with major suppliers and customers 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. Orbia has, in turn, defined, according to growth potential and size, the market segments it wishes to participate in and, through the signing of long-term contracts, has positioned itself alongside strategic clients, lending the company a competitive advantage that is difficult for its competitors to match.

Innovation through research, development and patented production processes

Orbia has a product research and development department with human resources and facilities that allow it to innovate processes and products that are tailored to its customers' needs. The Company has its own technology for its production processes which places it at the forefront of technology since it has developed in its different production chains, unique designs that give it advantages over its global competitors. The Company's 19 research and technology centers are located in Mexico, the U.S., the Netherlands, Italy, India, the Czech Republic, the United Kingdom and Israel and focus on the development of new products and the alignment of processes to achieve safety and the optimization of its production chain. In the Koura business group, cutting-edge technology for fluorite purification has been developed in the hydrofluoric acid process. This innovation has succeeded in lowering the annual production cost of HF. Additionally, as a result of the acquisition of Wavin, Orbia gained access to new technologies and products developed by this business group, with whom it already had technology transfer contracts. In total, the Company has more than 500 patented products.

Climate Change Summary

Orbia 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 in the different areas where Orbia has operations or market presence are desertification and drought, increase in sea level, changes in rainfall patterns, decrease in water availability, deforestation and diseases. All these phenomena could affect the Company's conditions, operating results and financial condition, due to the need to generate investments for the adaptation of operations, the increase in the price of supplies and power, the closure of affected operations, and the relocation of suppliers, protection measures against natural phenomena, the relocation of facilities to places with more favorable conditions and greater environmental regulatory requirements.

In this regard, the main anticipated risks are the physical risk to current and future facilities, and the availability of water for their operation. Orbia carries out risk assessments and detection of opportunities due to climate change in the regions where it operates for each site. Preventive actions have been identified and based on this; actions are being taken to mitigate such risks. Operating risks in areas at sea level have been identified and mitigated through constant monitoring of hurricanes, with the support of forecasting models from the National Hurricane Center in Miami. This makes it possible to plan actions corresponding to the supply chain and plant operations, as well as to prevent difficulties that may be triggered by this type of event.

Extreme weather events can also have a serious impact on the company's logistics, since production units could be isolated without the ability to receive or ship product by land or sea. Likewise, the flow of materials may be interrupted in places outside the company, but strategic for the transport of goods (ports closed in the USA due to a hurricane or border bridges that are inaccessible due to flooding in Europe). Thus, Orbia's operating sites are exposed to hurricanes, cyclones and tropical storms due to Climate Change, and if affected by such phenomena, the Company could see its operating results and financial situation affected.

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 examples that are considered in the plans. If it manages to operate almost normally facing these events, it will have a clear advantage over the competition, lacking these measures.

While climate change can have negative impacts on operations, it can also represent interesting business opportunities such as:

- Opening new markets for products that contribute to the adaptation and mitigation of the effects of climate change
- Sustainability and positioning as a result of consumer preference for companies committed to environmental care and social responsibility

Integrated Companies

Business group	Country	Equity Stake %
Polymer Solutions (Vestolit and Alphagary):		
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
Vinyl Compounds Holdings, 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
Koura (Fluor):		
Mexichem Flúor, S.A. de C.V.	Mexico	100
Mexichem Flúor Comercial, S.A. de C.V.	Mexico	100
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
Wavin (Building and Infrastructure):		
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

Business group	Country	Equity Stake %
Mexichem del Perú, S.A.	Peru	100
Mexichem Argentina, S.A.	Argentina	100
Mexichem Brasil Industria de Transformação Plástica, Ltda.	Brazil	100
Wavin N.V.	The Netherlands	100
Wavin Nederland B.V.	The Netherlands	100
Wavin Belgium N.V.	Belgium	100
Wavin (Foshan) Piping Systems Co. Ltd.	China	100
Wavin Ekoplastik S.R.O.	The Czech Republic	100
Nordisk Wavin A/S	Denmark	100
Norsk Wavin A/S	Norway	100
Wavin Estonia OU	Estonia	100
Wavin-Labko Oy	Finland	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
Wavin Latvia SIA	Latvia	100
UAB Wavin Baltic	Lithuania	100
Wavin Metalplast-BUK Sp.zo.o.	Poland	100
Wavin Romania s.r.l.	Romania	100
OOO Wavin Rus	Russia	100
Wavin Balkan d o.o.	Serbia	100
AB Svenska Wavin	Sweden	100
Wavin TR Plastik Sanayi Anonim Sirketi	Turkey	100
Wavin Ltd.	United Kingdom	100
Warmafl oor (GB) Ltd.	United Kingdom	100
Wavin Ukrain O.O.O.T.O.V.	Ukraine	100
Dura-Line (Data Communications):		
Dura-Line Holdings, Inc.	The United States	100
Mexichem Canada Limited	Canada	100
Netafim (Precision Agriculture):		
Netafim, LTD	Israel	80
Holdings:		
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) Salt-Chlorine-Soda-Ethylene-VCM process
  (a.2) Chlorine-Caustic Soda process
  (a.3) Vinyl and Compounds process

(b) Wavin business group

(c) Dura-Line business group

(d) Netafim business group

(e) Koura business group
  (e.1) Fluorite Process
  (e.2) Hydrofluoric Acid (HF) and Aluminum Fluoride (AlF_3) Process
  (e.3) Refrigerant Gases and Fluorocarbons Process

(a) Polymer Solutions business group (Vestolit and Alphagary) (formerly Vinyl or Chlor-Vinyl Chain)

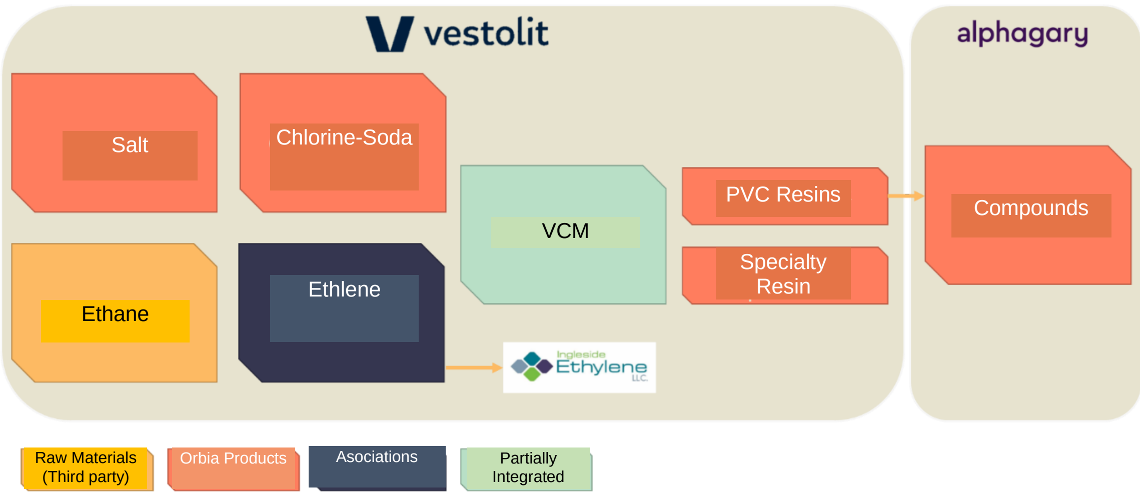
The process begins with the extraction of salt, by injecting water into the salt dome, converting it into brine, which is then transported by pipes to the plant which converts it into chlorine and caustic soda by applying an electric current. Chlorine is combined with ethylene to form vinyl chloride monomer (VCM), which is polymerized to produce polyvinyl chloride (PVC). Currently Orbia is self-sufficient in VCM for its plant in Germany and obtains the necessary VCM for the production of PVC in America from OxyChem, although it also has supply contracts with other suppliers in smaller amounts, a situation that is expected to continue in the future. Ingleside began the ethylene cracker start-up process in February 2017, starting commercial operations in the second quarter of 2017, allowing Orbia to reap the benefits of vertical integration of the Polymer Solutions business group for PVC, which in turn will allow Orbia to reduce its PVC production costs.

PVC is a versatile plastic that has countless everyday uses, such as: pipes for transporting drinking water and for irrigation; coatings for electrical conduction cables; profiles for constructing windows, doors, facades or entire houses; tiles, floors, furniture coverings, automobile parts and household appliances, clothing and footwear, containers and packaging, medical devices, adhesive tapes, and many others.

This business group also produces plastic resin compounds, specially formulated to meet the specific requirements of customers who transform this polymer into end use goods. Compounds incorporate the various additives necessary for the processing of plastic resins, and those required to obtain the functional properties unique to each use.

PVC resins can be combined with other additives to make value-added products such as compounds, pipes and coatings.

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



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

The Polymer Solutions business group has 23 sites with 31 plants operating in Mexico, Colombia, the United States, the United Kingdom and Germany focused on the production of PVC and specialty resins, compounds, VCM (only in Germany) and various by-products such as chlorine and caustic soda. In addition to the ethylene cracker from the joint venture with OxyChem and the salt mine, Polymer Solutions has 17 sites that are ISRS (International Safety Rating System) certified, seven are ISO 45001 certified, 19 are ISO 9001 certified and 12 are ISO 14001 certified in addition to eight SARI (Responsible Care) certified sites and four are Clean Industry certified sites. These plants meet strict safety, health and environmental protection standards throughout the manufacturing life cycle strict standards of safety, health and environmental protection throughout the manufacturing life cycle.

The Polymer Solutions business group consists of the following subsidiaries:

- Mexichem Derivados, S.A. de C.V. and Mexichem Derivados Colombia, S.A.S. and Petroquímica Mexicana de Vinilo, S.A. de C.V., which produce chlorine, caustic soda and specialized chlorinated products such as sodium hypochlorite, hydrochloric acid, and other specialized chemicals;
- Mexichem Resinas Vinílicas, S.A. de C.V., and Mexichem Resinas Colombia, S.A.S., leaders in Latin America in the production of PVC resins;
- Mexichem Specialty Resins Inc., a leader in the production and marketing of specialized resins;
- Quimir, S.A. de C.V., a producer of industrial and food phosphates;
- Mexichem Compuestos, S.A. de C.V., and Mexichem Compuestos Colombia S.A.S., producers of compounds and plasticizers;
- Mexichem Specialty Compounds (formerly AlphaGary Corporation and AlphaGary Ltd.), manufacturers of PVC and PVC-free compounds;
- Vestolit GmbH, producer of chlorine, caustic soda and PVC resin in high-impact suspension (HIS-PVC) and PVC resin in paste;
- Ingleside Ethylene LLC, which began producing ethylene in February 2017 and began commercial operations in the second quarter of the same year;
- Vinyl Compounds Holdings Ltd. (VCHL), a leading supplier of PVC compounds.
- Sylvin Technologies Inc. a specialist manufacturer of PVC compounds.

From 2018 to date the Polymer Solutions Business Group has made the following acquisitions and executed the following investments:

Sylvin Technologies, Inc., On January 22, 2018, Orbia announced the acquisition of Sylvin Technologies Inc., a PVC composite manufacturer based in Denver, Pennsylvania, for $39 million free of cash and debt.

Sales

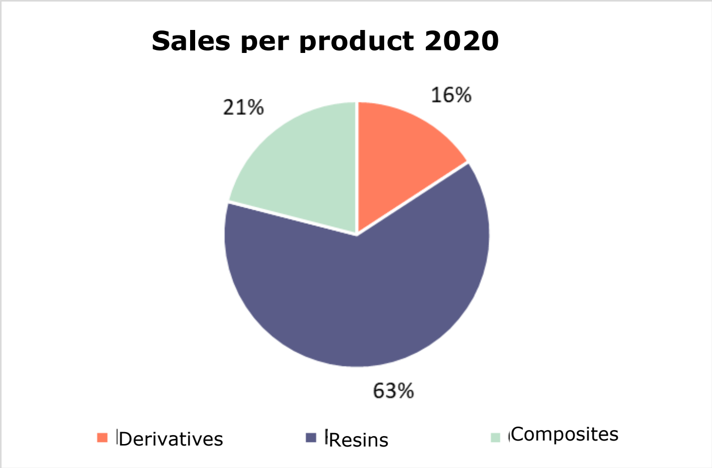
In 2020, the Polymer Solutions business group's sales and EBITDA (including inter-group transactions), were $2,171 million and $462 million, representing a 7% decrease in revenue and a 4.2% increase in EBITDA, both compared to 2019. In 2019, net sales were $2,334 million and EBITDA was $443 million, representing a decrease of 5.1% and 16.4%, respectively, compared to the previous year. In 2018, Polymer Solutions had net sales of $2,460 million and EBITDA of $530 million.

In fiscal years 2020, 2019 and 2018, Polymer Solutions contributed 33%, 33% and 34% of the Company's net sales (before controller income and intercompany eliminations) and 35%, 32% and 38% of its consolidated EBITDA, respectively.

The table below shows the Polymer Solutions business group's production and sales volumes for 2020, 2019 and 2018.

	Year ending December 31:					
	Volume Sold (1)			**Sales** (2)		
Polymer Solutions	**2020**	**2019**	**2018**	**2020**	**2019**	**2018**
Derivatives (3)	937	860	820	350	370	368
Resins	1,414	1,515	1,529	1,402	1,486	1,638
Compounds	226	232	237	466	513	525
Eliminations	(43)	(41)	(62)	(47)	(35)	(71)
Total, Polymer Solutions	2,535	2,565	2,524	2,171	2,334	2,460

(1) Thousands of tons.
(2) Figures in millions of dollars.
(3) Consolidates the Derivatives sales in the strategic interests of the Issuer.



Information excluding inter-chain transactions within the same Business Group

(a.1) Salt-Chlorine-Soda-Ethylene-VCM Process

Orbia has plants for the Salt-Chlorine-Soda process in Mexico where it produces chlorine, caustic soda, salt, hydrochloric acid, sodium hypochlorite; in Colombia where it produces sodium hypochlorite; and in Germany where it mostly produces chlorine, caustic soda and VCM. It also has plants that produce industrial and food phosphates. Likewise, in a 50/50 joint venture with OxyChem, the Issuer produces ethylene in a cracker located in Ingleside, Texas.

Products

Chlorine. It 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. It has an endless number of applications; the main ones include: 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.

Sodium hypochlorite. It 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.

Hydrochloric acid. It 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, it 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.

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 (PE) and polyvinyl chloride (PVC), solvents, coatings, plasticizers and antifreezes, among the most widely used.

VCM. Vinyl chloride monomer is used almost entirely (96-98%) in the manufacture of polyvinyl chloride or polyvinyl chloride resin (PVC), a very versatile product that has applications in the medical and construction sectors, as well as in cable sheathing, piping, rigid and flexible profiling, and toys.

Industrial and food phosphates. 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).

Raw Materials

The main raw materials in the Salt-Chlorine-Soda Process are salt, natural gas and electricity, which were on average 10%, 11% and 74%, respectively, of the production cost in 2020 in the Derivatives business unit of the Polymer Solutions business group. In Mexico, these raw materials are obtained through long-term supply contracts, with periodic reviews, with the National Water Commission (water), Federal Electricity Commission (electric power). Since 2015, there have been supply agreements with Iberdrola to supply electric power to Mexichem Resinas Vinílicas and Quimir, and in 2019 two supply agreements were signed to supply electric power to PMV and to Mexichem Derivados; Pemex Industrial Transformation (natural gas), with the exception of salt, which is extracted from the concession for the exploitation of the company's salt dome.

Sales and Marketing

For product sales in this process, Orbia has long-term contracts with some customers, for which it has established sales schemes that promote loyalty through discounts for volume acquired during specific periods of time. Long-term contracts represent approximately 70% of chlorine sales and 54% of caustic soda sales; and provide for the use of a price formula based on North American reference prices provided by IHS Markit and ICIS. The remaining volume is sold on the spot market at prices calculated by reference to the prevailing sales price at that time. In Europe, 100% of the chlorine produced is used to produce VCM and derivatives, caustic soda is sold to third parties.

Main Clients

The clients of the Salt-Chloro-Sose-Ethylene-VCM Process are located mainly in the secondary sector (1) the petrochemical, secondary chemical, agrochemical and pharmaceutical industries; (2) PVC resin production, plastics processing, (3) soap and detergents, cellulose and paper, matches, and polymers such as polyurethane products for hygiene and cleaning of hospitals and homes, (4) water treatment, bottling, and metal-mechanical industry.

Distribution Channels

The products of the Salt-Chlorine-Soda-Ethylene Process are basic raw materials and are mainly marketed directly to industries as a business-to-business model that use them as inputs to produce other products. Sales are made through the group’s sales force to direct customers, inter-company, and distributors, which in turn sell to end customers mainly in the same business to business model.

Distribution Contracts

The sale of Salt-Chlorine-Soda-Ethylene Process products is made directly and through distributors. Almost 7% of sales through distributors are made through service agreements.

Cyclic behavior

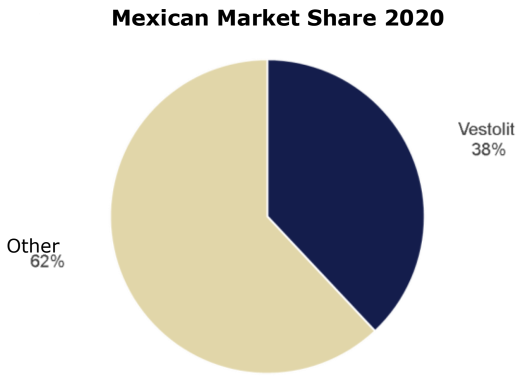
The chemical industry within the scope of raw materials production behaves in accordance with the international economy expansion and contraction cycles, and the supply and demand conditions of the main raw materials, which can have a significant impact on prices.

Competitive Position

The Company maintains its leadership position in the domestic market. Regarding the import of caustic soda, which competes with domestic production, the business has a favorable competitive position because it has a guaranteed supply due to local production as opposed to the supply imported for logistical reasons. However, in the face of a constant soda supply mainly from the U.S., competitiveness could be affected.

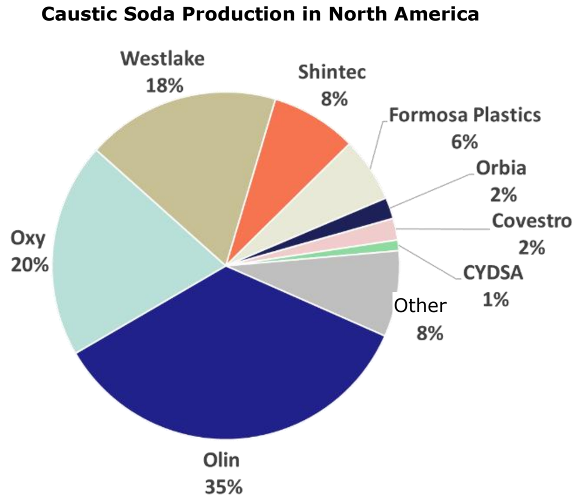
Market Share

The following graph shows Orbia's participation in the caustic soda market in Mexico during 2020:



Source: Orbia market research based on ANIQ import-export reports and IHS Markit.

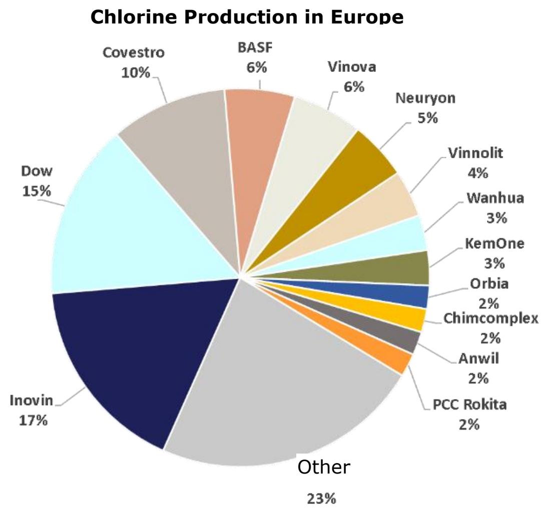
The total capacity in the caustic soda market in North America is 16.2 million metric tons.



Source: IHS Markit

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

In 2020, the total chlorine capacity in Europe reached 11.8 million tons. The following graph shows the main chlorine producers, based on the IHS Markit report.



Source: IHS Markit

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

(a.2) Process Chlorine and Caustic Soda

Raw Materials

Salt-Chlorine-Soda (alkali or chlor-alkali) is a term that refers to the chemistry of chlorine and caustic soda, produced mainly by electrolytic processes. Chlorine and caustic soda are co-products that result from the disintegration of salt into components by means of the electrolysis process. This process produces a fixed ratio of chlorine and caustic soda, which is referred to as an Electrochemical Unit (ECU). An ECU mainly consists of 1 unit of chlorine and 1.12 units of caustic soda. The main materials used in this process are electricity and salt, electricity being the main cost.

Although chlorine is used in many chemical processes, its main use is in the production of vinyl resins for the manufacture of PVC. Caustic soda is used in the production of pulp and paper, organic chemicals, soaps and detergents, textiles, oils and aluminum.

The chlor-alkali industry is cyclical due to the direct impact of economic growth on demand, where periods of low profitability and low growth are often followed by periods in which attractive margins justify capacity expansion. In general, the demand for chlorine depends on the construction sector, while the demand for caustic soda depends on the manufacturing sector.

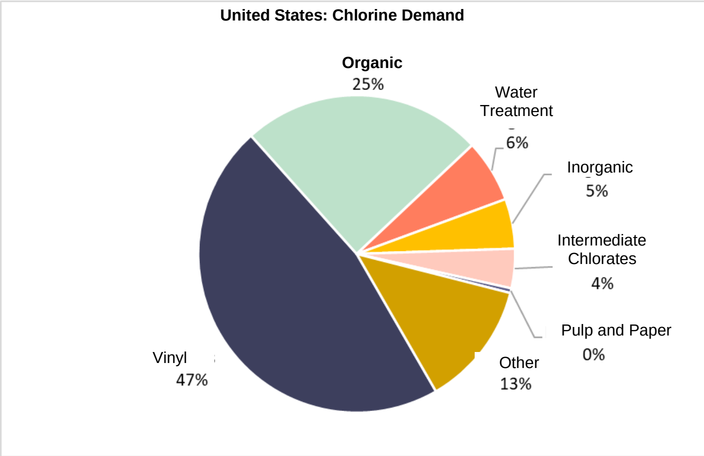
Most chlor-alkali producers are regional, with Dow Chemical Company being a notable exception, as it is a multinational and global company with a strong presence in North America and Europe.

According to a study by IHS Markit Chlor-Alkali 2020 World Analysis, chlorine consumption is expected to present an annual average worldwide increase of 1.5%.

Traditionally, chlorine demand drives the chlor-alkali production rate as chlorine plants are often integrated by facilities producing chlorine derivatives such as vinyl and PVC resins. The demand for chlorine is highly dependent on the demand for vinyl (particularly PVC resin). Since most of the chlor-alkali production is not composed of users of caustic soda, their demand may vary significantly.

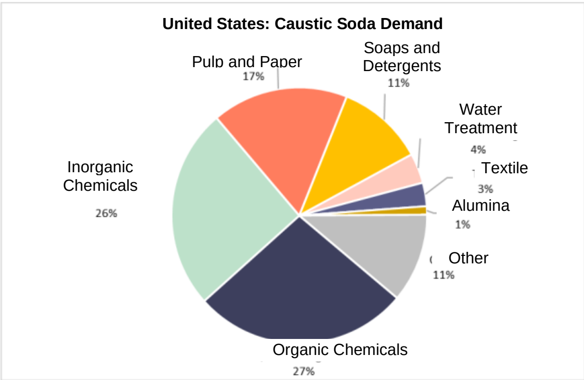
Main Customers

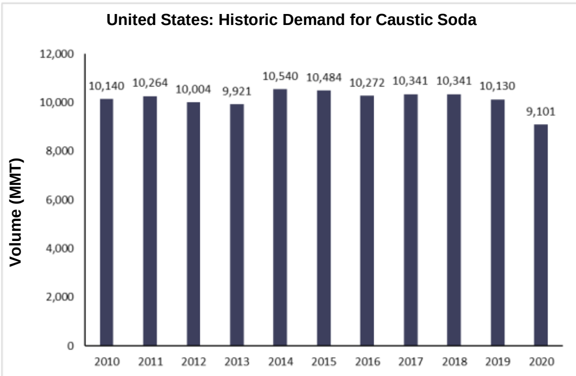
Vinyl production, particularly PVC resin, is the largest use of chlorine in the U.S. As shown in the chart below, in 2020, 47% of the chlorine produced is used to manufacture PVC resins. PVC is one of the most versatile polymers and it is widely accepted as it can be molded for a variety of uses in the construction industry, including rigid and flexible tubing, pipe fittings, and wire/cable coatings, among other applications.



Source: IHS Markit

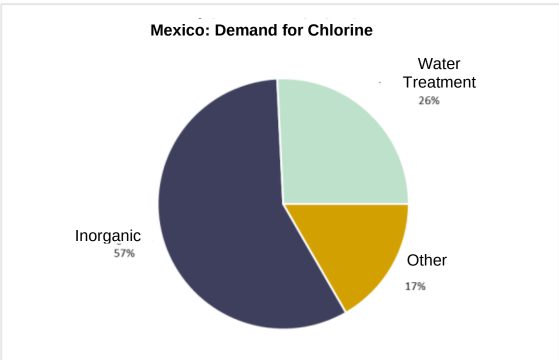
Caustic soda in the USA is used in a large number of industrial applications in the manufacture of organic chemicals (27%) such as propylene oxide and epichlorohydrin, inorganic chemicals (26%) such as titanium dioxide and aluminum, as well as in the production of pulp and paper (17%). In 2020, the total production capacity of caustic soda in the USA was 15.0 million tons per year, and 14.2 million tons for chlorine.

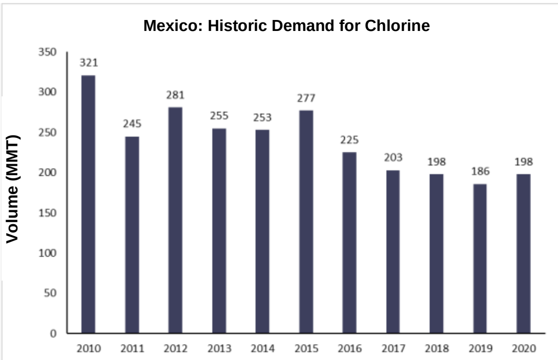




Source: IHS Markit

In Mexico, caustic soda has many industrial uses, including organic (28%) and inorganic (27%) chemical products, as well as in the production of soaps and detergents (10%). The total production capacity of caustic soda in Mexico in 2019 was 594,000 tons, and 551,000 tons for chlorine, while the production of caustic soda and chlorine of the Issuer, in the same year in Mexico was 156,000 and 140,000 tons, respectively. In 2019, the demand for chlorine in Mexico was 187,000 tons, while the demand for caustic soda was 404,000 tons according to IHS Markit.

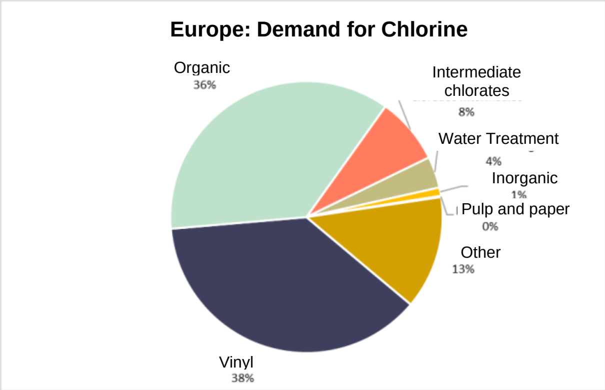




Source: IHS Markit

In the last 20 years there has been a significant change in the use of technologies to produce chlor-alkali. Membrane cell technology intensified its use in the mid-1980s, which has replaced mercury cell technology because membrane technology inherently brings environmental improvements and reduced energy costs. In Western Europe, chlorine-soda production based on mercury technology was converted to membrane cell technology in 2018. Some chlorine-soda plants with asbestos-based diaphragm cells are modifying this material with another asbestos-free polymer and their operation is still approved and regulated by their respective governments. Orbia does not use mercury technology in its chlorine processes.

Caustic soda production in Europe in 2020 reached 9.1 million tons, a decrease of 6% compared to 2019.



Source: IHS Markit

Chlorine and caustic soda prices

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

(a.3) Vinyl and Composite Process

Products

The main products of the Vinyl Process 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.

The following are results of the Vinyl Process:

PVC resins with very diverse applications, mostly for the construction sector, such as cable coatings, window frames, pipes for carrying drinking and sanitary water and in other sectors, such as toys, balls, containers, hoses, chairs, decorative items, house, automotive industry and many more.

In the Composite Process, materials are produced for:

Cables, flexible profiles, footwear injections, automotive use, computer circuit-holders, injection of accessories for pipes and similar items, purified water bottles, production of containers and packaging by bio-orientation process, containers for edible oils, vinegar, detergents, cleaners, juices, sauces, coffee powder, among others.

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

The production capacity of the vinyl and compounds manufacturing process as of December 31, 2020 there was an average of 1.8 million tons of PVC resin and 430,000 annual tons of compounds.

Raw Materials

The main raw material used in the Vinyl Process is VCM, which in 2020 represented 68% of the production cost in the businesses in the Americas; while the main raw material in Europe is ethylene which contributed 38% to the production cost. Orbia buys VCM from third parties, such as Westlake and OxyChem. According to its installed capacity for PVC production at the end of 2020 in its Vinyl Process, the Company required more than 1.8 million tons of VCM for all its plants (1.4 million tons in America and 0.4 million tons in Europe). With the operation of the Ingleside Ethylene Cracker, OxyChem produces VCM at a lower cost allowing Orbia to maintain or improve its profit margins. In the Americas, the Company maintains an integration of approximately 85% to Ethylene, while considering the PVC production capacity in Germany, its global integration is approximately 65%.

At the production plant in Europe (Germany), the most important raw material purchased from third parties is ethylene, which is purchased through two valid supply contracts with prices established on a monthly basis, while brine is obtained from SGW, a subsidiary of the Company, and electricity from Evonik Industries.

Sales and Marketing

In order to sell vinyl products and compounds, Orbia maintains long-term contracts with its main customers and sales schemes that promote loyalty through volume discounts acquired during specific periods of time. Long-term contracts are continuously renewed and provide for the use of price formulas based on international references. Some of these references influence the cost of VCM, which allows Orbia to maintain differentials between the cost of VCM and the price of PVC throughout the cycles. Likewise, these contracts provide their customers with adequate market conditions and competitive prices. Approximately 45% of PVC Resins sales are made under this scheme, allowing Orbia to have a solid marketing base. The remainder is sold on the Spot Market at the reference price at the time of sale.

Orbia has an important marketing network for products to serve the domestic market and a considerable number of countries with high development potential, thereby gaining presence in the main regions of the world. The broad diversification in the sale of these products allows Orbia to maximize its revenue and reduce risks.

Main Customers

PVC products are used by customers in the manufacture of pipes and fittings, flexible and rigid profiles, upholstery, flexible and rigid films, bottles and containers, synthetic floors, blinds, laminated polystyrene, toy industry, footwear and articles for the medical industry, among others. Including intercompany sales, the Vinyl and Composites business that is part of the Polymer Solutions business group represents 34% of Orbia's total sales, and the most important customer represents 1.1%, thus, there is no dependence on one or more customers, since the loss of such customers would not adversely affect the results of operations or Financial Position.

Distribution Channels

The products of this process are marketed directly to the industries that use them as inputs to produce other products. There is no special sales method, as all sales are made through the sales force in our own branches and distributors.

Distribution Contracts

PVC is mainly sold directly to customers and there are some distribution contracts for marketing the products mostly in Europe, North America and Asia.

Cyclic behavior

Orbia is the largest producer of polyvinyl chloride (PVC) in Latin America and the sixth largest in the world, as well as the largest producer of specialty resins globally. The global PVC market is linked to the construction industry, which depends on the contraction or expansion of global regions and countries' economies. The balance between world supply and demand continues with a surplus of supply and the balance is increasingly better in the North America and Europe regions.

Competitive Position

The Vinyl Process:

It maintains the strategy of vertically integrating its business to be competitive in the markets it serves, investing in projects that have the purpose 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 Policyd (a major resin producer in Mexico) have contributed to a strong position in the PVC market. In addition, with the latest acquisition of Vestolit in Europe, Orbia increased its portfolio of specialty products made to measure with high-impact suspension PVC resins (HIS-PVC). Orbia is the only producer with this technology in Europe and, with the current capacity, it is also the largest producer of specialty resins in the world.

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

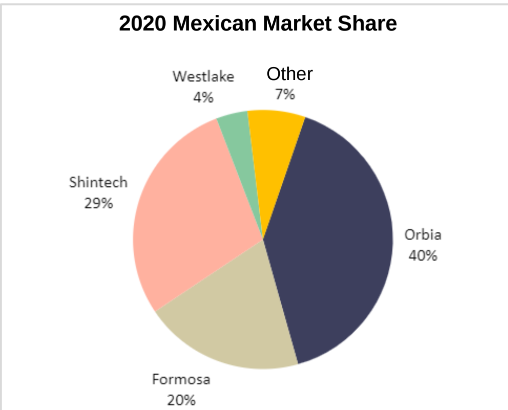
Worldwide PVC resin producers by company in 2020 (Average annual capacity)

Place	Company	Capacity ('000 Tons)	Market Share
1	Shin-Etsu	4,150	7%
2	Westlake	3,499	6%
3	Formosa Group	3,114	5%
4	INEOS	2,255	4%
5	Xinjiang Zhongtai	1,970	3%
6	Orbia	1,797	3%
7	Oxy	1,683	3%
8	Hubei Yihua	1,350	2%
9	Beiyuan Chemical	1,250	2%
10	Others	37,685	64%
	Total	58,754	100%

Source: IHS Markit

Market Share

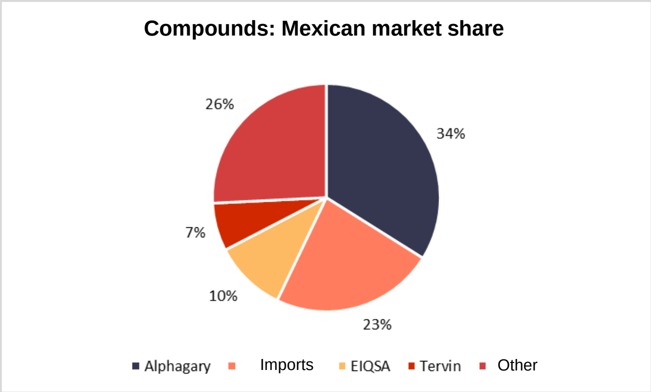
In 2020, Orbia's share of the Mexican PVC resin market was 40%, as shown in the graph below:

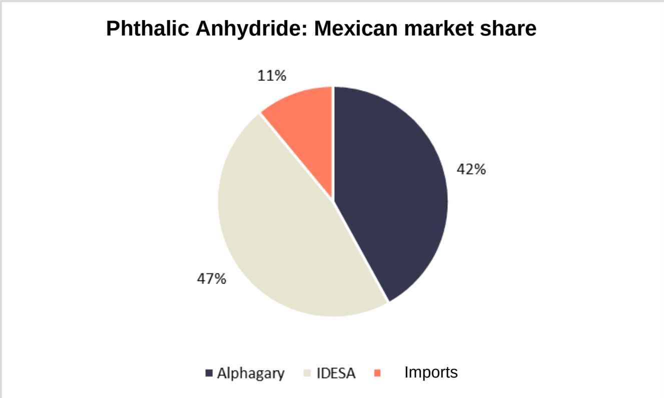


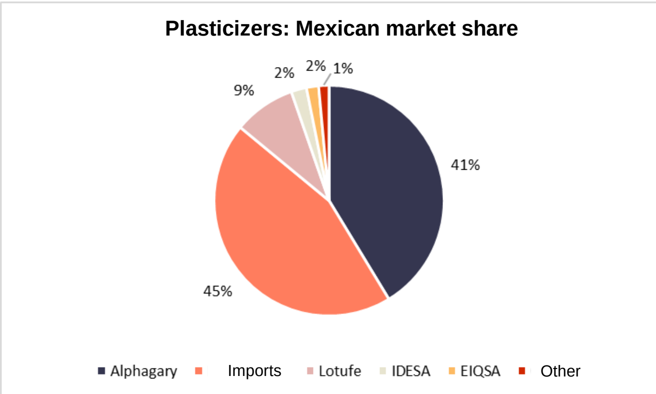
Source: IHS Markit and Orbia

The total market capacity of PVC resin in Mexico was 441,000 metric tons in 2020.

Orbia's market share in Mexico for compounds, phthalic anhydride, and plasticizers is shown below.







Source: Orbia market research based on ANIQ import-export reports

General Industry Information

Orbia focuses on the manufacture of products that are used in the construction, housing, infrastructure, telecommunications, water supply, automotive, sewage, and drainage and irrigation industries, among others. In addition, it participates in industries that use chlorine, caustic soda, chlorine derivatives and resins. It also manufactures transformed products, including pipes and fittings for the transportation of fluids such as water and other PVC compounds.

PVC resin

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

PVC is the third most used plastic in the world after polyethylene and polypropylene. According to IHS Markit, global demand for PVC reached approximately 43.5 million metric tons in 2020, which is largely supplied to the construction sector. In August 2020, HIS Markit estimated a contraction of 5.8% in the world demand for

PVC; however, in December it issued an informative note indicating an estimated contraction in demand of 1.7%. Pipes represents more than 45% of all PVC consumption worldwide. The estimated average annual growth rate of PVC demand until 2030 is an average of 3.7%.

PVC is a versatile plastic that has numerous applications for everyday use, such as: pipes to transport drinking water, sewage or water for irrigation, electrical cable coatings, profiles for the construction of windows, doors, façades or complete houses, tiles, floors, furniture coatings, automotive parts and appliances, clothing and footwear, containers and packaging, medical devices, adhesive tapes and many others.

In the PVC production chain, vertical integration is a priority issue which, if not done, could lead to the disappearance of non-integrated PVC producers. Additionally, vertical integration to manufactured products can affect this industry. It is believed that non-integrated PVC producers will face significant challenges in competing with integrated consumers, who normally have significantly lower production costs.

The PVC industry is largely affected by changes in energy prices, particularly natural gas, from which ethane is derived, which is the main raw material used to produce ethylene in North America, and crude oil from which different kinds of naphtha and other hydrocarbons are derived, which are the main raw materials used to produce ethylene in Europe and Asia.

The following graphs illustrate the impact of the cost of ethylene on PVC and polyethylene products as of December 31, 2020:

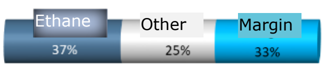
Polyethylene Pipe Cost Structure

PVC Pipe Cost Structure

PVC Resin Cost Structure

VCM Cost Structure

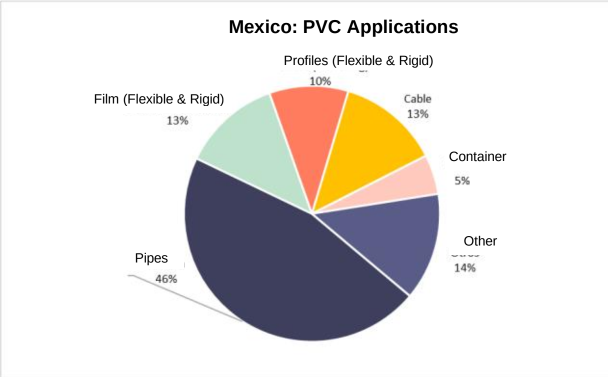
Ethylene Price Components

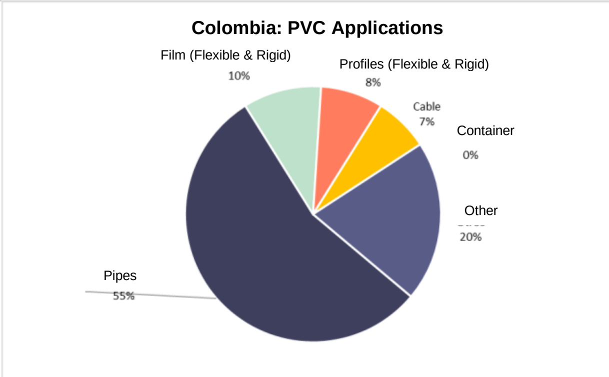


Source: IHS Markit

In addition to mature markets for the industry like the U.S. and Western Europe, Orbia focuses on markets that enjoy constant growth in areas such as government investments and infrastructure and construction projects in countries such as Mexico, Colombia, India, Brazil and Turkey.

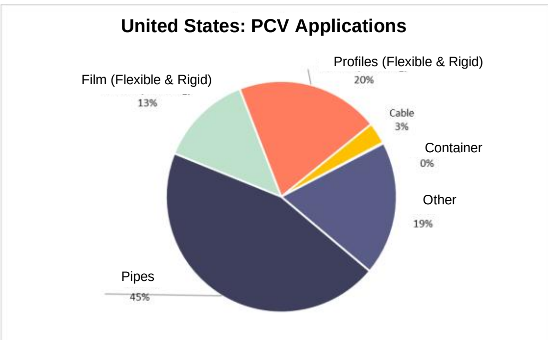
Within the PVC applications in Mexico, Colombia, the U.S., India and Brazil, most of the production is for pipes and fittings, while in Western Europe and Turkey, the most relevant segment is profiles, with pipes and fittings trailing in second place in these countries, as shown in the following charts.

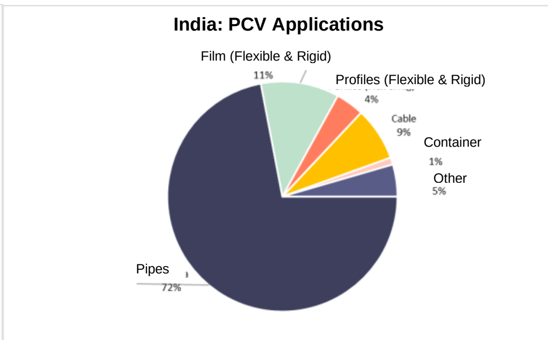


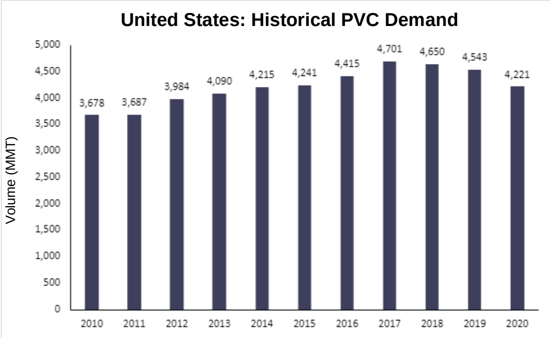


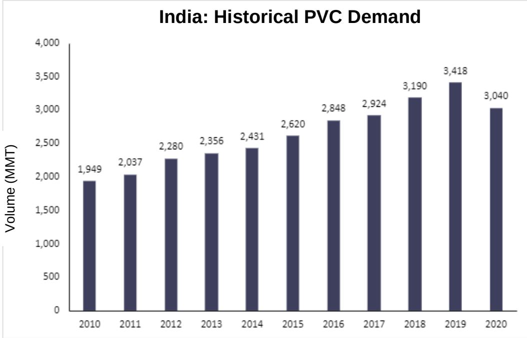
United States: Historic PVC Demand

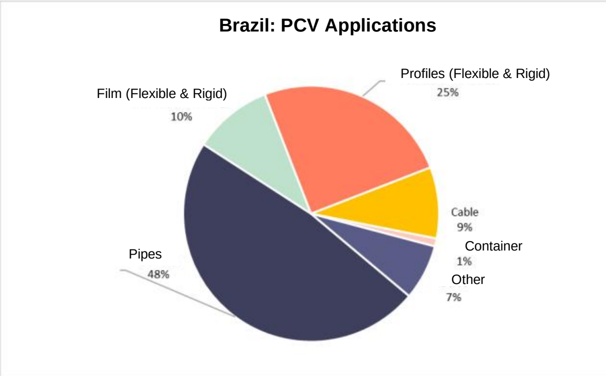
India: Historic PVC Demand

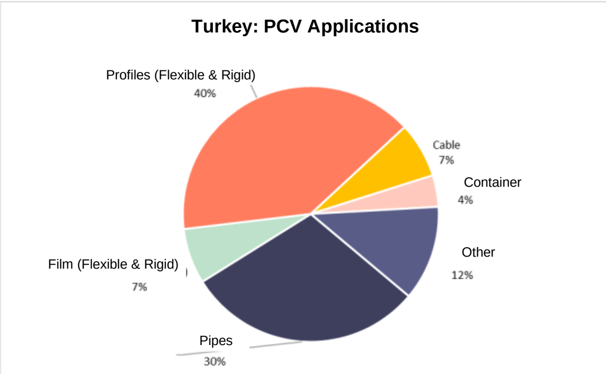


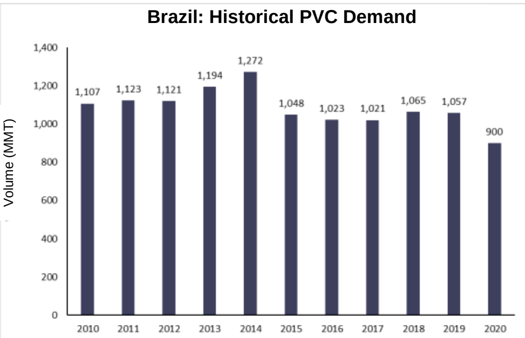


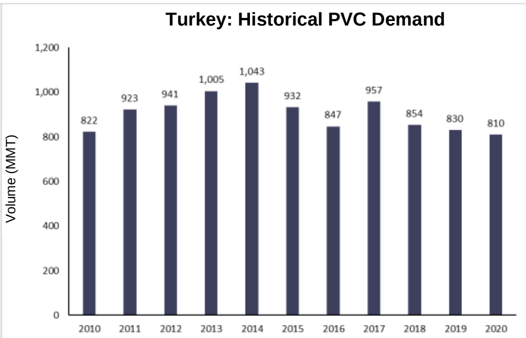

United States: Historical PVC Demand
Volume (MMT)
5,000
4,500
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
0
3,678
3,687
3,984
4,090
4,215
4,241
4,415
4,701
4,650
4,543
4,221
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020

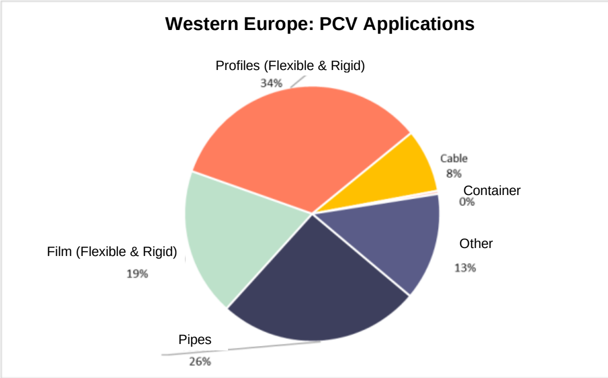

India: Historical PVC Demand
Volume (MMT)
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
0
1,949
2,037
2,280
2,356
2,431
2,620
2,848
2,924
3,190
3,418
3,040
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020

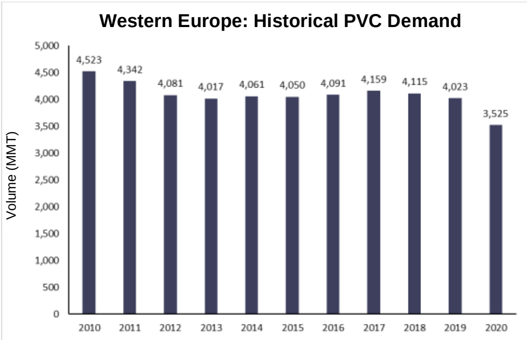

Brazil: PCV Applications
Profiles (Flexible & Rigid)
25%
Film (Flexible & Rigid)
10%
Cable
9%
Container
1%
Other
7%
Pipes
48%


Turkey: PCV Applications
Profiles (Flexible & Rigid)
40%
Cable
7%
Container
4%
Other
12%
Film (Flexible & Rigid)
7%
Pipes
30%


Brazil: Historical PVC Demand
Volume (MMT)
1,400
1,200
1,000
800
600
400
200
0
1,107
1,123
1,121
1,194
1,272
1,048
1,023
1,021
1,065
1,057
900
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020

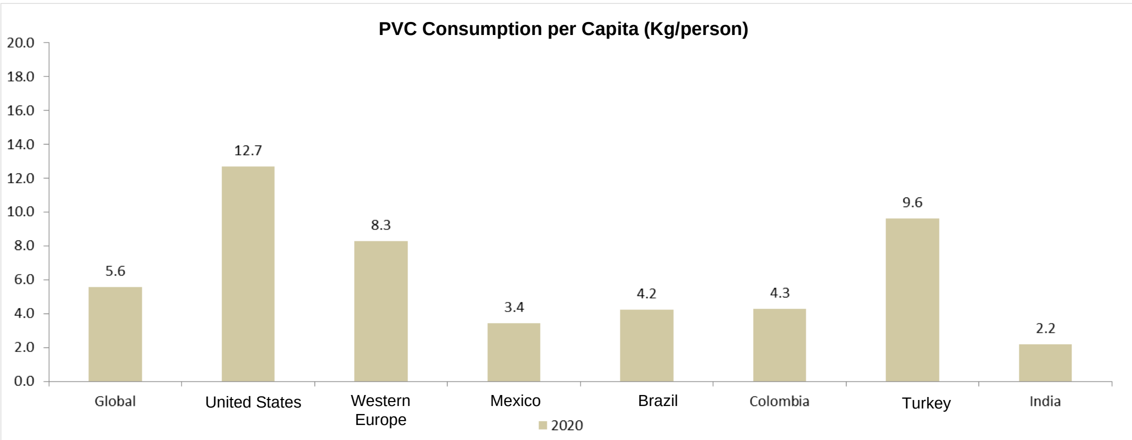

Turkey: Historical PVC Demand
Volume (MMT)
1,200
1,000
800
600
400
200
0
822
923
941
1,005
1,043
932
847
957
854
830
810
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020





Source: IHS Markit

Orbia focuses on markets with a high potential for growth where the per capita PVC consumption is on the rise, as well as on mature markets where the per capita PVC consumption is stable at high levels. The chart below shows the per capita PVC consumption of the main countries and/or regions where Orbia sells PVC resins:



Source: IHS Markit

(b) Wavin Business Group (Building & Infrastructure)

Wavin is a global supplier of plastic pipes and innovative solutions for the construction and infrastructure industries, with a broad portfolio of products. Specific segments of products are used for drainage solutions, rainwater management solutions, drinking water solutions, indoor air conditioning solutions, and soil and waste systems. In order to keep its portfolio of products up to date, Wavin has a Global Technology and Innovation Center in the Netherlands, which includes a pilot plant, a certified laboratory and a design center.

In Europe, Wavin operates 24 production plants and 7 Research and Development facilities, with 4,200 employees. Wavin is a leader in the European market and has a broad portfolio of products comprised of nearly 32,000 items. It has a significant local presence and it is committed to innovation and delivering technical support for the solutions it offers. All of these aspects offer benefits to its customers.

In Latin America, Wavin has 24 production plants with 6,100 employees where 38,000 different items are manufactured. Wavin sells its products through its well-positioned brands: Pavco, Amanco and Plastigama (now all associated with the Wavin trademark). Wavin's experience and technical specialization, along with the perception of having a high level of quality, make it a leader in the Latin American market.

In the Asia Pacific region, Wavin has relaunched its activities and started up new facilities in Indonesia and India in 2020, which will serve as a base for its future growth towards making it a true global player.

Wavin business group sales in 2020, 2019 and 2018 retrospectively represented 32%, 32% and 33% of the consolidated revenue (before considering the figures for the Holding Company and eliminations). With respect to EBITDA, Wavin's contributions to the consolidated figures was 20%, 20% and 20%, respectively, based on the same conditions mentioned above.

	Year ending December 31		
	2020	**2019**	**2018**
Wavin business group (1)			
Europe / Asia Pacific	1,195	1,221	1,302
Latin America	883	1,032	1,076
Eliminations	(7)	(14)	(10)
Wavin Total	**2,071**	**2,239**	**2,378**

(1) Figures in millions of Dollars

Products

Housing: The Company produces PVC, polyethylene and polypropylene piping systems, available in sizes ranging from 1/2" (12 mm) to 4" (110 mm), with a cemented (weldable) joint and a complete program of fittings for applications in single-family homes, residential complexes, high-rise buildings, commercial buildings, hotels, swimming pools, landscaping and certain industrial applications, produced under ISO or ASTM (American Society and Testing Materials) standards according to applicable local regulatory requirements. It also produces systems for hot water, which allows for a whole range of solutions for different types of works, in diameters from 20 mm (½") up to 110 mm (4"), PVC sanitary and ventilation systems, and it has recently introduced solutions in polypropylene. It also offers a complete program of fittings and accessories, in various diameters, standards and colors, guaranteeing an excellent performance of its pipes, fittings and accessories. The systems are available in two versions: rigid with solid walls and flexible with corrugated walls. The wide range of fittings allows its application in domestic, commercial and industrial installations. PVC pipes and other plastics are manufactured in 5 different designs for use in single-family homes and large industrial buildings. The main characteristics are: resistance to ultraviolet rays and corrosion, maintenance-free mechanical rubber union that avoids deformations due to temperature differences. The "piping systems" concept seeks to offer integral solutions, for which it is essential to complete the sanitary systems of some components that guarantee the same quality and useful life throughout the installation. For this, the Company offers a range of siphons, siphoned floor sinks and other accessories for sanitary applications inside the house.

Construction: The Company produces ductile bio-oriented PVC for potable water conduction by bio-orientation of the PVC molecules, generating a laminated layered structure, which significantly increases the mechanical resistance and strength of the pipe. Amanco's "Biaxial" technology has a lower wall thickness, which makes it more flexible, lighter, and easier to handle, guaranteeing savings in installation and energy consumed for the operation of the systems. With the "Novafort" technology, it produces sanitary sewage and rainwater pipes with double-structured wall, manufactured in a double extrusion process, with a smooth interior wall and corrugated exterior with "Elastomeric" sealing union, which ensures the hermeticity of the joint and a fast installation; this prevents the filtration of water from the conduits, protecting the environment by guaranteeing that the transported waters do not filter and eventually contaminate the subsoil water. "Novafort" is made of inert material, guaranteeing excellent resistance to the action of chemical substances and to the corrosive attack of the materials present in the water it transports, as well as of the soils in which it is installed. The Company produces HDPE water tubing in sizes greater than 1,000 millimeters with technology that allows for easy location of the tubing from the surface. In addition, Orbia produces and sells CableCon™ solutions for use in other infrastructure markets, such as electric lighting, motors for commercial agricultural machinery, and energy distribution. HDPE pipes are also used for underground high voltage LT/HT cables.

Wavin offers an extensive portfolio of innovative products. For example, in Europe, it offers Wavin AS+, which is the first Low-noise drainage system, Tegra, which is the first industrially-manufactured plastic manhole in the world, and K5/M5, which is the first product in the world with an audible leak alert. Wavin Europe has a large and robust portfolio of patents for 125 families of products, with a total of approximately 500 patents. In Latin America, Wavin is recognized for, among other qualities, its offering of Novafort products for rainwater solutions, its Biaxial products, aimed at drainage and drinking water pipes, as well as its line of CPVC Fire products for protection of cold and hot water. It is also a recognized provider of geothermal products for rainwater management solutions.

Raw Materials

During 2020, for the Wavin business in Latin America, approximately 66% of the cost of sales in the manufacturing of its products was PVC and CPVC resin. The company purchases 50% of this raw material through U.S. and local suppliers in countries where logistics costs or tariffs make the PVC resin produced by the Company very expensive, while the rest is obtained from the PVC resin subsidiary of the Polymer Solutions business group, Mexichem Resinas Vinílicas, from its operations in Mexico and Colombia.

In the case of the Wavin business in Europe, 54% of its raw materials are Polyolefin: (PE) polyethylene and (PP) naphtha-based polypropylene, while the remaining 46% is PVC resin (virgin and recycled) and additives, of which the Polymer Solutions business group provides approximately 11%.

Main customers

Wavin's main customers belong to the construction and infrastructure industry. As such, the customer base includes small, medium and large construction companies, municipal governments and government organizations that perform public works. Many of these end users of our products are attended to and supplied through a network of large- and medium-sized wholesale distributors. A small portion of the products are supplied directly to the end consumer in Europe, due to certain key accounts that Wavin has on the continent. The business group has a less diversified customer portfolio in Latin America.

Distribution Channels

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

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

In Latin America, its 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

Wavin's business performance is influenced by the economic cycles in each of the countries where we operate, particularly the cycles present in the construction and housing sectors.

In addition, in Europe, there is a seasonal component related to the winter months in the first and fourth quarters of the year, when sales levels are lower.

In 2020 in particular, the COVID-19 pandemic had a significant impact on the second quarter, after which activity significantly rebounded in the third quarter, then less vigorously in the last quarter. Wavin made the wellbeing of its employees and customers a priority by adopting new ways of working, investing in safety measures, and providing support to families affected by the virus.

Competitive position

Wavin's market leadership has been built on the foundation of its well-positioned brands. Wavin (with 65 years of history), Amanco, Pavco, Plastigama, while benefiting from a strong track record in the development of innovative products, systems and solutions. Taking this innovation as a point of reference, Wavin offers a broad portfolio of products and solutions, such as those aimed at addressing "customer complaints" providing reliable performance at the service level. The close ties with its customers have been reinforced in recent years through proactive advertising campaigns, as well as through the use of digital tools like Building Information Modeling (BIM) across all of its regions, improving our customer service.

Market share

The Wavin business in Latin America holds about a 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 where it has a presence, since in most of the countries it is the market leader. For the European market, an market share of 14% is estimated for a wide range of applications for the interior and exterior design of buildings, as well as infrastructure, again based on the company's own estimates.

(c) Dura-Line business group (Datacom)

Dura-Line develops and markets high-density polyethylene products (HDPE) and has positioned itself as a leader in the production and distribution of pipes and fittings, as well as cable and fiber optic conduit solutions for voice and data, and pipes for the pressurized transfer and distribution of natural gas in the power and infrastructure industries.

Dura-Line has 20 production plants located in North America, Europe, India and Oman. Its customers are large North American corporations, as well as multinational companies that rely on the high quality of its products and services.

Dura-Line has for the most part positioned itself in the United States and Canada region, as well as in the Asia, Middle East and Africa (AMEA) region.

The revenue of the Dura-Line business group in 2020, 2019 and 2018 was 11%, 11% and 11%, respectively, of the consolidated revenue (before inclusion of the items corresponding to the Holding Company and the eliminations). Dura-Line's EBIDTA contributed 13%, 11% and 8%, respectively in the aforementioned years, to the consolidated EBIDTA, in the same terms as indicated above.

	Year ending December 31:		
	2020	**2019**	**2018**
Dura-Line business group (1)			
Dura-Line Total	732	749	798

(1) Figures in Millions of Dollars.

Products

Telecommunications. The Company produces advanced-engineering ducts, microducts and cable conduit solutions for telecommunications markets (voice and data), electrical engineering, as well as television cable, and it offers multiple conduit solutions under the Dura-Line brand. Its SILICORE ducts, which offer a microduct solution primarily for use in broadband and telecommunications and cable television applications, are manufactured using a high-density polyethene (HDPE) covering and a solid polymer casing. The duct has an external cover and a slippery center than eliminates the need for lubrication, reduces friction and protects the cable before, during and after installation. The Wave Rib duct is covered with reversed oscillating waves to reduce friction and facilitate placement of the cable, which reduces installation costs. The Tornado Plus Conduit product is specifically designed to facilitate better installation, since it creates an air chamber that allows for installation of the cable over long distances. The company is a leader in the development and manufacturing of small-diameter ducts. SILICORE, also known as wrapped solid lubricant. These patented solutions provide flexibility to the network through the installation of fiber that increases the growth of data networks without the need to the increase trenching.

Through its CableCon product line, Dura-Line is a leading provider, in both volume and amount sold, of preinstalled cable duct solutions in North America. CableCon is a system in which the fiber optic, coaxial or power cables are pre-installed in the production line at our manufacturing plant, reducing installation costs for customers. The increase in CableCon consumers has been achieved through Dura-Line's ability to tailor the solutions it offers to its customers with products that adapt to their needs.

The Company has developed a new line of microduct solutions designed to be used both inside and outside of buildings in order to improve company network capacities. Orbia technology offers a wide-ranging solution to meet future needs for growth, with accessible installation costs. Through the CableCon product, the Company is a leader in conduit solutions in North America, based on both volume and sales.

It also sells a wide range of accessories for users in the telecommunications sector (voice and data), such as connectors, woven fiber optic cables, cable television, and equipment installation. The fittings are designed to improve the installation of the pipe and conduit solutions and make them more efficient.

Raw Materials

For the Dura-Line business in the U.S./Canada and AMEA, the main raw material is medium and high-density polyethylene resin, the price of which is substantially subject to fluctuating market conditions. A significant determinant in the price of resin is the price of oil, which routinely experiences volatility. Purchases of this raw material are made from a small number of local suppliers. Generally, these contracts have a duration of between one and three years. The Company has a long-standing business relationship with regional resin suppliers, with an average eleven-year tenure. In terms of prices, contracts with suppliers are based on market prices according to the applicable region.

Main customers

Dura-Line business customers belong to telecommunications and infrastructure industries, which include large and small construction companies, installers, as well as telecommunications and energy companies.

Distribution Channels

Dura-Line distributes its products to more than 1,700 customers, both directly and through distributors in more than 50 countries, offering solutions and building long-term relationships with its customers.

Cyclic behavior

Usually, the first and fourth quarters of the year have low sales levels due to the winter season in the northern hemisphere. However, weather conditions in recent years have varied in such a way that the sales behavior may be affected in different ways. Some weather conditions have affected our performance in the past, such as the hurricane season in the U.S. and tsunamis in India.

Competitive position

Dura-Line's main competitive advantages are its presence in regions like the United States, and countries like India, Oman, South Africa and Canada, having a broad distribution network, as well as significant brand recognition. The business group faces strong international competition in the countries where it has operations.

The main competitors in the U.S./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, as well as certain European companies like Gabo Systemtechnik GmbH (d.b.a. Gabocom), Emetelle and Hexatronic. In developing countries, the competitive environment is much more fragmented than the markets in the U.S., Canada or Europe.

Market share

The Dura-Line business group considers that this information is of strategic importance, and it therefore reserves the right to disclose it.

(d) **Netafim business group (Precision Irrigation)**

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

The Company is a global leader in the production and sale of precision irrigation solutions, with 62 subsidiaries and 17 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.

Netafim 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 us to offer the widest range and assortment of solutions that adapt to the needs of our customers.

The products operate 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, Netafim has invested years of research into micro-watering to maximize the benefits of the technology. As a result of this investment, we have been pioneers in the key technological advances made in micro-irrigation, such as low-pressure drippers and drippers with pressure compensation. We have become a world leader in advanced micro-irrigation by helping the world "grow more with less", as demonstrated by our customers who, generally speaking, 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.

In fiscal years 2020, 2019 and 2018, Netafim contributed the equivalent of 15%, 15% and 11%, respectively, of Orbia's consolidated revenue. Netafim's EBITDA in the same periods represented 14%, 13% and 10%, respectively. For both items, the data was obtained prior to including the figures of the Holding Company and the eliminations.

Sales

	Year ending December 31:		
	2020	**2019**	**2018**
Netafim Business Group (1)			
Netafim Total	972	1,063	945

(1) Figures in Millions of Dollars.

Products

Netafim's technologically advanced micro-irrigation solutions consist primarily of drip-based watering solutions, but we also sell sprinklers and micro-sprinkler products. This business provides services primarily to the agricultural market, while certain products are used for landscaping and mining applications.

The broad range of Netafim's product portfolio includes drippers, drip lines, strategic system components (such as filters, valves and air valves) and advanced digital technology for agriculture. Advanced digital crop technology offers solutions for watering and fertirrigation, and in 2018, we launched an integrated digital agriculture system to the market that has monitoring, analysis and control capabilities. We also provide end-to-end solutions that include the provision of bulk water, feasibility and design studies, implementation, post-sales support and system maintenance. Also, through our leading presence in the irrigation market, we have built a base of in-depth agricultural knowledge and we offer agronomic services and support to help their end users maximize the productivity of their systems.

Raw Materials

For the Precision Agriculture business (Netafim), the main raw materials are polyethylene (PE) resins in different grades and products made from PVC resins.

Main Customers

The main customers of the business group are individual and large corporate farmers. Most of these end users are served and supplied through large and medium sized wholesale distributors.

Netafim’s top ten customers represent about 2.5% of Orbia’s consolidated total revenue.

Distribution Channels

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

Cyclic behavior

Netafim's seasonality depends on the climate of the countries in which it operates; the second quarter of each year is the one with the highest demand, followed by the fourth quarter, while the first quarter and the third quarter have less demand. In Europe, there is an increase in demand for the company's products during the spring months. Meanwhile, countries in the Southern hemisphere show a greater demand from September and October, which is the beginning of their spring season. Finally, in December, there is an increase in demand for its products driven by an increase in sales in the USA and India.

Competitive Position

Netafim's main competitors in the world are: Jain Irrigation, Rivulis, Irritec, Toro, Metzer and smaller local competitors in the countries where it is present.

Market Share

Netafim 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.

(e) Koura Business Group (Fluor)

The value chain of this Business Group originates in calcium fluoride, better known as fluorite, a non-metallic mineral that acts as a flux, among other applications.

Koura holds the concession for the exploitation and extraction of the world's largest fluorite mine located in the state of San Luis Potosi in Mexico, among other concessions. Fluorite in its natural state (whose concentration varies between 50% and 90%) is used in the steel, cement, glass and ceramics industry helping with the elimination of impurities in steel manufacturing, improving the molecular structure of the clinker in cement, generating energy savings, are among the main benefits. This type of fluorite is called metallurgical grade.

Concentrated fluorite (with a minimum concentration of 97% without impurities) is known as acid grade and is used in the production of hydrofluoric acid, which is obtained through a chemical process using sulfuric acid from sulfur. Koura competes with China in the production of this acid. China is the main producer, generating approximately 64% of world sales.

Hydrofluoric acid is mainly used in the manufacture of refrigerant gases and propellant gases for air conditioning, refrigerators, freezers and medical applications for the treatment of respiratory diseases. It is also used as an input in the production of gasoline and aluminum fluoride, the pickling of stainless steel, in nuclear fuels, in the manufacture of integrated circuits, in the manufacture of specialized plastics such as fluoropolymers and in the production of fluorinated salts such as lithium salts, which are used in batteries. Koura is one of the world's leading producers of hydrofluoric acid.

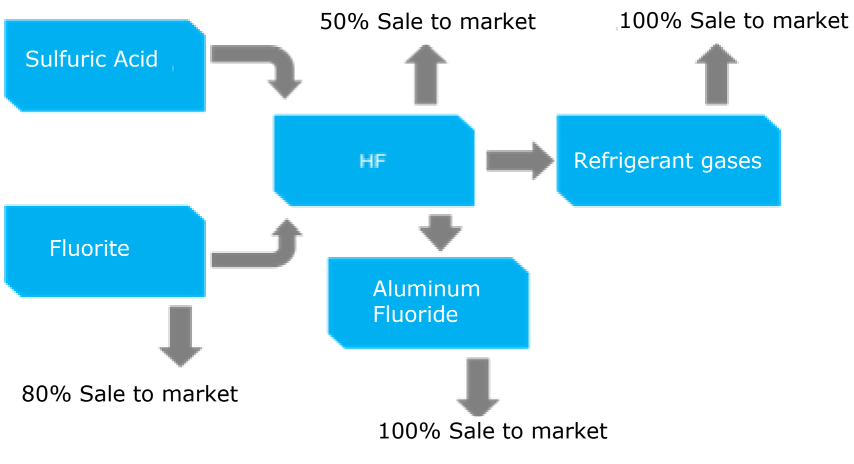
The Company is one of the world's leading suppliers of refrigerant gases, primarily R-134a gas, used primarily in the automotive and refrigeration industries. R-134a gas is also used as propellant gas in medical devices such as inhalers for asthmatics, an application in which Koura has nearly 75% of the world market. Koura is committed to the development of refrigerant gases and medical propellants with low global warming potential (LGWP), investing in research and development through joint ventures.

Eight operating plants established in Mexico, the United Kingdom, the United States, Taiwan and Japan were added to Koura, 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.

The oversupply of production in China resulted in an average reduction of 16% in the prices of acid grade fluorite from January 2015 to January 2018. This situation is mainly caused by a worldwide overproduction of aluminum and refrigerant gases, mainly from China. Similarly, from 2015 to early 2018, aluminum prices decreased 6%, so aluminum producers have had to operate below production cost and close several aluminum plants.

From 2012 to 2016, fluorite prices experienced a steady negative trend. However, the market situation changed dramatically in 2016 when China, the world's largest fluorite producer, significantly reduced its production capacity due to the implementation of new environmental laws. The decrease in Chinese fluorite production resulted in a restructuring of the supply chain and an increase in global prices.
In 2018, fluorite reached prices close to $500, the highest values in 6 years. In 2019, the average fluorite price stabilized at around $350 USD/T. In 2020, the fluorite supply chain was affected by the shutdown of various consumer industries caused by the COVID-19 pandemic. Due to the low demand for refrigerants and other fluoro-compounds, the average prices for fluorite dropped 17% over the course of the year. In the third quarter of 2020, fluorite exports were observed at prices below $250/ USD/T. The average price in 2020 was $300 USD/T.

Orbia is currently the world's largest producer of fluorite and integrated HF, excluding China. In addition, the Company is one of the world's largest producers of hydrofluoric acid (HF), considering the operations in Mexico, and the largest supplier in the U.S. Spot Market.



The Fluor business group (Koura) is one of the world's la100% Sale to market cers of refrigerants. Orbia also continues its commitment to provide new-generation refrigerants that are more environmentally friendly.

In fiscal years 2020, 2019 and 2018, the sales generated by the Koura business group represented 11%, 12% and 12% respectively, of Orbia's consolidated sales before including the figures of the Holding Company and the eliminations. Koura also respectively contributed 19%, 24% and 25% of the Issuer's consolidated EBITDA for 2020, 2019 and 2018, with the same sales considerations.

Sales

Koura's volumes and sales in the last three fiscal years have been as follows:

	Years ending December 31:					
	Volume Sold [1]			Sales		
Koura	**2020**	**2019**	**2018**	**2020**	**2019**	**2018**
Acid Grade, Metallurgical Grade Fluorite, Acid Grade, HF and ALF3	1,052	1,121	1,115	432	474	409
Refrigerant and Medical Gases	53	57	58	310	379	472
Eliminations	(25)	(25)	(23)	(44)	(50)	(45)
Koura Total	**1,080**	**1,152**	**1,150**	**698**	**805**	**837**

(1) Millions of Tons

(e.1) Fluorite Process

The activities of this process focus on the exploitation of fluorite, which is commercialized in two basic presentations: (i) metallurgical grade, used in the production of steel, ceramics, glass and cement; and (ii) acid grade, used in the production of hydrofluoric acid, which is the main raw material for the manufacture of virtually all compounds containing organic and inorganic fluorite, including fluorocarbons, fluoroelastomers as well as aluminum fluoride for the production of aluminum.

Products

The Fluorite Process extracts and processes:

1) Metallurgical grade fluorite, flux for the steel and cement industry

There are different sizes for the metallurgical gravel, depending on the size required by the customer for its final process (fine, chunk, standard, and special). The calcium fluoride grade is in the range of 50% and 90%.

2) Acid grade fluorite, raw material to produce hydrofluoric acid and aluminum fluoride

Acid grade fluorite has a calcium fluoride content of at least 97%.

Plants and mines

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

Raw materials

The main suppliers of raw materials 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

Koura maintains long-term contracts with its main metallurgical-grade and acid-grade fluorite customers, in which sales schemes have been established to promote customer loyalty for specific periods of time. Long-term contracts (between 3 and 5 years) provide for the use of a price formula based on international reference prices, which provides Koura with long-term stability.

Main customers:

The products of this process are used by customers in the iron and steel, glass, ceramics, aluminum, cement and chemical industries (fluorocarbons for refrigeration, propellants, foaming agents, thermoplastic polymers, etc.). The total sum of the ten most important clients of the Koura represents 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, since the loss thereof would not have a material adverse effect on the Company's results of operations or financial position.

Distribution Channels

Fluorite process products are marketed through distributors worldwide, as well as direct plant deliveries, through railroads, marine vessels, and auto transportation. There is no special sales method, as all sales are made through the sales force in our own branches and with distributors.

Regarding freight, these are operated through long-term contracts with road transport companies, in which a consideration is established represented by a fixed part (rent) and, in some cases, a variable part, which includes a price per kilometer or mile traveled, which is linked to the price of fuels, guaranteeing a reliable and continuous supply for the operation of the plants.

Distribution contracts

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

Cyclic behavior

The Fluorite process of the Koura Business Group shows low cyclical behavior on a regular basis.

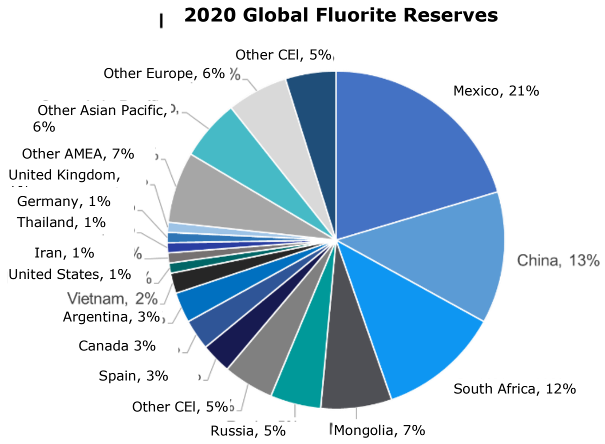
Competitive Position

The Fluorite Process has an important logistical advantage by producing 1.8 million tons of Fluorite in two different locations and with rail access to the cities of Altamira and Tampico, which are worldwide distribution ports. In comparison, according to a study performed HCA Consulting, China produces about 4.8 million tons in more than 650 mines, currently being the world leader in the production of fluorite; and representing Koura's greatest competition in the country as a whole.

Likewise, Koura stands out for its constant investments and productivity alliances with the union bases, which have allowed significant increases in productivity in recent years. The grade quality of the ore naturally extracted from the mine must be added, which reduces the application of additional processes after extraction in order to be sold as metallurgical grade. Finally, it should be noted as a positive aspect for Koura that the Company has long-term contracts with its main customers.

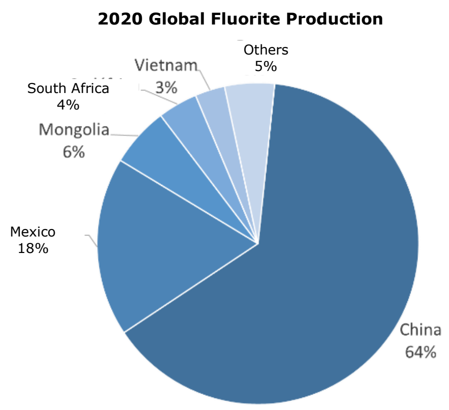
Market share

The following graph shows the distribution of fluorite reserves worldwide in 2019, which according to USGC and internal analysis, global reserves are equivalent to approximately 310 million tons.



Source: USGS internal report and analysis.

Koura maintains an important 18% share of the global fluorite market and exports around 80% of its production worldwide. China has a 64% share of the global market, Mongolia 6% and South Africa 4%. These countries are its greatest competitors. China became a net importer of fluorite for the first time in 2017 and it has now maintained this position for three consecutive years.



Source: HCA Consulting and internal analysis (2020)

(e.2) Hydrofluoric Acid (HF) and Aluminum Fluoride (AlF_3) Process

Hydrofluoric acid (HF) is produced by reacting fluorite (CaF_2) with sulfuric acid. Once produced, hydrofluoric acid undergoes several stages of distillation to achieve the 99.99% purity necessary to meet the high standards demanded by the market. Sulfuric acid is made by Koura from sulfur which is converted into sulfuric acid once it comes into contact with air at high temperatures and water. Koura is one of the world's largest producers of HF. Aluminum fluoride 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, Koura supplies several of the world's leading aluminum producers.

Products

Acid grade fluorite is a mineral with a minimum calcium fluoride concentration of 97%. By making it react with sulfuric acid, which comes from sulfur, hydrofluoric acid is generated; it 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 highly specialized plastics known as fluoropolymers, (3) the manufacture of aluminum fluoride, (4) the manufacture of high octane gasolines, (5) 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, the manufacture of integrated circuits and fluorinated salts for a wide variety of applications.

Plants

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

Koura owns and operates one of the largest HF plants in the world, located in the city of Matamoros, Tamaulipas, Mexico, with an annual installed capacity of 143,000 tons. 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 fluoride. The Matamoros plant is operated with the highest technology in compliance with all applicable regulations.

Raw materials

The main raw materials used in the production of HF are acid grade fluorite and sulfur. Fluorite has traditionally been obtained from the San Luis Potosi mine and, to a lesser extent, through purchase from third parties.

Sales and marketing of hydrofluoric acid (HF) and aluminum fluoride

The Issuer has several long-term HF supply contracts with its major customers in North America. Aluminum fluoride is sold to customers through purchase orders or contracts with a term of less than or equal to one year.

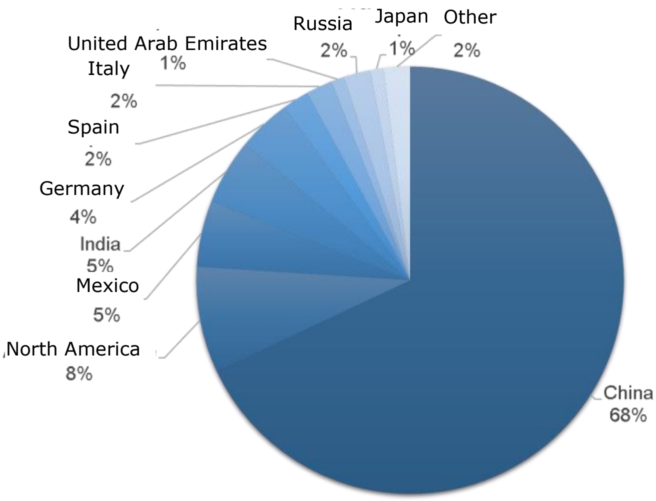
Koura Business Group HF Market Share

The Issuer estimates that the global demand for Hydrofluoric acid (HF) in 2020 was 2.6 million tons, of which approximately 65% were produced in China, 12% in North America and Mexico, and 10% in Europe. In 2020, the global demand for HF was affected by the shutdowns in consumer industries and the drop in the demand for refrigerant gases. The low level of demand caused prices to decrease by about 15% in the second and third quarters of 2020.

Koura competes in the HF market with Honeywell International and Solvay.

Below is a breakdown of global HF production capacity, with there being a current total production capacity of approximately 2.9 million metric tons, (1.0 million tons are held for the production of aluminum fluoride AIF3).

Geographic Share of the Global Fluoric Acid Production Capacity



Source: Internal Analysis, HCA Consulting (2020), Roskill Consulting Fluorspar Report (2020)

(e.3) Refrigerant Gases and Fluorocarbons Process

Fluorocarbons

Fluorinated hydrocarbons or fluorocarbon compounds are aliphatic compounds that have fluorine atoms or a combination of carbon and fluorine in their structure. They have a highly developed industrial application: they are used as anesthetics in medicine, as propellant gas in aerosols, they are also used as degreasers in metallurgy, as cleaners of electrical and electronic contacts, but their most important use is as refrigerants in air conditioning systems and domestic and industrial refrigeration.

Refrigerants: Fluorocarbons combine good thermodynamic properties (with boiling points below target-typical temperatures, high vaporization heat, moderate density in liquid form and high density in gaseous phase) with a safe (low toxicity and flammability) and non-corrosive nature.

Propellants: Fluorite-based propellants are used to safely deliver a variety of medications in aerosol form, including use in inhalers for the treatment of asthma. Koura acquired exclusive worldwide rights to sell and distribute the product for the regulated medical and pharmaceutical market under its ZEPHEX® brand, the global brand of medical propellant gases contained in about 75% of inhalers produced worldwide.

Plants.

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

Raw materials

The main raw material used in the production of refrigerant gases is HF, which comes mostly from the plant in the city of Matamoros for production of refrigerant gases at our 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

Koura 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 (original equipment manufacturers) on short-term contracts.

Medical thrusters are sold in bulk directly to pharmaceutical companies under contract and packaged for business through agents and distributors without contract.

Main customers:

The total sum of the ten most important clients of the Koura Global Business Group represents about 5% of Orbia's total sales. No single Koura 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

Koura markets its products directly to customers and with some distributors. There is no special sales method, as all sales are made through the sales force in our own branches and through distributors.

Distribution Contracts

The sale is made directly to customers so most do not have distribution contracts.

Cyclic behavior

There are no seasonal cyclical behaviors for the Fluoric Acid Process and Refrigerant Gases market.

Competitive Position

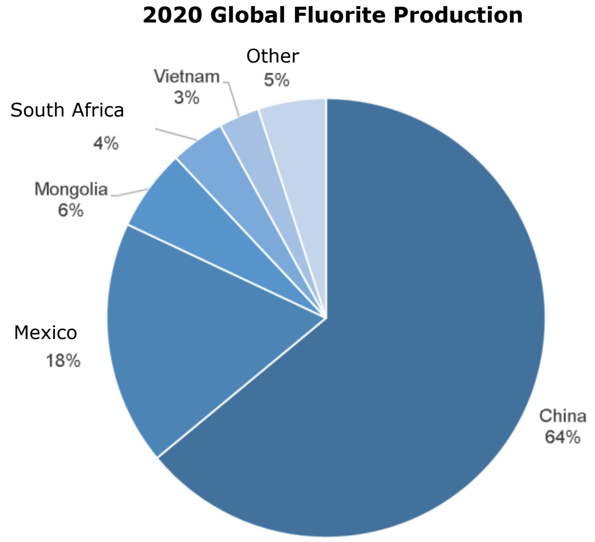
The main competitive advantage of the Hydrofluoric Acid and Refrigerant Gases Process lies in the vertical integration with respect to its main raw material, fluorite, which it obtains from its mines in Mexico, giving it long-term viability by having a guaranteed supply, which differentiates it from the main non-integrated producers dependent on Fluorite's external supply. As previously mentioned, China is the main producer of fluorite worldwide, and it should be noted that its strategy has consisted of using this mineral to manufacture finished products in this industry, such as fluorocarbons and fluoropolymers, thus significantly reducing the supply of ore in metallurgical or acid grade worldwide.

On the other hand, Koura has a strategic and unique geographic location that gives it access to the North American market (one of the main consumers of hydrofluoric acid and other fluorochemicals in the world), which gives the Company a sustainable competitive advantage that is difficult to match. In addition, Koura's proximity to such an important market for such products as the North American market represents a significant competitive advantage with respect to the strict transportation regulations applicable to hydrofluoric acid.

Fluor Industry Overview

Fluorochemicals are compounds containing the chemical element fluorine, which obtained by mining and processing fluorite; they are used in refrigerant gases, fluoropolymers and fluoroelastomers.

In 2020, worldwide production of fluorite was approximately 7.4 million metric tons according to USGS and HCA estimates and internal analysis.



Source: HCA Consulting, USGS, internal analysis

In 2020, the leading country in fluorite production was China, accounting for 64% of the world's annual production. The rest of world production is predominantly concentrated in Mexico, Mongolia and South Africa, which together contributed an additional 28% to world production that the same year.

Most acid grade fluorite is consumed in the production of HF, required for the manufacture of fluorochemicals, followed by aluminum production and steel manufacturing. World consumption of acid-grade fluorite was affected by the drop in demand for HF and refrigerant gases caused by the industrial shutdowns triggered by the COVID-19 pandemic.

Koura is the world's largest fluorite producer, accounting for approximately 96% of Mexico's active production capacity, which is equivalent to approximately 18% of Fluorite's annual global needs.

HF is the most important chemical derived from fluorite. The world's largest HF production capacity is in China, followed by North America and Western Europe.

Global production capacity of hydrofluoric acid (thousands of metric tons from 2018 to 2020)

	2020	2019	2018
China	2,017	1,947	1,868
North America	220	220	220
Europe	257	257	261
Asia	166.5	167	237
Mexico	196	196	196
Rest of the World	127	127	111
Total	**2,984**	**2,914**	**2,893**

Source: Roskill Consulting 2019, HCA Consulting 2020, Internal Analysis.

Do-Fluoride in China, the largest producer of HF in the world, has about 10% of world capacity. Excluding China, Koura was the largest producer of HF in the world during 2020, followed by Honeywell adding plants in the USA and Germany. Most of Koura’s production is exported to the USA where it is consumed to produce fluorocarbons and other applications.

General Description of Industrial Processes of the Issuer

Orbia has different technologies for manufacturing its products. In many cases, it uses its own technologies, such as PVC production, fluorite purification, Compounds and piping, among others.

The main processes for the manufacture of the Company’s most important products by business and business group are explained below:

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

Within the Polymer Solutions business group, the main production processes are Chlorine-Soda and PVC Resin. The processes are described below.

Chlorine-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 to produce ethylene is carried out using ethane from cryogenic units, which is fed to pyrolysis furnaces, also called Crackers. During the cracking of ethane in the Crackers, ethylene, hydrogen and other hydrocarbons are produced; these products are subsequently separated at low temperatures for use and to achieve the purification of ethylene to polymer grade.

Orbia in its strategic partnership 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 Vestolit's facilities in Germany.

Vinyl Process

In the production of PVC, three basic processes are used worldwide for the polymerization of VCM: by suspension, by emulsion and by mass. Orbia uses only the first two processes, of which approximately 78% of its production is obtained by suspension and 22% by emulsion. Both processes are explained below:

PVC by suspension

This is the most widespread and used process in the world. Using this method, VCM is combined with water in the presence of a suspending agent. Water and VCM are added in a reactor with agitation to form a suspension of VCM in an aqueous phase. Once mixed, this suspension is stable until polymerization begins, which occurs when a VCM-soluble starter is added to the mixture.

PVC by Emulsion

The elaboration of PVC Resins by emulsion (including those made by the micro-suspension process) are generally used in the formulation of Plastisol for coatings and molding. In the emulsion dispersion process, the VCM, water, emulsifier and catalyst are loaded into a stainless-steel reactor where they are agitated. The reaction occurs under pressure and at moderate temperatures in a cooling reactor to remove the heat produced during polymerization.

The dispersion resin process is often more complex than suspension technology. The polymerization cycle time can be 2 to 3 times longer than in the suspension process. Catalysts are more water soluble than VCM.

Compounds

Plastic resins are used for the manufacture of Compounds; the resin is combined with other additives through a mixing process in order to obtain a mixture that integrates the appropriate quantities in the entire mixture. From this part of the process, a *dry blend* is obtained, and it is cooled to a certain temperature and through various steps and processes it is converted into pellets for sale.

(b) Wavin business group (Building & Infrastructure)

Orbia has a unique technology in Latin America to produce pipes that carry drinking water. This technology is called Biaxial because the pipe undergoes bio-orientation of its molecules axially and longitudinally, generating a structure of laminar layers, providing the pipe significantly greater mechanical resistance compared to conventional pipes, and flexibility that makes them virtually unbreakable. This technology allows a thinner wall in the manufacture of the pipe, and this makes them lighter, easy to manipulate and increases the water conduction area, guaranteeing savings in the handling, installation and consumed energy for the operation of the system.

PVC Resin is used for the manufacture of pipes, fittings, hoses and flexible floors; different additives are added to the resin, which later undergoes the extrusion and injection transformation process, as applicable.

(c) Dura-Line Business Group (Datacom)

The Dura-Line 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.

The Dura-Line business also makes specialized pipes for the infrastructure sector to conduct natural gas using its primary raw material, which is polyethylene. The pipe manufacturing process consists of using virgin polyethylene of a certain grade for each gas conduction application, as well as certain additives, and the product then undergoes an extrusion process. These pipes have guaranteed compliance with the existing standards for handling natural gas.

(d) Netafim Business Group (Precision Irrigation)

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) Koura Business Group (Fluor)

The different industrial processes of the Koura Business Group are mentioned below:

Fluorite Process

Fluorite ore is extracted from the mine, along with some impurities such as carbonates and silicates. The ore is crushed and ground to small particle sizes to separate impurities. The milled material must comply with a certain particle size, so it is classified with the help of cyclone filters, screens and separators; the part that does not meet the required specifications is returned to the mill. The classified material is conditioned by adding oleic acid and dispersant and adjusting the pH. This is done in order to carry out the flotation process, where fluorite is concentrated, and impurities are separated. Concentrated fluorite is in an aqueous medium and needs to be separated. The solids are separated from the water with the aid of a sedimentation tank and rotary filters, thus obtaining acid grade Fluorite. The main stages for obtaining Fluorite are:

Exploration: Consists of locating, evaluating quality and quantifying mineral reserves.

Planning: In this stage, the ore preparation, development, decking, extraction, hauling and dipping works (extraction of ore to the surface using double drum electric winches) are projected, as well as the services (water, electric power, compressed air, ventilation, workshops, canteens, etc.), mining equipment and personnel of the operations.

Mine Production: The ore drilling and decking activities are carried out by means of controlled blasting, extraction by means of specialized equipment from the mined area to the loaders, trucking to the primary crushing area, where the ore is sent to the extraction sites (dipping), to be deposited on the surface to the preparation and crushing plants.

Preparation and Crushing Plants: These plants receive the ore extracted from the mine, where it is screened to obtain the metallurgical grade ore in its different sizes and obtain fine by-product (-3/4" product), which are the raw materials for the benefit plants.

Processing Plants: fine material is concentrated in these plants, fed to at least 97% CaF_2 purity (acid grade).

Hydrofluoric Acid Process

The manufacture of hydrofluoric acid consists of making Fluorite react with sulfuric acid; hydrogen fluoride, better known as hydrofluoric acid, is obtained from this reaction. Sulfuric acid is obtained by oxidation of sulfur into sulfur dioxide SO_2, to convert it into sulfur trioxide SO_3 and then to obtain sulfuric acid.

Aluminum Fluoride Process

The production of aluminum fluoride 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 fluoride. 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. Aluminum fluoride is used in the production of metallic aluminum.

Refrigerant Gas Process

Refrigerant gases are fluorocarbons that are 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. Fluorocarbons are used in air conditioning equipment for automobiles.

iii. Patents, Licenses, Trademarks and other contracts

a) Patents and Licenses

Orbia holds rights to over 2,200 patents, including current patents and patents in the process of registration.

The Company has more than 3,500 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. Since 2019, the Company initiated a brand refresh process that will position Wavin as a global brand while maintaining local brand positioning. 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 and Innovation

Orbia recognizes the importance of innovation and development to remain a leader in its markets. The investments and actions in R&D are oriented to improve the performance of our products in benefit of the clients and to fulfill stricter regulations in the different geographic markets where we compete. We maintain 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 Mexico (2), USA (3), Germany (2), Colombia (1) and the United Kingdom (2); the Koura business group (Fluor) has R&D centers in the United Kingdom (2) and Mexico (1). The Wavin business group has an R&D center located in the Netherlands, as well as 8 academies. The Dura-Line business group has three R&D centers located in the United States, Czech Republic and India. Lastly, the Netafim business group has an R&D center in India. The Company inaugurated an innovation laboratory in San Francisco, California to explore innovative improvements to our existing products and/or new non-existing products for all business groups.

Orbia has successfully developed value added specialty PVC products that are specially formulated to meet the special technical characteristics required by customers in the construction industry, services, civil infrastructure, water piping, basic sanitation, transportation, energy, and telecommunications.

Orbia has a Technology Committee (Innovation Board) located in the Netherlands in its Wavin business to create synergies between Europe and Latin America, which is focused on satisfying the global market it serves and transferring technology between the two 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 focuses on increasing project payback and meet customer requirements by geographic regions; if necessary, projects are created in the countries that require it. This regional approach has enabled research and development centers to better serve the technological needs of the Company's customers.

Orbia maintains its strategy of migrating to higher added value products in the five business groups: in Polymer Solutions, with the assets of Mexichem Specialty Resins, Mexichem Specialty Compounds, focused on high-end plastic compounds, and Vestolit, the largest producer of high-impact PVC resins. For example, the Company is developing a new generation of flexible PVC resins that are safer, more durable, and use less energy to manufacture final products, or the development of better retardant solutions for cable production. In Wavin, through its Technology Committee and its R&D centers, generating innovative products such as heating systems that are digitally controlled via mobile phones (Sentio) or recycled plastic bicycle paths (PlasticRoad). In its Dura-Line business with high-density polyethylene products by means of pressure ducting and piping solutions for telecommunications (voice and data) and energy, while in its Netafim business, through its Netbeat digital farming solutions, with technologies that allow farmers to control their crops through their mobile phone through the installation of systems (NetBeat) that allow the Company to support it with the support of agronomists and technologists who, through this digital technology, advise them on the management of nutrients, fertilizers and irrigation and in the general management of their field during the production process; in Koura (Fluor), with the development and marketing of medical grade propellants, and fluorocomposites for the cement industry.

Orbia invested $27 million in Research, Development, and Innovation during 2020, $56 million in 2019, and $41 million in 2018.

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 could initiate operations.

- The main brands under which Orbia markets its products are:

Polymer Solutions Business Group	
Line of business	Brand
PVC Resins	Primex, Iztavil, Petco,
PVC Specialty Resins	Vestolit
Compounds	Provin, Polivisol, Vindex B, Iztablend
Specialty Compounds	Alphagary, Alphaseal, Evoprene, Garaflex and Smokeguard
Plasticizers	Iztablend, Lugatom

Wavin Business Group	
Line of business	Brand
Civil Construction, Infrastructure	Amanco, Pavco, Plastigama, Plastubos
Geosynthetics.	Amanco, Pavco, Bidim
Plastic pipe systems and solutions for customers in civil construction, agriculture and wholesalers, plumbing dealers, housing developers, large installers, telecommunications companies, utilities and municipalities.	Amanco, Pavco, Plastigama, Colpozos, Plastubos, Aquacell, Chemidro, Climasol, Hep 2 O, HepVO, Q-Bic, QBB, Tegra, Quickstream, Warmafloor, Warmawall, Wavin

Dura-Line Business Group	
Line of business	Brand
Telecommunications, Energy, Infrastructure.	Dura-Line

Netafim Business Group	
Line of business	Brand
Irrigation	Netafim

Fluor Business Group (Koura)	
Line of business	Brand
Medical Propellants	Zephex, Respia
Refrigerants	Klea, Arcton

Currently, globalization forces companies to differentiate themselves from others in order to compete in the international market; for this reason, brands are important for the development of the Company, as they are distinctive signs that denote quality of the products marketed under them.

The brands are distinctive signs which allow to identify the diverse products that the Company offers in the market. These brands are fundamental assets to the business and maintaining a good reputation is essential to attracting and retaining customers.

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

d) Mining Concessions

The Company has rights to several renewable mining concessions, all of which are located in Mexico. Within the Koura Business Group, there are several mining concessions that will expire between 2029 and 2061, all of which are renewable pursuant to Article 15 of the Mining Law in force.

iv. Main Clients

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

Orbia's top ten customers combined accounted for 11.3% of its total net sales in 2020. Orbia's largest individual customer represented 2.6% of its total net sales in 2020, so there is no dependence on one or more customers, since the loss of such customers would not adversely affect the Company's results of operations or financial position.

Orbia enters into and maintains various contracts within the ordinary use of its operations, such as software licenses, supply of raw materials, manufacture, purchase and rental of machinery, marketing, distribution, and sale and financing, among others, which may be short, medium, and long term, in accordance with the ordinary needs of the operation.

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 a 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, 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.

- The COVID-19 pandemic affected the following aspects:

  - Lockdown restrictions established for non-essential economic activities.
  - Migration of work at the Company's plants and facilities to remote work, which may result in additional expenses.
  - Regulations on safety protocols that may affect the operations at the Company's plants.
  - Customer performance.
  - Product shipments.

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)

This business group operates eight vinyl resin production sites in North America, South America and Europe, with sales all over the world. The Polymer Solutions business is subject to environmental laws and government regulations that require it to perform its activities to supply, transport and dispose of raw materials and finished products in accordance with standards that are environmentally-friendly and protect industrial safety. These standards are strict and violations may lead to financial losses for the business group.

2. Koura (Fluor)

Koura operates mining projects located in Mexico that are subject to many laws and government regulations in various areas, including but not limited to: the exploration, development, production, payment of taxes and royalties on extraction, environmental aspects, labor standards, requests for mine maintenance, land zoning, land claims by local residents, use of water, disposal of waste, power generation, environmental protection and clean-up, calls for the conservation of historical and cultural resources, industrial safety, occupational health, and the handling and disposal of toxic and explosive substances.

Koura's refrigerant chemical operations are located in Mexico, the United States, the United Kingdom and Japan. The chemical manufacturing process is subject to regulations specific to each country for industrial health and safety, as well as environmental laws and regulations, including those related to the climate change issue that progressively restrict the impact on global warming for these types of products. There is no global standardization or consensus on the regulations related to climate change, rather, each country or block of countries defines its own regulatory measures in terms of control mechanisms and programs for reducing the effects on the environment.

The company's refrigerant chemical product operations are located in Mexico, the United States, the United Kingdom and Japan. The manufacturing processes for these products are subject to the specific health and safety standards of each country. Our refrigerant products are also subject to various environmental laws and standards. At the global level, many countries have signed the Kigali Amendment to the Montreal Protocol, which addresses climate change, limiting and progressively reducing the impact of these types of products on global warming. Regional blocks of countries and individual countries also adopt their own regulations related to control mechanisms and elimination schedules. The company also produces a medical propellant that is subject to the specific medical regulations of each country, such as the U.S. Food and Drug Administration. The EU is currently consulting on the definition and potential future control of substances known collectively as Perfluoroalkyl substances (PFAS). Although Koura does not produce or use PFAS chemical substances as they are usually defined, the company monitors the legislative and regulatory processes that could affect its business in order to contribute to these processes.

3. Dura-Line (Datacom)

Dura-Line is present and has operations in the AMEA and Asia Pacific regions, as well as in the U.S. and Canada. In the normal course of its business, Dura-Line 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 affect the development of its operations.

4. Wavin (Building & Infrastructure)

Wavin is a company with a presence and operations in the AMEA, Asia Pacific, Latin America and Central America regions. In the normal course of its business, Wavin is subject to the general government laws and regulations mentioned above at the beginning of this Section.

In 2020, the Netherlands and Panama issued specific regulations addressing sustainability that affected the development of this business group. A list of these regulations is provided below:

The Netherlands:

- Use of raw materials and a “waste-free economy” (circular products, discharge / removal and recycling).
- Peak /CO2 and compliance with the Paris Agreement (which means 40% lower emission of CO2 in 2030, compared to the emissions in 2020). The Netherlands has determined that its goal is to reduce CO2 emissions in 2030 by 55% compared to 2020.
- Legislation governing nitrogen. With an impact on the construction industry.
- *Health / Reach & Other*. European Union support for PVC recycling requirement. (REACH)
- Health Aspects Within Normal Limits (WNL) for products that are in contact with drinking water, such as PVC, PE and Tigris.
- Transparency in sustainable production, for example: EPD (Environmental Product Declaration), LCA (Life Cycle Assessment), MKI (Milieu Kosten Indicator), as well as Eco labelling.

Panama:

- The president of the Republic and Panama’s Minister of the Environment signed Executive Decree No. 100 on October 20, 2020, which creates the National “Reduce Your Footprint” Program, which also regulates Chapter Two of Title V of the Sole Text of Act 41 dated July 1, 1998 which regulates the issuance of national inventories of Greenhouse Gases GHGs by sources and absorptions by carbon sinks, in order to execute a strategy for the management and monitoring of the low-carbon economic and social development of the country.

5. Netafim (Precision Irrigation)

Netafim is an Israeli company with a presence and operations in the AMEA, Asia Pacific and Latin America regions. In the normal course of its operations, it is subject to the general laws and regulations described in the paragraphs above. However, it is also governed by specific standards that affect Netafim’s operations:

- Agricultural activities are subject to environmental laws or regulations, which may impact end user operations and/or the demand for Netafim’s products. The adoption of new environmental laws may require Netafim to remove or recycle its products or impose obligations on Netafim or its end consumers related to the climate change concerns, and may result in the eventual inability to recover the costs potentially associated with the development of these regulatory scenarios, and may represents costs and adverse effects for Netafim’s business.

- Compliance with laws that penalize corruption are particularly important, since Netafim operates in countries or regions that have laws that penalize bribes or payoffs, and these laws may come into conflict with local customs and practices, particularly in the irrigation markets in emerging countries.

Tax Situation

Income Tax

Income tax is based on taxable income, which differs from the gain reported in the consolidated income statement and other comprehensive income, due to items of taxable income or expense or deductible in other years and items that are never taxable or deductible. The Company's current tax liability is calculated using the tax rates enacted or substantially approved at the end of the reporting period by the countries in which the Company and its subsidiaries are located. The following table shows the legal income tax rates applicable for 2020 in each of the countries in which we operate.

Country	%	Country	%
Germany	33	Italy	24
Argentina	35	Japan	30
Australia	30	Kenya	30
Austria	25	Latvia	20
Belgium	29	Lithuania	15
Brazil	34	Morocco	31
Bulgaria	10	Mexico	30
Canada	27	Nicaragua	30
China	25	Norway	22
Chile	27	Oman	15
Colombia	32	Panama	25
Costa Rica	30	Peru	30
Croatia	18	Poland	19
Denmark	22	United Kingdom	19
Ecuador	25	Czech Republic	19
El Salvador	30	Republic of Serbia	15
Slovakia	21	Rwanda	30
United States of America	21	Romania	16
Estonia	20	Russia	20
Spain	25	South Africa	28
Finland	20	Switzerland	21
France	33	Sweden	21
Guatemala	25	Singapore	17
Greece	24	Thailand	20
The Netherlands	25	Taiwan	20
Honduras	25	Turkey	22
Hungary	9	Ukraine	18
India	30	Uruguay	25
Israel	23	Venezuela	34
Indonesia	25	Vietnam	20
Ireland	13		

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

vi. Human Resources

The personnel hired by Orbia's subsidiaries are presented below:

Personnel	2020	2019	2018
Unionized employees and temps	12,095	12,426	12,879
Non-unionized	9,593	9,697	9,228
Total	**21,688**	**22,123**	**22,107**
% Unionized employees and temps	56%	56%	58%
% Non-unionized	44%	44%	42%
Total	**100%**	**100%**	**100%**

At the close of 2020, the number of Orbia employees did not vary significantly compared to the previous year. The percentage of unionized workers compared to the total number of workers was 56%.

During the last 3 years, there has been no labor conflict with a material impact on the total operation of the company to report in Orbia's plants, maintaining 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.

Orbia administers its labor relations in accordance with applicable labor legislation and in terms of policies, procedures, and a Code of Ethics.

In addition, each plant has a specific area that coordinates labor relationships.

With respect to remuneration practices, Orbia has a salary structure based on the principles of internal equity under an international methodology and standard for job evaluation and external competitiveness, in which there are salary tabulators designed and updated based on each country's salary market practices and macroeconomic indicators.

From 2016 to 2018, Orbia has transformed its talent management model by implementing processes and policies with global reach and based on best market practices to attract, retain, evaluate, develop, compensate, and recognize its talent. To achieve this transformation, we have completed the implementation of a technology platform that allows us to administer and manage the key processes of human resources management; this global initiative ended in 2018.

Orbia is aware that in order to become a world-class company, its people play a preponderant role. The Company works to build a work culture where its human resources perform to the best of their abilities and in an inclusive and diverse environment. Orbia seeks to have a committed workforce that works with passion and deep connection to its purpose and values. In 2018, the Company dedicated efforts and resources to measure the level of commitment of its employees, as well as innovation capabilities. Regarding the level of commitment, it was found that 86% of the Company's global workforce is committed, empowered and energized to do their job. At the end of 2018, actions were initiated to increase the level of commitment of its employees. For this reason, we launched a global recognition program that will allow us to recognize employees for the efforts they demonstrate in their daily work. The commitment level study is applied every two years.

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 Entity. 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. In 2018, the Issuer completed training on its compliance policies and code of ethics; 100% of its employees globally were trained in person or online. It also launched its diversity and inclusion policy, which aims to create a culture that incorporates different ideas and perspectives where its employees have the opportunity to perform to their fullest capacity. Orbia hopes to achieve this objective by acting in accordance with applicable legislation, fostering communication and dialogue, as well as collaboration.

vii. Environmental Performance

Sustainability Model

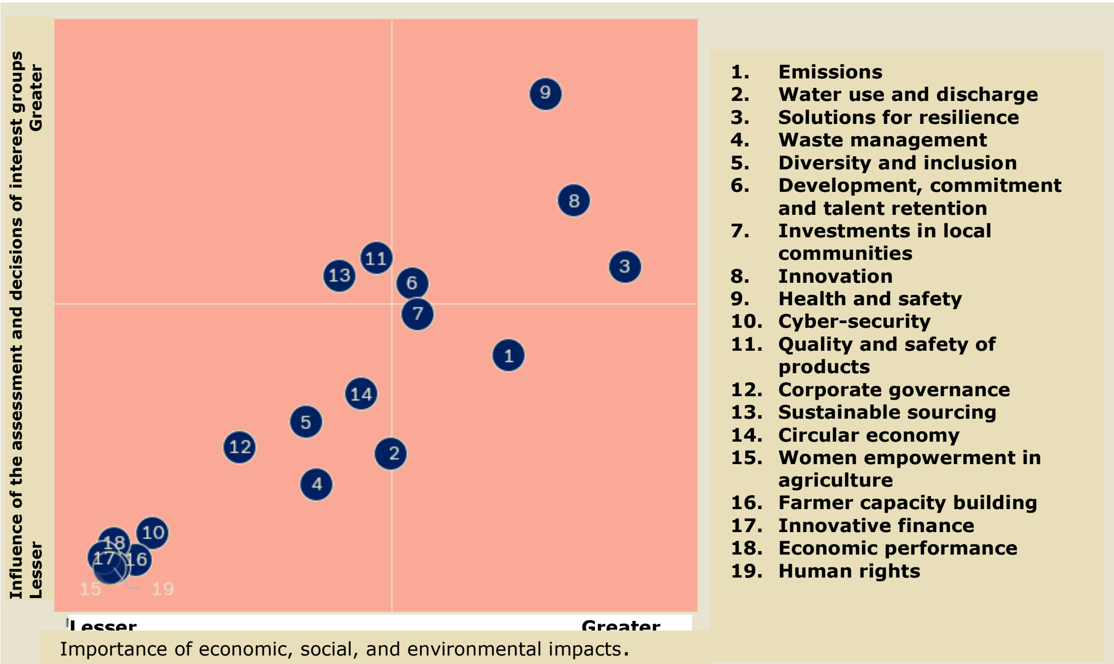
Commitment to safety, social and environmental responsibility

Orbia's purpose is to improve people's lives with outstanding products and services. To achieve this, the Company is committed to responsible business growth, while complying with the laws and regulations of the countries where it operates, minimizing the risks to its processes and products, and creating shared value for social progress.

Materiality

In early 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 performed. The exercise was carried out at the level of each business group, and then information was added at the Orbia level. The materiality matrix is shown below. The 10 main material issues identified for Orbia are:

1. Health and Safety
2. Innovation
3. Solutions for resilience
4. Development, commitment and talent retention
5. Investments in local communities
6. Emissions
7. Quality and safety of products
8. Sustainable sourcing
9. The Circular economy
10. Water use and discharge



Sustainability strategy and goals

Orbia contributes to sustainable development at a global level through its wide range of products, services and solutions that help solve some of the biggest challenges in the world. We are committed to responsible business growth, in line with regulatory compliance in all countries where have a presence. We continually seek to minimize any risks identified in our production processes and products. Orbia works to reduce the environmental footprint of the products and services it offers, producing the greatest value for its stakeholders, with the least possible impact. See the Sustainability policy for more details on the Company's sustainability commitments.

As a result of the updated materiality analysis and given that the previous objectives expired in 2018, we have created new long-term objectives, listed in the table below:

Area of impact	Objective	Target Year
Climate change	Achieve zero net carbon emissions	2050
Air emissions	Reduce Sulphur oxide (SOx) emissions by 60%	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
Safety	Total Recordable Injury Rate (TRIR) below 0.2 for employees and contractors	2025
Safety	Process Safety Event Rate (PSER) below 0.5	2025

For more details on the Company's sustainability initiatives and performance in recent years, see the Sustainability report at: www.orbia.com/es/sustentabilidad.

Also, in line with the Company's new purpose of advancing life around the world, it has identified the United Nations' Sustainable Development Goals (SDGs) to which it can contribute as a company.

The 6 SDGs to which the Issuer contributes through its products and solutions are as follows:

SDG	What are we doing?
2: Zero Hunger	Our greatest contribution to ensuring global food security is through our precision irrigation systems, which allow farmers to produce more with less water. Through our *Precision Agriculture* business group, we are the global leader in precision irrigation and fertigation solutions, which enable farmers to grow more food efficiently using less water, as well as other scarce resources.
3: Good Health and Well-Being	We are a global leader in solutions for the health sector. Our Fluor-based products provide the majority of propellant gases for metered dose inhalers. In addition, our PVC resins are widely used in applications across the spectrum of healthcare infrastructure, facilities and devices.
6: Clean water and sanitation	Our broad portfolio of products, services and technology for planning, design, construction, monitoring and maintenance of water and sewage management systems ensures the most efficient use and distribution of water for residential, industrial and municipal use. We develop innovative solutions for urban drainage and rainwater harvesting that allow better adaptation to climate change. We participate in social responsibility projects with our communities through initiatives such as Water Funds in Latin America, which allow us to protect and preserve water sources, as well as water basins. In addition, we have adopted efficient use practices within our operations, where most of our plants have closed water cycles.
8: Decent work and economic growth	We are a fair and decent employer for our nearly 21,500 employees worldwide. We provide employment opportunities to members of the communities in which we operate by striving to improve their quality of life and contribute to local economic development. We also provide our employees with the conditions and environment they need to reach their potential through our talent and leadership development programs.
9: Industry, Innovation and Infrastructure	Our products contribute to the development of reliable, resilient and quality infrastructure that advances economic development and human well-being. We offer soil management solutions for the structural improvement of road infrastructure works, significantly reducing the use of inert materials, such as gravel, and increasing the quality and life cycle of projects.
11: Sustainable cities and communities	We produce materials that contribute to improve structures. PVC is a low maintenance and long-lasting building material thanks to its strength and durability. We offer solutions for the installation of optical fiber cable at an intra-urban and inter-urban level, which connect the world and improve access to high-speed, high-performance information technologies.

Orbia has performed various analyses to determine the degree of exposure to the possible effects of climate change on its operations. In 2019, a climate change risk analysis was performed in line with the recommendations of the Task Force on Climate-related financial Disclosures (TCFD). This analysis covered 12 priority sites in three of its business groups in six countries.

The main findings of the analysis were as follows:

Physical risks: In general, experts from the ERM consulting firm concluded that the physical risk of Orbia's priority sites is from low to medium. This is due to exposure to weather events, including cyclones, floods, fires, temperature extremes and water stress.

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

As an example of the above, in September 2017, as a result of Hurricane Harvey, certain subsidiaries of the Polymer Solutions business group declared Force Majeure in relation to the supply of all their PVC resin suspensions, copolymers and emulsions produced in Mexico, Colombia and the U.S. because their main supplier of vinyl chloride (VCM) and other raw materials had declared Force Majeure.

Since the Intergovernmental Panel on Climate Change (IPCC) forecasts that extreme weather events will tend to increase in intensity and number. Redundant transport options, different routes and logistics means, or emergency inventories are some examples that are considered in the plans.

Market, technological and regulatory risks (transition): In addition to the direct effects of weather phenomena, other impacts on the business were analyzed that have to do with government or trade regulations, new market rules or the emergence of technologies. For this case, and taking a 2030 horizon, a higher exposure was projected, with some high business risks resulting from a transition to a low carbon economy. They are likely to include market pressure to use low-carbon materials, more extensive regulation of global carbon prices, or increases in the cost of resources, mainly electricity and water by 2030. Scenarios of increased water stress, for example, could affect water costs for the Company's operations. Such scenarios, in turn, are likely to impact the supply chain or production processes from the standpoint of continuity and cost.

The conclusions of this analysis based on TCFD recommendations are very useful in the development of specific risk mitigation plans for Orbia's businesses. These plans will include reducing the Company's carbon exposure, which goes hand in hand with our commitment to set science-based targets for emissions reductions.

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, we have started an effort to replace propellant and refrigerant gases with others with a lower greenhouse effect. These are just a few examples of what the Issuer is doing at present, and as a result of the climate risk study, we estimate that the adoption of products and solutions that take into account the opportunities of a more carbon-regulated context and that allow the Company to face the onslaught of climate change will be accelerated.

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 we provide for collection, distribution, sanitation and irrigation. Therefore, all but one of the Wavin, Netafim and Dura-Line plants have a closed circuit.

Through Netafim, we offer solutions or precision irrigation systems that help reduce water consumption in the agricultural sector, which, it should be noted, is responsible for about 70% of water consumption.

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

At Koura, solutions are being developed to improve the performance and reusability of power storage batteries.

Awards, Certifications and Distinctions

The following are a few of the awards, recognitions, and certifications that Orbia and its business groups received during the year:

Distinctions:

- Member of the S&P Sustainability Yearbook since 2021
- Member of the Dow Jones Sustainability Index (DJSI) MILA
- Member of the S&P/BMV Total Mexico ESG Index of the Mexican Stock Exchange
- Member of the FTSE4Good Index
- EcoVadis Silver Medal
- Forest Conservation Award from Reforestamos México
- CAMACOL Social Responsibility Award for Pavco Wavin Colombia
- PREAD Recognition: District Environmental Excellence Program in Colombia for commitment to environmental management and performance
- Xposible Colsubsidio Award for Pavco Wavin Colombia
- Gold Ekos award, 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) with a "B" rating in Climate Change

Certifications:

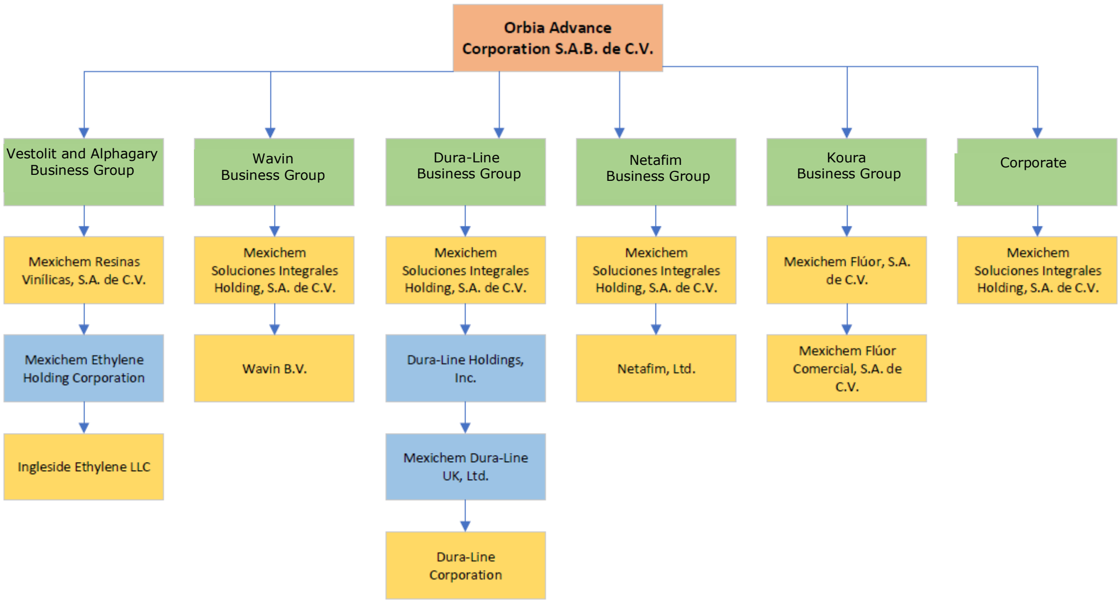
- ISO 14001: Environmental Management Systems
- ISO 50001: Energy management
- EMAS: Eco-Management and Audit Scheme in the European Union
- ESOS (Energy Savings Opportunity Scheme)
- Clean Industry awarded by the Mexican Environmental Authority
- OHSAS 18001: Occupational Health and Safety Management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

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 220 subsidiaries as of December 31, 2020. The organization chart provided below shows the most important Orbia subsidiaries in yellow, the assets and revenue of which, on an individual basis for each one, 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 2020.



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	Koura (Fluor)	Mexichem Fluor, S.A. de C.V.	Orbia Advance Corporation, S.A.B. de C.V.	99.97258604%
				Mexichem Servicios Administrativos, S.A. de C.V.	0.00000003%
				Mexichem Fluor Comercial, S.A. de C.V.	0.02741393%
2	Mexico	Koura (Fluor)	Mexichem Fluor Comercial, S.A. de C.V.	Mexichem Fluor, S.A. de C.V.	99.99999000%
				Mexichem Servicios Administrativos, S.A. de C.V.	0.00000100%
3	Mexico	Corporate	Mexichem Soluciones Integrales Holding, S.A. de C.V.	Orbia Advance Corporation, S.A.B. de C.V.	99.99863000%
				Mexichem Servicios Admnistrativos, S.A. de C.V.	0.00001370%
4	Mexico	Polymer Solutions (Vestolit / Alphagary)	Mexichem Resinas Vinilicas, S.A. de C.V.	Orbia Advance Corporation, S.A.B. de C.V.	99.99999980%
				Mexichem Servicios Administrativos, S.A. de C.V.	0.00000009%
				Mexichem Derivados, S.A. de C.V.	0.00000011%
5	United States	Polymer Solutions (Vestolit / Alphagary)	Ingleside Ethylene LLC	Mexichem Ethylene Holding Corporation	50%
				Oxychem Ingleside Ethylene Holdings Inc.	50%
6	United States	Dura-Line (Datacom)	Dura-Line Corporation	Mexichem Dura -Line UK, Ltd.	100%
7	Netherlands	Wavin (Building & Infraestructure)	Wavin BV	Mexichem Soluciones Integrales Holding, S.A. de C.V.	100%
8	Israel	Netafim (Precision Agriculture)	Netafim, LTD	Mexichem Soluciones Integrales Holding, S.A. de C.V.	80%
				Netafim Hatzerim Holdings (Cooperative Society) Ltd.	20%

x. Description of Main Assets

The main assets of Orbia's Business Groups are listed below, all of which are free of liens or encumbrances of any kind, since none of them constitute a guarantee of any kind of financing, except for assets that are being acquired through financial lease contracts that serve as natural security for compliance with the obligation to pay the respective lease amount, which represent a total amount of $345 million. All assets are insured, in optimum condition and there are no environmental measures affecting their use.

The following table provides information on Orbia's main production plants. In accordance with the provisions of Article 33, item b), point 1, of the Single Issuer Circular, the Company has determined that the information on the percentage of utilization of the installed capacity of plants in the Polymer Solutions business is strategic, therefore it reserves the disclosure of this information in this Report.

Business group	Process	Country or Region	Number of Plants	Type of Asset	Products	Installed Capacity Thousands of Tons/year	% of use in 2020
Polymer Solutions	Chlorine-Soda	Mexico	1	Mine	Brine (1)	250	N/A
Polymer Solutions	Chlorine-Soda	Mexico	2	Plants	Chlorine, Caustic Soda, Derivatives	895	N/A
Polymer Solutions	Chlorine-Soda	Colombia	1	Plants	Chlorine, Caustic Soda, Derivatives	50	N/A
Polymer Solutions	Chlorine-Soda	Germany	2	Plants	Chlorine, Caustic Soda, Derivatives	970	N/A
Polymer Solutions	Chlorine-Soda	Mexico	4	Plants	Phosphates	146	N/A
Polymer Solutions	Chlorine-Soda	United States	1	Plant	Ethylene	550	N/A
Polymer Solutions	Vinyl	Mexico	5	Plants	PVC Resins	781	N/A
Polymer Solutions	Vinyl	Colombia	3	Plants	PVC Resins	500	N/A
Polymer Solutions	Vinyl	United States	2	Plants	PVC Resins	116	N/A
Polymer Solutions	Vinyl	Germany	2	Plants	PVC Resins	400	N/A
Polymer Solutions	Vinyl	Mexico	2	Plants	Compounds	68	N/A
Polymer Solutions	Vinyl	Colombia	1	Plant	Compounds	22	N/A
Polymer Solutions	Vinyl	United States	3	Plants	Compounds	98	N/A
Polymer Solutions	Vinyl	United Kingdom	2	Plants	Compounds	118	N/A
Wavin LatAm	Wavin	Latin America	24	Plants	Pipes and Fittings	637	61%
Wavin Europe	Wavin	Europe	24	Plants	Pipes and Fittings	643	52%
Dura-Line US/Canada	Dura-Line	USA, Canada,	13	Plants	Pipes, HDPE microducts	258	73%
Dura-Line AMEA	Dura-Line	India, Oman, South Africa, China	6	Plants	Pipes, HDPE microducts	93	60%
Netafim	Precision Irrigation	The Americas	6	Plants	Pipes	45 Lines	82%
Netafim	Precision Irrigation	AMEA	6	Plants	Pipes and drippers	41 Lines	79%
Netafim	Precision Irrigation	India	2	Plants	Pipes	23 Lines	48%
Netafim	Precision Irrigation	APAC (excluding India)	3	Plants	Pipes	23 Lines	92%
Fluor	Fluorite	Mexico	2	Mines	Acid and metallurgical grade fluorite	>1,700	100%
Fluor	Fluorite	Mexico	3	Plants	Acid grade fluorite	>9000	100%
Fluor	HF	Mexico	2(2)	Plants	Hydrofluoric acid	143	84%
Fluor	AlF3	Mexico	1	Plant	Aluminum Fluoride	63	99%
Fluor	Refrigerant Gases	United States	1	Plant	Fluorinated hydrocarbons and refrigerants	39	75%
Fluor	Refrigerant Gases	Japan	1	Plant	Fluorinated hydrocarbons and refrigerants	21	58%

(1) m^3/hour
(2) A productive unit that includes 2 plants

The following describes the Company's most significant fixed assets with the following plants as part of its Wavin, Dura-Line and Netafim business groups:

- **In Latin America, Wavin** owns and operates 24 plants in 12 countries, with a combined installed production capacity of 773,000 tons of PVC extracts, PVC and injected polyethylene and polyethylene products, using state-of-the-art transformation technologies.

- **In Europe, Wavin** owns 24 manufacturing plants and points of sale and distribution in 25 countries, with a combined installed production capacity of 758,000 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, Dura-Line** owns 13 manufacturing and assembly plants located in the United States and Canada, with a combined installed production capacity of 258,000 tons. It has procedures in place to comply with ISO 9001 standards, as well as other standards relevant to competent authorities, which are reviewed and certified by independent companies. Design practices are subject to various customs and regulatory testing to ensure that products meet or exceed customer expectations and applicable regulatory requirements.

- **In AMEA, Dura-Line** owns 6 manufacturing and assembly plants located in India, Oman, China and South Africa, with a combined installed production capacity of 100,000 tons. 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 standards relevant to competent authorities, which are reviewed and certified by independent companies. Design practices are subject to various customs and regulatory testing to ensure that products meet or exceed customer expectations and applicable regulatory requirements.

- **Netafim** owns 17 manufacturing and assembly plants located in Australia, Brazil, Chile, Colombia, China, India, Israel, Mexico, the Netherlands, Peru, South Africa, Spain, Turkey and the USA, with a sales volume of 6 million meters in fiscal year 2019.

In the 2018-2020 period, Orbia announced the acquisitions of: Netafim in Israel in the Irrigation business, Sylvin Technologies in the U.S. and Vinyl Compounds Holdings Limited in the United Kingdom in the Compounds Business Group (Polymer Solutions business group) and Gravenhurst in Canada in Data Communications (formerly, Fluent business group), which include the following within their main assets, and which are accounted for in the table above:

Sylvin Technologies (2018): company headquartered in Denver, Pennsylvania, USA, which has a plant and is a manufacturer specializing in PVC compounds.

Netafim (2018): company headquartered in Israel and present in more than 30 countries with 17 plants, has a share of approximately 30% in the global market for irrigation solutions for agriculture, greenhouses, landscaping and mining, meeting demand from more than 110 countries.

Additionally, in 2020, the Company carried out different investments of a permanent nature that are part of maintenance and organic growth, which added up to $204 million.

Orbia believes that there are currently no regulatory measures affecting the use of its assets, which guarantees its compliance with all environmental requirements at all its facilities.

So that Orbia's operations are not suddenly affected, its policy is to have predictive preventive maintenance programs applied to its assets, including machinery, diverse equipment, etc. The objective of this is to maintain the facilities in optimal conditions, complying with government rules and regulations according to each country and, if necessary, corrective maintenance will be used, without this being the recurrent case for the Issuer. The Company allocates approximately 2.7% of its sales to preventive, predictive and corrective maintenance. All these resources have been financed through the Company's own cash flow.

Insurance

Orbia has contracted the following coverage at the controlling company level for all the companies that make up the group, usually required by and according to the standards for the mining, chemical, and petrochemical industries:

A. Multiple business insurance (assets and business interruption), which covers:

- Wide fire coverage, including hydro meteorological risks, earthquake and volcanic eruption covering: building, contents (machinery and equipment), inventories and gross profit.

- Technical branches, covering machinery breakage, electronic equipment, (underground) mobile equipment without circulation plates.

The values declared for this insurance have been reported considering the replacement value for fixed assets and the last purchase price for inventories. Gross profit has been determined based on the approved budget for 2020 and the sums insured vary according to the values of each company.

B. Cargo transport insurance that covers all shipments where there is an insurable interest (purchases, sales, inter-warehouses, etc.).

C. Civil liability insurance that covers damages (including pollution) to third parties in their property and persons, as well as damages caused because of such direct damages.

D. Civil liability insurance for directors and civil servants, which protects such persons against claims by third parties arising from wrongful acts committed in the exercise of their functions.

E. Crime Insurance that covers damages as a result of criminal acts, both internal and external.

F. Credit Insurance whose objective is to cover the risk of non-payment or prolonged default by debtors.

In addition to the insurance mentioned above, each subsidiary has insurance policies according to its specific need, or to comply with contractual obligations and/or applicable legislation in the place where it is located.

Although we are convinced that we have adequate, sufficient coverage compliant with industry practices, also considering our particular operations, there is a possibility that insurance coverage against possible unforeseen losses and other liabilities may not be sufficient in some extremely catastrophic or very unpredictable cases. Likewise, if the losses derived from a loss exceed the insured limit, the result would have an adverse effect on Orbia's financial result, which is not anticipated or foreseen within the expenses and/or costs.

The following companies and their affiliates and/or subsidiaries that are part of the Orbia group have independently contracted similar insurance schemes outside of the insurance contracted and controlled at the controlling company level: Netafim Ltd, Dura-Line Holdings, Inc., Vestolit GmbH, Wavin B.V, Sylvin Technologies, Mexichem Specialty Compounds, Mexichem Brasil Indústria de Transformação Plástica Ltda and Mexichem Trading Comercio, Importacao e Exportacao S/A.

xi. Judicial, Administrative or Arbitral Proceedings

Based on the information relevance criteria established in Annex N of the Sole Circular for Issuers, the Company and its subsidiaries are not, and there is not a high probability that in the future they will be, involved in any relevant proceedings of a legal, administrative or arbitration nature other than those that arise in the normal course of its business and that have, had or could have a significant impact on the results of operations or 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 certain provisions to meet obligations that may arise as a result of the procedures to which it or its subsidiaries are party.

To the best knowledge of the Company and its subsidiaries, as of December 31, 2020, none of its shareholders, directors or main officers are involved in any judicial, administrative and/or arbitration proceedings that could significantly affect the operating results or the financial condition of the Issuer.

Likewise, neither the Company nor its subsidiaries are party to any tax proceedings that could affect the operating results or the financial situation of the Issuer in a significant adverse manner.

xii. Shares representing Capital Stock

The capital stock as of December 31, 2020, 2019 and 2018 is represented by 2,100,000,000 shares, ordinary, nominative with voting rights and without par value, which are fully paid. The fixed portion of the capital is represented by Class I nominative shares with no right of withdrawal. The variable part of the capital is represented by Class II nominative shares, without par value. As of December 31, 2020, 2019 and 2018, the number of shares and amount of capital was as follows:

Subscribed capital	Number of shares	Amount (millions of dollars)
Class I	308,178,735	$ 38
Class II	1,791,821,265	$ 219
TOTAL	2,100,000,000	$ 257

As of December 31, 2020, the Company does not hold open positions in derivative instruments that could be settled in kind whose underlying are ORBIA* shares.

In the last three fiscal years, 2020, 2019 and 2018, Orbia has not modified the number or amount of outstanding shares representing its capital stock.

As of December 31, 2020, the Company had acquired 83,204,267 of its own shares through the use of funds authorized by the Ordinary General Shareholders' Meeting for the Repurchase Fund, which the Issuer purchases on the stock market, with a charge to its stockholders' equity.

xiii. Dividends

In the last three fiscal years (2020, 2019 and 2018), Orbia has declared cash dividends, as follows:

Table of Dividends

General Shareholders' Meeting	Dividend Declared in millions of USD	Number of Payments	Payment Dates
Aug-20-18	150	5 payments	Dec. 24, 2018 ($50 million), from May 29, 2019 to Feb. 26, 2020 ($100 million)
Nov-26-18	168	4 payments	Feb. 27, May 29, Aug. 28, Nov. 27, 2019
Dec-2-19	180	4 payments	Feb. 26, May 27, 2020, Aug. 26 and Nov. 25

During the General Ordinary Stockholders' Meeting of Orbia held on August 20, 2018, it was agreed to pay an extraordinary dividend for the equivalent in Pesos of up to $150 million, to be paid to the shares of the Company that are outstanding on each payment date, excluding the shares that are in the Company's repurchase fund. Such dividend was determined to be payable in four equal installments within 12 months following the holding of such Meeting in accordance with the payment schedule to be determined by the Company's management, applying the published exchange rate determined by the Bank of Mexico for the payment of obligations in Dollars, applicable on each date of the ex-dividend with respect to each payment date. On December 14, 2018, the Issuer announced the payment of the first partial payment of the extraordinary dividend in the amount of $50 million, which was made on December 24, 2018. During the Ordinary and Extraordinary Annual Shareholder Meeting held on April 23, 2019, after the explanations offered by the Secretary of the Meeting on the reasons and effects of the respective proposal, the extension of the payment term of the extraordinary dividend declared in the Ordinary Shareholders' Meeting held on August 21, 2018 for the remaining $100 million was approved, so that the payment may be concluded within the 12 (twelve) months following the Shareholders' Meeting held on April 23, 2019. The above with the objective of aligning the Company's cash flows to the current cycle.

During the General Ordinary Stockholders' Meeting of Orbia held on November 26, 2018, it was agreed to pay a dividend equivalent to $168 million to be distributed among the outstanding shares, discounting the amount corresponding to the shares that are in the Company's repurchase fund in each partial payment. The dividend will be paid in Mexican pesos in four equal installments, each equivalent to $42 million during the 12 months following such meeting, for outstanding shares, excluding those shares held by the Company as a result of the share repurchase program on each of the payment dates, at the exchange rate published in the Official Federal Gazette by the Bank of Mexico. On November 27, 2018, the Company notified that each of the four installments will be paid on each of the following four dates: February 27, May 29, August 28 and November 27, 2019.

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 $0.10 dollars per share payable in four installments in 2021, the first of which was made on April 14, 2021.

The declaration, amount and payment of dividends are approved by the Ordinary General Shareholders' Meetings, upon recommendation of the Board of Directors, and dividends may only be paid from retained earnings of 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 payment depends on the generation of profits, generation of cash flow, and projected investments in its different Business Groups (see Section 1, "General Information," item c, "Risk Factors," sub-item c, "Risk Factors Related to Securities Issued by the Company").

The amount and payment of Orbia's future 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 results of operations, financial condition, capital requirements, investments in possible 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 the shareholders in approving, the payment of future dividends.

There is no dividend payment policy. In recent years, Orbia has paid a dividend of around 10% of the EBITDA of the corresponding fiscal year, even though it is not a formally adopted policy and there is no document that establishes it.

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, 2020, 2019 and 2018, including the related notes.

The consolidated financial statements of the Company and its subsidiaries for the years ending December 31, 2020, 2019 and 2018 have been prepared in accordance with the International Financial Reporting Standards (IFRS), hereinafter 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 8, "Annexes", "Consolidated Financial Statements", in this Annual Report.

The comparability of the financial information presented in the following table, as well as that of the Audited Consolidated Financial Statements, may be affected by certain events that occurred in the years 2020, 2019 and 2018.

The financial statements of Netafim have been consolidated in Orbia's financial statements as of February 7, 2018. Therefore, Mexichem's (now Orbia's) 2018 consolidated income statement includes the operations for the period from February 7 to December 31, 2018 for Netafim and for that reason only, they are not comparable with the 2017 consolidated financial statements.

The financial figures included in the section of the Annual Report have been rounded to millions of Dollars (except for the figures for earning per share and number of shares, which are expressed in units, or when otherwise indicated), while the figures presented in the Company's audited financial statements that are presented in the Annexes of this Annual Report have been rounded to thousands of Dollars (except where otherwise indicated), for convenience of presentation. The percent figures in this Annual Report have not been, in any case, calculated on the base of the figures rounded to millions of Dollars, but rather on the base of such amounts before rounding. For this reason, the percentage figures in this Annual Report may vary from the percentage obtained when performing the same calculations using the financial statement figures. Certain financial figures, such as the totals in certain tables, may not be the result of adding up the figures prior to rounding.

The tables below show selected financial information for Orbia for each of the periods indicated. This information should be read as a whole and is completely subject to the complete terms of Orbia's audited consolidated financial statements as of December 31, 2020, 2019 and 2018, including the notes on the financial statements, which are attached to this Report.

In addition to the foregoing, 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".

A few notable events that affect the financial figures that are presented, analyzed and commented on in this section are the following:

(1) Establishment and acquisition of new business –

In the last three years, Orbia established and acquired the businesses outlined below:

2020

i. <u>SeeTree Investment</u> - On November 18, 2020, Orbia completed its first corporate venture capital Transaction through an investment in SeeTree, a leading startup in the agricultural technology sector with a focus on tree cultivation. SeeTree uses military-grade telecommunications, Surface sensors, artificial intelligence and machine learning on an integrated basis to prevent pests in trees and to maximize productivity at a low cost. Netafim is partnering with SeeTree to incorporate the latter's advanced technology in Netafim's offering of solutions. This investment represents a significant step for Orbia and Netafim, since it allows us to Foster the development of conscious and profitable agriculture

2018

i. Acquisition of Netafim - On February 7, 2018, Orbia completed the acquisition of 80% of the shares of Netafim LTD (Netafim), a leading Israeli company in precision irrigation solutions, after having obtained all governmental authorizations and fulfilled the conditions precedent required in the Share Purchase Agreement signed in August 2017. The price paid for the acquisition was $1,424 million. Kibbutz Hatzerim will retain the remaining 20% of the capital stock of Netafim. In addition, Orbia signed a "Put/Call Rights" agreement in which, after the fifth anniversary of the closing date of the Netafim acquisition agreement, Kibbutz Hatzerim will have, for a period of 10 years, the right to sell its interest in Netafim to the Company ("Hatzerim Put Option") and Orbia will have the obligation to acquire it at the price agreed in the respective agreement. In addition, after the eighth anniversary of the closing of the Netafim acquisition agreement, the Company will have the right to purchase its interest in Netafim from Kibbutz Hatzerim for a period of 10 years ("Purchaser Call Option") and Kibbutz Hatzerim will have the obligation to sell it on the terms mentioned in the respective agreement. This transaction represents a significant step forward in Orbia's long-term strategy to position itself as a world leader in value added solutions, serving high-growth markets.

   The acquisition was mainly financed as follows: (i) cash of $239 million, (ii) new short-term loan of $200 million, which was repaid in full in May 2020, and (iii) cash from the issuance of a long-term bond of $985 million.

ii. Acquisition of Sylvin Technologies Ltd. - On January 22, 2018, Orbia announced the acquisition of 100% of the capital stock of Sylvin Technologies Inc., a specialized PVC compound manufacturer based in Denver, Pennsylvania, for $39 million free of cash and debt. Sylvin recorded total sales of $29 million in 2017. The company has a 30-year history of serving a wide range of industries including: cable, electrical, industrial, automotive, medical, and food products. Orbia will consolidate Sylvin into the Polymer Solutions business group, under the Composites business unit.

iii. Petroquímica Mexicana de Vinilo, S.A. de C.V. (PMV) - On July 6, 2018, Orbia announced that in line with its strategy of consolidation in key businesses, it reached an agreement for the acquisition of 44.09% of the shares representing the capital stock held by Pemex in Petroquímica Mexicana de Vinilo, S.A. de C.V. (PMV), through its subsidiary PPQ Cadena Productiva S.L., after the approval of the Boards of Directors of both Pemex and Orbia. The amount of the operation came to approximately $159.3 million, which is within the valuation ranges of comparable companies and previous transactions in the petrochemical sector. Orbia completed the acquisition on November 16, 2018, so that, as of that date, PMV is exclusively a subsidiary of Orbia that consolidates with the Polymer Solutions business group.

Consolidated income statements	For the years ending December 31:		
(Figures in Millions of U.S. dollars)	2020	2019	2018
Continuous operations:			
Net sales	**6,420**	**6,987**	**7,198**
Cost of sales	4,574	5,029	5,199
Gross profit	**1,846**	**1,958**	**1,999**
Selling and development expenses	585	625	588
Administrative expenses	508	468	449
Other costs, net	33	43	27
Exchange gain	(102)	(49)	(84)
Exchange loss	104	68	132
Interest expense	239	272	251
Interest income	(10)	(14)	(20)
Change in fair value of redeemable non-controlling interest	10	18	19
Monetary position loss (gain)	1	(0)	(13)
Share of results of associates	(1)	(4)	(4)
Income before income taxes	479	533	655
Income taxes	151	206	195
Income from continuing operations	328	327	460
Discontinued operations:			
Income (loss) from discontinued operations, Net	(10)	(0)	23
Consolidated net income for the year	**319**	**327**	**483**
Controlling interest	195	207	355
Non-controlling interest	124	120	128
	319	327	483
Controlling interest earnings per share	$0.09	$0.10	$0.17
Weighted average number of outstanding shares	2,100,000,000	2,100,000,000	2,100,000,000

Consolidated Financial Position Statements	As of December 31:		
(Figures in Millions of U.S. dollars)	2020	2019	2018
Assets			
Current assets:			
Cash and cash equivalents	875	586	700
Accounts Receivable, Net	1,325	1,352	1,318
Accounts receivable from related parties	5	5	5
Inventories, Net	861	834	866
Derivative financial instruments	20	-	-
Prepaid expenses	60	65	78
Assets held for sale	10	9	10
Total current assets	**3,156**	**2,852**	**2,977**
Non-current assets:			
Property, plant and equipment, Net	3,186	3,349	3,507
Right of use assets	323	337	-
Investment in shares of associated companies	39	34	36
Other assets, Net	69	89	101
Deferred taxes	200	126	96
Employee benefit assets	13	14	14
Intangible Assets, Net	1,734	1,766	1,852
Goodwill	1,491	1,492	1,493
Total non-current assets	**7,055**	**7,205**	**7,098**
Total Assets	**$10,211**	**$10,057**	**$10,075**

Consolidated Financial Position Statements	As of December 31:		
(Figures in Millions of U.S. dollars)	2020	2019	2018
Liabilities and stockholders' equity			
Current liabilities:			
Bank loans and current portion of long-term debt	$495	$322	$396
Suppliers	788	679	794
Letters of credit	538	585	619
Accounts payable to related parties	1	101	117
Other accounts payable and accrued liabilities	467	478	462
Dividends payable	3	134	156
Provisions	33	52	22
Employee Benefits	160	128	102
Short-term finance leases	82	78	18
Derivative financial instruments	14	13	16
Liabilities associated with assets held for sale	6	6	7
Total current liabilities	**2,588**	**2,577**	**2,708**
Non-current liabilities:			
Bank loans and debt	3,131	3,129	3,175
Employee Benefits	274	229	214
Provisions	21	23	18
Other liabilities	31	36	26
Non-controlling redeemable interest	274	264	246
Derivative financial instruments	95	67	113
Liability for deferred taxes	314	335	349
Finance lease liabilities	263	267	15
Income tax	42	35	41
Total non-current liabilities	**4,444**	**4,385**	**4,197**
Total liabilities	**7,032**	**6,963**	**6,905**
Stockholders' equity:			
Contributed capital			
Capital Stock	256	256	256
Share premium	1,475	1,475	1,475
Update of capital stock	24	24	24
	1,755	1,755	1,755
Earned Capital			
Retained earnings	1,108	1,059	1,053
Non-controlling redeemable interest	(227)	(227)	(227)
Reserve for acquisition of own shares	400	296	329
Other comprehensive income	(543)	(508)	(501)
	738	**620**	**653**
Total controlling interest	**2,493**	**2,375**	**2,408**
Total non-controlling interest	687	719	761
Total stockholders' equity	**3,180**	**3,094**	**3,170**
Total liabilities and stockholders' equity	**10,211**	**10,057**	**10,075**

Net Debt to EBITDA:

	As of December 31:		
(Millions of Dollars)	**2020**	**2019**	**2018**
Liabilities with cost	3,626	3,451	3,572
Current portion	495	322	396
Long-term debt	3,131	3,129	3,176
Cash and cash equivalents	875	586	700
Net debt**	2,751	2,865	2,872
EBITDA *	1,318	1,365	1,397
Net debt to EBITDA ratio	2.09	2.10	2.06

* For purposes of this calculation, the actual EBITDA is considered, which only includes the EBITDA of businesses acquired as of its date of incorporation in the consolidation of Orbia.

Financial Indicators

Indicators	**2020**	**2019**	**2018**
Investments in property, plant, and equipment	204	261	283
Depreciation and amortization for the fiscal year	598	542	462
EBITDA	1,318	1,365	1,397
Accounts Receivable Rotation (days)	58	53	50
Average term of payment suppliers (days)	105	117	116
Inventory rotation (days)	69	61	52

Given that the issuance of ORBIA 12 Stock Exchange Certificates has the endorsement of its subsidiaries Mexichem Brasil Industria de Transformacão Plastica, Ltda., Mexichem Compuestos, S.A. de C.V., Mexichem Derivados, S.A. de C.V., Mexichem Amanco Holding, S.A. de C.V., Mexichem Flúor, S.A. de C.V. and Mexichem Resinas Vinílicas, S.A. de C.V., this Annual Report includes some of the main financial figures for these companies at the close of 2020:

	As of December 31, 2020				
Subsidiaries that guarantee Orbia Stock Exchange Certificates	**Sales**	**Operating Income**	**Total assets**	**Total Liabilities**	**Total capital**
Mexichem Brasil industria de Transformación Plástica, Ltda.	299	70	296	151	145
Mexichem Compuestos, S.A. de C.V.	150	20	325	161	164
Mexichem Derivados, S.A. de C.V.	41	10	134	21	113
Mexichem Amanco Holding, S.A. de C.V.	0	1	816	95	721
Mexichem Flúor, S.A. de C.V.	33	91	1,137	262	875
Mexichem Resinas Vinílicas, S.A. de C.V.	394	32	1,815	1,024	791

Figures in millions
The information in the above table is based on the Audited Financial Statements.

b) Financial Information by Business Group, Geographical Area and Export Sales

The main historical indicators of sales by Business Group are shown below:

Sales by business group	2020	%	2019	%	2018	%
Polymer Solutions	2,171	34	2,334	33	2,460	34
Wavin	2,071	32	2,239	32	2,362	33
Dura-Line	732	11	749	11	798	11
Netafim	972	15	1,063	15	945	13
Koura	698	11	805	12	837	12
Controlling company	184	3	97	1	(12)	(0)
Eliminations	(408)	(6)	(300)	(4)	(192)	(3)
Total	**6,420**	**100**	**6,987**	**100**	**7,198**	**100**

Operating income [1]	2020	%	2019	%	2018	%
Polymer Solutions	224	31	210	26	330	35
Wavin	127	18	142	17	158	17
Dura-Line	140	19	116	14	85	9
Netafim	89	12	92	11	113	12
Koura	193	27	267	32	302	32
Holding company	(53)	(7)	(4)	(0)	(53)	(5)
Eliminations	0	0	0	0	0	(0)
Total	**720**	**100**	**823**	**100**	**935**	**100**

Figures in millions

Sales by geographical area of origin for 2020, 2019 and 2018:

Net sales from external customers

Country	As of December, 2020	As of December, 2019	As of December, 2018
Mexico	1,247	1,323	1,347
Northwest Europe	1,139	1,237	1,260
The United States	1,221	1,175	1,175
Southwest Europe	795	894	798
Colombia	466	542	523
AMEA	384	473	474
Brazil	334	368	362
Central and Eastern Europe	227	237	281
Southeast Europe	35	42	227
Central America	159	197	180
Others	69	100	177
Israel	166	176	168
Peru	99	128	117
Ecuador	78	95	108
Venezuela	0	0	3
Total	**6,420**	**6,987**	**7,198**

Figures in millions

Sales by destination region

Region	2020	2019	2018+
Europe	2,169	2,376	2,663
North America	2,081	2,166	2,015
South America	1,254	1,467	1,656
Africa and others	915	978	864
Total	**6,420**	**6,987**	**7,198**

Figures in millions

c) Relevant Credit Report

Historically, the growth strategy through capital investments and, especially, through acquisitions of companies that offer vertical integration synergies and add value to the Issuer's basic raw materials, has been supported by long-term and short-term loans, which have been amortized using the cash flows generated by the subsidiaries' operations.

Orbia's credit requirements have been driven more by opportunities to acquire new companies than by seasonal factors. This growth strategy has changed under the current management team, which is focused on opportunities for organic growth.

It has been the Company's policy to reduce its leverage levels once it has used new loans to buy companies and comply with its obligation to maintain a gearing ratio of 2.0x Net Debt / EBDITA, protecting the Group's position in potential recession cycles or future periods of low growth. At the 2020 closing, the Company's gearing ratio is 2.09 times.

Gearing ratio	2020	2019	2018
Total Liabilities/Total Assets	69%	69%	68%
Total Liabilities/Stockholders' Equity (times)	2.21	2.25	2.17
Liabilities with Cost/ Stockholders' Equity (times)	1.14	1.12	1.13
Ratio net debt to EBDITA	2.09	2.10	2.06

As of December 31, 2020, the Company's long-term debt payment obligations with cost net of related placement expenses were as follows with figures in millions:

Payable during-	
2022	930
2023	39
2024	43
2025 and thereafter	2,119
	3,131

Orbia's treasury has continued the policy of maintaining healthy finances with sufficient liquidity to guarantee the necessary financial flexibility to commit to strategic growth projects at the overall Orbia level.

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 U.S. dollars.

The Company and its subsidiaries have no material tax liabilities as of December 31, 2020.

Net debt from available resources at December 31, 2020 was $2,751 million. The detail of net debt is presented below, based on figures presented in the Financial Statements included in section 8, *"Exhibits", "Consolidated Financial Statements", in this Annual Report:*

The Company's financing strategy has been to obtain loans for its expansion program, which is currently focused on organic growth, increase capital when necessary, through new contributions from shareholders to strengthen its Financial Position, as well as to use the cash flows generated by the operation, including that of the acquired companies, to reduce the contracted debt. Over the past several years, the Company's financing policy has been to maintain adequate liquidity and a debt maturity profile compatible with cash flow generation and working capital investments.

Short-term indebtedness

As of December 31, 2020, Orbia had access to revolving lines of credit with an undrawn balance of $1,000 million.

In addition, the Issuer has a Stock Market Certificate Program authorized by the CNBV in 2017 for $10,000 million Mexican pesos, of which $3,000 million Mexican pesos have been used and $7,000 million Mexican pesos could be available at any time.

As of the date of this Annual Report, the Company has uncommitted short-term credit facilities with various banks, which are mainly used to improve its working capital. Credit facilities include short-term financing, letters of credit, among others. Most are letters of credit for payment from raw material suppliers.

At year-end 2020, Orbia's short-term debt was $495 million.

Financial indebtedness

The table below presents selected information regarding the indebtedness with unpaid cost, description of rates, currencies, amortizations, and maturities incurred by the Company as of December 31 of the following years with figures in millions:

Bank loans and current portion of long-term debt (figures in millions)

At the end of the year, they are as follows:

	2020	2019	2018
***Summary of loan agreements in U.S. dollars, euros, and other currencies*:**			
Issuance of 30-year International Bond for $750 million that bears semi-annual interest at a fixed rate of 5.875%. The principal is repaid in a single payment when due in September 2044.	750	750	750
Issuance of 10-year International Bond for $750 million that bears semi-annual interest at a fixed rate of 4.875%. The principal is repaid in a single payment when due in September 2022.	750	750	750
Issuance of 10-year International Bond for $500 million that bears semi-annual interest at a fixed rate of 4.00%. The principal is repaid in a single payment when due in October 2027.	500	500	500
Issuance of 30-year International Bond for $500 million that bears semi-annual interest at a fixed rate of 5.50%. The principal is repaid in a single payment when due in January 2048.	500	500	500
Bank of England			
Issuance of Commercial paper for $300 million pounds sterling. The discount rate for the loan is 0.60% and it matures on May 18, 2021.	409	-	-
Issuance of 30-year International Bond for $400 million that bears semi-annual interest at a fixed rate of 6.75%. The principal is repaid in a SINGLE payment when due in September 2042.	400	400	400
Rabobank			
5-year bank loan for $75 million bearing quarterly interest at a variable rate of LIBOR 3M + 1.75%. Principal is amortized quarterly and matures in March 2024.	60	70	-
IFC			
Bank loan for $40 million maturing on June 28 and bearing interest at a variable rate of LIBOR 3M + 1.95%.	40	-	-

	2020	2019	2018
***Summary of other loan agreements in U.S. dollars, euros, and other currencies*:**			
MUFG			
5-year bank loan for $50 million that bears quarterly interest at a variable rate of LIBOR 3M + 2.00%. Principal is repayable quarterly and matures on March 25, 2024.	39	46	-
Bank Loan for $107 million Turkish Lira maturing on June 15, 2024 and bearing interest at a fixed rate of 16.45%	15	-	-
Issuance of 10-year International Bond for $350 million that bears semi-annual interest at a fixed rate of 8.75%. The principal is repaid based on the original maturity in November 2019.	-	-	83
Scotiabank			
1-year Bank Loan for $200 million that bore quarterly interest at a variable rate of LIBOR 1M + 0.496%. Principal is payable in a single installment upon maturity. In December 2019, a prepayment of $49 was made and the loan was refinanced, changing its maturity to June 2020, and establishing a new interest rate of LIBOR 1M + .35%. This loan was repaid in full in June 2020.	-	151	200
HSBC			
Line of credit for $51 million that bore quarterly interest at the LIBOR plus 1.50 %. Principal was payable in a single payment upon maturity in April 2020. The principal was prepaid in 2019.	-	-	51
Syndicated loan for $75 million that bore quarterly interest at a variable rate of LIBOR 3M + 3.96%. The loan established a grace period of 1.5 years and 35% of the principal was payable semi-annually after the grace period with a final payment upon maturity of 65% in March 2020. In March 2018, a prepayment of $20 million was made and in March 2019, the remaining balance of the loan was prepaid in full.	-	-	40
Syndicated loan of $70.7 million euros that bore quarterly interest at a variable rate of EURIBOR 3M + 3.84%. The loan established a grace period of 1.5 years and 35% of the principal was payable semi-annually after the grace period with a final payment upon maturity of 65% in March 2020. In March 2018, a prepayment of $18.6 million was made and in March 2019, the remaining balance of the loan was prepaid in full.	-	-	43
Revolving short-term loan with a line of credit of up to $200 million. The loan bears interest at a variable rate of LIBOR + 2.30%.	-	-	39
Others	38	42	40
Loans in Mexican pesos:			
A 10-year, 3,000 million stock exchange certificate that bears semi-annual interest at a fixed rate of 8.12%. Principal is payable in a single installment upon maturity in March 2022.	150	159	152
Bancomext			
Term loans for 3,000 million and 66,443 thousand that bear quarterly interest of TIIE plus 0.825% and TIIE plus 0.71%, respectively. Principal is payable quarterly starting in September 2017 and through March 2021.	15	49	78
Citibanamex			
6-month bank loan for 1,566 million that bears monthly interest at a variable rate of TIIE28 + 0.15%. The principal was repaid in a single payment upon maturity in May 2020.	-	83	-
TOTAL	3,666	3,501	3,625
Minus - Bank loans and current portion of long-term debt	(495)	(322)	(396)
Minus - Debt placement expenses	(40)	(50)	(53)
	3,131	3,129	3,175

As of December 31, 2020, certain financings establish certain do's and don'ts (financial covenants). A few of these obligations are shown in the following table. As of December 31, 2019, all the obligations assumed by the Issuer in its financing credit contracts have been complied with, and it is not in any type of default with respect thereto:

Obligations to Do	Obligations Not to Do	Causes of Early Expiration
Provide periodic financial information and information on relevant events	Do not change the prevailing business line	Failure to pay principal and/or interest
Issue a certificate by the Company signed by a financial officer simultaneously with each delivery of financial statements, certifying that no default has occurred in the contracts.	Not to merge or liquidate or sell "significant assets" unless, at the time of the merger and immediately thereafter, there is no Default and the Issuer subsists as a corporation.	Submitting relevant false or incorrect information
Issue a written statement by the Company signed by a financial officer when it becomes aware of the filing or commencement of any action, lawsuit or proceeding by or before any arbitrator or governmental authority against or affecting a company of the Issuer that is reasonably expected to result in a Material Effect.	Neither the Company nor any of its Subsidiaries may engage in sale and leaseback transactions, except for temporary term leases, including any renewal thereof, of not more than three years, and except for leases between the Company and a Subsidiary or between Subsidiaries) unless the net proceeds of the sale and leaseback are at least equal to the fair value of the property.	If the early maturity of any instrument or contract is declared, evidencing or deriving in a debt of the Issuer (or subsidiaries) that, individually or as a whole, amounts in any currency to at least US$30 million for a period longer than 30 (thirty) Business Days.
Preserve, renew, and maintain in full force and effect its legal existence and the necessary permits to carry out its operations	Do not constitute "encumbrances" except for "permitted encumbrances".	If the Company or any of its "major subsidiaries" initiates a bankruptcy proceeding that continues for more than 60 days
Use the funds for the agreed destination	No company will pay dividends when there is a Default Event, or when such payment generates one	Defaulting in an amount greater than $50 million in the payment of principal or interest on a debt
Be up to date with their labor and tax obligations, including payment of taxes.	Do not enter into transactions with "affiliates" unless they are on market terms or in certain exceptions.	Failure to comply with any obligation to do or not to do in the relevant contract or instrument
Maintain a pari passu payment priority over other debts contracted	Do not modify its shareholding structure in such a way that impedes the current majority shareholders from controlling 51% (fifty-one percent) of the shares representing the borrower’s capital stock.	If the Company does not pay the fees of Mexican Social Security Institute, National Housing Fund Institute for Workers (in Mexico) or Retirement Savings System (in Mexico) in an amount greater than $50 million.
Maintain log and account books with complete and correct entries of all transactions relating to their businesses and activities		If a change of control occurs
Compliance with applicable law		Acceleration of other debt by more than $50 million
The Issuer shall maintain its assets in good condition for the performance of its operations, shall insure it and shall comply with the necessary payments to the different insurance companies.		If a judgment is issued against the Company imposing payment of an amount greater than $50 million and remaining for more than 30 days
		If any of the obligated parties sue the banks for the invalidity of the credit
		If the Company or any material subsidiary is unable to pay its debts
		If the staff designated by the bank is not allowed to conduct inspections of their records to determine compliance with obligations.

All the above obligations have been met as of the date of this report.

In addition, the financing contracts have certain other financial restrictions (all calculated using Orbia’s consolidated figures) that have also been complied with by the Company, which include market definitions of terms such as EBITDA and consolidated net debt, the most relevant of which are as follows:

a) Certain restrictions on the existence of new encumbrances.
b) Maintain a consolidated interest coverage ratio (consolidated interest expense with respect to the EBITDA) of not less than 3.0 to 1.0.
c) Maintain a net debt to EBITDA ratio of 2.0.
d) Ensure and keep in good operating condition its property, machinery, and equipment.
e) Comply with all applicable laws, rules, regulations, and provisions.

The Company has assumed the obligations of the companies acquired under the financing transactions as a result of the mergers between them and the Company.

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.

The Senior Notes issued in 2012, 2014 and 2017 establish restrictions on the encumbrance or mortgage of properties, assets or securities of the Issuer or its subsidiaries; they also establish restrictions on the sale and subsequent lease of assets relevant to the operation of the business (except temporarily); likewise, the terms of the Senior Notes stipulate limitations on the consolidation, merger, or transfer of assets of the Issuer.

Hedging of foreign currency obligations

Orbia is exposed to market, operating and financial risks arising from the use of financial instruments, such as interest rates, credit, liquidity, and foreign exchange risk, which are managed on a centralized basis. The Board of Directors establishes and oversees the policies and procedures for measuring and managing these risks.

Foreign exchange risk management - The Company engages in transactions in foreign currency; consequently, it is exposed to fluctuations in exchange rates, which are managed within the parameters of approved policies using, where appropriate, foreign exchange forward contracts, when considered effective.

The book values of the monetary assets and liabilities denominated in foreign currency to which Orbia is mainly exposed at the end of the reporting period are as follows (figures in foreign currencies, and millions):

	Assets			Liabilities		
	2020	2019	2018	2020	2019	2018
Euros	197	150	270	1,154	1,360	1,146
Brazilian reals	752	408	393	416	243	150
Mexican pesos	2,029	1,817	1,882	6,347	6,854	5,751
Colombian pesos	288,536	230,941	195,083	219,561	186,266	181,158
British pounds sterling	93	108	114	127	157	156

- *Instruments used*

The Issuer underwrites, on a case-by-case basis, a variety of derivative financial instruments to manage its exposure to currency and interest rate risk and ensures that no derivative instrument can be considered as speculative. Some of the instruments that Orbia may contract include:

Cross Currency Swap - In accordance with the cross-currency swap contracts, the Entity agrees to exchange Peso-Dollar flows calculated on the amounts of the notional amounts and interest rates established in such contracts, to cover the exposure of its bank debt and stock exchange certificates in pesos.

Principal Only Swap - In accordance with the cross-currency swap contracts, the Entity agrees to exchange dollar-Euro cash flows of the principal and a fixed rate in dollars, established in such contracts, which allow the Entity to mitigate the risk of variations in exchange rates due to the exposure caused by its investment in euros from the acquisition of its subsidiaries in Europe, Wavin and Vestolit. The fair value of the Cross-currency swaps, at the end of the reporting period, is determined by discounting future cash flows using the curves and exchange rates in effect at the determination date.

Interest Rate Swap - In accordance with the interest rate swap contracts that hedge bank debt, the Entity agrees to swap a variable interest rate for a fixed interest rate.

Forward Contracts and Exchange Rate Options - The Entity enters into Forward Contracts and Exchange Rate Options in several currencies other than its functional currency in order to cover exchange rate exposure in balance sheet and income statement items. Hedged items other than the Entity's functional currency are mainly denominated in: Euros (EUR), Pounds Sterling (GBP), Israeli Shekels (ILS), Indian Rupees (INR), South African Rand (ZAR) and Turkish Lira (TRY), among others. These contracts are for periods of less than one year.

Orbia's is a company whose functional currency is the U.S. dollar. Orbia has issued:

i. Debt of 3,000 million Mexican pesos at a 10-year fixed rate of 8.12%, and
ii. Commercial paper for $300 million pounds sterling maturing in May 2021, at an interest rate of 0.60%.

Therefore, the aforementioned swaps have been formally designated as hedges for accounting purposes as follows:

Currently, Orbia has contracted 5 Dollar-Euro Principal Only Swaps, designated as net investment hedging relationships of its subsidiaries in Europe.

In addition, the Company has contracted 4 Peso-Dollar Cross-Currency Swaps, which have been designated as cash flow hedging relationships to cover exchange rate fluctuations to which the Company is exposed due to the revaluation of debt in Mexican pesos.

Orbia has evaluated and measured its effectiveness concluding that the hedging strategy is highly effective as of December 31, 2020, 2019 and 2018. The Issuer uses the ratio analysis method using the hypothetical derivative model to simulate the behavior of the hedged item, which consists of comparing the changes in the fair value of the hedging instruments with the changes in the fair value of the hypothetical derivative that would result in a perfect hedge of the hedged item.

As of December 31, 2020, 2019 and 2018, the fair value of the cross-currency swaps represented a liability of $102 million, $79 million, and $128 million, respectively. The effect recognized in equity corresponding to the hedging of the equity investment in foreign subsidiaries is $(16) million, $24 million and $27 million, respectively, net of deferred income tax. With respect to the hedged portion of debt in Mexican pesos and intercompany debt in euros, the effect of the change in fair value is $13.5 million, $6.6 million, and $1.6 million, respectively, and this is recognized in the income statement for the year in order to address the restatement of the hedged item. The amount to be recognized in results of operations for the period in the next 12 months will depend on the fluctuation of exchange rates. *See Note 11.d of the audited consolidated financial statements included in the Annexes hereto.*

- *Hedging or negotiation strategies implemented*

In light of its activities at the national and international levels, the Company is exposed to risks including foreign currency fluctuations, volatility in chemical industry supply prices, as well as financial risks related to the funding of its projects.

The Issuer's policy is to use certain hedges that allow it to mitigate the volatility of the prices of certain raw materials and interest rate and cross-currency risks in financial transactions, all related to its business.

Derivatives are initially recognized at fair value at the signing date of the derivative contract and are subsequently measured at fair value at the closing of the period being reported. The Company designates its derivatives as either fair value hedges, or asset or liability hedges or firm commitments (fair value hedges), highly-probable forecasted transactions, or foreign currency risk hedges for firm commitments (cash flow hedges), or hedges of the net investment in a foreign business.

Note 13 of the audited consolidated financial statements included in Section 7 of the Annexes to this Report includes details on the fair value of the derivatives used for hedging purposes.

Financial leasing liabilities

Below we indicate Orbia's financial leasing liabilities at the close of the 2020 fiscal year.

Leasing liabilities	Amount
Balance of leasing liability as of January 1, 2019	346
New leasing liabilities	83
Cash balance of leasing payments	(89)
Translation effect	6
Balance of leasing liability as of December 31, 2020	345
Short-term leasing liabilities	82
Long-term leasing liabilities	263

	IFRS 16 Leases	IAS 17 Finance leases	
Maturity analysis	**2020**	**2019**	**2018**
One year	82	78	18
Two years	53	56	6
Three years	42	41	1
Four years	35	32	1
More than four years	132	138	7
	345	346	33

Amounts recognized in the results for the 12 months ending December 31, 2020 regarding leasing liability:

	Amount
Leasing liability Interest expenses	14
Short-term leasing-related expenses	25
Low value asset leasing-related expenses	1
	40

d) Management's Comments and Analysis Concerning the Issuer's Results of Operations and Financial Position.

The following discussion is based on our audited consolidated financial statements and notes thereto, which have been prepared in accordance with IFRS, and should be read in conjunction with them. This management's analysis of the Company's results of operations and financial position should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2020, 2019 and 2018, 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 "See Section 1, "General Information, item c, "Risk Factors" of this Annual Report.

The financial figures included in this section have been prepared in accordance with International Financial Reporting Standards ("IFRS"), with the U.S. dollar as the functional and reporting currency. Unless otherwise specified, figures are reported in millions.

As from the first quarter of 2019, we have reported the EBITDA of our Business Groups with corporate charges and inter-company royalties included. The EBITDA for 2018 has also been adjusted so it is comparable.

Figures and percentages have been rounded and therefore may not add up.

i) Results of Operations

2020 Fiscal Year. Consolidated Income Statement

Amidst the global impact of the COVID-19 pandemic, Orbia's business model demonstrated its resilience, reporting high levels of profitability and robust generation of free cash flows.

Sameer Bharadwaj, Orbia's CEO, described the year as follows: "At Orbia, resilience has played an extremely important role in our transformation over the past two years. Our goal is to offer innovative solutions that help us achieve our purpose of advancing life around the world. We could not imagine the disruption we would face with COVID-19. However, it is in the most difficult times that the courage and strength of our employees flourish. In 2020, we saw both, while becoming even more resilient, making extra efforts for our shareholders, employees, and customers. Above all, I must thank and recognize our more than 21,500 employees who worked tirelessly to keep our operations functioning, allowing us to serve our customers. Everyone has done their utmost and we are working diligently to protect the health, safety and wellbeing of our team, applying the strictest COVID-19 protocols."

Consolidated income statements **(Figures in millions of U.S. dollars)**	**2020**	**2019**	**Variance %**
Continuing operations:			
Net sales	**6,420**	**6,987**	(8.1%)
Cost of sales	4,574	5,029	(9.1%)
Gross profit	**1,846**	**1,958**	(5.7%)
Sales and development expenses	585	625	(6.4%)
Administrative expenses	508	468	8.6%
Other income, net	33	43	(22.9%)
Exchange gain	(102)	(49)	105.8%
Exchange loss	104	68	53.4%
Interest expenses	239	272	(12.3%)
Interest income	(10)	(14)	(28.7%)
Change in the fair value of non-controlling redeemable interests	10	18	(47.5%)
Monetary position loss (gain)	1	-	-
Share of results of associates	(1)	(4)	(79.1%)
Income before income tax	479	533	(10.0%)
Income tax	151	206	(26.6%)
Income from continuing operations	328	327	0.4%
Discontinued operations:			
Income (loss) from discontinued operations, net	(10)	-	-
Consolidated net income for the year	**319**	**327**	(2.5%)
Consolidated net income for the year:			
Controlling interests	195	207	(5.8%)
Non-controlling interests	124	120	3.3%

Revenue

Orbia's net sales in 2020 were $6.420 million. Revenue decreased by 8% compared to the previous year due to the negative impact of the COVID-19 pandemic, primarily in the second quarter, and this decrease was not entirely offset by the strong recovery reported in the second half of the year.

A description of the specific circumstances of each business group appears below:

- Netafim: Sales of $972 million, 9% less than 2019, due primarily to the impact of COVID, particularly in the first half of the year, and offset in part by the solid growth seen in the United Stated, the Middle East China and Australia.

- Dura-Line: Net sales of $732 million, which represents a decrease of 2%, reflecting project delays due to COVID-19, primarily in Europe, India, the Middle East, and Latin America. Partially offset by increased sales in the U.S. and Canada.

- Wavin: The revenue for this business group decreased by 8%, with net sales of $2,071 being reported for the year, due to the significant impact of COVID-19 in the second quarter. This was partially reversed in the second half of the year.

- Koura: Net sales totaled $698 million, a decrease of 13%, due to the impact of illegal imports in the refrigerant business in Europe and the impact of COVID-19 on global volumes and prices.

- Polymer Solutions: Net sales were $2,171 million, a decrease of 7%, due to reduced sales as a result of the pandemic and the availability of CVM, partially offset by an increased volume of by-products, primarily in the cleaning industry.

Cost of sales

The Company implemented various initiatives across the organization to control costs.

This caption dropped from $5,029 million in 2019 to $4,574 million in 2020. As a percentage of sales, cost of sales fell from 72.0% in 2019 to 71.2% in 2020; that is, a reduction of 73 basis points.

Gross profit

Gross profit for 2020 fell to $1,846 million from $1,958 million in 2019, a decrease of 5.7%. The cost reduction measures implemented helped achieve a gross margin for 2020 of 28.8%.

Operating expenses

Total operating expenses for 2020 were $1,126 million, 0.9% less than the $1,136 reported in 2019. Due to the decrease in revenue, total operating expenses represented 17.5% of sales in 2020, compared to 16.1% in 2019.

Operating Income

Operating income for 2020 was $720 million, while in 2019 it was $823 million, a decrease of 12.4%. The operating margin for 2020 decreased by 55 basis points, closing out the year at 11.2%.

EBIDTA

EBIDTA for 2020 was $1,318 million, a decrease of 3% compared to 2019. This was due to the recovery reported from the third quarter led by Vestolit and Wavin and complemented by cost management initiatives implemented in all businesses. The EBIDTA margin increased by 100 basis points, finishing at 20.5%.

Net finance expense and variance in exchange rate

In 2020, financial costs dropped to $231 million, 16% lower than in 2019. This reduction was primarily due to a more efficient financing strategy in terms of cost, a lower gearing ratio at the end of 2020, and a significant reduction in interest rates from the moment the COVID-19 crisis commenced. This was helped by the absence of “non-recurring” charges in 2020 related to the existing lines of credit Orbia reported in 2019.

Income tax

Income tax for 2020 was $151 million, which represents a significant decrease compared to the $226 million reported in 2019.

Majority net income

In 2020, Orbia reported majority net income of $195 million, which represents an annual decrease of 5.8%. The majority net margin for 2020 was 3.0%, an increase of 8 basis points compared to 2019.

Consolidated Results of Operations - 2019

Daniel Martínez-Valle, Orbia's CEO described the year as follows: "2019 was an important year for our Company. It marked the culmination of a multi-year acquisition-based strategy that significantly increased our global footprint and market penetration. We unveiled a new name, purpose and strategy that reflects our ability to address the most pressing global challenges and our commitment to advance life around the world. We reorganized into five business groups focused on providing customer-driven solutions through our Data Communications (Dura-Line), Precision Agriculture (Netafim), Building & Infrastructure (Wavin), Fluor (Koura) y Polymer Solutions (Vestolit and Alphagary) businesses. In addition, we started to implement our "play-to-win" strategy to capitalize on organic growth opportunities and generate greater operational and financial performance.

Consolidated Statements of Income	**For the years ending December 31:**		
(Figures in millions of U.S. dollars)	**2019**	**2018**	**Variance %**
Continuing operations:			
Net sales	**6,987**	**7,198**	(2.9%)
Cost of sales	5,029	5,199	(3.3%)
Gross profit	**1,958**	1,999	(2.0%)
Sales and development expenses	625	588	6.2%
Administrative expenses	468	449	4.2%
Other expenses, net	43	27	60.8%
Exchange gain	(49)	(84)	(41.2%)
Exchange loss	68	132	(48.5%)
Interest expenses	272	251	8.5%
Interest income	(14)	(20)	(28.5%)
Change in the fair value of non-controlling redeemable interests	18	19	(0.6%)
Monetary position loss	-	(13)	-
Share of results of associates	(4)	(4)	(3.0%)
Income before income tax	533	655	(18.7%)
Income tax	206	195	5.6%
Income from continuing operations	327	460	(28.9%)
Discontinued operations:			
Income (loss from discontinued operations, net	-	23	-
Consolidated net income for the year	**327**	**483**	**(32.3%)**
Controlling interest	207	355	(41.7%)
Non-controlling interest	120	128	(6.2%)

Revenues

In 2019, consolidated sales fell 2.9% compared to revenues for fiscal year 2018, to $6,987 million, mainly due to (1) our Polymer Solutions (Vestolit and Alphagary) business which faced challenging market conditions that resulted in lower prices for caustic soda and PVC; (2) our Fluent business due to lower Wavin Europe and Wavin Latin America sales, as well as Dura-Line; and (3) our Koura business which was affected by illegal imports of refrigerant gases into Europe.

Cost of sales

Orbia placed special emphasis on operating with excellence the management and control of its businesses. In addition, the prices of some raw materials used by the Company had gone down. Consequently, cost of sales decreased 3.3% to $5,029 million in 2019. The main components of our cost of sales are our raw materials, freight and the depreciation of our industrial plants and equipment. In 2019, our cost of sales, as a percentage of sales, decreased 20 basis points to 72.0% as compared to 72.2% in 2018.

Gross Profit

Our gross profit decreased 2.0% from $1,999 million in 2018 to $1,958 million in 2019. Our gross margin, which we calculated by dividing gross profit by net sales, increased 20 basis points in 2019 compared with the margin in 2018. The margin growth was primarily generated in our Fluent business group by the Netafim and Dura-Line businesses.

Operating expenses

This item increased by 13%, from $1,064 million in 2018 to $1,136 million in 2019. The increase was the result of (1) the creation of a reserve for a fine of Vestolit by the European competition authorities; (2) an additional full month (January) of Netafim, which was not consolidated in 2018; and (3) higher expenses related to our business groups. Operating expenses represented 16% of net sales in 2019, while in 2018 they were equivalent to 15% of sales in that period.

Operating profit

In fiscal year 2019, operating profit was $823 million, down from $935 million in fiscal year 2018.

EBITDA

EBITDA for 2019 was $1,365 million, 2.2% lower than in 2018, which is explained by the marginal decrease in sales, offset by a better product mix for both Dura-Line and Netafim in a context of lower raw material costs. The EBITDA margin was 19.5% in 2019, 10 basis points higher than 19.4% in 2018.

Net financial expense and exchange rate variation

Our financial expenses and changes in the exchange rate increased 4% from $285 million in 2018 to $295 million in 2019. The increase was primarily due to: (1) the adoption the IFRS 16 standard which impacted our interest expenses; (2) higher bank fees related to the renewal of our $1,000 million Revolving Line of Credit; and (3) the refinancing of our Netafim bank lines of credit. These increases in financial expenses were partially offset by a decrease in exchange losses for the fiscal year.

Income Tax

The amount of income tax for 2019 was $206 million in 2019 compared to $195 million in 2018. The increase is explained by the factors outlined above.

Majority net income

During 2019, the Company recorded majority net income of $207 million, compared to $355 million reported in 2018, mainly as a result of lower operating profit.

Consolidated Results of Operations 2018

Orbia CEO Daniel Martínez-Valle described the year as follows: “The last quarter of 2018 was particularly challenging due to market conditions and certain movements in a number of variables in our Polymer Solutions business. However, despite these challenges, we were able to reach our EBIDITA objective for the year, while continuing to move forward with the execution of our long-term strategy. During this transformation, the Company has worked closely with partners and customers across our business groups to identify opportunities and provide innovate solutions to resolve them. Our successes this year demonstrate that we are on the right path.”

Operating results by business group

Sales by business group	**2020**	**%**	**2019**	**%**	**2018**	**%**
Polymer Solutions	2,171	34	2,334	33	2,460	34
Koura	698	11	805	12	837	12
Wavin	2,071	32	2,239	32	2,362	33
Dura-Line	732	11	749	11	798	11
Netafim	972	15	1,063	15	945	13
Controlling company	184	3	97	1	(12)	(0)
Eliminations	(408)	(6)	(300)	(4)	(192)	(3)
Total	**6,420**	**100**	**6,987**	**100**	**7,198**	**100**

The tables below show the results for each of our business groups and the reconciliation of their results with the consolidated results of operations for the periods indicated below.

	Year ending December 31, 2020				
Business group	**Net Sales**	**Cost of Sales**	**Gross Profit**	**Operating Expenses**	**EBIDTA**
Polymer Solutions	2,171	1,764	406	182	462
Koura	698	407	291	98	254
Wavin	2,071	1,487	584	457	261
Dura-Line	732	498	235	94	173
Netafim	972	643	329	240	181
Controlling company	184	109	75	128	13
Eliminations	(408)	(334)	(74)	(74)	0.0
Total	**6,420**	**4,574**	**1,846**	**1,126**	**1,318**

	Year ending December 31, 2019				
Business group	**Net Sales**	**Cost of Sales**	**Gross Profit**	**Operating Expenses**	**EBIDTA**
Polymer Solutions	2,334	1,900	434	224	443
Koura	805	434	371	104	325
Wavin	2,239	1,633	606	464	269
Dura-Line	749	544	205	89	149
Netafim	1,063	717	347	255	179
Controlling company	97	(1)	98	102	0
Eliminations	(300)	(198)	(103)	(103)	0
Total	**6,987**	**5,029**	**1,958**	**1,135**	**1,365**

	Year ending December 31, 2018				
Business group	**Net Sales**	**Cost of Sales**	**Gross Profit**	**Operating Expenses**	**EBIDTA**
Polymer Solutions	2,460	1,941	520	190	530
Koura	837	445	392	90	352
Wavin	2,362	1,735	627	468	282
Dura-Line	798	623	174	89	107
Netafim	945	645	300	187	138
Controlling company	(12)	12	(24)	30	(12)
Eliminations	(192)	(202)	10	10	0
Total	**7,198**	**5,199**	**1,999**	**1,064**	**1,397**

Operating results by division

Fiscal year ending December 31, 2020 compared to the fiscal year ending December 31, 2019.

<u>Polymer Solutions business group</u>

Polymer Solutions	Year ended December 31 2020	2019
	(Figures in Millions of Dollars) [1]	
Net sales	2,171	2,334
Cost of sales	1,764	1,900
Gross profit	406	434
Operating expenses [2]	182	224
EBITDA	462	443

(1) The amounts shown have only been adjusted to eliminate transactions within each business group (but not between the business groups)

(2) Operating expenses include sales and development expenses, administrative expenses, depreciation, and amortization (not included in cost of sales) and other expenses (income).

Net sales

In 2020, the net sales of Polymer Solutions were $2,171 million, a decrease of 7% compared to the figure for 2019, due to a lower volume of sales as a result of the pandemic and the availability of CVM, partially offset by an increase in the volume of by-products, primarily in the cleaning industry.

Cost of sales

Cost of sales dropped to $1,764 million in 2020, a decrease of 7.2% compared to the figure of $1,900 million reported in 2019.

Gross profit

The gross profit for this business group deceased by 6.5%, with a result of $406 million in 2020. In 2019, the figure reported was $434 million.

Operating expenses

Operating expenses were $182 million in 2020, a decrease of 18.8% compared to the $224 million reported in 2019.

EBITDA

The EBITDA reported for Polymer Solutions was $462 million, an increase of 4%. The EBITDA margin was 21.3%, an increase of 229 basis points, due to increased PVC margins, primarily in the last quarter, as well as lower electricity costs.

<u>Koura business group</u>

Koura	Year ended December 31 2020	2019
	(Figures in Millions of Dollars) [1]	
Net sales	698	805
Cost of sales	407	434
Gross profit	291	371
Operating expenses [2]	98	104
EBITDA	254	325

(1) The amounts shown have only been adjusted to eliminate transactions within each business group (but not between the business groups)

(2) Operating expenses include sales and development expenses, administrative expenses, depreciation, and amortization (not included in cost of sales) and other expenses (income).

Net sales

In 2020, net sales totaled $698 million, which represents a decrease of 13%, due to the impact of illegal imports in the refrigerant business in Europe and the impact of COVID-19 on global volumes and prices.

Cost of sales

Cost of sales for this business group fell 6.2% in the year, dropping from $434 million in 2019 to $407 million in 2020.

Gross profit

Since cost of sales decreased in a lesser proportion than the decrease in sales, in 2020, gross profit totaled $291 million, which represents a reduction of 21.5% compared to the $371 million reported in the previous year.

Operating expenses

Koura's operating expenses decreased from $104 million in 2019 to $98 million in 2020, an annual reduction of 5.8%.

EBITDA

Koura's EBITDA for 2020 was $254 million, a reduction of 22% compared to the $325 million reported in 2019. The EBITDA margin for 2020 was 36.4%, a decrease of 389 basis points. Over the course of the year, significant operating improvements were implemented, and this business group was able to manage its costs effectively to compensate for the difficult market conditions.

Wavin business group

	Year ending December 31	
	2020	**2019**
Wavin	**(Figures in Millions of Dollars) [1]**	
Net sales	2,071	2,239
Cost of sales	1,487	1,633
Gross profit	584	606
Operating expenses [2]	457	464
EBITDA	261	269

(1) The amounts shown have only been adjusted to eliminate transactions within each business group (but not between the business groups)

(2) Operating expenses include sales and development expenses, administrative expenses, depreciation, and amortization (not included in cost of sales) and other expenses (income).

Net sales

In 2020, net sales were $2,071 million, which represents an annual decrease of 7.5% in net sales due to the serious impact of COVID-19 in the second quarter, which was partially reversed in the second half of the year.

Cost of sales

The Wavin business group reduced its cost of sales to $1,487 million in 2020, down from $1,633 million in 2019. The annual decrease was 8.9%.

Gross profit

Wavin's gross profit decreased by 3.6% in 2020.

Operating expenses

This business group was also able to reduce its operating expenses in 2020 by 1.5% compared to the previous year, from $464 million in 2019 to $457 million.

EBITDA

The EBITDA reported was $261 million, a reduction of 3%, while the margin was 12.6%, an increase of 58 basis points. The EBITDA in the second half of the year was better than that of the previous year thanks to cost savings, effective price management and constant changes to the mix trending towards value added products.

Dura-Line business group

	Year ending December 31	
	2020	**2019**
Dura-Line	**(Figures in Millions of Dollars) (1)**	
Net sales	732	749
Cost of sales	498	544
Gross profit	235	205
Operating expenses (2)	94	89
EBITDA	173	146

(1) The amounts shown have only been adjusted to eliminate transactions within each business group (but not between the business groups)

(2) Operating expenses include sales and development expenses, administrative expenses, depreciation, and amortization (not included in cost of sales) and other expenses (income).

Net sales

In 2020, net sales decreased by 2%, giving a total of $732 million, reflecting the effects of project delays caused by the pandemic in Europe, India, the Middle East, and Latin America. This was partially offset by increased sales in the U.S. and Canada.

Cost of sales

In the first half of 2020, the prices of certain raw materials decreased, which, together with the cost and expense reduction program implemented, helped reduce this caption to $498 million in 2020, down from $544 million in 2019, for a decrease of 8.6%.

Gross profit

Given the greater decrease in cost of sales than the decrease in revenue, gross profit increased by 15% annually, from $205 million in 2019 to $235 million in 2020.

Operating expenses

Dura-Line's operating expenses increased by $5 million in 2020, giving a total of $94 million, which represents an annual increase of 6%.

EBITDA

In 2020 the EBITDA was $173 million, which compares favorably to the $146 million reported in 2019; that is, there was an increase of 18.5% thanks to a favorable combination of an improved mix and cost reductions in raw materials in the first half of the year. The EBITDA margin was 23.7%, an increase of 381 basis points.

Netafim business group

Netafim	Year ended December 31	
	2020	2019
	(Figures in Millions of Dollars) [1]	
Net sales	972	1,063
Cost of sales	643	716
Gross profit	329	347
Operating expenses [2]	240	255
EBITDA	181	179

(1) The amounts shown have only been adjusted to eliminate transactions within each business group (but not between the business groups)

(2) Operating expenses include sales and development expenses, administrative expenses, depreciation, and amortization (not included in cost of sales) and other expenses (income).

Net sales

Netafim's net sales for 2020 were $972, a decrease of 9%, primarily due to the impact of the pandemic, particularly in the first half of the year. This effect was offset in part by solid growth in the U.S., Middle East, Africa, China, and Australia.

Cost of sales

In addition, in the first half of 2020 prices for certain materials decreased, making it possible to reduce cost of sales by 10%, down from $717 million in 2019 to $643 million in 2020.

Gross profit

The Netafim business generated a gross profit of $329 million in 2020, which represented a decrease of 5% compared to the $347 reported in 2019.

Operating expenses

Netafim was able to reduce its operating expenses by 6%, down from $255 million in 2019 to $240 million in 2020.

EBITDA

The EBITDA was $181 million, an increase of 1%, mostly due to an increase in gross margins as a result of the commercial and operating excellence initiatives implemented, as well as a reduction in operating expenses. The EBITDA margin was 18.6%, an increase of 178 basis points.

Fiscal year ending December 31, 2019 compared to the fiscal year ending December 31, 2018.

Polymer Solutions business group

Polymer Solutions	Year ended December 31	
	2019	2018
	(Figures in Millions of Dollars) [1]	
Net sales	2,334	2,460
Cost of sales	1,900	1,941
Gross profit	434	520
Operating expenses [2]	224	190
EBITDA	443	530

(1) The amounts shown have only been adjusted to eliminate transactions within each business group (but not between the business groups)

(2) Operating expenses include sales and development expenses, administrative expenses, depreciation, and amortization (not included in cost of sales) and other expenses (income).

Net sales

In 2019, in come fell by 5% to $2,334 million in comparison with the $2,460 million reported in 2018. This drop was due to the pressure of challenging market conditions that caused prices to drop for caustic soda and PVC.

Cost of sales

The cost of sales for our Polymer Solutions business group decreased to $1,900 million in 2019 from $1,941 million in 2018, an annual decrease of 2.1%.

Gross profit

The gross profit of this business group fell by 16%, decreasing from $520 million in 2018 to $434 million in 2019.

Operating expenses

Operating expenses were $224 million in 2019, a decrease of 17.9% compared to the $190 million reported in 2018.

EBITDA

In 2019, the EBITDA reported fell to $443 million, a decrease of 16.4% compared to the $530 million reported in the previous year. Normalized EBITDA (without IFRS 16 and non-recurring effects) decreased by 19%, mainly as a result of lower prices for PVC and caustic soda, which decreased by approximately 5% and 47%, respectively during this period. In addition, EBITDA was affected by the temporary suspension of one of our key suppliers in Germany for reasons of force majeure, as well as a scheduled shut down for maintenance activities at the plant of our largest supplier of CVM in the United States that took longer than expected. The normalized EBITDA margin (without IFRS 16 and without non-recurring effects) decreased from 20.4% in 2018 to 17.5% in 2019.

Koura business group

	Year ended December 31	
	2019	**2018**
Koura	**(Figures in Millions of Dollars) [1]**	
Net sales	805	837
Cost of sales	434	445
Gross profit	371	392
Operating expenses [2]	104	90
EBITDA	325	352

(1) The amounts shown have only been adjusted to eliminate transactions within each business group (but not between the business groups)

(2) Operating expenses include sales and development expenses, administrative expenses, depreciation, and amortization (not included in cost of sales) and other expenses (income).

Net sales

In 2019, revenue was $805 million, a decrease of 4% compared to the $837 reported in 2018.

Cost of sales

Cost of sales for this business group fell 3% in the year, dropping from $445 million in 2018 to $434 million in 2019.

Gross profit

Koura's gross profit was $371 million in 2019, while in the previous year it was $392, an annual decrease of 5%.

Operating expenses

The operating expenses for the Koura business group increased by15.5% to $104 million in 2019 when compared to the $90 million reported in 2018.

EBITDA

In 2019, the EBITDA reported was $325 million, a decrease of 8% compared to the $352 reported in 2019. This reflects an EBITDA margin of 40.4%, down from 42.1% in 2018, which was affected by illegal imports of refrigerant gas in the European Union.

Wavin business group

	Year ending December 31	
	2019	**2018**
Wavin	**(Figures in Millions of Dollars) [1]**	
Net sales	2,239	2,362
Cost of sales	1,633	1,735
Gross profit	606	627
Operating expenses [2]	464	468
EBITDA	269	282

(1) The amounts shown have only been adjusted to eliminate transactions within each business group (but not between the business groups)

(2) Operating expenses include sales and development expenses, administrative expenses, depreciation, and amortization (not included in cost of sales) and other expenses (income).

Net sales

Revenue for the Wavin business group fell from $2,362 million in 2018 to $2,239 million in 2019, an annual decrease of 5%, primarily as a result of lower sales for Wavin in both Europe and Latin America.

Cost of sales

Wavin was able to reduce this caption by 6%, slightly more than the decrease in revenue reported in 2019. Cost of sales dropped from $1,735 million in 2018 to $1,633 million in 2019, due to lower prices for certain raw materials like PVC and Polyethylene, as well as an improved mix of products.

Gross profit

IN 2019, gross profit was $606 million, an annual decrease of 3% when compared to the $627 million reported in 2018.

Operating expenses

In 2019, this business group reduced its operating expenses by 1%, closing out the year at $464 million.

EBITDA

Marginal reductions in the cost of sales and operating expense captions allowed this business group to report an EBITDA reduction of only 5%. In terms of the EBITDA margin, it rose from 11.9% in 2018 to 12.0% in 2019, an increase of 12 basis points.

Dura-Line business group

Dura-Line	Year ended December 31	
	2019	2018
	(Figures in Millions of Dollars) [1]	
Net sales	749	798
Cost of sales	544	623
Gross profit	205	174
Operating expenses [2]	89	89
EBITDA	146	107

(1) The amounts shown have only been adjusted to eliminate transactions within each business group (but not between the business groups)

(2) Operating expenses include sales and development expenses, administrative expenses, depreciation, and amortization (not included in cost of sales) and other expenses (income).

Net sales

Dura-Line's net sales decreased by 6% in 2019, down to $749 million from $798 million in 2018, the result of changes in the mix of products as well as lower sales in India.

Cost of sales

A price decrease in certain raw materials, such as PVC and Polyethylene, as well as the cost control measures implemented, allowed Dura-Line to reduce this caption to $544 million in 2019 in comparison with $623 million in 2018, representing an annual decrease of 13%.

Gross profit

Gross profit increased from $174 million in 2018 to $205 million in 2019, an increase of 18%. Dura-Line's gross margin rose from 21.8% in 2018 to 27.4% in 2019.

Operating expenses

The operating expenses reported in 2019 totaled $89 million, the same figure reported for 2018.

EBITDA

This caption performed very well in 2019 with growth of 36.4%. $146 million was reported in 2019 compared to $107 million in 2018 with the EBITDA margin increasing from 13.4% in 2018 to 19.9% in 2019.

Netafim business group

Netafim	Year ending December 31	
	2019	2018
	(Figures in Millions of Dollars) [1]	
Net sales	1,063	945
Cost of sales	716	645
Gross profit	347	300
Operating expenses [2]	255	187
EBITDA	179	137

(1) The amounts shown have only been adjusted to eliminate transactions within each business group (but not between the business groups)

(2) Operating expenses include sales and development expenses, administrative expenses, depreciation, and amortization (not included in cost of sales) and other expenses (income).

Net sales

Netafim's revenue grew by 12% in 2019. Sales for the year totaled $1,063 million, while the figure reported in 2018 was $945 million.

Cost of sales

Netafim's cost of sales was $717 million in 2019; that is, 11% higher than the $645 million reported in 2018.

Gross profit

Gross profit increased from $300 million in 2018 to $347 million in 2019 due the favorable effect of increased sales and the slower growth in cost of sales.

Operating expenses

Operating expenses for 2019 were $255 million, while in 2018 they totaled $187 million, an annual increase of 36%.

EBITDA

Netafim's EBITDA increased from $138 million in 2018 to $179 million in 2019. Consequently, the EBITDA margin increased from 14.6% in 2018 to 16.8% in 2019.

ii) **Company's Financial Position, Liquidity and Capital Resources**

In 2020, we were able to meet our liquidity needs by generating cash flows from ordinary business operations, financing through loans, and issuing debt securities listed on international markets.

Liquidity Ratios	**2020**	**2019**	**2018**
Current assets / short-term liabilities	1.22	1.11	1.10
Current assets - inventories / short-term liabilities	0.89	0.78	0.78
Current assets / total liabilities	0.45	0.41	0.43

We have financing needs related primarily to the following objectives:

- Working capital;
- Occasional payment of interest, related to current debt;
- Capital investments related to our operations, construction of new plants, maintenance of facilities and plant expansion;
- Funds required for the possible acquisition of companies that align with our strategy;
- Payment of dividends; and
- Repurchases of shares.

As described above, the principal sources of our liquidity have historically been the following:

- Cash generated from the Company's operations.
- Cash from short-, medium- and long-term financing.
- Capital increases.
- Disposals of assets, property, or business of the Company.

Planned sources and uses of cash

At the end of 2020, we had access to a Revolving Line of Credit committed to an available balance of $1,000 million with a consortium of Mexican and international banks.

In addition, the Issuer has a Stock Exchange Certificate Program authorized by the CNBV in 2017 for $10,000 million Mexican pesos, of which it has used $3,000 million Mexican pesos and could use $7,000 million Mexican pesos at any time.

In 2018 and 2017, our operating cash flows were primarily used for acquisitions, capital expenditures (CAPEX), working capital and our debt repayment requirements.

Cash Flows

Cash flows generated by (used in) operating activities

In 2020, 2019 and 2018, cash flows derived from our operating activities amounted to $1,093 million, $1,083 million, and $1,293 million, respectively.

In 2020, the cash flows generated by our operating activities were generated primarily by:

- $1,077 million in income before income tax, depreciation, and amortization;
- An increase of $101 million due to net changes in working capital;
- $231 million in interest paid; and
- A decrease of $(324) million in other items.

In 2019, cash flows generated by our operating activities were primarily derived from:

- $1,075 million of income before income taxes, depreciation, and amortization;
- A decrease of $(137) million due to net changes in working capital;
- $272 million in interest paid; and
- A decrease of $(127) million in other items.

In 2018, cash flows generated by our operating activities were primarily derived from:

- $1,116 million of income before income taxes, depreciation, and amortization;
- A decrease of $(98) million due to net changes in working capital;
- $251 million in interest paid; and
- A $24 million increase in other items.

Cash flows generated by (used in) investing activities

In 2020, 2019 and 2018, cash flows used in our investment activities were $(219) million, $(274) million and $(1,777) million, respectively.

In 2020, cash flows generated by (used in) investment activities consisted of:

- Acquisition of machinery and equipment in the amount of $(204) million;
- Investment in other assets and intangibles of $(31) million;
- Sale of machinery and equipment in the amount of $20 million; and
- Acquisition of an equity interest in an associated company of $(4) million.

In 2019, our cash flows generated by (used in) investing activities consisted of:

- The acquisition of machinery and equipment in the amount of $(261) million;
- Investment in other assets and intangibles (36) million; and
- The sale of machinery and equipment in the amount of $23 million.

In 2018, our cash flows generated by (used in) investing activities consisted of:

- Acquisition of subsidiaries, net of cash acquired for $(1,427) million;
- The acquisition of machinery and equipment in the amount of $(283) million;
- Investment in other assets and intangibles $(71) million; and
- The sale of machinery and equipment in the amount of $4 million.

Cash flows generated by (used in) financing activities

In 2020, 2019 and 2018, cash flows generated by (used in) our financing activities were $(562) million, $(894) million and $(622) million, respectively.

In 2020, our main uses of cash flows generated by (used in) financing activities consisted of:

- $(232) million in interest payments;
- $(89) million in lease payments;
- $(372) million in dividend payments;
- $(42) in share purchases; and
- $173 million in net loan amounts.

In 2019, our principal uses of cash flows generated by (used in) financing activities consisted of:

- (276) million in interest payments;
- (92) million in lease payments;
- (369) million in dividend payments;
- (40) million for share purchases; and
- (117) million paid in net loan amounts.

In 2018, our principal uses of cash flows generated by (used in) financing activities consisted of:

- $(222) million in interest payments;
- $(342) million in dividend payments
- $(67) million for the purchase of shares
- $168 million in net credit amounts; and
- $(159) million in the purchase of minority interest.

Effect of gain (loss) on the exchange rate of our cash and cash equivalents.

In 2020, 2019 and 2018, the effect of the gain (loss) on the exchange rate of our cash and cash equivalents was $(24) million, ($29) million and $(94) million, respectively.

Contingent Asset

As of December 31, 2019, there were no relevant Contingent Assets.

Contingent liabilities

The Company is involved in various lawsuits and claims arising in the normal course of its operations and has recognized certain provisions for these contingencies that have been determined based on estimates of the status of these suits and claims. They are therefore not expected to have a significant impact on the future financial position or results of operations.

Netafim Ltd. is currently involved in a government irrigation project in the Tigray region of Ethiopia with the customer Ethiopian Sugar Corporation. The project is known as the “Wolkaite” project and it is currently in an advanced stage. Due to civil disturbances, this region has been in a state of emergency since November 4, 2020.

On December 31, 2020, Netafim notified Ethiopian Sugar Corporation, its creditors, insurers and other stakeholders that, in light of the situation of force majeure caused by these civil disturbances, Netafim’s contractual obligations related to this project were suspended. Currently, all parties involved are cooperating and monitoring the situation, which appears to be stabilizing gradually. If the force majeure event continues for a prolonged period, the parties involved in the project shall have the right to rescind the respective contract. In addition to the potential costs caused by delays to the project and potential damage to existing work, Netafim may incur additional liabilities in certain scenarios.

On September 25, 2018 Netafim Irrigation Inc (Netafim), a U.S. subsidiary of Orbia, learned that on September 22, 2018, Jain Irrigation Inc., Irrigation Design & Construction LLC. (IDC) and Agri Valley Irrigation LLC. (AVI) (henceforth, "Jain Companies"), filed suit in state and federal courts in California alleging that Netafim, along with other manufacturers and distributors, participated in a boycott detrimental to the Jain Companies for alleged violations of state and federal antitrust laws. Jain withdrew its case from federal court in June 2019 but continued with the antitrust suit in the state court, which is currently at the investigation stage. Netafim currently intends to energetically defend its rights and does not expect this matter to result in material liability for the Company.

Treasury Policies

Orbia's Treasury policy is to maintain healthy finances with enough liquidity to guarantee the necessary investments in its operations 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 according to the countries it operates and in U.S. Dollars.

The Company maintains its cash positions - in the various currencies of the economies in which it operates - deposited or invested in short-term financial instruments (less than 1 month) and in financial institutions that meet the characteristics of high credit quality, level of liquidity and profitability. The selection of counterparties and investment instruments follows the principles of diversification, prudence, non-speculation, and the guidelines contained in the company's Code of Ethics and those established by the agreement of the Finance Committee and the Audit Committee.

Tax debts

The Company and its subsidiaries do not have any material tax liabilities in addition to those disclosed in its Financial Statements as of December 31, 2020.

Research and Development

The Company's ability to compete in the Mexican and foreign markets depends on its ability to integrate new production processes and new products acquired and developed by third parties prior to their acquisition in order to reduce costs and increase the profitability of business acquisitions. Orbia has 19 development and research centers, as well as 8 training centers for the development of these activities.

Relevant Transactions not recorded in the Balance Sheet and Income Statement

As of the date of this Annual Report, the Company has no material transactions not recorded in the Balance Sheet or Income Statement. As has happened in the case of the purchase of companies whose final acquisition is subject to the approval of competition authorities, in the future it may be possible to verify whether the Company has signed and made payments by companies or groups of companies, some of which cannot be consolidated until the relevant approvals have been obtained.

For further information on the restriction agreed with the subsidiaries to transfer resources to the issuer, level of indebtedness, financial ratios, among other information on the profile of the debt contracted, see Section 3, "Financial Information", paragraph c, "Relevant Credit Report", as well as paragraph "d) Management's Comments and Analysis of the Issuer's Operating Results and Financial Position".

iii) Internal control

Orbia's by-laws provide for the existence of the Audit and Corporate Practices Committees, intermediate corporate bodies constituted in accordance with Applicable Legislation in order to assist the Board of Directors in the performance of its duties. Through the aforementioned committees and the External Auditor, reasonable assurance is given that the transactions and acts performed 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 Applicable Legislation, and by the different general guidelines, criteria, and applicable financial reporting standards (IFRS).

Corporate Governance

Orbia is governed by corporate governance principles that frame its operations and sustain its results. As a public company listed on the BMV, we adhere to Mexican law and, specifically, to the Securities Market Law (LMV-in Spanish). We also adhere to the principles set forth in the Code of Conduct and Best Corporate Governance Practices, endorsed by the Business Coordinating Council.

The Board of Directors relies on the Audit and Corporate Practices Committees, whose members, including its Chair, must be independent directors, for the first committee, and by majority of independent directors for the second committee to determine its corporate strategy, define and supervise the implementation of the values and vision that identify us, as well as to approve transactions between related parties and those carried out in the ordinary course of business, and in accordance with its by-laws.

Audit Committee

The functions of the Audit Committee include the following: evaluate the company's internal control and internal audit systems to identify any material deficiencies; follow up on corrective or preventive actions taken in the event of non-compliance with operational and accounting guidelines and policies; evaluate the performance of external auditors; describe and evaluate the non-audit services of external auditors; review the company's financial statements; evaluate the effects of any changes in accounting policies approved during the fiscal year; follow up on actions taken in relation to observations by shareholders, directors, relevant executives, employees or third parties on accounting, internal control systems and internal and external auditing, as well as on any complaints related to irregularities in management, including anonymous and confidential methods for handling reports expressed by employees; monitor compliance with the resolutions of the general meetings of shareholders and the Board of Directors.

Corporate Practices Committee

The Corporate Practices Committee is responsible for evaluating the performance of the relevant directors and reviewing the compensation granted to them; reviewing transactions between related parties; evaluating any dispensation granted to the directors or relevant directors to take advantage of business opportunities; and carrying out the activities provided for in the LMV. As of February 2020, the Board of Directors had also assigned this committee the task of monitoring sustainability.

Information for investors

The fundamental objective is to ensure that shareholders and investors have sufficient information to be able to evaluate the performance and progress of the organization; to this end, there is an area in charge of maintaining open and transparent communication with them. That is why we have a defined contact; there is a section in Orbia’s website with all the information that the investing public requires to make investment decisions. Likewise, the Company’s shareholders have various mechanisms for communicating their opinions, doubts, or concerns to the Board of Directors through:

1. Shareholders' Meeting
2. Investor Relations Area
3. Conferences in which the Company participates, the presentation of which can be found on Orbia’s website.
4. Meetings with analysts, banks, shareholders, investors, rating agencies and financial market participants

The Company has several subsidiaries that are required to comply with all the provisions established for each of its different areas of operation. These guidelines pursue the following purposes:

- Protect and increase the wealth of investors.
- Issuing reliable, timely and reasonable information
- Delegate authority and assign responsibilities for the achievement of goals and objectives.
- Detail the business practices in the organization.
- Provide administrative control methods that help to supervise and monitor compliance with policies and procedures.

There are defined controls for the following areas:

Marketing: policies related to marketing.

Operation: guidelines for the human resources, treasury, accounting, legal, tax, and information technology departments, among others.

The following is a brief description of some of the most important Internal Control Policies and Procedures:

Human Resources

The Company relies on the knowledge, experience, motivation, aptitudes, attitudes, and skills of its human resources to achieve its objectives. In this regard, 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. It also includes aspects relating to the control of leave, benefits, and payment of salaries. These guidelines comply with current legal provisions and seek to increase the Company's efficiency and productivity.

Treasury

It includes the procedures and mechanisms to capture, protect and disburse the financial resources necessary for the optimal operation of the Company, including credits, loans, leases, debt issues, financial and market risk hedging, sales, payment and transfer collections, intercompany financing, etc. It also deals with the procedures and policies for the control of credit to our 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. The procedures include regulations for the various means of payment and collection (checks, electronic transfers, etc.) defining the necessary internal authorization schemes and supporting documentation. Finally, the Treasury is also primarily responsible for relations with all credit institutions, banking institutions and financial creditors.

Orbia’s Treasury policy is to maintain sound finances 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 -according to the countries it operates- and in U.S. Dollars.

Suppliers

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, quoting at least three different options. Authorization and responsibility levels are defined for each purchase transaction.

Systems

Orbia has information systems in the different regions and countries in which it operates, mainly supported by Enterprise Resource Planning (ERP) systems that support the different operational processes of each business. Orbia’s Systems area 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 safeguarding of systems, computer programs, and information relevant to the organization. The organization has support staff and / or a help desk for the attention of reports on failures or service requirements to equipment and systems which allows the staff to perform their daily activities with minimum setbacks.

e) Critical accounting estimates, provisions, or reserves

In applying accounting policies, the Company's management must make judgments, estimates and assumptions about certain amounts of assets and liabilities in the consolidated financial statements. The estimates and associated assumptions are based on experience and other factors that are considered to be relevant. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognized in the revision period and future periods if the revision affects both the current period and subsequent periods.

The critical accounting judgments and key sources of uncertainty in applying the estimates made at the date of the consolidated financial statements, and which have a significant risk of resulting in an adjustment to the carrying amounts of assets and liabilities during the subsequent financial period are as follows:

a. In performing impairment tests on assets, the Company requires estimates of the value in use assigned to its property, machinery and equipment, intangible assets, goodwill and, in the case of certain assets, to cash-generating units. The value in use calculations require the Company to determine the future cash flows that should arise from the cash-generating units and an appropriate discount rate to calculate the present value. Orbia uses projections of revenue cash flows using estimates of market conditions, pricing, and production and sales volumes.

b. Orbia uses estimates to determine inventory and accounts receivable reserves. The factors considered in inventory reserves are production and sales volumes and movements in demand for certain products. The factors considered in the estimation of credit impairment for accounts receivable is mainly the estimation of expected losses of unsecured accounts, which consists of observing the client's total exposure and the amount of the assigned line of credit drawn down.

c. The Company periodically evaluates estimates of its ore reserves (fluorite and salt), which represent the estimate with respect to the unexploited amount remaining in the mines it owns, which can be produced and sold at a profit. These estimates are based on engineering evaluations derived from samples and combined with assumptions about market prices and production costs at each of the respective mines. The Company updates the ore reserve estimate at the beginning of each year.

d. Discount rate used to determine the carrying value of Orbia's defined benefit obligation. The defined benefit obligation is discounted at an established rate in the market rates of high-quality government and corporate bonds at the end of the reporting period. Professional judgement is required when establishing the criteria for the bonds to be included over the population from which the yield curve is derived. The most important criteria they consider for bond selection include the size of the issue of government and corporate bonds, their rating, and the identification of the atypical bonds that are excluded.

e. The Company is subject to contingent transactions or events upon which it uses professional judgment in the development of estimates of probability of occurrence. The factors considered in these estimates are the current legal situation at the date of the estimate and the opinion of the legal advisors.

f. Control over Ingleside Ethylene LLC - Note 4c of the audited financial statements annexed hereto states mentions that Ingleside Ethylene LLC is a 50%-owned subsidiary of Orbia. Based on the agreements with the other investor, Orbia makes decisions regarding control over production and sales, which expose it to variable returns for this subsidiary.

g. The Issuer makes financial projections of each legal entity in which it has control in order to determine whether the tax assets may be used in the future, in particular the tax loss carryforwards. Based on these projections, tax losses are capitalized or reserved in each jurisdiction where the Company operates.

h. The Company evaluates its assets under lease and determines which are leases of low-value assets and which are not. Leased assets subject to the recognition of a right-of-use asset are analyzed to determine the terms of the related agreements and the likelihood that the lease will be renewed based on economic benefits, agreed payment projections and the discount rates used by type of asset in order to determine the amount to be registered.

Significant accounting policies

For a better understanding and particular detail of the estimates, provisions or critical accounting reserves applied by the Company, it is recommended that the investing public read and analyze carefully Note 4 of Orbia's audited consolidated financial statements included in the "Annexes" Section of this Annual Report.

4. ADMINISTRATION

a) External Auditors

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 at least the last ten fiscal years.

Deloitte has confirmed that it is an independent firm with respect to Orbia, within the meaning of the stock exchange regulations applicable to the latter (Article 343 of the LMV and Article 6 and others applicable of the "General Provisions Applicable to the Entities and Issuers Supervised by the National Banking and Securities Commission that contract services for the External Audit of Basic Financial Statements", known as the Single External Auditor Circular "CUAE").

As of the date of this Annual Report, the independent external auditors have not issued qualified opinions, negative opinions or refrained from issuing any opinion on the Company's financial statements.

The fees paid by Orbia do not represent 10% of Deloitte's annual income. The amount charged by the independent auditors for the audit and transfer pricing services related to the audit at December 31, 2020 is $4.7 million dollars, while the amount charged for services unrelated to the audit is approximately $0.9 million dollars, primarily for legal and tax consulting, which represent 11% of the total fees paid.

The additional services not related to the audit at December 31, 2020 do not affect the independence of the independent auditor, since they are similar to an audit service that requires them to maintain independence and where the auditor issues an opinion based on Audit and Attestation Standards. These services are permitted since the independence restrictions refer to services other than audit and attestation services, without intervening in the design or implementation of internal controls over the 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) Related Party Transactions (as defined in the LMV) 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 consistent with the corresponding market price for the respective transaction and are reported and verified by the Audit Committee and/or the Corporate Practices Committee, which render their opinion on the transactions and follow up on them, as well as the auditors at the end of each year. The Company believes that these transactions are entered into under conditions similar to those it could obtain from unrelated third parties, i.e., which are performed in market terms.

Relationships and transactions with related parties

Orbia has several securities investment, 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.

All transactions with related persons or parties are carried out under conditions similar to market conditions.

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.

Below is a comparative table for the years 2020, 2019 and 2018 that details the amounts receivable and payable, as well as transactions carried out with persons or related parties:

Figures in thousands of Dollars

a. Balances with related parties are:

	2020	2019	2018
Receivable:			
Pochteca Materias Primas, S.A. de C.V.	1,499	3,645	2,631
Eternit Colombiana, S.A.	113	373	411
Elementia Servicios Administrativos, S.A. de C.V.	3,369	720	1,760
Others	464	19	569
	5,445	4,757	5,371
Payable:			
Kaluz, S.A. de C.V.	-	99,655	116,097
George Fisher Wavin	377	-	-
Pochteca Materias Primas, S.A. de C.V.	210	538	319
Others	84	340	139
	671	100,533	116,555

Figures in thousands of Dollars

b. Transactions with related parties are:

	2020	2019	2018
Revenue from-			
Sales	6,897	6,163	6,261
Administrative services	-	3,056	3,330
	6,897	9,219	9,591
Expenses for-			
Administrative services	4,528	13,551	10,495
Purchases	2,245	1,723	2,768
Donations	-	-	1,178
Other	446	314	719
	7,239	15,588	15,160

Figures in thousands of dollars

c) Directors and Shareholders

In accordance with the Corporate Bylaws, the management of the Company is tasked to a Board of Directors and a Chief Executive Officer who will carry out the functions established in the LMV. The Board of Directors shall be made up of a maximum of 21 Proprietary Directors, as determined by the Ordinary General Shareholders' Meeting that appoints them and, if applicable, their respective alternates. Of these members, both proprietary and alternate, at least 25% must be independent. It should be noted that notwithstanding the foregoing, 66.7% of the Company's Board of Directors in fiscal year 2021 was made up of independent directors.

The criteria used to determine whether a member is an independent Board Member, or a proprietary or related member, etc., as indicated in the Report, is based on the description established in the Code of Principles and Best Practices for Corporate Governance issued by the Business Coordination Board.

Furthermore, pursuant to Article 24 of the LMV, the Alternate Directors for the Independent Directors have the same capacity. Currently, the Issuer's Board of Directors is made up exclusively of proprietary directors. The members of the Board of Directors may be shareholders or from outside the Company.

The General Shareholders' Meeting at which the members of the Board of Directors are appointed decides on the independence of the Directors.

The Independent Directors and, where applicable, their respective alternates, are chosen for their experience, capacity, and professional prestige, considering their business and/or professional career and that as a result due to the above they can perform their functions free from conflicts of interest, with freedom of judgment and without being subject to personal, financial, or economic interests.

During fiscal year 2020, the Board of Directors met seven times:

- February 25. That meeting was attended ("quorum") by 100%.
- April 28. That meeting was attended ("quorum") by 92.31 %.
- July 28. That meeting was attended ("quorum") by 100%
- September 22. That meeting was attended ("quorum") by 92.86%.
- October 27. That meeting was attended ("quorum") by 92.86%.
- November 17. That meeting was attended ("quorum") by 100%.
- December 1. That meeting was attended ("quorum") by 92.86%.

During fiscal year 2021, the Board of Directors has met twice:

- January 18, 2021. That meeting was attended ("quorum") by 100%.
- February 23, 2021. That meeting was attended ("quorum") by 100%.

In addition, the Board of Directors adopted unanimous resolutions for its members, outside of the face-to-face meeting, dated March 23, 2020 and March 4, 2021, and in addition, they adopted unanimous resolutions with members of the Corporate Practices and Sustainability Committee on January 19, 2021.

In order for the members of the Board of Directors to fully understand the responsibility involved in the performance of their duties, the Secretary of the Board of Directors provides them with a yearly report containing 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 Issuers Circular and other applicable regulations. This report also describes the main considerations (duties, responsibilities, and powers) applicable to the members of Orbia's Board of Directors.

The Board of Directors for fiscal year 2021 as designated by the Annual Ordinary and Extraordinary General Shareholders' Meeting held on March 30, 2021 is as follows:

Board Member	Position	Type of Member
Juan Pablo del Valle Perochena	Chairman	Proprietary
Antonio del Valle Perochena	Board Member	Proprietary
María de Guadalupe del Valle Perochena	Board Member	Proprietary
Francisco Javier del Valle Perochena	Board Member	Proprietary
Divo Milán Haddad	Board Member	Independent
Guillermo Ortiz Martinez	Board Member	Independent
Eduardo Tricio Haro	Board Member	Independent
Alma Rosa Moreno Razo	Board Member	Independent
María Teresa Altagracia Arnal Machado	Board Member	Independent
Anil Menon	Board Member	Independent
Jack Goldstein Ring	Board Member	Independent
Mark Rajkowski	Board Member	Independent

Antonio del Valle Ruiz	Honorary Life Chairman*	Proprietary

*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

The following are the names of the Company board members appointed at the Annual Ordinary General Shareholders' Meeting referred to, along with a description of their professional experience and the year they were first appointed.

Name: Antonio del Valle Ruíz
Position and type of director: Honorary Life Chairman of the Board of Directors, without being a member of the Board
Member of the Board of Directors since: 2000
Professional Experience: Private Accountant, a graduate of Escuela Bancaria y Comercial, he is a certified Executive Business Director by the Instituto Panamericano de Alta Dirección de Empresas. He is Honorary

Life Chairman of Kaluz, S.A. de C.V., and Grupo Financiero Ve por Más, S.A. de C.V. and has been or is a member of several boards of directors, including Teléfonos de México, S.A. de C.V. Industrias Monterrey, S.A. de C.V. Grupo México, S.A.B. de C.V. Escuela Bancaria y Comercial and Fundación ProEmpleo.
Mr. Antonio del Valle Ruíz is the father of María de Guadalupe, Antonio, Francisco Javier y Juan Pablo del Valle Perochena.

Name: Juan Pablo del Valle Perochena
Position and type of director: Chairman of the Board of Directors
Member of the Board of Directors since: 2002
Professional Experience: An Industrial Engineer from the Universidad Anahuac, with a Master's in Administration from Harvard Business School. Chairman of the Board since 2011. Member of the Board of Directors of JCI Inc. in the US and Elementia, S.A.B. de C.V. Participates in the following associations: Harvard's David Rockefeller Center for Latin American Studies, Kaluz Foundation, Chairman's International Advisory Board of the Americas Society, as well as the Latin American Conservation Board of The Nature Conservancy.
Juan Pablo del Valle Perochena is son of Mr. Antonio del Valle Ruíz and brother of Messrs. María de Guadalupe, Antonio and Francisco Javier del Valle Perochena.

Name: Antonio del Valle Perochena
Position and type of director: Proprietary
Member of the Board of Directors since: 2002
Professional Experience: a graduate of the Business Administration program at Universidad Anahuac where he also studied an MBA. In addition, he has a postgraduate degree in Senior Management from the Instituto Panamericano de Alta Dirección de Empresas (IPADE) and a specialization in literature from Universidad Iberoamericana.
He is Chairman of the Board of Directors of Grupo Financiero Ve por Más, S.A. de C.V. and de Kaluz, holding company of Orbia.

He is Member of the Board of Directors of Banco Ve por Más, S.A., Elementia, S.A.B. de C.V., Controladora GEK, S.A.P.I. de C.V., Afianzadora Sofimex, S.A. and Byline Bank. In addition, he is part of the Patronages of the Salvador Zubirán National Institute of Medical Sciences and Nutrition, Fideicomiso Probosque de Chapultepec, Patronato Fundación Colmex, Instituto Mexicano para la Competitividad, A.C. and from February 2019 he has presided over the Consejo Mexicano de Negocios, a business organization that groups together the 60 most important companies with Mexican capital.
Antonio del Valle Perochena is the son of Mr. Antonio del Valle Ruiz; brother of Messrs. Francisco Javier, Juan Pablo, María de Guadalupe and Antonio del Valle Perochena.

Name: María de Guadalupe del Valle Perochena
Position and type of director: Proprietary
Member of the Board of Directors since: 2005
Professional Experience: She holds a bachelor's degree in Economics from Universidad Anahuac. She also holds a postgraduate degree in Senior Management from the Instituto Panamericano de Alta Dirección de Empresas (IPADE). She is a 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 area of finance and marketing in Banco de Santander and Bital, today she oversees the investments of the family office of del Valle Perochena.
Mrs. María de Guadalupe del Valle Perochena is daughter of Mr. Antonio del Valle Ruíz; sister of Messrs. Antonio, Francisco Javier and Juan Pablo del Valle Perochena.

Name: Francisco Javier del Valle Perochena
Position and type of Board Member: Proprietary
Member of the Board of Directors since: 2021
Professional Experience: Bachelor's Degree in Business Administration from Universidad Anáhuac and a Master's in economics and business from the same university, as well as an AD-2 in Senior Management from Instituto Panamericano de Alta Dirección de Empresas (IPADE).
Chairman of the Board of Directors of Elementia, S.A.B. de C.V.
In 2010 he embarked on an entrepreneurial Project in the education sector, founding SAE Institute América, a university specializing in creative media. He is also a member of the Boards of Directors of Grupo Financiero Ve por Más, Cuprum, Grupo Interprotección, of the Banamex Advisory Council, and the Communication Council and Business Council of Alianza del Pacifico. He is committed to social questions and supports a variety of causes, such as sponsoring high-performance athletes, campaigns and initiatives focused on caring for and protecting the environment and housing programs.
Mr. Francisco Javier del Valle Perochena is son of Antonio del Valle Ruiz and brother of Messrs. Juan Pablo, María de Guadalupe and Antonio del Valle Perochena.

Name: Divo Milán Haddad
Position and type of director: Independent
Member of the Board of Directors since: 2002
Professional Experience: Director General 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 Society).
Member of the Board of Directors of: NetCapital (Escuela Tecnológica), Orbia, Banco Ve por Más, S.A., Grupo Financiero Ve por Más, S.A. de C.V., Elementia, S.A.B. de C.V.

Name: Guillermo Ortiz Martínez
Position and type of director: Independent
Member of the Board of Directors since: 2010
Professional experience: He graduated from the National School of Economics of the National Autonomous University of Mexico. He later obtained a master's and PhD in Economics from Stanford University in the United States.
Currently, Dr. Ortiz is a partner and board member of BTG Pactual and is also a member of the Group of Thirty, the Board of the Center for Financial Stability, 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 firm 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.
In addition, he is a member of the Board of Mexican companies Aeropuertos del Sureste, Orbia and Vitro.
Dr. Ortiz was Governor of Banco de México from January 1998 to December 2009 and Ministry of Finance and Public Credit from December 1994 to December 1997.

Name: Eduardo Tricio Haro
Position and type of director: Independent
Member of the Board of Directors since: 2008
Professional Experience: Zootechnical Agricultural Engineer from Instituto Tecnológico y de Estudios Superiores de Monterrey.
He is Chairman of Grupo Lala and Grupo Nuplen. He presides over the executive committee of Aeroméxico. He is Member of the Board of Directors of Orbia, Aeroméxico, Televisa, Grupo Financiero Banamex, and Aura Solar; and of the Mexican Business Board.
In addition, he is Member of the Board of several foundations and philanthropic organizations such as the Federico Gomez Children's Hospital of Mexico, Salvador Zubirán National Institute of Medical Sciences and Nutrition, Mexicanos Primero, The Latin America Conservation Board of the Nature Conservancy, among others.

Name: Alma Rosa Moreno Razo
Position and type of director: Independent
Member of the Board of Directors since: 2018
Professional experience: A graduate in Economics from ITAM. She also holds a master's degree in economics from the Colegio de México and doctoral studies from New York University.
After a long career at SHCP she was President of the Tax Administration System from 1999 to 2000. She was Mexico's Ambassador to Great Britain and Northern Ireland from 2001 to 2004, Director of Administration at Grupo Financiero Banorte from 2004 to 2009 and from 2009 to mid-2018 she worked at Pemex.

Name: María Teresa Altagracia Arnal Machado
Position and type of director: Independent
Member of the Board of Directors since: 2019
Professional experience: Industrial Engineer from Universidad Católica Andrés Bello in Venezuela, Master of Business Administration (MBA) from Columbia University and member of the International Women Forum. She oversaw Google's operations in Mexico, now she is in transition to lead Stripe, a fintech company, where she will be in charge of opening and building its business in Latin America. Before joining Google, she was General Manager of Twitter in Mexico, Colombia, and Argentina. Also, her experience in Digital Marketing, Technology and Telecommunications includes managing J. Walter Thompson Mexico, Mirum and Clarus, a company she founded. Likewise, she founded IAB in Mexico (Interactive Advertising Bureau) and was president of the local Council of the World Internet Project. Previously she directed the JV of Microsoft and Telmex, ProdigyMSN, from where she contributed to build the commercial internet in Mexico. Early in her career she was a consultant at The Boston Consulting Group and Booz Allen & Hamilton.

Name: Anil Menon
Position and type of director: Independent
Member of the Board of Directors since: 2020
Professional experience: He has a degree in Electronics and Communications from Cornell University in the United States, as well as a master's in business administration from the same university.
From 1994 to 2002, he held various consulting and academic positions in various locations. In 2002, he joined IBM, where he became Vice President. In 2009, he was recruited by Cisco. Over the next 9 years, he held various positions, including President and Deputy Director of Globalization.
He is currently Managing Director of Computers Limited in India.
In addition, he has been a business member of Sony Corporation, a member of the Advisory Board of the Carey School of Business at John Hopkins University, a member of the Board of the Client Information Center at Yale University and a member of the Advisory Board of Citigroup in India.
He has also been active in the World Economic Forum.
He has a strong background in the B2B technology industry, as well as exposure to the U.S. and South Asian markets. He has extensive experience in technology.

Name: Jack Goldstein
Position and type of director: Independent
Member of the Board of Directors since: 2020
Professional experience: Business Administrator from Universidad de Los Andes in Colombia and master's in business administration from Babson College.
He is the founder, managing partner and sole owner of Alfa International (Investment Manager).
Prior to founding Alfa International, he served as CEO and President of Sanford Management, a company that manages a portfolio of multi-sector companies based primarily in Latin America. During his tenure at Sanford, he successfully launched several new companies and led over a dozen multi-million-dollar M&A transactions in the region, some valued at over $500 million dollars.
He also served as President of Filmtex, a major market participant in the plastics industry.
He has attended several continuing education courses at Oxford University and Harvard University.
He has been a board member of several companies and charitable foundations, including Bavaria (now 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 Fundación Génesis and member of the Advisory Committee of the Bank of the Republic of Colombia.

Name: Mark Rajkowski
Position and Type of Board Member: Independent
Member of the Board of Directors since: 2021
Professional Experience: Bachelor's Degree in Accounting from Lehigh University in Bethlehem, Pennsylvania, United States. From 2016 to 2020, he was the Finance Director at Xylem, where he helped design the company's transformation into a leading technology solutions provider for global water problems and place sustainability at the center of the company's strategy. Before joining Xylem, he was a Strategic Advisor for West Rock Company, a global packaging and specialized chemical products company formed by the merger of Mead Westvaco and Rock Tenn. He was formerly the Finance Director of Mead Westvaco, where he headed the Finance, Strategy, Corporate Development, IT and Shared Services areas and played a key role in the company's merger with Rock Tenn in 2015. Prior to that, he held various senior-level financial and operating positions at Eastman Kodak Company, including General Director of Global Operations for the Digital and Film Images Systems Group. He began his career at Price Waterhouse Coopers LLP, where the last position he held was Managing Partner of the North Technology group of the state of New York and Partner in the company's audit and business advisory services group. He is also a member of the board of directors of ACCO Brands, one of the largest global brand suppliers of academic, consumer and business products.

Name: Juan Pablo del Río Benítez
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: He graduated in Law from Universidad Anahuac in 1992. He specialized in commercial law (postgraduate) at the Escuela Libre de Derecho, 1993-1994. Founding partner of the law firm DRB Consultores Legales.
He has concentrated his practice in the areas of corporate law, commercial law, finance, foreign investment, mergers and acquisitions, securities, and corporate finance.
He is Secretary (non-member) of the Board of Directors and external legal advisor to several companies, including: Orbia, Elementia, Compañía Minera Autlán, Grupo Pochteca, Grupo Hotelero Santa Fe, Banco Ve por Más, Grupo Financiero Ve por Más, Aeropuertos Mexicanos del Pacífico, Grupo Finaccess, Sabormex, Cía. Cerillera La Central.
He is a member of the Regulatory Committee of the Mexican Stock Exchange, the Mexican Bar Association, and the Center for International Legal Studies.

Directors are elected by the Annual Shareholders' Meeting, and will hold office for one year, with the Meeting having the power to re-elect them or, as the case may be, appoint new members.

	BOARD OF DIRECTORS	
Member	**Gender**	**Date Appointed**
Antonio del Valle Ruíz Honorary Chairman for Life +	Male	Ordinary General Shareholders' Meeting dated April 28, 2000
Juan Pablo del Valle Perochena	Male	Ordinary and Extraordinary General Shareholders' Meeting dated April 30, 2002
Antonio del Valle Perochena	Male	Ordinary and Extraordinary General Shareholders' Meeting dated April 30, 2002
María de Guadalupe del Valle Perochena	Female	Ordinary General Shareholders' Meeting dated April 27, 2005
Francisco Javier del Valle Perochena	Male	Ordinary General Shareholders' Meeting dated March 30, 2021
Divo Milán Haddad*	Male	Ordinary and Extraordinary General Shareholders' Meeting dated April 30, 2002
Guillermo Ortiz Martínez*	Male	Ordinary Annual General Shareholders' Meeting dated April 30, 2010
Eduardo Tricio Haro*	Male	Ordinary Annual General Shareholders' Meeting dated April 29, 2008
Alma Rosa Moreno Razo*	Female	Ordinary Annual General Shareholders' Meeting dated April 23, 2018
María Teresa Altagracia Arnal Machado*	Female	Ordinary and Extraordinary General Shareholders' Meeting dated April 23, 2019
Anil Menon	Male	Ordinary Annual General Shareholders' Meeting dated April 28, 2020
Jack Goldstein Ring	Male	Ordinary Annual General Shareholders' Meeting dated April 28, 2020
Mark Rajkowski	Male	Ordinary Annual General Shareholders' Meeting dated March 30, 2021

* Independent directors.
+Not a member of the Board

In 2021, 25% of the Board Members are women.

Powers of the Board of Directors

The Board of Directors has the legal representation of the Company and enjoys the broadest powers and powers of attorney to carry out all the operations inherent to the corporate purpose, except those expressly entrusted to the General Shareholders' Meeting. A non-exhaustive list of the powers vested on the Board of Directors is as follows: (i) lawsuits and collections, (ii) administer property, (iii) exercise acts of ownership (iv) appoint and remove the General Director, directors, managers, officers, and attorneys-in-fact, and to determine their attributions, working conditions, compensation and guarantees, and confer powers on directors, managers, officers, attorneys, and other persons required to carry out the operations of the Company.

The Board of Directors is responsible for the strategic management of the Company and is empowered to resolve any matter not expressly reserved to the Shareholders' Meeting. Among others, the Board of Directors must deal with the obligations and responsibilities established in Article 28 of the LMV.

In accordance with the LMV, the Board of Directors will have the support of an Audit Committee and a Corporate Practices Committee to carry out its functions. In addition to these Committees, the Company has a Finance Committee.

In February 2020, the Corporate Practices Committee was renamed the Corporate Practices and Sustainability Committee, having also assumed the supervision of the Company's sustainability strategy.

In addition, the Board of Directors shall be responsible, among others, including but not limited to the following attributions: (i) monitor compliance with the resolutions 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 Shareholders' Meeting on its activities and resolutions, and the Shareholders' Meeting has the power to evaluate, qualify and, if appropriate, approve said report on the functioning of the Board of Directors, and may even require additional or complementary reports.

Audit Committee

This Committee will be made up exclusively of Independent Directors and a minimum of three members appointed by the Board of Directors itself, at the proposal of the Chairman of said corporate body, on the understanding that the chairmen of this Committee and the Corporate Practices and Sustainability Committee will be appointed and removed by the General Shareholders' Meeting.

The person on Orbia's Audit Committee who is considered a "financial expert" is Mr. Fernando Ruiz Sahagún who is the Committee Chairman.

The Audit Committee and its Chairman shall have the following powers and duties, within the scope of their competence:

a) To provide the Board of Directors with their opinion on the matters indicated in Articles 28, 30, 44, 99, 100, 101, 102, 108 and other applicable articles of the LMV.

b) Those established in Articles 27, 41, 42 and 43 and other applicable of the LMV.

Without prejudice to the foregoing:

The Audit Committee shall be responsible for carrying out the following activities:

(i) To give the Board of Directors an opinion on the matters that fall within its competence under the applicable legislation.

(ii) To evaluate the performance of the legal entity that provides the external audit services, as well as to analyze the opinion, opinions, reports, or reports prepared and signed by the external auditor.

(iii) To discuss the Company's financial statements with the persons responsible for preparing and reviewing them, and on this basis to recommend or not to recommend their approval by the Board of Directors.

(iv) Inform the Board of Directors of the situation of the internal audit and control system of the Company or of the legal entities it controls, including any irregularities it detects.

(v) To prepare the opinion referred to in Article 28, section IV, paragraph c) of the LMV and submit it to the Board of Directors for its subsequent presentation to the Shareholders' Meeting, relying, among other elements, on the external auditor's report. That opinion should at least point out:

a) Whether the accounting and reporting policies and criteria followed by the Company are adequate and enough, taking into consideration the particular circumstances of the Company.

b) Whether such policies and criteria have been consistently applied in the information submitted by the Director-General.

c) If, as a consequence of paragraphs a) and b) above, the information presented by the Director General reasonably reflects the financial situation and results of the Company.

(vi) To support the Board of Directors in the preparation of the reports referred to in Article 28, section IV, paragraphs d) and e) of the LMV.

(vii) Ensure that the transactions referred to in Articles 28, section III and 47 of the LMV are carried out in accordance with the provisions of said precepts, as well as the policies derived therefrom.

(viii) Seek the opinion of independent experts where it deems it appropriate, for the proper discharge of its functions or where required under applicable law or general provisions.

(ix) Require the Relevant Officers and other employees of the Company or of the legal entities controlled by it, reports related to the preparation of financial information and of any other type that it deems necessary for the exercise of its functions.

(x) Investigate the possible non-compliance of which it is aware, with the operations, operation guidelines and policies, internal audit and control system and accounting records, whether of the Company itself or of the legal entities controlled by it, for which it shall carry out an examination of the documentation, records, and other evidence, to the degree and to the extent necessary to carry out said monitoring.

(xi) Receive observations made by Shareholders, Directors, Relevant Executives, employees and, in general, any third party with respect to the matters referred to in the foregoing paragraph, as well as carrying out the actions it deems appropriate in relation to such observations.

(xii) Request periodic meetings with the Relevant Executives, as well as the delivery of any type of information related to the internal control and internal audit of the Company or legal persons that it controls.

(xiii) Inform the Board of Directors of any significant irregularities detected in the performance of its duties and, where appropriate, of any corrective actions taken or propose those that should be applied.

(xiv) To call a Shareholders' Meeting and request adding any items it deems relevant in the Agenda of said Meetings.

(xv) Ensure that the Chief Executive Officer complies with the resolutions of the Shareholders' Meetings and the Board of Directors of the Company, in accordance with the instructions, if any, issued by the Meeting itself or the Board.

(xvi) To supervise the establishment of internal mechanisms and controls to verify that the acts and operations of the Company and of the legal entities controlled by it comply with the applicable regulations, as well as to implement methodologies that make it possible to review compliance with the foregoing.

(xvii) Any others that the LMV establishes or are provided for in these corporate bylaws, in accordance with the functions legally assigned.

See Section 7, "Annexes", "Reports of the Audit Committee" of this Annual Report.
See Section 4, "Management", subsection d, "Bylaws and Other Agreements" of this Annual Report, for additional information on the Board of Directors.

Corporate Practices and Sustainability Committee

The Board of Directors, for the performance of its functions, will also have the assistance of the Committee that carries out the activities related to Corporate Practices and Sustainability. This Committee will mostly comprise Independent Directors and a minimum of three members appointed by the Board of Directors itself, at the proposal of the Chairman of said corporate body, on the understanding that its Chair will be appointed and removed by the General Shareholders' Meeting, as the Chair of the Board of Directors cannot chair this Committee.

Pursuant to Article 25 of the LMV, since the control group holds a position equal to or greater than 50% of the Company's capital stock, the Corporate Practices and Sustainability Committee is comprised of a majority of independent directors.

The Corporate Practices Committee and its Chairman shall have the following powers and duties, within the scope of their competence:

- To provide the Board of Directors with its opinion on the matters indicated in Articles 28, 30, 44, 99, 100, 101, 102, 108 and other applicable articles of the LMV.

- Those established in Articles 27, 41, 42 and 43 and other applicable of the LMV.

Without prejudice to the foregoing:

The Committee shall be responsible for carrying out the following activities:

(i) To give an opinion to the Board of Directors on matters within its competence under applicable law.

(ii) Seek the opinion of independent experts when it deems it appropriate, for the proper performance of its functions or when required under applicable law or general provisions.

(iii) To call Shareholders' Meetings and have the items they deem relevant inserted in the Agenda of said Meetings.

(iv) To support the Board of Directors in the preparation of the reports referred to in article 28, section IV, paragraphs d) and e) of the LMV.

(v) Propose to the Company's Shareholders' Meeting a form with the names of the persons who, in its opinion, should form part of the Company's Board of Directors in the event that its members at the time of election are not ratified in their posts by the Shareholders' Meeting. In the selection of candidates for the Board of Directors, the Committee shall consider only persons of recognized experience and professional or business background, as well as persons who do not have a conflict of interest with the Board, its subsidiaries, or relevant shareholders, and to the extent required, that candidates who propose qualify as independent Directors under the terms of the applicable legislation.

(vi) Such other duties as may be established by the LMV or as may be provided for in these Bylaws, in accordance with the functions legally assigned.

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 Thirty-Eight of the Company's bylaws.

The Finance Committee is composed of 6 members of the Board of Directors, who were appointed by the Board of Directors.

This Committee shall support the Board of Directors in fulfilling its responsibilities to shareholders with respect to policies, practices and strategies related to the management of their financial affairs.

The Finance Committee shall have the following powers and duties, within the scope of its competence:

a) Formulate and recommend for the approval of the Board of Directors the financial policies of the Company, including the management of financial affairs.
b) Review Management's plans for managing the Issuer's financial risk exposure.
c) Review the Company's cash flow plan, balance sheet and capital structure.
d) Review the Company's capital allocation strategy, including the cost of capital.

- Without prejudice to the foregoing:
- The Finance Committee shall be responsible for carrying out the following activities:

(i) Review and make recommendations to the Board of Directors regarding the capital structure, debt, and financing, including issues related to Company's debt and equity issues.
(ii) Review and make recommendations to the Board of Directors on major strategic investments, mergers, acquisitions, divestitures, capital expenditures and other transactions.
(iii) To review and recommend to the Board of Directors the annual budget. The Committee must monitor compliance with the budget, as well as the financial operations of the Company.
(iv) Recommend to the Board of Directors the Company's Dividend Policy.
(v) Recommend to the Board of Directors the strategy for repurchase of shares and bonds.
(vi) Review the Company's capital strategy, as well as the relevant financial indicators so that the Company can continue to strengthen its balance sheet.
(vii) Review and establish treasury investment policies.
(viii) Review the funding and liquidity strategies and relevant metrics used to ensure adequate diversification and achievement of annual funding targets, including cash flow, minimum cash requirements, as well as liquidity and working capital targets.
(ix) Review the priorities, policies, and capital allocation guidelines of the Company, as well as the financial result of the investments made against the established objectives (periodic review of acquisitions and new investments).
(x) Supervise policies and procedures on hedges, swaps, other derivative transactions, and risk management.
(xi) Review movements and liquidity of the Company's shares in the market.
(xii) Review and approve recommendations to the Board of Directors in all significant areas of the Company's treasury.

Executive Critical Risks Committee

Orbia has an Executive Critical Risk Committee (CRC) that is chaired by Orbia's CEO and formed by the Finance Director, the chairmen of the five business groups and other key executives. The CRC helps the Board of Directors identify and assess corporate risks, evaluate the Company's risk profile, develop plans for risk mitigation and oversee implementation of those plans. The CRC meets quarterly and reports directly to the Audit Committee and Board of Directors as necessary.

Orbia's risk mapping process in 2020 included teams from each business group that identified and analyzed a universe of relevant risks for each of these groups, using research, internal surveys and interviews with business leaders. The results were compiled to form a Risks Registry, 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 cybernetic risk assessment prepared by Orbia's Information Security Director.

Officers and Executives

The following table sets forth the names of the Company's main officers:

Name	**Gender**	**Date of Birth**	***Office Title in English /Translated into Spanish***	***Entry date (dd/mm/yy)***
Sameer Bharadwaj	Male	*04/04/1970*	*Chief Executive Officer/* Director General	*15/08/2016*
Maarten Roef	Male	*23/02/1964*	*Business Group President Wavin/ Presidente del Grupo de Negocio Wavin*	*09/01/1999*
Peter Hajdu	Male	*08/01/1978*	*Business Group President Duraline/ Presidente del Grupo de Negocio Duraline*	*01/08/2018*
Gabriel Miodownik	Male	*07/09/1973*	*Business Group President Netafim/ Presidente del Grupo de Negocio Netafim*	*22/09/2003*
Nicholas Ballas	Male	*27/07/1960*	*Business Group President Polymer Solutions (Vestolit)/ Presidente del Grupo de Negocio Polymer Solutions (Vestolit)*	*01/09/2020*
Gautam Nivarthy	Male	*26/04/1973*	Business Group President Polymer Solutions (Alphagary)/ Presidente del Grupo de Negocio Polymer Solutions (Alphagary)	27/03/2017
Gregg Smith	Male	*10/09/1964*	*Business Group President Koura Presidente del Grupo de Negocio Koura*	*26/03/2018*
Edgardo Carlos	Male	*10/09/1966*	*Chief Financial Officer/* Director de Finanzas	*05/08/2019*
Sheldon Hirt	Male	*10/07/1963*	*General Counsel/ Vicepresidente Legal*	*17/05/2019*
Deborah Butters	Female	*01/03/1969*	*Chief People Officer/ Vicepresidente Recursos Humanos*	*01/07/2020*
Jorge Luis Guzmán Mejía	Male	*21/08/1970*	*Corporate Vice-President, Internal Audit/* Vicepresidente, Auditoría Interna	*01/02/2008*

Sameer S. Bharadwaj is Orbia's Chief Executive Officer and through 2021 was President of the Koura and Polymer Solutions business groups, a leading group of companies engaged in improving life through basic materials, advanced materials and solutions formulated in a diverse group of end markets.

With more than 20 years of experience, Sameer is a recognized strategic leader with a history of fostering business growth through technology-driven innovation, operating excellence, and the development of talent in the advanced materials, technology, energy, and pharmaceutical industries.

Since 2016, when he joined Orbia to head the Compounds business group, Sameer progressively assumed leadership of the Alphagary, Koura and Vestolit brands, managing to position the portfolio of solutions competitively in the market and leading his global teams to high levels of performance. Before forming part of Orbia, Sameer held various executive leadership positions in his 11-year career at Cabot Corporation, a company where he served as vice-president and CEO. As part of his duties, he directed the market and sales strategy for new technologies, with a key focus on energy and materials. Prior to this, Sameer worked as a strategy consultant for The Boston Consulting Group, where he provided services to customers in the metal, telecommunications, technology, biotechnology, and pharmaceutical industries. He began his career as a senior research engineer at The Dow Chemical Company.

Sameer received a master's from Harvard Business School, a PhD in chemical engineering from the University of Minnesota and a Bachelor's in chemical engineering from the University of Bombay.

Maarten Roef is President of Orbia's Wavin business group. This group is redefining the current pipe industry with innovative solutions that last longer and require shorter installation times.

Maarten has nearly three decades of experience in the plastics and packaging industry, during which he has directed Wavin businesses abroad in the Benelux and northeast regions, prior to being appointed a member of the Wavin board of directors in 2010. Maarten is also a member of The European Plastic Pipes and Fittings Association (TEPPFA).

Maarten has a Master's in economy from Erasmus University in Rotterdam, Holland.

Peter Hajdu is President of Orbia's Dura-Line business group, a company that produces over 400 million meters of conduit per year to create physical pathways used by fiber optics and other technologies to connect cities and homes.

Peter joined Orbia in 2018 after holding various executive positions in the operations of Cisco in EMEA and emerging markets. Peter has great knowledge and vision concerning the use of data to make life easier. Before working at Cisco, Peter was a consultant at McKinsey & Company, providing his services to customers in the chemical, automotive, aviation and banking sectors.

He graduated from the University of California, Berkeley, where he received an MBA and a degree in technology management.

Gabriel Miodownik is President of Orbia's Netafim business group, a world leader in precision irrigation solutions for sustainable agriculture.

Over the course of 17 years, Gaby acquired extensive knowledge of Netafim's global customer base and agricultural markets, which spanned diverse geographies, and has held positions such as finance director for Latin America, CEO of Netafim Mexico, vice-president for the Americas, vice-president for Europe, the Middle East and Africa, and more recently senior vice-president and president for the Americas at Netafim. Gaby has an MBA with a specialization in Accounting and Finance from the University of Tel Aviv. He is also a certified accountant in Israel.

Nicholas Ballas is President of Orbia's Vestolit Polymer Solutions business group and is a successful executive with wide global experience in the chemical and manufacturing industries. He has extensive career experience in the development and execution of strategies and the optimization of operations to achieve growth in sales and profits.

Before joining Orbia in 2020, Nicholas was the Executive Vice-president of Nexans, S.A., a global leader in the cable industry, for eight years and headed the company's business division in Asia Pacific. Nicholas also served as the director of the Nexans Foundation, where he helped direct efforts to provide electricity to underprivileged communities around the world. His previous professional experience includes time as a consultant at Cathedral Hill Advisory, Samudera Shipping in Indonesia, and an early initiation into the workforce at Cabot Corporation, where he played a decisive role in the development of Cabot LNG.

He is currently a member of the board of Samudera Shipping Line Ltd. Nicholas has a Master's in International Management from the Thunderbird School of Global Management and a bachelor's from the University of St. Cloud.

Gautam Nivarthy is President of Orbia's Alphagary Polymer Solutions business group. A chemical engineer by profession with more than 20 years' management experience in the chemical engineering industry, Gautam has headed many business transformation efforts that have generated significant value.

Since joining Orbia in 2017, Gautam has taken Alphagary to a position of leadership in the industry thanks to his innovative solutions adapted to customer needs. Before joining Orbia, Gautam held executive leadership positions in marketing, strategy and general management for Honeywell, DuPont, and Unilever. While at DuPont and Unilever, he lived in Southeast Asia and Europe.

Gautam has a PhD in chemical technology from the University of Twente, a Master's in business administration from Columbia Business School, and a Bachelor's in chemical engineering from the University of Bombay.

Gregg Smith is President of Orbia's Koura business group and has more than three decades' experience in the global special materials and chemical industries. He has extensive experience in general management, business development, and the development of technologies to drive growth.

Since joining Orbia in 2018, Gregg has lifted Koura to a competitive position in the fluorine value chain by expanding into new and existing verticals where fluorspar is essential. Before joining Orbia, Gregg held executive leadership positions in operations, commercial and business development, and technology at Cabot Corporation. He has a successful track record as a corporate entrepreneur and developer of technology with the creation of new businesses and materials for printing using ink injection and electrophotography, carbon-reinforced compounds, and lithium-ion battery technologies.

Gregg has a Master's in business administration from Northeastern University and a Bachelor's in chemical engineering from the University of New Hampshire.

Edgardo Carlos is Orbia's Chief Financial Officer with more than 30 years' experience in multinational companies.

Edgardo is a finance expert with technical knowledge and experience in digital transformation, cybersecurity, and process improvement. He provides a unique and valuable perspective on finance and risk management in the manufacturing business and is a results-oriented visionary leader. He has extensive international experience in handling M&A processes around the world and in executing IPOs in the United States and Europe.

Prior to his position at Orbia, Edgardo was the Global CFO of Tenaris, with responsibilities in administration, finance, IT; supervising more than 1,200 employees worldwide. He was a strategic partner for business development, with a strong focus on capital deployment and asset utilization. Previously, Edgardo worked at Sidor and participated in the privatization process of one of the largest steel companies in Latin America. He played an active role in debt restructuring after a crisis during which steel prices fell to the lowest point in years.

Edgardo has an MBA from the Massachusetts Institute of Technology (MIT Sloan Fellows Program) and has completed executive programs at Wharton and Stanford University. He graduated from Universidad Nacional de La Plata (UNLP) in Argentina with a degree in public accounting.

Sheldon Hir**t** is the company's vice-president and general counsel, overseeing Orbia's legal organization, compliance, and regulation, while ensuring our 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 extensive experience handling legal and compliance matters in international pharmaceutical companies such as Johnson & Johnson, Actavis, and Progenics Pharmaceuticals. He specializes in mergers and acquisitions, licenses, securities, and corporate governance.

Sheldon has a degree in international affairs from the School of International & Public Affairs at Columbia University and a PhD in law from Columbia Law School.

Deborah Butters is the Chief People Officer, responsible for Orbia's growth and development as a sustainable, people-centered organization, and for improving the experiences and skills of our team around the world. She is also responsible for the execution of, and strategic vision for, Orbia brand communication and marketing.

With more than 25 years' experience, she is a knowledgeable leader in Human Resources, team creation and cultural management, offering a pragmatic and creative approach to advance the value of the business. She has also worked in the technology, consulting, biological sciences, and now the industrial, sectors at the global level. Deborah has experience in attracting and retaining talent, acquisitions integration, compensation models for executives and employees, and initiatives supporting change management and transformational performance. Before coming to Orbia, she worked as the global Chief Human Resources Officer (CHRO) at PerkinElmer for four years and was responsible for the company's personnel strategy. Prior to PerkinElmer, Deborah was with IBM for 17 years, living and working in the United States and Europe in different leadership roles where she improved the company's global human resources programs and spearheaded talent transformation across the company. 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 has a Bachelor's in Science in the Human Resources area from the University of Bath, in England, as well as a post-graduate degree in Human Resources from the University of London.

Jorge Luis Guzmán Mejía is corporate vice-president of internal auditing. He has more than 20 years' experience in finance, treasury, credit, risk assessment, auditing, and internal control. Before joining Orbia in 2008, he worked for companies such as Avon, Becton Dickinson, DuPont, and Dow Chemical.

Jorje Luis has a Bachelor's in business administration and an MBA from Universidad Iberoamericana. He also has certifications from the CIA and CSA verified by the Florida Institute of Internal Auditors.

Diversity

Our corporate culture respects professional, cultural and gender diversity and incentivizes professional development based on talent, character, education, knowledge, discipline, and work, regardless of gender, race, religion, or other similar subjective factors. Orbia also comprehensively rejects any form of discriminatory behavior, including gender discrimination. The Company is currently working on developing policies, to be approved by our Board of Directors, that actively foster corporate and labor inclusion, regardless of gender, diversity, and the selection of the best candidates for the Company, both in our governance bodies and among our employees. The goal is to increase the diversity of gender, perspective, and experience in the company.

In 2021, 25% of Board Members are women.

Compensation of the members of the Company's Board of Directors and Committees

In accordance with the resolutions reached at the Ordinary Annual General Shareholders' Meeting held on March 30, 2021, it was decided that, during 2021 and until subsequent new ruling by the shareholders:

a) The members of the Board of Directors, with the exception of the Honorary Chairman and Chairman of the Board of Directors, would receive an annual cash payment in Mexican pesos equal to USD 60,000.00 (sixty thousand 00/100 U.S. Dollars) and a payment in kind in Pesos (net result after g the withholding of the corresponding taxes) of USD 60,000.00 (sixty thousand 00/100 U.S. Dollars) in restricted Company shares.

b) The Honorary Chairman of the Board of Directors receives an annual payment in cash in Pesos equal to USD 500,000.00 (five hundred thousand 00/100 U.S. Dollars).

c) The Chairman of the Board of Directors receives an annual payment in cash, in Pesos, equal to USD 750,000.00 (seven hundred fifty thousand 00/100 U.S. dollars) and, in addition, he shall have the right to receive an additional contingent payment of up to a maximum of the equivalent in pesos of USD 750,000.00 (seven hundred fifty thousand 00/100 U.S. dollars), payable based on achieving certain objectives established and evaluated by the Corporate Practices Committee.

d) The Chairman of the Audit Committee shall receive, in addition to the payment in cash and in kind corresponding to them as a member of the Board of Directors, an annual payment in cash of the equivalent in pesos of USD 25,000.00 (twenty-five thousand 00/100 U.S. dollars) and the Chairmen of the Corporate Practices Committee and the Finance Committee shall receive, also in addition to the payment in cash and in kind corresponding to them as members of the Board of Directors, an annual cash payment of the equivalent in pesos of USD 20,000.00 (twenty thousand 00/100 U.S. Dollars).

Together, the considerations received from the Company in 2020 by the members of the Board of Directors and the Relevant Executives totaled USD 2,920,000 in cash, plus USD 720,000 in kind (restricted Orbia shares), for a total of USD 3,640,000.

The total expected liability for the Company and/or its subsidiaries for pensions, retirement and other similar plans is $274 million.

Intermediate Management Bodies

The Committees that assist the Board of Directors are the Audit Committee, the Corporate Practices and Sustainability Committee and the Finance Committee. Orbia does not have intermediate bodies in addition to those referred to above.

Code of Ethics

Orbia must always be a company recognized for its principles and values. In order to maintain and strengthen its ethical and professional performance, its Code of Ethics has been updated and strengthened, while a more effective reporting system has been established through which any conduct contrary to the Company's principles and values may be reported.

The Code of Ethics establishes Orbia's commitments to society, government, and competition, as well as to its employees, suppliers, consumers, customers, partners, and shareholders.

The Code of Ethics is the guideline of behavior in Orbia's daily operation.

Principal Shareholders

As of the date of this Annual Report, the Company's main shareholder is Kaluz, which is controlled by the del Valle family, which owns approximately 42.91% of the voting capital stock and should therefore be considered as a shareholder exercising significant influence under the LMV. The Valle Perochena siblings individually own 0.43%, and other shareholders related in greater or lesser degree to the del Valle family own approximately 3.98% of the voting shares, so together with Kaluz they should be considered as a group of people who exercise significant influence over the Issuer, according to the LMV.

To date, the Company's capital remains unchanged. The capital is represented by 2,100,000,000 shares.

Employee and executive shareholdings

To the best of the Company's knowledge, none of its employees and/or relevant managers have individual holdings of more than 1% of the capital stock.

Shareholding of Directors

The main shareholders of the Company are 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 company Kaluz, of which 43% of the shares are held in equal shares, the remaining 57% of Kaluz, which belongs to Controladora Gek, S.A.P.I. de C.V., of which the del Valle Perochena siblings are 100% shareholders (20% each).

Juan Pablo, Antonio, María de Guadalupe and Francisco Javier del Valle Perochena, are also Company Directors.

Based on the lists of holders provided to the Company by various securities market intermediaries on the occasion of its Annual Ordinary General Shareholders' Meeting held on March 30, 2020, none of the Company's board members have a direct and individual shareholding of more than 1% and less than 10% of the Company's capital stock:

Significant changes in shareholding structure in the last three years

There have been no significant changes in the shareholding structure in the last three years. .

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 expiry 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), (iv) 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, depositary 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.

As long as 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 invariably contains the agenda to be dealt with, which may not be varied 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. Indeval 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 Practices and Sustainability Committee is responsible for evaluating the performance of and compensation to the Issuer's relevant executives.

Amendments to the Bylaws

1. The Annual Ordinary and Extraordinary General Shareholders' Meeting held on April 23, 2019. Certain articles of the Company's bylaws were amended. A summary of these changes is presented below.

Article Two: Reflects the change by which the Federal District shall now be known as Mexico City.

Article Three: Clarifies of the purpose of the company.

Article Six: Sets forth that with the prior express authorization of the CNBV, the Company may issue shares with limited, restricted or no voting rights; and that the preferential subscription right referred to in Article 132 of the General Business organizations Act shall not be applicable in the case of capital increases through public offerings.

Article Seven: These are editorial adjustments only.

Article Nine: Regulates the acquisition of 10% or more of shares representing the capital stock; and in addition to the foregoing, that a majority of the members of the Board of Directors who have been elected to such position before any circumstance that could imply a change of Control is verified, must grant their written authorization so that a change of Control can take place in the Company.

It is important to note that the amendment to this Article may only be approved at an Extraordinary General Shareholders' Meeting of the Company in which 5% or more of the outstanding shares have not voted against on the date of the respective Shareholders' Meeting.

Article Ten: Specifies that the pre-emptive right is in terms of the provisions of Article 132 of the General Corporations Act.

Article Thirteen: Sets forth the power of the Board of Directors to appoint the person or persons responsible for the management of resources for the acquisition and placement of own shares, when such appointment has not been made by the Shareholders' Meeting.

Article Fifteen: These are editorial adjustments only.

Article Twenty-eight: Sets forth requirements for appointing and revoking a board member by shareholders owning shares representing 10% of the capital stock.

Article Thirty-Second: Incorporates to the requirements for Directors those persons who, in the opinion of the Company's Corporate Practices Committee, enjoy recognized professional or business experience and prestige, as well as moral solvency, and who do not find themselves in situations of conflict of interest with the Company or its subsidiaries.

Article Thirty-four: Sets forth the procedure for the election of Directors proposed by shareholders owning shares representing 10% of the capital stock, as well as including the power of the Company's Corporate Practices Committee to present to the Annual General Shareholders' Meeting a spreadsheet with the names of the candidates proposed to serve on the Company's Board of Directors, including those proposed by minority shareholders.

Article Forty-Four: Includes as a power of the Corporate Practices Committee to propose to the Shareholders' Meeting those candidates who, in its opinion, should be members of the Board of Directors of the Company, in the event that its members at the time of the election are not ratified in their positions by the Shareholders' Meeting.

2. At the Extraordinary General Shareholders' Meeting held on August 26, 2019, the change of corporate name to ORBIA ADVANCE CORPORATION was approved, and consequently, it was determined to amend Article One of the corporate bylaws.

Process to be followed to change the rights associated with the actions

Both the shares representing the minimum fixed capital stock, with no right of withdrawal, and those representing variable capital, are ordinary, nominative, without nominal value expression and confer on their holders equal rights and obligations.

Subject to the express authorization of the CNBV, the Company may issue shares with limited, restricted or no voting rights.

The issuance of shares other than ordinary shares shall not exceed twenty-five percent of the paid-in capital placed among the investing public. When expressly authorized by the CNBV, such limit may be extended in certain exceptional cases.

Bylaw clauses or agreements between shareholders that limit or restrict the management of the issuer or its shareholders

There is no restriction whatsoever for shareholders to participate in the management of the Company. In this respect, the Bylaws establish that shareholders owning shares with voting rights, even limited or restricted, which individually or collectively hold 10% of the Capital Stock, will have the right to appoint and revoke at the General Shareholders' Meeting a member of the Board of Directors and their respective alternate, 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 revoked, in which case the persons substituted may not be so appointed during the twelve months immediately following the date of revocation.

Minority shareholders who, in terms of the foregoing, intend to appoint a Director must notify the Company's Corporate Practices and Sustainability Committee at least five working days prior to the Annual General Shareholders' Meeting. This communication must contain at least: (i) the full name and experience of the person they propose to appoint, and (ii) whether or not, in their judgment, they satisfy the conditions of independence, recognized professional or business experience and repute, and 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, 2020, 2019 and 2018, is represented by 2,100,000,000 shares, ordinary, nominative with voting rights and without expression of nominal value, which are fully paid. The fixed portion of the capital is represented by Class I registered shares without withdrawal rights. The variable part of the capital is represented by Class II registered shares, without expression of nominal value. At December 31, 2020, 2019 and 2018, the number of shares and amount of capital is as follows:

Subscribed capital	Number of shares	Amount (millions of dollars)
Class I	308,178,735	$ 38
Class II	1,791,821,265	$ 219
TOTAL	2,100,000,000	$257

At December 31, 2019, the Company does not hold open positions in derivative instruments payable in kind whose underlying is ORBIA* shares.

In the last three years, 2020, 2019 and 2018, Orbia has not modified the number or amount of outstanding shares representing its share capital.

As of December 31, 2020, the Company had acquired 83,204,267 of its own shares through the use of the resources authorized by the Annual Ordinary General Shareholders' Meeting for the Repurchase Fund, which the Issuer purchases on the stock market, with a charge to its equity.

b) Performance of the share in the Stock Market

The prices and amounts of the ORBIA* share transactions are presented in Mexican pesos.

The level of marketability corresponding to shares is "High", according to the information available from the Stock Exchange Index carried out by the BMV in March 2020. As of 2008, shares are an integral part of the BMV Price Index.

In the last three fiscal years, the BMV listing of "ORBIA*" shares has not been suspended.

The following tables show the minimum and latest maximum share prices on the BMV during the periods indicated, starting with this Annual Report:

Annual Performance

Date	Maximum	Minimum	Closing	Volume	Amount
2016	51.00	34.19	47.10	788,479,023	33,157,684,396
2017	53.60	46.00	48.63	725,639,512	35,850,875,980
2018	67.79	42.71	49.94	832,120,117	47,265,429,553
2019	52.88	31.02	40.32	932,615,312	39,556,051,265
2020	51.80	23.80	46.75	788,415,268	28,206,256,417

Quarterly Performance

Date	Maximum	Minimum	Closing	Volume	Amount
2T2019	49.90	40.11	40.29	202,161,682	8,773,524,625
3T2019	43.68	31.02	38.51	267,646,376	9,847,931,391
4T2019	44.53	38.26	40.32	173,433,873	7,197,085,181
1T2020	51.80	23.80	26.09	258,529,654	9,764,206,655
2T2020	37.74	24.31	33.98	243,451,901	7,391,465,477
3T2020	39.07	32.05	38.74	136,713,729	4,906,796,401
4T2020	47.50	35.71	46.75	149,719,984	6,143,787,884
1T2021	57.49	42.70	57.02	212,843,203	10,440,224,889

Monthly Performance

Date	Maximum	Minimum	Closing	Accumulated monthly volume	Accumulated monthly amount
Apr-20	29.04	24.31	28.44	102,993,277	2,709,708,010
May-20	33.45	27.20	32.54	58,145,918	1,826,275,184
Jun-20	37.74	32.31	33.98	82,312,706	2,855,482,283
Jul-20	36.47	32.05	35.24	53,491,711	1,825,866,494
Aug-20	39.07	34.95	35.16	43,390,608	1,604,558,151
Sep-20	38.98	34.81	38.74	39,831,410	1,476,371,756
Oct-20	40.50	35.71	37.51	43,553,823	1,658,993,338
Nov-20	43.56	36.70	41.37	47,269,271	1,867,174,531
Dec-20	47.50	41.25	46.75	58,896,890	2,617,620,015
Jan-21	52.84	43.80	44.18	63,003,693	2,981,886,769
Feb-21	48.99	42.70	48.79	64,107,442	2,901,984,102
Mar-21	57.49	48.09	57.02	85,732,068	4,556,354,018

Source: Infosel Financiero. Prices in Pesos.

c) Market Maker

As of the date of this Annual Report, the Company has not engaged a Market Maker to support the marketability of the ORBIA* stock, as permitted by the LMV.

6. PERSONS RESPONSIBLE

7. ANNEXES

Reports of the Corporate Practices and Audit Committee of Orbia Advance Corporation, S.A.B. de C.V. for fiscal years 2020, 2019 and 2018.

Consolidated financial statements and audited financial statements of Orbia Advance Corporation, S.A.B. de C.V. for fiscal years 2020, 2019 and 2018.