

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 20-F**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2020**

Commission file number 001-13142

**Embotelladora Andina S.A.**

(Exact name of Registrant as specified in its charter)

**Andina Bottling Company**

(Translation of Registrant's name into English)

**Republic of Chile**

(Jurisdiction of incorporation or organization)

**Miraflores 9153, 7th Floor  
Renca - Santiago, Chile**

(Address of principal executive offices)

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Miraflores 9153, 7th Floor - Renca - Santiago, Chile**

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Trading Symbol	Name of each exchange on which registered
Series A Shares, Series B Shares of Registrant represented by American Depositary Shares	AKO.A AKO.B	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

Indicate the number of outstanding shares of each of the issuer’s classes of capital or common stock as of the close of the period covered by the annual report.

Series A Shares	473,289,301
Series B Shares	473,281,303

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

☒ Yes ☐ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

☐ Yes ☒ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” and “emerging growth company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards<sup>†</sup> provided pursuant to Section 13(a) of the Exchange Act. ☐

<sup>+†</sup>The term “new or revised financial accounting standard” refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

☒ Yes ☐ No

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐ International Financial Reporting Standards as issued by the International Accounting Standards Board ☒ Other ☐

If “Other” has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. ☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

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## INTRODUCTION

### Certain Definitions

Unless the context otherwise requires, as used in this annual report the following terms have the meanings set forth below:

- the “Company,” “we,” “our,” “Andina” and “Coca-Cola Andina” means Embotelladora Andina S.A. and its consolidated subsidiaries;
- “Andina Argentina” means our subsidiary, Embotelladora del Atlántico S.A., or EDASA;
- “Andina Brazil” means our subsidiary, Rio de Janeiro Refrescos Ltda. and its subsidiaries;
- “AEASA” means our subsidiary, Andina Empaques Argentina S.A.;
- “EDASA” means our subsidiary, Embotelladora del Atlántico S.A.;
- “PARESA” means our subsidiary, Paraguay Refrescos S.A.;
- “Envases CMF” means our affiliate, Envases CMF S.A.;
- “ECSA” means our subsidiary, Envases Central S.A.;
- “Vital Jugos” means our subsidiary, VJ S.A., previously known as Vital S.A. and subsequently Vital Jugos S.A.;
- “VASA” means our subsidiary, Vital Aguas S.A.;
- “TAR” means our subsidiary, Transportes Andina Refrescos Ltda.;
- “The Coca-Cola Company” means The Coca-Cola Company and its subsidiaries, including without limitation Coca-Cola de Chile S.A. (“CC Chile”), which operates in Chile, Recofarma Industrias do Amazonas Ltda. (“CC Brazil”), which operates in Brazil, and Servicios y Productos para Bebidas Refrescantes S.R.L. (“CC Argentina”), which operates in Argentina;
- the “Chilean territory” means the regions of Antofagasta, Atacama, Coquimbo, Metropolitan Region of Santiago, Aysén and Magallanes and the Chilean Antarctic and the provinces of Cachapoal and San Antonio;
- the “Brazilian territory” means the greater part of the State of Rio de Janeiro, the totality of the State of Espírito Santo and parts of the state of São Paulo and the state of Minas Gerais;
- the “Argentine territory” means the provinces of Córdoba, Mendoza, San Juan, San Luis, Santa Fe, Entre Ríos, La Pampa, Neuquén, Río Negro, Chubut, Santa Cruz, Tierra del Fuego as well as the western part of the province of Buenos Aires; and,
- the “Paraguayan territory” means the country of Paraguay.

### Presentation of Financial and Certain Other Information

Unless otherwise specified, references herein to “dollars”, “U.S. dollars” or “US\$” are to United States dollars; references to “pesos”, “Chilean pesos”, “Ch\$” or “ThCh\$” are to Chilean pesos; references to “Argentine pesos” or “ARS” are to Argentine pesos; references to “real”, “reais” or “R\$” are to Brazilian reais; and references to “guaraníes”, “guaraní” or “G\$” are to Paraguayan guaraníes. References to “UF” are to *Unidades de Fomento*. The UF is an inflation-indexed Chilean monetary unit with a value in Chilean pesos that is adjusted daily to reflect changes in the official consumer price index of the *Instituto Nacional de Estadísticas* (the “Chilean National Institute of Statistics”). The UF is adjusted in monthly cycles. Each day in the period beginning on the tenth day of the current month through the ninth day of the succeeding month, the nominal peso value of the UF is indexed up (or down in the event of deflation) in order to reflect a proportionate amount of the change in the Chilean consumer price index during the prior calendar month. Certain percentages and amounts contained in this annual report have been rounded for ease of presentation.

The Company’s consolidated financial statements for the years ended December 31, 2018, 2019 and 2020 were prepared in accordance with International Financial Reporting Standards (hereinafter “IFRS”) issued by the International Accounting Standards Board (hereinafter “IASB”).

Our consolidated financial statements are presented in Chilean pesos. Our consolidated financial statements reflect the results of our subsidiaries located in Brazil, Argentina and Paraguay, converted to Chilean pesos (our functional and presentation currency). IFRS requires assets and liabilities to be converted from the functional currency of our subsidiaries outside Chile to our reporting currency (Chilean peso) at the end of period exchange rates and income and expense accounts to be converted at the average monthly exchange rate for the month in which income or expense is recognized for subsidiaries that do not operate in hyperinflationary economies.

In the case of our Argentine subsidiaries, which have been operating in an environment that during 2018, 2019 and 2020 was classified as hyperinflationary, the conversion criteria from the functional currency of those subsidiaries to our presentation currency is the following:

- First adoption of a hyperinflationary economy was in 2018: Losses and gains by correction of current non-monetary items the previous year were recorded in accumulated results as of January 1, 2018.



- Statement of financial position (balance sheet): Non-monetary items are expressed in the current currency at the balance sheet date and translated to the presentation currency of the closing exchange rate. Losses and gains are included in net earnings (fiscal year income).
- Income statement: Income statement items are expressed in the current currency unit at the end of the reporting period, using the variation of the general price index from the date on which the expenses and revenues were accrued, and translated to the presentation currency at closing exchange rate.
- Cash flow statement: Cash flow statement items are expressed in the current currency unit at the end of the reporting period and translated to the presentation currency at closing exchange rate.

For more information on the effects of the hyperinflationary environment in Argentina see note 2.5 of our consolidated financial statements included herein.

Unless otherwise specified, our financial data is presented herein in Chilean pesos.

## Forward-Looking Statements

This annual report includes forward looking statements, principally under the captions “Item 4. Information on the Company—Part B. Business Overview,” “Item 3. Key Information—Part D. Risk Factors,” and “Item 5. Operating and Financial Review and Prospects.” We have based these forward-looking statements largely on our current beliefs, expectations and projections about future events and financial trends affecting our business. Examples of such forward-looking statements include:

- statements of our plans, objectives or goals, including those related to anticipated trends, competition or regulation;
- statements about our future economic performance and that of Chile or other countries in which we operate;
- statements about our exposure to market risks, including interest rate risks, foreign exchange risk and equity price risk; and
- statements of assumptions underlying such statements.

Words such as “believes,” “expects,” “anticipates,” “projects,” “intends,” “should,” “could,” “may,” “seeks,” “aim,” “combined,” “estimates,” “probability,” “risk,” “target,” “goal,” “objective,” “future” or similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially and adversely from those described in such forward-looking statements included in this annual report as a result of various factors (including, without limitation, the actions of competitors, future global economic conditions, market conditions, foreign exchange rates and operating and financial risks), many of which are beyond our control. The occurrence of any such factors not currently expected by us would significantly alter the results set forth in these statements.

You should understand that the following important factors, in addition to those discussed elsewhere in this annual report, could affect our future results and could cause those results or other outcomes to differ materially and adversely from those expressed in our forward-looking statements:

- changes in general economic, business, political or other conditions in the regions where we operate;
- the impact of the ongoing COVID-19 pandemic and government measures aimed at limiting the spread of the virus;
- changes in the legal and regulatory framework of the beverage sector in the regions where we operate;
- the monetary and interest rate policies of the central banks of the countries in which we operate;
- unanticipated movements or volatility in interest rates, foreign exchange rates, inflation, equity prices or other rates or prices;
- changes in taxes;
- our inability to hedge certain risks economically;
- potential effects of weather conditions, earthquakes, tsunamis or other natural disasters;
- the outcome of litigation against us;
- the nature and extent of competition in the beverage industry in Latin America and the effect of competition on the prices we are able to charge for our products;
- volatility and fluctuations in demand for our products and the effect of such changes on the volume that we are able to sell and the price that we are able to charge for our products;
- capital and credit market conditions, including the availability of credit changes in interest rates;
- delays in the development of our projects, changes to our investment plans, due to changes in demand, authorizations, etc.; and
- the factors described under “Risk Factors”.

The forward-looking statements contained in this document speak only as of the date of this annual report, and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, unless required by law.

**Market Data**

We have computed the information contained in this annual report regarding annual volume and per capita growth rates and levels, and market share, product segment, and population data in our bottling territories, based upon accumulated statistics developed by us. Market share information presented with respect to soft drinks, juices, waters and beer is based on data supplied by A.C. Nielsen Company.

## PART I

### ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

### ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

### ITEM 3. KEY INFORMATION

#### A. Reserved.

The selected financial data previously required by Item 3.A of Form 20-F has been omitted in reliance on SEC Release No. 33-10890, *Management's Discussion and Analysis, Selected Financial Data and Supplementary Financial Information*.

#### B. CAPITALIZATION AND INDEBTEDNESS

Not applicable.

#### C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not applicable.

#### D. RISK FACTORS

##### Summary of Risk Factors

The following summarizes some, but not all, of the principal risks provided below. Please carefully consider all of the information discussed in this Item 3.D "Risk Factors" in this annual report on Form 20-F for a detailed description of these and other risks.

- We rely heavily on our relationship with The Coca-Cola Company, which has substantial influence over our business and operations; and changes in this relationship may adversely affect our business.
- The beverage business environment is changing rapidly, including as a result of epidemic diseases such as the recent outbreak of the COVID-19 pandemic, and increased health and environmental concerns, and if we do not address evolving consumer product and shopping preferences, our business could suffer.
- Increased concern about the health effects of sugar and other sweeteners in beverages could result in changes to the beverage business.
- Our business is highly competitive, including with respect to price competition, which may adversely affect our net profits and margins.
- If our raw material costs increase, including as a result of U.S. dollar/local currency exchange risk and price volatility, our profitability may be affected.
- Instability in the supply of utility services and oil prices may adversely impact our results of operations.
- Water scarcity and poor water quality could adversely impact our production costs and capacity.
- Significant additional labeling or warning requirements may inhibit sales of our products.
- Our business may be adversely affected if we are unable to maintain brand image and product quality.
- Trademark infringement could adversely impact our beverage business.

- Weather conditions or natural disasters may adversely affect our business.
- Our business is subject to risks arising from the ongoing COVID-19 pandemic.
- If we are unable to protect our information systems against data corruption, cyber-based attacks or network security breaches, our operations could be disrupted.
- Perception of risk in emerging economies may impede our access to international capital markets, hinder our ability to finance our operations and adversely affect our financial performance.
- Our business may be adversely affected if we fail to renew collective bargaining labor agreements on satisfactory terms or experience strikes or other labor unrest.
- Our business is subject to extensive regulation, which is complex and subject to change.
- Our business is subject to increasing environmental regulation, which may result in increases in our operating costs or adverse changes in consumer demand.
- The countries in which we operate may adopt new tax laws or modify existing laws to increase taxes applicable to our business or reduce existing tax incentives.
- A devaluation of the currencies of the countries where we have our operations, with regard to the Chilean peso, can negatively affect the results reported by the Company in Chilean pesos.
- The imposition of exchange controls could restrict the entry and exit of funds to and from the countries in which we operate, which could significantly limit our financial capacity.

You should carefully consider the following factors in addition to the other information set forth in this annual report on Form 20-F. Any of the following risks, if they materialize, could materially and adversely affect our business, results of operations, prospects and financial condition.

#### **Risks Relating to our Company**

***We rely heavily on our relationship with The Coca-Cola Company, which has substantial influence over our business and operations; and changes in this relationship may adversely affect our business.***

The Coca-Cola Company has substantial influence on the conduct of our business. The interests of The Coca-Cola Company may be different from the interests of our other shareholders. 68% and 65% of our net sales for 2019 and 2020, respectively, were derived from the distribution of soft drinks under The Coca-Cola Company trademarks, while 22% and 18% of our net sales for 2019 and 2020, respectively, were derived from the distribution of other beverages also bearing trademarks owned by The Coca-Cola Company. In addition, The Coca-Cola Company currently owns, directly or through its subsidiaries, 14.65% of our Series A shares (representing 7.33% of our total shares) and benefits from certain rights under a shareholders' agreement. We produce, market and distribute Coca-Cola products through standard bottler agreements between our bottler subsidiaries and The Coca-Cola Company. The Coca-Cola Company has the ability to exert a substantial influence on the business of the Company through its rights under the bottler agreements. According to the bottler agreements, The Coca-Cola Company unilaterally sets the prices for Coca-Cola concentrate that they sell to us. The Coca-Cola Company may in the future increase the price we pay for the concentrate, increasing our costs. The Coca-Cola Company also monitors our prices and has the right to review and approve our marketing, operating and advertising plans. These factors may impact our profit margins, which could adversely affect our net income and results of operations.

Our marketing campaigns for Coca-Cola products are designed and controlled by The Coca-Cola Company. The Coca-Cola Company also makes significant contributions to our marketing expenses, although it is not required to contribute a particular amount. Accordingly, The Coca-Cola Company may discontinue or reduce such contribution at any time. Pursuant to the bottler agreements, we are required to submit a business plan to The Coca-Cola Company for prior approval on a yearly basis. In accordance with our bottler agreements, The Coca-Cola Company may, among other things, require that we demonstrate the financial ability to meet our business plan, and if we are not able to demonstrate our financial capacity, The Coca-Cola Company may terminate our rights to produce, market and distribute Coca-Cola soft drinks or other Coca-Cola beverages in territories where we have such approval. Under these bottler agreements, we are prohibited from producing, bottling, distributing or selling any products that could be substituted for,

be confused with or be considered an imitation of soft drinks or other beverages and products under the trademarks of The Coca-Cola Company.

We depend on The Coca-Cola Company to renew our bottler agreements, which are subject to termination by The Coca-Cola Company in the event we default or upon expiration of their respective terms. We currently are party to four bottler agreements: one agreement for Chile, which expires in 2023, one agreement for Brazil, which expires in 2022, one agreement for Argentina, which expires in 2022, and one agreement for Paraguay, which expires in March 2022. We cannot provide any assurance that our bottler agreements will be maintained or renewed upon their termination. Even if they are renewed, we cannot provide any assurance that renewal will be granted on the same terms as those currently in effect. Termination, non-extension or non-renewal of any of our bottler agreements would prevent us from selling Coca-Cola trademark beverages in the affected territory, which would have a material adverse effect on our business, financial condition and results of operation.

In addition, any acquisition we make of bottlers of Coca-Cola products in other territories may require, among other things, the consent of The Coca-Cola Company under bottler agreements to which such other bottlers are subject. We cannot assure you that The Coca-Cola Company will consent to any future geographic expansion of our Coca-Cola beverage business.

We cannot assure you that our relationship with The Coca-Cola Company will not deteriorate or otherwise undergo significant changes in the future. If such changes do occur, our operations and financial results and condition could be materially affected.

***The beverage business environment is changing rapidly, including as a result of epidemic diseases such as the recent outbreak of the COVID-19 pandemic, and increased health and environmental concerns, and if we do not address evolving consumer product and shopping preferences, our business could suffer.***

The beverage business environment in our territories is dynamic and constantly evolving rapidly as a result of, among other things, changes in consumer preferences, including changes based on health and nutrition considerations and obesity concerns, shifting consumer preferences and needs; changes in consumer lifestyles, especially as affected by the COVID-19 pandemic; concerns regarding location of origin or source of ingredients and raw materials, and the environmental and sustainability impact of the product manufacturing process; consumer shopping patterns that are changing with the digital revolution; consumer emphasis on transparency related to our products and packaging; and competitive product and pricing pressures. While we have reduced the amounts of sugar in multiple beverages across our portfolio and increased availability of low or no-calorie soft drinks, if we are unable to successfully adapt in this environment, our participation in the sales of beverages and financial results in general would be negatively affected.

***Increased concern about the health effects of sugar and other sweeteners in beverages could result in changes to the beverage business.***

Consumers, public health officials and government agencies in the majority of our markets, are increasingly concerned with public health consequences associated with obesity, particularly among young people. Additionally, some researchers, health advocates and dietary guidelines are encouraging consumers to reduce consumption of sugar-sweetened beverages and beverages sweetened with nutritive or alternative sweeteners. Increasing public concern about these issues, the possibility of taxes on sugar-sweetened beverages or other sweeteners, additional governmental regulations concerning the marketing, labeling, packaging or sale of our beverages and any negative publicity resulting from actual or threatened legal actions against beverage companies relating to the marketing, labeling or sale of beverages may reduce demand for our products or increase the cost, which could adversely affect our profitability.

***Our business is highly competitive, including with respect to price competition, which may adversely affect our net profits and margins.***

The beverage business is highly competitive in each of the territories in which we operate. We compete with bottlers of local and regional brands, including low cost beverages and Pepsi products. This competition in each of the regions where we operate is likely to continue, and we cannot assure you that it will not intensify in the future, which could materially and adversely affect our financial condition and results of operations. If we do not continuously strengthen our capabilities in marketing and innovation to maintain our brand loyalty and market share, our business and results of operations could be negatively affected.

***If our raw material costs increase, including as a result of U.S. dollar/local currency exchange risk and price volatility, our profitability may be affected.***

In addition to water, our most significant raw materials are (1) concentrate, which we acquire from affiliates of The Coca-Cola Company, (2) sweeteners and (3) packaging materials. Our most significant packaging raw material costs arise from the purchase of resin and plastic preforms to make plastic bottles and from the purchase of finished plastic bottles, the prices of which are related to

crude oil prices and global resin supply. Prices for concentrate are determined by The Coca-Cola Company and The Coca-Cola Company has unilaterally increased concentrate prices in the past and may do so again in the future. We cannot assure you that The Coca-Cola Company will not increase the price of the concentrate for Coca-Cola trademark beverages or change the manner in which these prices will be calculated in the future. The prices for our remaining raw materials are driven by market prices and local availability, the imposition of import duties and restrictions and fluctuations in exchange rates. We may not be successful in negotiating or implementing measures to mitigate the negative effect that increased raw material costs may have in the pricing of our products or our results.

We purchase our raw materials from both domestic and international suppliers, some of which must be approved by The Coca-Cola Company, which may limit the number of suppliers available to us. Because the prices of our main raw materials –except for concentrate– are denominated in U.S. dollars, we are subject to local currency risk with respect to each of our operations. If any of the Chilean peso, Brazilian real, Argentine peso, or Paraguayan guaraní were to depreciate significantly against the U.S. dollar, the cost of certain raw materials in our respective territories could rise significantly, which could have an adverse effect on our financial condition and results of operations. We cannot assure you that these currencies will not lose value against the U.S. dollar in the future. Additionally, some raw material prices are subject to high volatility, which could also have a material adverse effect on our profitability. The supply or cost of specific raw materials could be adversely affected by domestic or global price changes, strikes, weather conditions, taxes, governmental controls or other factors. Any sustained interruption in the supply of these raw materials or any significant increase in their price could have a material adverse effect on our financial performance.

***Instability in the supply of utility services and oil prices may adversely impact our results of operations.***

Our operations depend on a stable supply of utilities and fuel in the countries where we operate. Electrical power outages could lead to increased energy prices and possible service interruptions. We cannot assure you that in the future we will not experience energy interruptions that could materially and adversely affect our business. In addition, a significant increase in energy prices would raise our costs, which could materially impact our results of operations. Fluctuations in oil prices have adversely affected our cost of energy and transportation in the regions where we operate, and we expect that they will continue to do so in the future. We cannot assure you that fuel prices will not increase in the future, and that such an increase would not have a significant effect on our financial performance.

***Water scarcity and poor water quality could adversely impact our production costs and capacity.***

Water is the main ingredient in substantially all of our products. It is also a limited resource in many parts of the world, facing unprecedented challenges from overexploitation, increasing pollution and poor management. As demand for water continues to increase around the world, and as the quality of available water deteriorates, we may incur increasing production costs or face capacity constraints that could adversely affect our profitability. We obtain water from various sources in our territories, including springs, wells, rivers and municipal and state water companies pursuant to concessions granted by governments in our various territories. We also anticipate future discussions on new regulations in Chile and other countries where we operate relating to future ownership of water resources, including possible nationalization, and stricter controls on water usage. Water scarcity or changes in governmental regulations aimed at rationing water in the regions where we operate could affect our water supply and therefore our business.

We cannot assure you that water will be available in sufficient quantities to meet our future production needs or will prove sufficient to meet our current water supply needs.

***Significant additional labeling or warning requirements may inhibit sales of our products.***

The countries in which we operate may adopt significant advertising restrictions as well as additional product labeling or warning requirements relating to the chemical content or perceived adverse health consequences of certain of our Coca-Cola products or other products. The Chilean Congress passed Law No. 20,606 with respect to labeling of certain consumer products, including soft drinks and bottled juices and waters such as ours. The law became effective in June 2016 and its implementation has been carried out in stages, with labeling requirements becoming progressively stricter in June 2018 and June 2019. Given the uncertainty surrounding the interpretation of the law, we may occasionally be subject to costs and penalties associated with non-compliance, which are difficult to predict. These requirements may adversely affect sales of our products and our results of operations.

***Our business may be adversely affected if we are unable to maintain brand image and product quality.***

Our beverage business is highly dependent on maintaining the reputation of our products in the countries where we operate. If we fail to maintain high standards for product quality, our reputation and ability to remain a distributor of The Coca-Cola Company beverages in the countries where we operate could be jeopardized. Negative publicity or incidents related to our products may reduce their demand and could have a material adverse effect on our financial performance. If any of our products is defective or found to contain contaminants, or causes injury or illness, we may be subject to legal claims filed by consumers, product recalls, business interruptions and/or other liabilities.

We take significant precautions in order to minimize any risk of defects or contamination in our products. These precautions include quality-control programs for raw materials, the production process and our final products. We also have established procedures to correct as soon as practicable any problems that are detected. However, the precautions and procedures we implement may not be sufficient to protect us from potential incidents.

***Trademark infringement could adversely impact our beverage business.***

A significant portion of our sales derives from sales of beverages branded with trademarks of The Coca-Cola Company, as well as other trademarks. If other parties attempt to misappropriate trademarks we use, we may be unable to protect these trademarks. The maintenance of the reputation of these brands is essential for the future success of our beverage business. Misappropriation of trademarks we use, or challenges thereto, could have a material adverse effect on our financial performance.

***We may not be able to successfully implement our expansion strategies or achieve the expected operational efficiencies or synergies from potential acquisitions.***

We have, and we may continue to, acquire businesses and pursue other strategic transactions as part of our expansion strategies. We cannot assure you that we will be successful in identifying opportunities and consummating acquisitions and other strategic transactions on favorable terms or at all. These types of transactions may involve additional risks to our Company, including operating in geographic regions or with beverage categories in which we have less or no operating history. Depending on the size and timing of an acquisition or transaction, we may be required to raise future financing to consummate the acquisition or transaction. Moreover, even if we are able to consummate a transaction, acquisitions and other strategic opportunities may involve significant risks and uncertainties.

Key elements to achieving the benefits and expected synergies of our acquisitions are the integration of acquired businesses' operations into our own in a timely and effective manner and the retention of qualified and experienced key personnel. We may incur in unforeseen liabilities in connection with acquiring, taking control of, or managing beverage operations and other businesses and may encounter difficulties and unforeseen or additional costs in restructuring and integrating them into our operating structure. These difficulties include distraction of management from current operations, difficulties in integration with our existing business and technology, greater than expected liabilities and expenses, inadequate return on capital, and unidentified issues not discovered in our pre-acquisition investigations and evaluations of those strategies and acquisitions. We cannot assure you that these efforts will be successful or completed as expected by us, and our business, financial condition, results of operations could be adversely affected if we are unable to do so.

***Weather conditions or natural disasters may adversely affect our business.***

Lower temperatures and higher rainfall may negatively impact consumer patterns, which may result in lower per capita consumption of our beverages. Additionally, adverse weather conditions or natural disasters may affect road infrastructure in the countries in which we operate and limit our ability to sell and distribute our products. For example, in February of 2010 our business experienced a temporary interruption in our production as a result of the 8.8 magnitude earthquake in central Chile; and in March 2015, flash floods in the north of Chile interrupted our production and distribution in such territory.

***Our business is subject to risks arising from the ongoing COVID-19 pandemic.***

The outbreak of the Novel Coronavirus 2019 (COVID-19), which was declared by the World Health Organization to be a "public health emergency of international concern", has spread across most of the world. Countries around the world have adopted extraordinary measures to contain the spread of COVID-19, including imposing travel restrictions and bans, closing borders, establishing restrictions on public gatherings, instructing residents to practice social distancing, requiring closures of non-essential businesses, issuing stay-at-home advisories and orders, implementing quarantines and similar actions. The impact to date of the COVID-19 pandemic on global economic conditions has significantly increased economic uncertainty and is likely to have caused a global recession. We cannot predict how long the COVID-19 pandemic will continue or how long current or future governments' restrictions will remain in place. Furthermore, even if the outbreaks of COVID-19 subside, we cannot predict whether subsequent outbreaks, including from new variants of the virus, will reoccur, or whether governments will implement longer-term measures that continue to affect industries.

Given uncertainties regarding the impact of the COVID-19 pandemic, we cannot predict accurately the extent to which the COVID-19 outbreak could affect our business and results of operations. COVID-19 poses the risk that we or our employees, contractors, suppliers and other partners may be limited or prevented from conducting business activities for an indefinite period of time, including due to shutdowns that may be requested or mandated by governmental authorities. While our operations have not been

materially disrupted to date, the COVID-19 pandemic and government measures taken to contain the spread of the virus could disrupt our supply chain and the manufacture or shipment of our products, and adversely impact our business or results of operations.

Additionally, the COVID-19 pandemic and government measures have disrupted certain of our sales channels, in particular as a result of the temporary mandatory closing of restaurants and bars and prohibition on social gathering events, which adversely affects our sales volumes to these channels. We cannot predict how much of an impact the COVID-19 pandemic and government measures will ultimately have on these sales channels, including whether many channels will be able to resume their operations after the virus is contained. Nor can we predict how much or for how long consumer spending patterns may change as a result of these developments.

The COVID-19 pandemic and government measures could in the future adversely affect our business and results of operations, potentially materially. In addition, an outbreak of other epidemics in the future, such as the bird flu, influenza, SARS, the Ebola virus and the Zika virus, could also result in a similar impact.

***Our insurance coverage may not adequately cover losses resulting from the risks for which we are insured.***

We maintain insurance for our principal facilities and other assets. Our insurance coverage protects us in the event we suffer certain losses resulting from fire, terrorism and natural disasters, such as earthquake and floods, or from business interruptions caused by such events. In addition, we maintain other insurance policies for general liability and product contamination. We cannot assure you that our insurance coverage will be sufficient or will provide adequate compensation for losses that we may incur.

***If we are unable to protect our information systems against data corruption, cyber-based attacks or network security breaches, our operations could be disrupted.***

We are increasingly dependent on information technology networks and systems, including over the Internet, to process, transmit and store electronic information. In particular, we depend on our information technology infrastructure for digital marketing activities and electronic communications among us and our clients, suppliers and also among our subsidiaries and facilities. Security breaches or infrastructure flaws can create system disruptions, shutdowns or unauthorized disclosure of confidential information. If we are unable to prevent such breaches or flaws, our operations could be disrupted, or we may suffer financial damage or loss because of lost or misappropriated information.

Cyber threats are rapidly evolving and the means for obtaining access to information in digital and other storage media are becoming increasingly sophisticated. Cyber threats and cyber-attackers can be sponsored by countries or sophisticated criminal organizations or be the work of single “hackers” or small groups of “hackers”.

We are in the process of analyzing the adequacy of our information technology systems and installing new and upgrading existing information technology systems in order to achieve industry standard levels of protection for the Company’s data and business processes against risk of data security breach and cyber-attack. We are working to strengthen the integrity of our data network and expect this process to continue over the coming years. Insider or employee cyber and security threats are increasingly a concern for all companies, including ours. Nevertheless, as cyber threats evolve, change and become more difficult to detect and successfully defend against, one or more cyber-attacks might defeat our or a third-party service provider’s security measures in the future and obtain the personal information of customers or employees. Employee error or other irregularities may also defeat security measures and result in a breach of information systems. Moreover, hardware, software or applications we use may have inherent defects of design, manufacture or operations or could be inadvertently or intentionally implemented or used in a manner that could compromise information security. A security breach and loss of information may not be discovered for a significant period of time after it occurs. While we have no knowledge of a material security breach to date, any compromise of data security could result in a violation of applicable privacy and other laws or standards, the loss of valuable business data, or a disruption of our business. A security breach involving the misappropriation, loss or other unauthorized disclosure of sensitive or confidential information could give rise to unwanted media attention, materially damage our customer relationships and reputation, and result in fines or liabilities, which may not be covered by our insurance policies.

***Perception of risk in emerging economies may impede our access to international capital markets, hinder our ability to finance our operations and adversely affect our financial performance.***

International investors, as a general rule, consider the countries in which we operate to be emerging market economies. Consequently, economic conditions and the market for securities of emerging market countries influence investors’ perceptions of Chile, Brazil, Argentina and Paraguay and their evaluation of securities of companies located in these countries.

During periods of heightened investor concern regarding emerging market economies, in particular in recent years Argentina, the countries where we operate may experience significant outflows of U.S. dollars.



In addition, during these periods companies based in the countries where we operate have faced higher costs for raising funds, both domestically and abroad, as well as limited access to international capital markets, which have negatively affected the prices of the aforementioned countries' securities. Although economic conditions are different in each of the emerging-market countries, investors' reactions to developments in one of these countries may affect the securities of issuers in the others. For example, adverse developments in emerging market countries may lead to decreased investor interest in the securities of Chilean companies.

***Our business may be adversely affected if we fail to renew collective bargaining labor agreements on satisfactory terms or experience strikes or other labor unrest.***

A substantial portion of our employees is covered by collective bargaining labor agreements. These agreements generally expire every year. Our inability to renegotiate these agreements on satisfactory terms could cause work stoppages and interruptions, which may adversely impact our operations. Changes to the terms and conditions of existing agreements could also increase our costs or otherwise have an adverse effect on our operational efficiency. We experience periodic strikes and other forms of labor unrest through the ordinary course of business. We cannot assure you labor interruptions or other labor unrest will not occur in the future. If we experience strikes, work stoppages or other forms of labor unrest at any of our production facilities, our ability to supply beverages to customers could be impaired, which would reduce our net operating revenues and could expose us to customer claims.

***Our business is subject to extensive regulation, which is complex and subject to change.***

We are subject to local regulations in each of the territories in which we operate. The main areas of regulation are water, environment, labor, taxation, health, consumer protection, advertising and antitrust. Regulation could affect our ability to set prices for our products. The adoption of new laws or regulations or a stricter interpretation or enforcement thereof in the countries in which we operate may increase our operating costs or impose restrictions on our operations which, in turn, may adversely affect our financial condition, business and results. Further changes in current regulations may result in increased compliance costs, which may have an adverse effect on our results or financial condition.

In the past, voluntary price restraints or statutory price controls have been imposed in several of the countries in which we operate. Currently there are no restraints or price controls applicable to our products in any of the territories in which we operate, except with respect to a limited number of products in Argentina. However, we cannot assure you that government authorities in any country in which we operate will not impose statutory price controls, or that we will not be requested to impose voluntary price restraints in the future. The potential imposition of restraints or price controls in the future may have an adverse effect on our results and financial condition.

***Our business is subject to increasing environmental regulation, which may result in increases in our operating costs or adverse changes in consumer demand.***

We are subject to various environmental laws and regulations in the countries where we operate, which apply to our products, containers and activities. If these environmental laws and regulations are strengthened or newly established in jurisdictions in which we conduct our businesses, we may be required to incur considerable expenses in order to comply with such laws and regulations. We are also subject to uncertainty regarding the interpretation of the environmental laws and regulations of the countries in which we operate, and any ambiguity or uncertainty regarding the interpretation or application of regulations can result in increased production costs or penalties for non-compliance, which are difficult to predict. Such increased expenses may have a material adverse effect on our results of operations and financial position. To the extent we determine that it is not financially sound for us to continue to comply with such laws and regulations, we may have to curtail or discontinue our activities in the affected business areas.

In addition, concerns over the environmental impact of plastic may reduce the consumption of our products sold in plastic bottles or result in additional taxes that could adversely affect consumer demand. In 2019, different bills seeking to restrict the generation of single-use plastic products and regulate plastics in Chile were consolidated in one bill and introduced for consideration by the Chilean Congress. The bill would consider specific regulations for single-use plastic bottles and refillables. During 2020, the bill was approved by the Senate, and currently is under discussion at the House of Representatives. However, we cannot predict whether this bill will pass. If enacted, this bill may have an adverse effect on our results of operations.

***If we were to become subject to adverse judgments or determinations in legal proceedings to which we are, or may become, a party, our future profitability could suffer through significant liabilities, a reduction of sales, increased costs or damage to our reputation.***

In the ordinary course of our business, we become involved in various claims, lawsuits, investigations and governmental and administrative proceedings, some of which are or may be significant. We are currently a party to certain legal proceedings. Adverse

judgments or determinations in one or more of these proceedings could require us to change the way we do business or use substantial resources in adhering to the settlements. These could have a material adverse effect on our business, including, among other consequences, by significantly increasing the costs required to operate our business. Ineffective communications during or after these proceedings could amplify the negative effects, if any, of these proceedings on our reputation and may result in a negative market impact on the price of our securities. We evaluate these litigation claims and legal proceedings to assess the likelihood of unfavorable outcomes and to estimate, if possible, the amount of potential losses. Based on these assessments and estimates, we establish reserves and/or disclose the relevant litigation claims or legal proceedings, as appropriate. These assessments and estimates are based on the information available to management at the time and involve a significant amount of management judgment. Actual outcomes or losses may differ materially from our current assessments and estimates.

In addition, during recent years, the Company has been subject to judicial proceedings and administrative investigations associated with alleged monopolistic practices. Although these proceedings and investigations have not resulted in any convictions or penalties for the Company, we cannot assure that this will not occur in the future. Antitrust complaints may be submitted in Chile without any prior admissibility test and, as a result, we cannot predict whether unsubstantiated claims against us will be filed. Possible sanctions in matters of competition could have an adverse effect on our business.

***The countries in which we operate may adopt new tax laws or modify existing laws to increase taxes applicable to our business or reduce existing tax incentives.***

We cannot assure you that any governmental authority in any country where we operate will not impose new taxes or increase the taxes on our products in the future. The imposition of new taxes, the increases in taxes or the reduction of tax incentives may have a material adverse effect on our business, financial condition and results.

For example, in Chile on September 29, 2014 Law No. 20,780 was enacted which was subsequently amended by Law No. 20,899, on February 8, 2016 (the “Tax Reform”). The Tax Reform introduced a new tax regime for corporations, the Semi-Integrated Regime established in article 14(B) of the Chilean Income Law, increasing the tax burden, among other changes. For companies such as Andina, the latest reform introduced in Chile (by Law 21.210 of February 2020) maintains corporate tax and withholding tax rates on dividends.

In Argentina in December 2017, a tax reform was passed, which came into force in 2018. The most important consequence for the Company is the reduction in the previous income tax rate from 35% to 30% for the fiscal years 2018 and 2019 and from 2020 onwards the rate decreases to 25%. However, this reduction is only available when profits are reinvested. In addition, a tax of 7% must be paid at the time of distribution of dividends for the first two years and 13% from 2020 onwards. The Argentine government had suspended the corporate income tax rate decrease previously contemplated for fiscal years 2020 and 2021. As a result, the corporate income tax rate has remained at 30% and the income tax rate on dividends has remained at 7%. In addition, a bill was introduced in the Argentinian Congress to amend and increase the corporate income tax rate from 30% to 35% on companies with income in excess of AR\$20,000,000, while taxes on dividends would continue to be taxed at 7%. If the bill is approved, the increased tax rate may apply for fiscal year 2021. In relation to gross income tax, in 2019 there was a 0.5% average reduction in the gross income tax rate for industry activity in provinces of Argentina where Andina has no productive plants, while the 0.5% reduction planned for 2020 was suspended and continues suspended for 2021. Municipal rates in 2019 and so far as of the date of this annual report, remain unchanged, with few insignificant exceptions.

Andina Argentina enjoys the benefit of a zero-tax rate on gross income in the province of Córdoba until 2030 under a new industrial promotion granted on August 31, 2020. For further information, see also “Risks Relating to Brazil – Changes in tax laws may increase our tax burden and reduce tax incentives and, as a result, negatively affect our profitability.”

***Brazilian tax proceedings may result in a significant tax liability.***

Our subsidiary Rio de Janeiro Refrescos Ltda. is party in several tax proceedings in which the Brazilian federal tax authorities argue the alleged existence of liabilities associated with value added tax on industrialized products for an approximate total amount of R\$ 2,471 billion (equivalent to approximately US\$475.49 million). These proceedings are at different administrative as well as judicial procedural stages. We disagree with the Brazilian tax authorities’ position and believe that Rio de Janeiro Refrescos Ltda. is entitled to claim *Imposto sobre Produtos Industrializados* (IPI) tax credits in connection with its purchases of certain exempt raw materials from suppliers located in the Manaus Free Trade Zone. We believe that the Brazilian tax authorities’ claims are without merit. Our external Brazilian counsel has advised us that it believes that Rio de Janeiro Refrescos Ltda.’s likelihood of loss in most of these proceedings is classified as possible to remote (i.e., approximately 30%). Despite the foregoing, the outcome of these claims is subject to uncertainty, and it is difficult to predict their final resolution or any other negative repercussions from this dispute with the Brazilian tax authorities to The Coca-Cola Company or its bottling companies in Brazil, including our Brazilian subsidiaries.

***The modifications to the beer distribution agreement with Heineken in Brazil may not be approved by the Brazilian antitrust authorities, which could adversely affect our results of operations.***

In July 2017 Heineken Brazil notified us of the termination of the agreement by virtue of which Rio de Janeiro Refrescos Ltda. distributes Heineken and Amstel branded beers, among others, within its franchise territories, effective as of March 2022. The termination of this agreement will adversely affect our results. During 2020, however, the Coca-Cola system in Brazil and Heineken reached an agreement to redesign their distribution partnership in Brazil. As per the agreement, expected to become effective mid-2021, the Coca-Cola system in Brazil will continue to offer the Kaiser, Bavaria and Sol brands, and will complement this portfolio with the Eisenbahn brand and certain other brands. Additionally, as part of the redesign of the distribution partnership, the agreement allows the Coca-Cola system bottlers in Brazil to distribute and produce other national or international brands, in certain percentages and under certain conditions. We estimate that initially the brands portfolio under the modified agreement will represent approximately 26% of the volume under the previous agreement with Heineken, based on sales volume during 2020. The modified agreement is subject to antitrust approval. Consequently, our business and results of operations may be adversely affected if we are unable to obtain the necessary authorizations to implement the modified agreement with Heineken.

***If we do not successfully comply with laws and regulations designed to combat corruption in countries in which we sell our products, we could become subject to fines, penalties or other regulatory sanctions, and our sales and profitability could suffer.***

Although we are committed to conducting business in a legal and ethical manner in compliance with local and international statutory requirements and standards applicable to our business, there is a risk that our employees or representatives may take actions that violate applicable laws and regulations that generally prohibit the making of improper payments to foreign government officials for the purpose of obtaining or keeping business, including laws relating to the 1997 OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions or the U.S. Foreign Corrupt Practices Act.

***We may not be able to recruit or retain key personnel.***

The implementation of our strategic business plans could be undermined by a failure to recruit or retain key personnel or the unexpected loss of senior employees, including in acquired companies. We face various challenges inherent in the management of a large number of employees over diverse geographical regions. Key employees may choose to leave their employment for a variety of reasons, including reasons beyond our control. The impact of the departure of key employees cannot be determined and may depend on, among other things, our ability to recruit other individuals of similar experience and skill. It is not certain that we will be able to attract or retain key employees and successfully manage them, which could disrupt our business and have an unfavorable material effect on our financial position, income from operations and competitive position.

***A devaluation of the currencies of the countries where we have our operations, with regard to the Chilean peso, can negatively affect the results reported by the Company in Chilean pesos.***

The Company reports its results in Chilean pesos, while a large part of its revenues and Adjusted EBITDA comes from countries that use other currencies. During 2019 and 2020, 35% and 34% of the Company's net sales were generated in Brazil, 22% and 19% in Argentina, and 9% and 9% in Paraguay, while 34% and 33% of Adjusted EBITDA was generated in Brazil, 16% and 14% in Argentina, and 12% and 14% in Paraguay, respectively. If the currencies of these countries depreciate against the Chilean peso, this would have a negative effect on the results and financial condition of the Company, which are reported in Chilean pesos.

***The imposition of exchange controls could restrict the entry and exit of funds to and from the countries in which we operate, which could significantly limit our financial capacity.***

The imposition of exchange controls in the countries in which we operate could affect our ability to repatriate profits, which could significantly limit our ability to pay dividends to our shareholders. Additionally, it may limit the ability of our foreign subsidiaries to finance payments of U.S. dollar denominated liabilities required by foreign creditors.

***Negative information on social media and similar platforms could adversely affect our reputation.***

Negative or inaccurate information concerning us or The Coca-Cola trademarks may be posted on social media and similar platforms of Internet-based communications at any time. This information may affect our reputation, and adversely impact our business and results of operations.

## Risks Relating to Chile

### *Our growth and profitability depend significantly on economic conditions in Chile.*

Our operations in Chile represented 37.7% and 47.8% of our assets as of December 31, 2019 and December 31, 2020, respectively, and 34.2% and 38.0% of our net sales for 2019 and 2020, respectively. Accordingly, our business, financial condition, and results of operations depend, to a considerable extent, upon economic conditions in Chile.

International and local economic conditions may adversely affect the Chilean economy, and unfavorable general economic conditions could negatively affect the affordability of and demand for some of our products in the country. In difficult economic conditions, consumers may seek to reduce discretionary spending by forgoing purchases of our products or buying low cost brands offered by competitors. Any of these events could have an adverse effect on our business, financial condition and results of operations.

According to data published by the Central Bank, the Chilean economy grew at a rate of 1.3% in 2016, 1.5% in 2017, 4.0% in 2018 and 1.1% in 2019 and in 2020 it contracted 5.8%, as a result of the impact of the COVID-19 pandemic. Our financial condition and results of operations could also be adversely affected by changes over which we have no control, including, without limitation:

- political or economic developments in or affecting Chile;
- the economic or other policies of the Chilean government, which has a substantial influence over many aspects of the private sector;
- tax rates and policies;
- regulatory changes or administrative practices of Chilean authorities;
- the Chilean constitutional process, and the impact of a new Chilean Constitution, if approved;
- government restrictions in response to the COVID-19 pandemic and authorities, capacity to keep the pandemic under control;
- inflation and governmental policies to combat inflation;
- currency exchange movements; and
- global and regional economic conditions.

We cannot assure you that the future development of the Chilean economy will not impair our ability to successfully carry out our business plan or materially adversely affect our business, financial condition or results of operations.

### *Civil unrest in Chile, the approval by the general public to draft a new Constitution and the health conditions resulting from COVID-19 have had and could have in the future a significant adverse effect on the general economic conditions in Chile and our business, results of operations and financial condition.*

Beginning in October 2019, widespread protests have taken place in Chile. This began with the government's announcement of an increase in subway fares in Santiago and quickly grew into broader unrest over economic inequality in the country. Demonstrations spread across the country and resulted in violent and, sometimes, fatal acts, as well as significant damage to public and private property. The Congress of Chile, as a measure to address the protests, agreed to submit to the general public the approval of a potential reform to the Constitution. On October, 2020, Chile held a referendum whereby nearly 80% of voters opted to replace the Constitution and to have a new constitution drafted by a special constitutional convention comprised of 155 citizens to be elected in April 2021 solely for that task. Upon its drafting and approval by two-thirds of the constitutional convention's members, the final draft of the new constitution will be submitted to a further public referendum expected to be held during 2022 for its approval or rejection by absolute majority vote.

During 2020 the country was affected by the COVID-19 pandemic, resulting in countless fatalities and an economic crisis caused, in part, by government restrictions aimed at continuing the spread of the virus. Significant measures have been taken to support households and businesses, both tax incentives and social assistance contributions were made, and a 10% two-time withdrawal of pension plan savings was approved. However, developments in the economy during the last quarter of 2020 were less favorable than projected due to new health restrictions and a slow recovery in the sectors most affected, which has negatively impacted the dynamism of the economic recovery and is expected to have a significant effect on consumption and trade-related activities in 2021. At the same time, government fiscal stimulus is expected to continue, in line with the approved budget, and Chile's economy is expected to receive a significant external boost, with copper price averaging increasing significantly.

We cannot predict the extent to which Chile's economy will be affected by civil unrest, the uncertainty of a new Constitution, or the effects of the pandemic and government restrictions to contain the spread of the virus, nor can we predict whether government policies enacted in response to these situations will have a negative impact on Chilean economy. Despite looting at our distribution center in Puente Alto, our operations have not been affected by the protests and vandalism in any material respect to date. Additionally, despite the imposition of the changes and our operations to mitigate the potential spread of the virus, and changes in consumption patterns, our financial results have not been significantly impacted. We cannot assure these or similar future developments will not affect our production and logistics infrastructure in the future.

***The Chilean peso is subject to depreciation and volatility, which could adversely affect our business.***

The Chilean peso has been subject to large nominal devaluations in the past and may be subject to significant fluctuations in the future. The main drivers of exchange rate volatility in past years were the significant fluctuations of commodity prices, as well as general uncertainty and trade imbalances in the global markets. The Chilean peso appreciated by 6% and 8% during 2016 and 2017, respectively, depreciated by 13% and 8% during 2018 and 2019 and appreciated by 5% in 2020, compared to the previous year's closing exchange rate of the US dollar in nominal terms.

A significant part of the raw materials used by the Company are in U.S. dollars, therefore a devaluation of the Chilean peso against the U.S. dollar can affect our costs and margins in a significant way.

In addition, as we report our results of operations in Chilean pesos, fluctuations in the value of the Chilean peso versus the Brazilian real, the Argentine peso and the Paraguayan guaraní could also impact our reported performance in Chilean pesos.

***Inflation in Chile and government measures to curb inflation may disrupt our business and have an adverse effect on our financial condition and results of operations.***

Although Chilean inflation has decreased in recent years, Chile has experienced significant levels of inflation in the past. The rates of inflation in Chile, which in 2016, 2017, 2018, 2019 and 2020 were 2.7%, 2.3%, 2.6%, 3.0% and 3.0%, respectively, as measured by changes in the consumer price index and as reported by the Chilean National Institute of Statistics, could adversely affect the Chilean economy and have a material adverse effect on our financial condition and results of operations if we are unable to increase our prices in line with inflation. We cannot assure you that Chilean inflation will not increase in the future.

The measures taken by the Central Bank in the past to control inflation have often included maintaining a conservative monetary policy with high interest rates, thereby restricting the availability of credit and economic growth. Inflation, measures to combat inflation, and public speculation about possible additional actions by the government have also contributed in the past to economic uncertainty in Chile and to heightened volatility in its securities markets. Periods of higher inflation may also slow the growth rate of the Chilean economy, which could lead to reduced demand for our products and decreased sales. Inflation is also likely to increase some of our costs and expenses, given that the majority of our supply contracts in Chile are UF-denominated or are indexed to the Chilean consumer price index. We cannot assure you that, under competitive pressure, we will be able to carry out price increases, which could adversely impact our operating margins and operating income. Additionally, an important part of our financial debt in Chile is UF-denominated, and therefore the value of the debt reflects any increase of the inflation in Chile.

***A severe earthquake or tsunami in Chile could adversely affect the Chilean economy and our network infrastructure.***

Chile lies on the Nazca tectonic plate, one of the world's most seismically active regions. Chile has been adversely affected by powerful earthquakes in the past, including an 8.0 magnitude earthquake that struck Santiago in 1985 and a 9.5 magnitude earthquake in 1960 which is the largest earthquake ever recorded.

In February 2010, an 8.8 magnitude earthquake struck the central and south-central regions of Chile. The quake epicenter was located 200 miles southwest of Santiago and 70 miles north of Concepción, Chile's second largest city. The regions of Bio Bio and Maule were the most severely affected regions, especially the coastal area, which, shortly after the earthquake, was hit by a tsunami that significantly damaged cities and port facilities. The Valparaíso and Metropolitan regions were also severely affected. At least 1.5 million homes were damaged, and more than 500 people were killed. As a result of these developments, economic activity in Chile was adversely affected in March 2010. Legislation was passed to raise the corporate income tax rate in order to pay for reconstruction following the earthquake and tsunami, which had an adverse effect on our results.

A severe earthquake and/or tsunami in Chile in the future could have an adverse impact on the Chilean economy and on our business, financial condition and results of operation, including our production and logistics network.

***Risks Relating to Brazil***

***Our business operations in Brazil are dependent on economic conditions in Brazil.***

Our operations in Brazil represented 40.1% and 32.4% of our assets as of December 31, 2019 and December 31, 2020, respectively, and 34.8% and 34.2% of our net sales for 2019 and 2020, respectively. Because demand for soft drinks and beverage products is usually correlated to economic conditions prevailing in the relevant local market, developments in economic conditions in Brazil, and measures taken by the Brazilian government, have had and are expected to continue to have an impact on our business, results of operations and financial condition.

The Brazilian economy has historically been characterized by unstable economic cycles and interventions by the Brazilian government. Brazilian GDP contracted by 3.3% in 2016, grew by 1.3%, 1.8% and 1.4% in 2017, 2018 and 2019, respectively, according to the Brazilian Institute of Geography and Statistics (*Instituto Brasileiro de Geografia e Estatística*). According to the Brazilian Institute of Geography and Statistics, the Brazilian GDP contracted by 4.1% in 2020. The Brazilian government has often changed monetary, taxation and other policies to influence the course of Brazil's economy. Our business, results of operations and financial condition may be adversely affected by, among others, the following factors:

- expansion or contraction of the Brazilian economy;
- exchange rate fluctuations;
- high inflation rates;
- changes in fiscal or tax policies;
- changes in monetary policy, including an increase in interest rates;
- exchange control policies and restrictions on remittances abroad;
- investment levels;
- liquidity of domestic capital and credit markets;
- employment levels and labor and social security regulations;
- energy or water shortages or rationalization;
- changes in environmental regulation;
- government restrictions in response to the COVID-19 pandemic and the capacity of authorities to keep the pandemic under control;
- social and political instability; and
- other developments in or affecting Brazil.

The Brazilian economy is also affected by international economic and market conditions in general, especially economic and market conditions in the United States, the European Union and China.

***Historically volatile political, social and economic conditions in Brazil could adversely affect our business and results of operations.***

Brazil's political environment has historically influenced, and continues to influence, the performance of the country's economy. Political crisis have affected and continue to affect the confidence of investors and the general public, which have historically resulted in economic deceleration.

Economic instability in Brazil has contributed to a decline in market confidence in the Brazilian economy as well as to a deteriorating political environment. In addition, various ongoing investigations into allegations of money laundering and corruption being conducted by the Office of the Brazilian Federal Prosecutor, including the largest such investigation, known as "*Operação Lava Jato*," have negatively impacted the Brazilian economy and political environment. The potential outcome of these investigations is uncertain, but they have already had an adverse impact on the image and reputation of the implicated companies, and on the general market perception of the Brazilian economy. We cannot predict whether the ongoing investigations will result in further political and economic instability, or if new allegations against government officials and/or executives of private companies will arise in the future.

Jair Bolsonaro was elected as the President of Brazil in October 2018. His election led to a market recovery and the recovery of the value of the local stock market. However, we cannot assure that this confidence in the market will remain, nor that the policies promoted by this government will be beneficial to the economy or our business. A failure by the Brazilian government to implement necessary reforms may result in diminished confidence in the Brazilian government's fiscal condition and budget, which could result in downgrades of Brazil's sovereign foreign credit rating by credit rating agencies, negatively impact Brazil's economy, lead to further depreciation of the real and an increase in inflation and interest rates, adversely affecting our business, financial condition and results of operations.

***Inflation and the Brazilian government's measures to curb inflation, including by increasing interest rates, may contribute to economic uncertainty in Brazil.***

Brazil has historically experienced high rates of inflation, including periods of hyperinflation before 1995. Several measures have been implemented by the Brazilian government in an effort to curb rising inflation, but we cannot predict whether these policies will be effective. According to the National Consumer Price Index (*Índice Nacional de Preços ao Consumidor Amplo*, or "IPCA"), published by the Brazilian Institute of Geography and Statistics (*Instituto Brasileiro de Geografia e Estatística*, "IBGE"), Brazilian annual rates of inflation for consumer prices were 6.3% in 2016, 3.0% in 2017, 3.8% in 2018, 4.3% in 2019, and 4.5% in 2020.

Inflationary pressures may result in governmental interventions in the economy, including policies that could adversely affect the general performance of the Brazilian economy, which, in turn, could adversely affect our business operations in Brazil. Inflation may also increase our costs and expenses, and we may be unable to transfer such costs to our customers, reducing our profit margins and net income. In addition, inflation could also affect us indirectly, as our customers may also be affected and have their financial capacity reduced. Any decrease in our net sales or net income, as well as any reduction in our financial performance, may also result in a reduction in our net operating margin. Our customers and suppliers may be affected by high inflation rates and such effects on our customers and suppliers may adversely affect us.

***The Brazilian real is subject to depreciation and volatility, which could adversely affect our business, financial condition and results of operations.***

The Brazilian currency has been subject to significant fluctuations over the past three decades. Throughout this period, the Brazilian government has implemented various economic plans and exchange rate policies, including sudden devaluations, periodic mini devaluations (during which the frequency of adjustments has ranged from daily to monthly), exchange controls, dual exchange market and floating exchange rate systems. Although long-term devaluation of the real is generally related to the rate of inflation in Brazil, the devaluation of the real over shorter periods has resulted in significant fluctuations in the exchange rate between the Brazilian currency, the U.S. dollar and other currencies. The Brazilian real appreciated 17% during 2016 and depreciated 2%, 17%, 4%, and 29% during 2017, 2018, 2019 and 2020, respectively, compared to the closing exchange rate as of the end of the prior period for the U.S. dollar in nominal terms.

A significant part of the raw materials we use in Brazil are priced in U.S. dollars, so a depreciation of the Brazilian real against the U.S. dollar has a significant adverse effect in our costs and margins.

Any depreciation of the real against the U.S. dollar could create additional inflationary pressure, which might result in the Brazilian government adopting restrictive policies to combat inflation. This could lead to increases in interest rates, which might negatively affect the Brazilian economy as a whole, as well as our results of operations, in addition to restricting our access to international financial markets. It also reduces the U.S. dollar value of our revenues. On the other hand, future appreciation of the real against the U.S. dollar might result in the deterioration of Brazil's current and capital accounts, as well as a weakening of Brazilian GDP growth derived from exports. We cannot assure you that the real will not again fluctuate significantly against the U.S. dollar in the future and, as a result, have an adverse effect on our business, results of operations and financial condition.

***Changes in tax laws may increase our tax burden and reduce tax incentives and, as a result, negatively affect our profitability.***

The Brazilian government regularly implements changes to tax regimes that may increase our and our customers' tax burdens. These changes include modifications in the tax rates and, on occasion, enactment of temporary taxes, the proceeds of which are earmarked for designated governmental purposes. In the past, the Brazilian government has presented certain tax reform proposals, which have been mainly designed to simplify the Brazilian tax system, to avoid internal disputes within and between the Brazilian states and municipalities, and to redistribute tax revenues. The tax reform proposals provide for changes in the rules governing the federal Social Integration Program (*Programa de Integração Social*, or "PIS") and Social Security Contribution (*Contribuição para o Financiamento da Seguridade Social*, or "COFINS") taxes, the state Tax on the Circulation of Goods and Services (*Imposto Sobre a Circulação de Mercadorias e Serviços*, or "ICMS") and some other taxes, such as increases in payroll taxes. These proposals may not be approved and passed into law. The effects of these proposed tax reform measures and any other changes that result from enactment of additional tax reforms have not been, and cannot be, quantified. However, some of these measures, if enacted, may result in increases in our overall tax burden, which could negatively affect our overall financial performance. In addition, the Brazilian beverage industry experiences unfair competition arising from tax evasion, which is primarily due to the high level of taxes on beverage products in Brazil. An increase in taxes may lead to an increase in tax evasion, which could result in unfair pricing practices in the industry.

Since 2018, the Brazilian government has gradually altered the value-added tax on industrialized products (*Imposto sobre Produtos Industrializados* or "IPI") applicable to soft drinks concentrate. This measure has negatively affected our operations, since it significantly reduced the tax credit derived from the purchases of concentrate from the Manaus Free Trade Zone that currently benefits Rio de Janeiro Refrescos, and the soft drinks industry as a whole. Such alterations have been implemented gradually, as follows:

- (1) 20% IPI rate until August 2018;
- (2) 4% IPI rate from September to December 2018;
- (3) 12% IPI rate in the first half of 2019;
- (4) 8% IPI rate from July to September 2019;
- (5) 10% IPI rate from October to December 2019;
- (6) 4% IPI rate from January to May 2020;
- (7) 8% IPI rate from June to November 2020;

(8) 4% IPI rate from December 2020 to January 2021; and

(9) 8% IPI rate from February 2021 onwards.

Any further reductions of the IPI may adversely affect our financial condition and results of operations.

Given the high tax burden in Brazil, federal and state authorities of that country offer a series of significant tax incentives to certain territories and/or localities in order to attract investment, particularly for manufacturers and other companies operating and investing in Brazil. Coca-Cola Andina Brazil has received some of these tax incentives and its results have been positively affected by these incentives. Although these incentives have generally been renewed in the past, we cannot assure that they will continue to be renewed in the future. Current tax incentives from the State of Rio de Janeiro in connection with the development and construction of the Duque de Caxias production plant expired in October 2020 and were not renewed, resulting in a negative impact of R\$41.9 million in 2020 when compared to 2019. Termination, non-extension or non-renewal of tax incentives could have a material adverse effect on our business, financial condition and results of operation.

## **Risks Relating to Argentina**

### ***Our business operations in Argentina are dependent on economic conditions in Argentina.***

Our operations in Argentina represented 10.1% and 8.8% of our assets as of December 31, 2019 and December 31, 2020, respectively, and 22.2% and 18.8% of our net sales for 2019 and 2020, respectively. Developments in economic, political, regulatory and social conditions in Argentina, and measures taken by the Argentine government, have had and are expected to continue to have an impact on our business, results of operations and financial condition.

Historically, the Argentine economy has experienced periods of high levels of instability and volatility, low or negative economic growth and high and variable inflation and devaluation levels. According to the National Statistics and Census Institute (*Instituto Nacional de Estadísticas y Censos*, or “INDEC”), Argentine GDP contracted in real terms by 2.1% in 2016, grew by 2.8% in 2017 and contracted by 2.6% and 2.1% in 2018 and 2019, respectively. During 2020, Argentine GDP decreased by 9.9% compared to the previous year according to the INDEC.

Argentine economic conditions are dependent on a variety of factors, including the following:

- domestic production, international demand and prices for Argentina’s principal commodity exports;
- the competitiveness and efficiency of domestic industries and services;
- the stability and competitiveness of the Argentine peso against foreign currencies;
- the rate of inflation;
- the government’s fiscal deficits;
- the government’s public debt levels;
- government restrictions in response to the COVID-19 pandemic and the capacity of authorities to keep the pandemic under control;
- foreign and domestic investment and financing; and
- governmental policies and the legal and regulatory environment.

Government policies and regulation—which at times have been implemented through informal measures and have been subject to radical shifts—that have had a significant impact on the Argentine economy in the past have included, among others: monetary policy, including exchange controls, capital controls, high interest rates and a variety of measures to curb inflation, restrictions on exports and imports, price controls, mandatory wage increases, taxation and government intervention in the private sector.

We cannot assure you that the future development of the Argentine economy will not impair our ability to successfully carry out our business plan or materially adversely affect our business, financial condition or results of operations.

### ***Political and economic instability in Argentina may recur, which could have a material adverse effect on our Argentine operations and on our financial condition and results of operations.***

Argentina has a history of political and economic instability that often results in abrupt changes in government policies. Argentine governments have pursued different, and often contradictory, policies to those of preceding administrations. In recent decades, succeeding administrations have implemented interventionist policies, which included nationalization, debt renegotiation, price controls, and exchange restrictions, as well as market-friendly policies, such as export tax reductions, elimination of currency controls, deregulation of utility prices, negotiation of free trade agreements and implementation of pro-investor initiatives.



In October 2019, Argentine presidential, legislative and certain provincial and municipal governments elections were held and Alberto Fernández was elected president. The new administration took office in December 2019. Certain members of the current government coalition, including president Alberto Fernández and vice president Cristina Fernández de Kirchner, were part of administrations which in the past were characterized by high levels of government intervention and policies at times disadvantageous to investors and the private sector. As a result, there is uncertainty regarding the policies and changes in regulation that the current Argentine government will implement. In December 2019, the government passed a law granting emergency powers to the executive branch, among other measures. We cannot predict what policies this government will implement under these emergency powers.

We cannot provide assurance that the Argentine government will not adopt policies, over which we have no control, that adversely affect the Argentine economy and impair our Argentine operations and our business, financial condition or results of operations.

***Inflation in Argentina may adversely affect our operations, which could adversely impact our financial condition and results of operations.***

Argentina has experienced high levels of inflation in recent decades. Argentina's historically high rates of inflation resulted mainly from its lack of control over fiscal policy and the money supply. Argentina continues to face high inflationary pressures. The INDEC in 2017 reported that the consumer price index (*índice de precios al consumidor* or "CPI") increased 24.8%, while the wholesale price index (*índice de precios internos al por mayor* or "WPI") increased 18.8%. In 2018, the INDEC registered a variation in the CPI of 47.6% and an increase in WPI of 73.5%. In 2019, the INDEC registered an increase in CPI of 53.7%, while the WPI increased 58.5%. In 2020, the INDEC registered an increase in CPI of 42.0%, while the WPI increased 35.4%.

During 2018, 2019 and 2020, Argentina met the criteria to be considered a hyperinflationary economy as provided by IAS 29 guidelines, which include, among other characteristics, a cumulative inflation rate over three years that approaches or exceeds 100%. Accordingly, IAS 29 must be applied for financial statements for fiscal years ending on or after July 1, 2018. IAS 29 requires non-monetary assets and liabilities, shareholders' equity and comprehensive income to be restated in terms of a measuring unit current at the period end. IAS 29 also requires the use of a general price index to reflect changes in purchasing power. As a result, since July 2018, we began to apply IAS 29 in the preparation of our financial statements and report the results of our operations in Argentina as if this economy was hyperinflationary from January 1, 2018. In addition, by application of IAS 29, we had to translate figures in Argentine pesos to Chilean pesos using the period closing exchange rate (and not the average exchange rate), thus reducing our results of operations and net earnings. We cannot predict for how long Argentina will be considered a hyperinflationary economy and we will have to apply IAS 29 to the preparation of our financial statements.

In the past, inflation has materially undermined the Argentine economy and the government's ability to generate conditions that foster economic growth. High inflation or a high level of price instability may materially and adversely affect the business volume of the financial system. This result, in turn, could adversely affect the level of economic activity and employment in the country.

High inflation would also undermine Argentina's foreign competitiveness and adversely affect economic activity, employment, real salaries, consumption and interest rates, thereby materially and adversely affecting economic activity and consumers' income and their purchasing power, all of which could have a material adverse effect on our financial condition and operating results.

Between 2007 and 2015, the INDEC, which is the only institution in Argentina with the statutory authority to produce official national statistics, experienced significant institutional and methodological changes that gave rise to controversy regarding the reliability of the information that it produces, including inflation, GDP and unemployment data, resulting in allegations that the inflation rate in Argentina and the other rates calculated by INDEC could be substantially different than as indicated in official reports. While the previous administration undertook reforms and the credibility of the national statistics systems has since been restored, we cannot assure you that the new or future administrations will not implement policies that may affect the national statistics system undermining consumer and investor confidence, which ultimately could affect our business, results of operations and financial condition.

***The Argentine peso is subject to depreciation and volatility, which could adversely affect our financial condition and results of operations.***

Fluctuations in the value of the peso continue to affect the Argentine economy. Since January 2002, the peso has fluctuated significantly in value, often following periods of high inflation and currency controls that artificially appreciated the value of the currency. Frequent devaluations have had an adverse effect on the ability of the Argentine government and Argentine companies to make timely payments on their foreign currency denominated obligations, have significantly reduced wages in real terms, and have adversely impacted the stability of businesses whose success depends on the domestic market demand.

In an effort to reduce downward pressure on the value of the Argentine peso, the Argentine government has at times implemented policies aimed at maintaining the level of reserves of the *Banco Central de la República Argentina* (“BCRA”) that limit the purchase of foreign currency by private companies and individuals. Currently, access to the foreign exchange market is subject to several restrictions and governmental authorizations.

In 2016, 2017, 2018, 2019 and 2020, the Argentine peso depreciated 22%, 17%, 102%, 59% and 41%, respectively, compared to the closing exchange rate as of the end of the prior period for the U.S. dollar. A significant part of the raw materials used by the company in Argentina are in U.S. dollars, so a devaluation of the Argentine peso against the U.S. dollar can affect our costs and margins in a significant way.

The depreciation of the Argentine peso may have a negative impact on the ability of certain Argentine businesses to service their foreign currency denominated debt, significantly reduce real wages and jeopardize the stability of businesses which success depends on domestic market demand. It may also, adversely affect the Argentine government’s ability to honor its foreign debt obligations. A significant appreciation of the Argentine peso against the U.S. dollar also presents risks for the Argentine economy, including the possibility of a reduction in exports as a consequence of the loss of external competitiveness. Any such appreciation could also have a negative effect on economic growth and employment, and reduce tax revenues.

Given the economic and political conditions in Argentina, we cannot predict whether, and to what extent, the value of the Argentine peso may depreciate or appreciate against the U.S. dollar, the euro or other foreign currencies. We cannot predict how these conditions will affect the consumption of our products. Moreover, we cannot predict whether the current Argentine government will continue its monetary, fiscal, and exchange rate policy and, if so, what impact any of these changes could have on the value of the Argentine peso and, accordingly, on our financial condition, results of operations and cash flows, and on our ability to transfer funds abroad in order to comply with commercial or financial obligations.

***The Argentine government could impose certain restrictions on currency conversions and remittances abroad, which could affect the timing and amount of any dividends or other payment we receive from our Argentine subsidiary.***

Beginning in December 2015, the Argentine government gradually eased restrictions which significantly curtailed access to the foreign exchange market by individuals and private sector entities and affected our ability to declare and distribute dividends with respect to our Argentine subsidiary. These measures included informal restrictions, which consisted of de facto measures restricting local residents and companies from purchasing foreign currency through the foreign exchange market to make payments abroad, such as dividends and payment for the importation of goods and services.

On September 1, 2019, in a response to the weakening of the Argentine peso following the results of the primary elections, the Argentine government temporarily reinstated certain exchange restrictions. The new controls apply with respect to access to the foreign exchange market by residents (both companies and natural persons) for savings and investment purposes abroad, the payment of external financial debts abroad, the payment of dividends in foreign currency abroad, the payment of imports of goods and services, and the obligation to repatriate and settle for Argentine pesos the proceeds from exports of goods and services, among others. Under current Argentine law, we are restricted from accessing the official foreign exchange market to make dividend payments to us from our Argentine subsidiaries without prior approval from the Argentine Central Bank.

The Argentine government could maintain or impose new exchange control regulations, restrictions and adopt other measures to prevent capital flight or significant depreciation of the peso, which could limit access to international capital markets, adversely affecting Argentina’s economy, and further impair our ability to declare and distribute dividends from our Argentine subsidiaries.

***The Argentine government’s ability to obtain financing from international capital markets may be limited or costly, which may impair its ability to implement reforms and foster economic growth.***

At the end of 2001, the Argentine government defaulted in part of its sovereign debt. In 2005 and 2010, Argentina conducted exchange offers to restructure part of its sovereign debt that had been in default since the end of 2001. Through these exchange offers, Argentina restructured over 92% of its eligible defaulted debt. In April 2016, after a series of judicial actions by Argentina’s bondholders, the Argentine government settled substantially all of the remaining defaulted debt. Additionally, as a result partially of emergency measures undertaken by the government in response to the crisis of 2001 and 2002, foreign shareholders of several Argentine companies filed claims with the *International Centre for Settlement of Investment Disputes* (“ICSID”), alleging that those measures diverged from the just and equal treatment standards set forth in bilateral investment treaties to which Argentina is a party. The ICSID ruled against the Argentine government in a number of these proceedings, and the Argentine government has settled some but not all of these claims.

Between December 2019 and September 2020, the Argentine government agreed restrictions to its sovereign debt with international and local bondholders. In August and September 2020, the Argentine government restructured its sovereign bonds debt under foreign law in the amount of US\$67 billion and under local law in the amount of US\$45 billion, in both cases with an acceptance level of over 99%. The Ministry of Economy is currently renegotiating the agreement with the International Monetary Fund after extending part of a US\$57 billion bailout program agreed with the previous Administration. As a result, Fitch rating agency changed its rating to Argentina from "restricted default" to "substantial credit risk" and Standard & Poor's changed its rating from "selective default" to "substantial risk."

While Argentina had regained access to the international capital markets, actions by the Argentine government, or investor perceptions of the country's creditworthiness, could curtail access in the future or could significantly increase borrowing costs, limiting the government's ability to foster economic growth. Limited or costly access to international financing for the private sector could also affect our business, financial condition and results of operations.

***The government may order salary increases to be paid to employees in the private sector, which could increase our operating costs and affect our results of operations.***

In the past, the Argentine government has passed laws, regulations and decrees requiring companies in the private sector to increase wages and provide specified benefits to employees. On December 23, 2019, the Argentine government passed a law granting emergency powers to the executive branch which, among others, include the ability to mandate increases to private sector wages. Due to persistent high levels of inflation, labor organizations regularly demand significant wage increases. In 2016, 2017, 2018, 2019 and 2020 the increase in the federally-mandated minimum wage was 35%, 17%, 28%, 48% and 22%, respectively, and for these same years the market average salary increase for workers was 33%, 26%, 32%, 48% and 38%, respectively. In addition, the Argentine government has arranged various measures to mitigate the impact of inflation and exchange rate fluctuation in wages. Due to high levels of inflation, both public and private sector employers continue to experience significant pressure to further increase salaries.

Labor relations in Argentina are governed by specific legislation, such as Labor Law No. 20,744 and Law No. 14,250 on Collective Bargaining Agreements, which, among other things, dictate how salary and other labor negotiations are to be conducted. In the future, the government could take new measures requiring salary increases or additional benefits for workers, and the labor force and labor unions may apply pressure in support of such measures. Any such increase in wages or worker benefit could result in added costs and reduced results of operations for Argentine companies, including us.

***Government measures to preempt or respond to social unrest may adversely affect the Argentine economy and our business.***

In recent decades, Argentina has experienced significant social and political turmoil, including civil unrest, riots, looting, nationwide protests, strikes and street demonstrations. Social and political tension and high levels of poverty and unemployment continue. Unions frequently stage nationwide strikes and protests, and riots and looting of shops and supermarkets in cities around the country have taken place at times of social turmoil.

Future government policies to preempt, or in response to, social unrest may include expropriation, nationalization, forced renegotiation or modification of existing contracts, suspension of the enforcement of creditors' rights, new taxation policies and changes in laws and policies affecting foreign trade and investment. Such policies could destabilize the country and adversely and materially affect the Argentine economy, and thereby our business, results of operations and financial condition.

***Price control policies in Argentina may be accentuated, which may have a material and adverse effect on the results of our Argentine operations.***

The Argentine government has from time to time established price controls on consumer products. To the extent that the price of our products in Argentina are restricted by government imposed price controls the results of our Argentine operations may be materially affected. As of 2020, with the change of administration, the Argentine government reestablished its Precios Cuidados price-watch program with new products including 93 new items from different categories of the mass consumption basket with price revisions on a quarterly basis or every four months. In March 2020, with the implementation of the COVID-19 pandemic health measures, through a resolution issued by the Secretariat of Commerce presidential decree and in parallel to the current Precios Cuidados price-watch program, the Maximum Reference Prices program was created, freezing prices of 2,300 products from 50 basic consumer categories (in force for hypermarkets, supermarkets, mom & pops, self-service, mini markets and wholesale supermarkets and their respective products suppliers throughout the country). Price increases for the products involved in the new program were subsequently authorized in July and October. The extension and validity of this program will depend on the Argentine government's politics based on developments in the health crisis and inflation. As of the date of this annual report, the program is scheduled to end on May 15, 2021, as the Secretariat of Commerce decided to extend, once more, the validity of this program to protect consumers. Aligned with the price control policies, in March 2021 the Secretariat of Commerce created a new information regime known as

“System for the Implementation of Economic Reactivation Policies” (“SIPRE”) to avoid arbitrary price increases and shortage of products. The SIPRE requires large commercial and industrial companies, including beverages manufacturers, to inform on a monthly basis the price, production and sales, and inventory stocks of their products. Also, the Secretariat of Commerce announced, during April 2021, the formation of the Observatory of Prices and Availability of Inputs, Goods and Services, that will monitor, survey and systematize the prices and availability of all inputs, goods and services that are produced, traded and rendered in Argentina.

Towards the end of 2020 and beginning of 2021, the Argentine government began to reduce the number of categories in the Maximum Reference Prices program, with the aim and commitment to expand the offer of items in the current Precios Cuidados price-watch program. Starting in 2021, the Precios Cuidados price-watch program reaches 800 referential products, covering the main categories of mass consumption and other relevant industries.

Consistent with these price control policies, the Secretariat of Commerce created in March 2021 a new information regime known as “System for the Implementation of Economic Reactivation Policies” (SIPRE for its acronym in Spanish) to prevent unjustified price increases and shortage of products. The SIPRE requires large commercial and industrial companies, including beverages manufacturers, to inform on a monthly basis the price, production, sales, and stocks of their products.

The participation of Coca-Cola products in the Precios Cuidados price-watch program as referential products involved one product from the soft drinks’ category, which was temporarily extended to three in sugar-free variants until the end of 2020, where new categories were incorporated, reaching four products as estimated.

We cannot assure that price controls in Argentina will not continue or be expected to include additional consumer products. Nor can we assure you the affect to which government imposed price control will affect the profitability of our Argentina operations.

## **Risks Relating to Paraguay**

***Our business operations in Paraguay are dependent on economic conditions in Paraguay.***

Our operations in Paraguay represented 12.1% and 11.1% of our assets as of December 31, 2019 and December 31, 2020, respectively, and 8.9% and 9.3% of our net sales for 2019 and 2020, respectively. Because demand for soft drinks and beverage products is generally related to the economic conditions prevailing in the local market which, in turn, depend on the macroeconomic and political conditions of the country, our financial situation and our results of operations could be adversely affected by changes in these factors over which we have no control.

Paraguay has a history of economic and political instability, exchange controls, frequent changes in regulatory policies, corruption and weak judicial security. Paraguayan GDP grew by 4%, 5%, 3% and in 2016, 2017 and 2018, respectively; did not grow in 2019 and contracted 1% in 2020, according to the Paraguayan Central Bank. Paraguayan GDP is closely tied to the performance of Paraguay’s agricultural sector, which can be volatile.

The situation of the Paraguayan economy is also strongly influenced by the economic situation in Argentina and Brazil. A deterioration in the economic situation of these countries could adversely affect the Paraguayan economy and, in turn, our financial condition and operating results.

***Inflation in Paraguay may adversely affect our financial condition and results of operations.***

Although inflation in Paraguay has remained stable at around 4% over the last five years, we cannot assure that inflation in Paraguay will not increase significantly. An increase in inflation in Paraguay could decrease the purchasing power of our consumers in the country, which could adversely affect our volumes and impact our sales income.

***The Paraguayan guaraní is subject to depreciation and volatility, which could adversely affect our financial condition and results of operations.***

The exchange rate of Paraguay is free and floating and the Paraguay Central Bank, actively participates in the exchange market in order to reduce volatility. Since a portion of our total costs (28%) in Paraguay for raw material and supplies are denominated in U.S. dollars, a significant depreciation of the local currency could adversely affect our financial situation and results.

The Paraguayan guaraní appreciated by 1% and 3% in 2016 and 2017, respectively, and depreciated by 7%, 8% and 7% in 2018, 2019 and 2020, respectively, in each case compared to the closing exchange rate as of the end of the prior period of the U.S. dollar.

The local currency follows regional and global trends. When the U.S. dollar's value increases, and raw materials lose value in Paraguay, this directly impacts Paraguay's generation of foreign exchange which occurs mainly through the export of raw materials. A deterioration in the economic growth of Paraguay as result of a significant depreciation of the Paraguayan guarani could have an effect on our business, financial condition and results of operations.

### **Risk Factors Relating to the ADRs and Common Stock**

#### ***Preemptive rights may be unavailable to ADR holders.***

According to the *Ley de Sociedades Anónimas* No. 18,046 and the *Reglamento de Sociedades Anónimas* (collectively, the "Chilean Companies Law"), whenever we issue new shares for cash, we are required to grant preemptive rights to holders of our shares (including shares represented by ADRs), giving them the right to purchase a sufficient number of shares to maintain their existing ownership percentage. However, we may not be able to offer shares to United States holders of ADRs pursuant to preemptive rights granted to our shareholders in connection with any future issuance of shares unless a registration statement under the U.S. Securities Act of 1933, as amended, is effective with respect to such rights and shares, or an exemption from the registration requirements of the U.S. Securities Act of 1933, as amended, is available.

Under the procedure established by the Central Bank of Chile, the foreign investment agreement of a Chilean company with an existing ADR program will become subject to an amendment (which will also be deemed to incorporate all laws and regulations applicable to international offerings in effect as of the date of the amendment) that will extend the benefits of such contract to new shares issued pursuant to a preemptive rights offering to existing ADR owners and to other persons residing and domiciled outside of Chile that exercise preemptive rights, upon request to the Central Bank of Chile. We intend to evaluate at the time of any rights offering the costs and potential liabilities associated with any such registration statement as well as the indirect benefits to us of enabling United States ADR holders to exercise preemptive rights and any other factors that we consider appropriate at the time, and then make a decision as to whether to file such registration statement.

We cannot assure you that any registration statement would be filed. To the extent ADR holders are unable to exercise such rights because a registration statement has not been filed, the depositary will attempt to sell such holders' preemptive rights and distribute the net proceeds thereof if a secondary market for such rights exists and a premium can be recognized over the cost of any such sale. If such rights cannot be sold, they will expire, and ADR holders will not realize any value from the grant of such preemptive rights. In any such case, such holder's equity interest in the Company would be diluted proportionately.

#### ***Shareholders' rights are less well-defined in Chile than in other jurisdictions, including the United States.***

Under the United States federal securities laws, as a foreign private issuer, we are exempt from certain rules that apply to domestic United States issuers with equity securities registered under the United States Securities Exchange Act of 1934, as amended, including the proxy solicitation rules, the rules requiring disclosure of share ownership by directors, officers and certain shareholders. We are also exempt from certain of the corporate governance requirements of the Sarbanes-Oxley Act of 2002 and the New York Stock Exchange, Inc., including the requirements concerning independent directors.

Our corporate affairs are governed by the laws of Chile and our *estatutos* or bylaws. Under such laws, our shareholders may have fewer or less well-defined rights than they might have as shareholders of a corporation incorporated in a U.S. jurisdiction.

Pursuant to Law No. 19,705, enacted in December 2000, the controlling shareholders of an open stock corporation can only sell their controlling shares through a tender offer to all shareholders in which the bidder would have to buy all of the offered shares up to the percentage determined by it, where the price paid is substantially higher than the market price (i.e., when the price paid was higher than the average market price for a period starting 90 days before the proposed transaction and ending 30 days before such proposed transaction, plus 10%).

#### ***The market for our shares may be volatile and illiquid.***

The Chilean securities markets are substantially smaller, less liquid and more volatile than major securities markets in the United States. The *Bolsa de Comercio de Santiago* (the "Santiago Stock Exchange"), which is Chile's principal securities exchange, had a market capitalization of approximately US\$174,570 million as of December 31, 2020 and an average monthly trading volume of approximately US\$3,307 million for the year. The lack of liquidity is owed, in part, to the relatively small size of the Chilean securities markets and may have a material adverse effect on the trading prices of our shares. Because the market for our ADRs depends, in part, on investors' perception of the value of our underlying shares, this lack of liquidity for our shares in Chile may have a significant effect on the trading prices of our ADRs.

## ITEM 4. INFORMATION ON THE COMPANY

### A. HISTORY AND DEVELOPMENT OF THE COMPANY

#### Overview

Our legal name is Embotelladora Andina S.A., and our commercial name is Coca-Cola Andina. We were incorporated and organized under Chilean law as a *sociedad anónima* on February 7, 1946. An abstract of our bylaws is registered in the *Registro de Comercio del Conservador de Bienes Raíces de Santiago* (Public Registry of Commerce of the Real Estate Commission Administrator of the City of Santiago) under No. 581 of the year 1946. Pursuant to our bylaws, our term of duration is indefinite.

Our common shares are listed and traded on the Santiago Stock Exchange and on the *Bolsa Electrónica de Chile* (the Chilean Electronic Stock Exchange) and, until October 2018, were listed on the *Bolsa de Corredores de Valparaíso* (the Valparaíso Brokers Stock Exchange), which closed operations in October 2018. Our Series A and Series B ADRs representing our Series A and Series B shares, respectively, are listed on the New York Stock Exchange.

Our principal executive offices are located at Avenida Miraflores 9153, Floor 7, Renca, Santiago, Chile. Our telephone number is +562-2338-0520 and our website is [www.koandina.com](http://www.koandina.com).

Our depositary agent for the ADRs in the United States is The Bank of New York Mellon Corporation, located at 240 Greenwich Street, New York, New York 10286. Our depositary agent's telephone number is (212) 815-2296. Our authorized representative in the United States is Puglisi & Associates, located at 850 Library Avenue, Suite 204, Newark, Delaware 19711-7144, United States, and its phone number is (302) 738-6680.

#### History

##### Chile

In 1941, The Coca-Cola Company licensed a private Chilean company to produce Coca-Cola soft drinks in Chile and production began in 1943. In 1946, the original licensee withdrew from the license arrangement and a group of U.S. and Chilean investors formed Andina, which became The Coca-Cola Company's sole licensee in Chile.

Between 1946 and the early 1980s, Andina developed the Chilean market for Coca-Cola soft drinks with a system of production and distribution facilities covering the central and southern regions of Chile. In the early 1980s, Andina sold its Coca-Cola licenses for most areas outside the Santiago metropolitan region and concentrated on the development of its soft drink business in the Santiago metropolitan area. Although we are no longer the sole Coca-Cola bottler in Chile, we have been the principal manufacturer of Coca-Cola products in Chile for an uninterrupted period since 1946.

In 1998, we purchased a 49% stake in Vital S.A. from The Coca-Cola Company. Concurrently, The Coca-Cola Company purchased Vital S.A. mineral water springs located in Chanqueahue, 80 miles south of Santiago. As part of the transaction, the Vital bottler agreement was replaced with a Minute Maid International Inc. juice bottler agreement and a new mineral water bottling agreement with The Coca-Cola Company.

The production and packaging business of water, juices and non-carbonated beverages licensed by The Coca-Cola Company in Chile was restructured in 2005. Vital Aguas S.A. ("VASA") was created in 2005 in order to develop the processing, production and packaging of mineral water and other waters by Agua Mineral de Chanqueahue Vital. Andina and Embonor S.A. continued the development of juices and non-carbonated beverages through their ownership stakes in Vital S.A., holding 66.5% and 33.5%, respectively. In January 2011, the juice production business was restructured to incorporate other Coca-Cola bottlers in Chile as shareholders of Vital S.A., which changed its name initially to Vital Jugos S.A. and then to VJ S.A. in 2019. Andina and Embonor hold 65% and 35% stakes in VJ S.A., respectively.

In 2001, we entered into a joint venture with Cristalerías de Chile to produce PET bottles. On January 27, 2012, Coca-Cola Embonor through its subsidiary, Embonor Empaques S.A., acquired Cristalerías de Chile's stake equivalent to a 50% ownership interest in Envases CMF.

In 2012, in order to reinforce our leadership position among Coca-Cola bottlers in South America, the Company completed its merger with Embotelladoras Coca-Cola Polar S.A. ("Polar"). Polar was a Coca-Cola bottler with operations in Chile, where it serviced territories in the II, III, IV, XI and XII regions, as well as parts of Argentina, as described below, and all of Paraguay. The merger granted former shareholders of Polar a 19.68% ownership interest in the merged entity, however the Company controls its day to day

operations. As a result of the transaction, we also acquired additional indirect ownership interests in Vital Jugos, Vital Aguas and Envases Central.

In January 2016, the Company incorporated a closed joint-stock company called Coca-Cola Del Valle New Ventures S.A. (“Coca-Cola Del Valle”). Embotelladora Andina S.A. contributed 35% of the capital of Coca-Cola Del Valle, with Embonor S.A. and Coca-Cola de Chile S.A. contributing the remaining 15% and 50%, respectively. The main corporate purpose of Coca-Cola Del Valle is the development and production of juices, waters and non-carbonated beverages under brands owned by The Coca-Cola Company that Andina and Coca-Cola Embonor S.A. are authorized to commercialize and distribute in their respective franchise territories.

In August 2016, the Company signed an agreement with Monster Energy Company for the distribution of Monster Energy products in the Chilean territory covered by Andina, which we began distributing in September 2016.

In March 2017, The Coca-Cola Company, together with its bottlers in Latin America, announced the closing of the acquisition from Unilever of the AdeS vegetable protein-based beverage business. Andina began distributing AdeS products in Chile in July 2017.

In January 2018, the Company, Embonor S.A., Coca-Cola del Valle New Ventures S.A., and Coca-Cola de Chile S.A., as buyers, and Inversiones Siemel S.A. as seller, entered into a stock purchase agreement under which the parties agreed to transfer 100% ownership of the shares of Comercializadora Novaverde S.A. (“Novaverde”), a Chilean company dedicated to the production and distribution of juices, ice cream, and other food, mainly under the brand “Guallaraucó”. The transaction did not include the acquisition of the avocado sales business line and the General Mills brand representation. In October 2018, the purchase of 100% of the shares of Novaverde was completed.

In May 2018, Diageo Chile Ltda., Embonor S.A. and Embotelladora Andina S.A. signed an agreement for the distribution in Chile of the brands belonging to Diageo, including Johnnie Walker, Baileys, Smirnoff, Guinness, Pampero, among others.

In October 2019, Cooperativa Agrícola Pisquera Elqui Ltda. (“Capel”), Embonor S.A. and Andina, signed an agreement for the distribution in Chile of products bearing the brands belonging to Capel, including Capel (brand), Alto del Carmen, Monte Fraile, Brujas de Salamanca, Artesanos del Cochiguaz, among others.

In August 2020, Cervecería Chile S.A. and Andina signed an agreement for the distribution in Chile of the brands belonging to AB InBev, including Corona, Becker, Báltica, Budweiser, Stella Artois, Cusqueña, among others.

## ***Brazil***

Andina Brazil, our Brazilian subsidiary, began production and distribution of Coca-Cola soft drinks in Rio de Janeiro in 1942. In 1994, we acquired 100% of the capital stock of Andina Brazil. In 2000, we purchased a Coca-Cola franchise licensee NVG through Andina Brazil for a territory in Brazil comprising the State of Espírito Santo and part of the States of Rio de Janeiro and Minas Gerais.

In 2004, Andina Brazil entered into a franchise swap agreement with the Brazilian subsidiary of The Coca-Cola Company, Recofarma Indústria do Amazonas Ltda., for an exchange of franchising rights, goods and other assets of Andina Brazil in the territory of Governador Valadares in the State of Minas Gerais, and other franchise rights of The Coca-Cola Company in the territories of Nova Iguaçu in the state of Rio de Janeiro, which were previously owned by Companhia Mineira de Refrescos S.A.

In 2007, The Coca-Cola Company along with the Coca-Cola bottlers in Brazil created a joint venture, Mais Indústria de Alimentos, in order to enhance the non-carbonated business for the entire system in that country, and in 2008 The Coca-Cola system acquired a second company that produces non-carbonated beverages called Sucos del Valle do Brasil Ltda. These two companies merged in 2011 and SABB (Sistema de Alimentos y Bebidas do Brasil) was created.

In 2010, The Coca-Cola Company along with its bottlers, acquired in a joint venture the company Leão Junior S.A. (currently Leão Alimentos e Bebidas Ltda.) with a consolidated presence and market share in Andina Brazil’s region in the category of iced tea. Leão Alimentos e Bebidas Ltda. commercializes the Matte Leão brand, among others. Andina Brazil holds a 10.26% ownership interest in Leão Alimentos e Bebidas Ltda.

In 2012, Andina Brazil acquired a 40% stake in Sorocaba Refrescos S.A., a Coca-Cola bottler located in the state of São Paulo.

In 2013, Andina Brazil, acquired 100% of the capital stock of Companhia de Bebidas Ipiranga (“Ipiranga”) in an all-cash transaction. Ipiranga is also a Coca-Cola bottler with operations in part of the States of São Paulo and part of the State of Minas Gerais. This acquisition was previously arranged between the parties through an agreement signed on July 10, 2013.

During 2013, there was a restructuring of the juice and mate herb (“yerba mate”) business, pursuant to which the companies in which Andina Brazil held an interest were merged. As a result of the restructuring, Andina Brazil ended up with a 9.57% ownership interest in Leão Alimentos y Bebidas Ltda., the legal successor of these companies. This percentage increased to 10.87% as a result of our acquisition of, and subsequent merger with, Compañía de Bebidas Ipiranga that held an ownership interest in Leão Alimentos y Bebidas Ltda. During 2014, Andina Brazil sold 2.05% of its ownership interest in Leão Alimentos e Bebidas Ltda., resulting in its current ownership interest of 10.26%.

During 2016, Andina Brazil, along with Coca-Cola Brazil and the other bottlers in Brazil, acquired Laticínios Verde Campo Ltda. The purchase was made through Trop Frutas do Brasil Ltda. a subsidiary of Leão Alimentos e Bebidas Ltda. Andina Brazil acquired 7.5% of Laticínios Verde Campo Ltda..

In 2016, Andina Brazil signed an agreement with Monster Energy Company for the distribution of Monster Energy products in Andina Brazil’s territory. These products began being distributed in November, 2016.

In 2016, Andina Brazil closed its production facility in Cariacica, state of Espírito Santo, leaving only two production facilities, in the States of Rio de Janeiro and São Paulo.

In 2017, Andina Brazil bought, together with Coca-Cola Brazil and the other Coca-Cola bottlers in Brazil, the company UBI 3 Participações Ltda. The operation was carried out to make the distribution and marketing of AdeS products in Brazil viable. Andina Brazil bought 8.50% of UBI 3 Participações Ltda.. Andina Brazil began distributing AdeS products in June 2017.

In August 2017, Andina Brazil increased its ownership interest in Leão Alimentos e Bebidas Ltda. from 8.8% to 10.3%.

In March 2018, Andina Brazil started the production of soft drinks at the new Duque de Caxias plant in the state of Rio de Janeiro, and in January 2019, the production of mineral waters started in the same plant.

### ***Argentina***

Production of Coca-Cola soft drinks in Argentina began in 1943 with operations in the province of Córdoba, Argentina, through Inti S.A.I.C., (“INTI”). In 1995, we, through an investment company incorporated in Argentina called Inversiones del Atlántico S.A., (“IASA”), acquired a 59% interest in Embotelladoras del Atlántico S.A. (“EDASA”, the parent company of Rosario Refrescos S.A. and Mendoza Refrescos S.A.). These entities were subsequently merged to create Rosario Mendoza Refrescos S.A., (“ROMESA”). In 1996, we acquired an additional 35.9% interest in EDASA, an additional 78.7% interest in INTI, a 100% interest in CIPET (a PET plastic bottle and packaging business located in Buenos Aires) and a 15.2% interest in Cican S.A. During 1997, the operations of ROMESA were merged with INTI. In 1999, EDASA was merged into IASA. In 2000, IASA was merged into INTI, forming Embotelladora del Atlántico S.A. (“EDASA”). In 2002, CIPET merged into EDASA. During 2007, EDASA’s ownership interest in Cican S.A. was sold to FEMSA.

In 2011, EDASA’s shareholders resolved to form Andina Empaques Argentina S.A., through a spin-off of all of EDASA’s Packaging Division, including all tangible and intangible assets related thereto. Subsequently, EDASA absorbed Coca-Cola Polar Argentina S.A.

Additionally, as a result of the Company’s merger with Polar which was completed in October 2012, the Company gained territory serviced by Polar in Argentina, consisting of territories in Santa Cruz, Neuquén, El Chubut, Tierra del Fuego, Río Negro, La Pampa and the western part of the province of Buenos Aires.

In March 2017, EDASA acquired 13.0% of the shares of the company Alimentos de Soja S.A.U., dedicated to the production of vegetable protein-based beverages marketed under the brand “AdeS”. The sale of Alimentos de Soja S.A.U. shares was carried out within the framework of a global transaction under the terms of which The Coca-Cola Company and certain Coca-Cola bottlers acquired the “AdeS” liquid soy-based food business from the Unilever Group in Brazil, Mexico, Argentina, Colombia, Paraguay, Uruguay, Bolivia and Chile. EDASA began distributing AdeS products in July 2017. In 2018, EDASA acquired shares of Alimentos de Soja S.A.U. (currently Alimentos de Soja S.A.), increasing its ownership interest to 14.3%. The amount of shares transferred was sufficient to provide EDASA a percentage of shares approximately proportional to its market share in the territory.

In December 2017, EDASA, together with Monster Energy Company, entered into an agreement in which Monster Energy Company named Embotelladora del Atlántico S.A. as distributor in the franchise territory of Andina Argentina of the products bearing the “Monster” brand for an initial period of 10 years. In February 2018, we began commercializing and distributing Monster products entering the category for energy drinks.



## *Paraguay*

PARESA is the first authorized Coca-Cola Bottler Company in Paraguay, which started its operations in 1965. In 1967, Plant 1 was opened with a capacity of 400,000 annual unit cases. In 1980, the Barcequillo Plant - located on Km 3.5 Barcequillo of the Ñemby route, in the City of San Lorenzo- was opened, reaffirming and applying the concept of the highest end technology of bottling. Beginning in 2004, PARESA became property of the Grupo Polar from Chile, continuing its operations in the Paraguayan market. In 2012, PARESA became part of Grupo Coca-Cola Andina due to the merger of Embotelladoras Coca-Cola Polar S.A. into Embotelladora Andina S.A.

In March 2017, The Coca-Cola Company, together with its bottlers in Latin America, announced the closing of the acquisition from Unilever of the AdeS vegetable protein-based beverage business.

PARESA began distributing AdeS and Monster products in July 2017 and May 2019, respectively.

## **Capital Expenditures**

The following table sets forth our capital expenditures by country for the 2018-2020 period:

	Year ended December 31,		
	2018	2019	2020
	(in millions of Ch\$)		
Chile	37,601	56,141	26,488
Brazil	47,444	22,737	19,138
Argentina	29,571	22,011	16,508
Paraguay	14,292	15,283	20,519
<b>Total</b>	<b>128,908</b>	<b>116,171</b>	<b>82,653</b>

Our total capital expenditures were Ch\$128,908 million in 2018, Ch\$116,171 in 2019 and Ch\$82,653 in 2020. The decrease in 2020 was mainly due to the uncertainty regarding the potential impacts of the COVID-19 pandemic.

In 2020, capital expenditures were principally related to the following:

### *Argentina*

- Returnable containers (glass and PET bottles) and cases for bottles,
- Coolers - Cold Equipment,
- RefPET Returnable Labeling (Monte Cristo plant and Bahía Blanca plant),
- Returnable Glass Labeling (Monte Cristo plant),
- Sugar reduction in carbonated products,
- Adaptation of Effluents' process (Monte Cristo plant),
- "Front Office Project" (stage 2 of implementation, to be completed during 2021),
- Purchase of forklifts and transpallets, and
- Hardware technology upgrade and software development for productivity and management improvement.

### *Brazil*

- Production lines and equipment for the Andina's plants,
- Implementation of returnable labelling project,
- Returnable containers (Ref PET and glass bottles) and plastic bottle cases,
- Cold equipment, post-mix and other equipment for the point of sale,
- Improvements in the management systems,
- Machinery to increase efficiency and productive capacity, and
- Renewal of part of the trucks and forklifts for industrial and logistics areas.

## *Chile*

- Logistics densification (refurbishment of racks and centers to receive new beer category),
- Implementation of production lines at Antofagasta plant (transfer from Coquimbo),
- New Renca and Inamar wells,
- Engineering for decreasing water ratio, and
- Engineering of wastewater treatment plant.

## *Paraguay*

- New line for stills products,
- Fructose production facilities,
- Extension of deposits,
- “Front Office” project,
- Returnable bottles and plastic cases, and
- Coolers - Cold equipment.

We have budgeted US\$160-180 million for our capital expenditures in 2021 which is expected to be mainly destined to:

- Improve our information technologies with a main focus on big data and artificial intelligence,
- Improve our productive capacity (for product reformulation, in addition to continuing the returnables labeling project in Argentina, and a production line in Paraguay),
- Improve infrastructure for greater flexibility (mainly in Paraguay),
- Returnable bottles and containers (optimizing the use of multipurpose bottles),
- Cold equipment (with energy efficiency savings and better customer service),
- Renew trucks (Brazil and Chile) to comply with regulations, and
- Improve water use efficiency (Chile).

For 2021, we estimate that internally generated funds will finance a large part of our budgeted capital expenditure. Our capital expenditure plan for 2021 may change based on market conditions and how the economy evolves in the countries where we operate. We believe the uncertainty regarding the COVID-19 pandemic has diminished, but our capital expenditures plans are dynamic and subject to change if the conditions requires it.

B. BUSINESS OVERVIEW

We are the third largest bottler of Coca-Cola trademark beverages in Latin America in terms of sales volume. We are the largest bottler of Coca-Cola trademark beverages in Chile and Argentina and the third largest in Brazil, in each case in terms of sales volume. We are also the only bottler of Coca-Cola trademark beverages in Paraguay.

In 2020, we had consolidated net sales of Ch\$1,698,281 million and total sales volume of 734.6 million unit cases of beverages.

In addition to our soft drinks business, which accounted for 65% of our consolidated net sales during 2020, we also:

- produce, sell and distribute fruit juices, other fruit-flavored beverages, sport drinks, flavored waters, mineral and purified water in Chile, Argentina, Brazil and Paraguay under trademarks owned by The Coca-Cola Company;
- manufacture polyethylene terephthalate (“PET”) bottles and preforms, returnable PET bottles, cases and plastic caps, primarily for our own use in the packaging of our beverages in Chile and Argentina;
- produce, sell and distribute ice tea, mate beverages, and sell and distribute lactose free dairy products in Brazil;
- produce, sell and distribute seed-based beverages in Argentina under trademarks owned by The Coca-Cola Company, and sell and distribute these products in Brazil, Chile and Paraguay;
- sell and distribute energy drinks in Argentina, Brazil, Chile and Paraguay under trademarks owned by Monster Energy Company;
- sell and distribute beer in Brazil under the brands Amstel, Bavaria, Heineken, Kaiser and Sol;
- distribute beer, wine and cider in southern Argentina;
- sell and distribute beer, spirits and wine in Chile; and
- distribute ice cream and other frozen products under the Guallarauco brand in Chile.

Our Territories

The following map shows our territories, estimates of the population to which we offer products, the number of retailers of our beverages and the per capita consumption of our beverages as of December 31, 2020.



Per capita consumption data for a territory is determined by dividing total beverage sales volume, excluding the sales to other Coca-Cola bottlers within the territory by the estimated population within such territory, and is expressed on the basis of the number of eight-ounce servings of our products. One of the factors we use to evaluate the development of local volume sales in our territories and to determine product potential is the per capita consumption of our beverages.

## Our Product Overview

We produce, market and distribute the following Coca-Cola trademark beverages and brands licensed from third parties throughout our franchise territories. In addition, we distribute Heineken brand beer in Brazil, beer, wine and cider in southern Argentina, and beer, spirits and wine in Chile. The following table sets forth the brands of the products that we distribute by country as of December 31, 2020:

	Chile	Brazil	Argentina	Paraguay
<b>Colas</b>				
Coca-Cola	✓	✓	✓	✓
Coca-Cola Zero/Sin azúcar	✓	✓	✓	✓
Coca-Cola Light	✓		✓	
Coca-Cola Plus Café	✓	✓		
Coca-Cola Energy	✓			
<b>Flavored soft drinks</b>				
Cantarina	✓			
Crush Light/Zero/Sin azúcar			✓	✓
Fanta	✓	✓	✓	✓
Fanta Zero/Sin azúcar	✓	✓	✓	✓
Inca Kola	✓			
Inca Kola Zero	✓			
Kuat Zero		✓		
Nordic Mist	✓			
Nordic Mist Agua Tónica	✓			
Nordic Mist Zero	✓			
Quatro Light/Liviana/Zero/Sin azúcar	✓			
Royal Bliss	✓			
Schweppes		✓	✓	✓
Schweppes Light/Zero/Sin azúcar			✓	
Schweppes Tónica		✓	✓	✓
Schweppes Tónica Light		✓		
Sprite	✓	✓	✓	✓
Sprite Zero/Sin azúcar	✓	✓	✓	✓
& Nada	✓		✓	
<b>Juices</b>				
Andina Del Valle	✓			
Andina Del Valle Light	✓			
Cepita			✓	
Cepita Light/Zero/Sin azúcar			✓	
Del Valle		✓		
Del Valle Light		✓		
Frugos				✓
Frugos Light/Sin azúcar/0%				✓
Guallarauco	✓			
Kapo	✓			
<b>Waters</b>				
Aquarius	✓		✓	✓
Aquarius Zero Gasificada			✓	
Benedictino	✓			
Benedictino Sabores	✓			
Bonaqua Con Gas			✓	
Bonaqua Sin gas			✓	
Crystal		✓		

	Chile	Brazil	Argentina	Paraguay
Dasani				✓
Glaceau Smart Water	✓	✓	✓	
Glaceau Vitamin Water	✓			
Guallaraucó Agua de Fruta	✓			
Kin Con Gas			✓	
Kin Sin Gas				✓
Vital	✓			
<b>Other Non-alcoholic Beverages</b>				
AdeS	✓	✓	✓	✓
Blak	✓			
Burn		✓		
Fuze Ice Tea		✓		
Fuze Ice Tea Zero		✓		
I9		✓		
Leão Ice Tea Light/Zero/sin azúcar		✓		
Matte Leão		✓		
Matte Leão Zero		✓		
Minilac		✓		
Monster	✓	✓	✓	✓
Monster Zero/Light/Sin azúcar	✓	✓	✓	
Powerade	✓	✓	✓	✓
Powerade Zero/Light/Sin azúcar	✓		✓	
Reign		✓		
Shake Whey		✓		
Tropical				✓
<b>Beer</b>				
Amstel		✓	✓	
Báltica	✓			
Bavaria		✓		
Becker	✓			
Becks	✓			
Blue Moon			✓	
Brahma	✓			
Bud light	✓			
Budweiser	✓			
Busch	✓			
Corona	✓			
Corona Light	✓			
Coronita	✓			
Cusqueña	✓			
Grolsch			✓	
Heineken		✓	✓	
Imperial			✓	
Isenbeck			✓	
Kaiser		✓		
Kilómetro 24.7	✓			
Kunstmann			✓	
Malta del Sur	✓			
Michelob Ultra	✓			
Miller			✓	
Modelo	✓			
Negra Modelo	✓			

	Chile	Brazil	Argentina	Paraguay
Palermo			✓	
Pilsen del Sur	✓			
Quilmes	✓			
Schneider			✓	
Sol		✓	✓	
Stella Artois	✓			
Stella Artois Gluten Free	✓			
Warsteiner			✓	
<b>Spirits and Wine</b>				
Alto del Carmen Ice	✓			
Artesanos del Cochiguaz Sour	✓			
Baileys	✓			
Bourbon Bulleit	✓			
Capel Ice	✓			
Capel Mix	✓			
Capel Pisco Sour	✓			
Capel Pisco Sour Light	✓			
Creminse	✓			
Espumante Francisco de Aguirre	✓			
Espumante Myla	✓			
Espumante Nola Zero	✓			
Espumante Sensus	✓			
Fernet Branca			✓	
Gin Tanqueray	✓			
Maddero Ice	✓			
Pisco Alto del Carmen	✓			
Pisco Artesanos del Cochiguaz	✓			
Pisco Brujas de Salamanca	✓			
Pisco Capel	✓			
Pisco Hacienda La Torre	✓			
Pisco Monte Fraile	✓			
Ron Cacique	✓			
Ron Maddero	✓			
Ron Pampero	✓			
Ron Zacapa	✓			
Sheridan's	✓			
Sidra 1888			✓	
Sidra Pehuenia			✓	
Sidra Real			✓	
Sour Inca de Oro	✓			
Tequila Don Julio	✓			
Vino Carbonatado Pkador	✓			
Vino Colón			✓	
Vino Eugenio Bustos			✓	
Vino Graffigna			✓	
Vino Grosso	✓			
Vino La Celia			✓	
Vino Prólogo Late Harvest	✓			
Vodka Ciroc	✓			
Vodka Smirnoff	✓			
Whisky Bell's	✓			
Whisky Buchanan's	✓			
Whisky J&B	✓			

	Chile	Brazil	Argentina	Paraguay
Whisky Johnnie Walker	✓			
Whisky Old Parr	✓			
Whisky Sandy Mac	✓			
Whisky Singleton	✓			
Whisky Vat-69	✓			
Whisky White Horse	✓			
<b>Ice Creams and Frozen Products</b>				
Guallarauco	✓			

In addition, in Chile, we import and distribute some other Coca-Cola branded beverages, such as Coca-Cola Caffèine Free, Coca-Cola Zero Cherry, Coca-Cola Zero Vainilla, Aloe Gloe (organic aloe vera), Coca-Cola Plus Espresso, Zico coconut water, among others.

We produce, market and distribute Coca-Cola products in our franchise territories through standard bottler agreements between our bottler subsidiaries and the local subsidiary in each jurisdiction of The Coca-Cola Company. We consider our relationship with The Coca-Cola Company to be an integral part of our business strategy.

We seek to enhance our business throughout the franchise territories by developing existing markets, penetrating other soft drink, waters and juices markets, and also alcoholic beverages markets, forming strategic alliances with retailers to increase consumer demand for our products, increasing productivity, and by further internationalizing our operations.

## Reporting Segments

The following discussion analyzes our product sales and customers by reporting segments.

### Chile

In Chile, we produce, market and distribute our beverages under The Coca-Cola Company trademarks in the metropolitan region of Santiago and the provinces of Cachapoal and San Antonio, as well as the regions of Antofagasta, Atacama, Coquimbo, Aysén and Magallanes.

During 2020, Chile accounted for 32.2% and 38.0% of our volume and consolidated net sales, respectively.

*Soft Drinks:* Our Chilean soft drink operations accounted for net sales in 2020 of Ch\$407,191 million. We measure sales volume in terms of unit cases (UCs). The following table highlights historical sales and volume of Coca-Cola soft drinks sold in Chile for the periods indicated:

	Year ended December 31,					
	2018		2019		2020	
	Ch\$	UCs	Ch\$ (in millions)	UCs	Ch\$	UCs
Colas	284,155	112.5	305,205	119.3	319,811	120.5
Flavored soft drinks	106,627	42.2	103,263	38.9	87,380	33.2
<b>Total</b>	<b>390,782</b>	<b>154.7</b>	<b>408,468</b>	<b>158.2</b>	<b>407,191</b>	<b>153.8</b>

As of December 31, 2020, we sold our products to approximately 64,000 customers in Chile. The following table highlights the type of customer in Chile for our products:

	Year ended December 31 (1),		
	2018	2019	2020
	(% )		
Mom & Pops (2)	46	47	52
Supermarkets	27	27	24
On premise	14	13	11
Wholesale distributors	13	13	13
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

- (1) In 2020, we made more uniform our channel definitions accross our four segments, consequently percentages from previous years were reclassified for comparison purposes.
- (2) Mom & Pops are neighborhood stores (grocery stores, minimarkets, kiosks, liquor stores, bakeries, etc.) characterized by providing daily shopping needs, and differentiated because they are nearby, and products are available in smaller formats.

*Other Beverages:* Coca-Cola Andina, through VJ S.A., produces and sells juices, fruit flavored beverages and sports drinks. Juices are manufactured and commercialized under the brands Andina del Valle (juices and fruit nectars), Kapo (juice drink), Glaceau Vitamin Water (water with added vitamins and minerals), Aquarius (juice drink), Powerade (isotonic) and Guallaraucó (fruit waters and nectars). Vital Aguas S.A. is in charge of bottling mineral and mineralized water under the brands Vital and SmartWater (sparkling and still versions). Also, Andina (in Chile) produces purified water under the brand Benedictino.

In September 2016 and July 2017, the Company began the distribution in Chile of products under the trademarks of Monster and AdeS, respectively. In 2018, the Company began selling and distributing certain Guallaraucó products and also spirits from the company Diageo, and in 2019 the Company began with the sale and distribution of liquors and wine of the company Capel.

In 2020, the Company began selling and distributing AB InBev beer in Chile, under the following brands: Corona, Becker, Báltica, Budweiser, Stella Artois, Cusqueña, among others.

In 2020, net sales of waters, juices, seed-based beverages, sports drinks and energy drinks in Chile were Ch\$173,459 million, and net sales of beer and spirits were Ch\$64,111 million.



## Brazil

In Brazil, we produce, market and distribute our beverages under The Coca-Cola Company trademarks in the majority of the State of Rio de Janeiro and the entirety of the State of Espírito Santo and since October 1, 2013 in part of the state of São Paulo and part of the state of Minas Gerais, as a consequence of the consummation of the Ipiranga acquisition on October 1, 2013. During 2020, Brazil accounted for 36.1% and 34.2% of our volume and consolidated net sales, respectively.

*Soft Drinks:* The Brazilian soft drink operations accounted for net sales of Ch\$317,713 million. The following table highlights historical sales and volume of Coca-Cola soft drinks sold in Brazil for the periods indicated:

	Year ended December 31,					
	2018		2019		2020	
	Ch\$	UCs	Ch\$ (in millions)	UCs	Ch\$	UCs
Colas	245,955	152.0	264,929	145.6	262,741	163.7
Flavored soft drinks	80,601	49.4	95,862	61.2	54,972	41.8
<b>Total</b>	<b>326,016</b>	<b>201.4</b>	<b>360,792</b>	<b>206.8</b>	<b>317,713</b>	<b>205.5</b>

As of December 31, 2020, we sold our products to approximately 87,000 customers in Brazil. The following table highlights the type of customer in Brazil for our products:

	Year ended December 31 (1) ,		
	2018	2019	2020
		(%)	
Mom & Pops (2)	32	33	34
Supermarkets	34	32	33
On premise	16	16	12
Wholesale distributors	19	20	22
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

- (1) In 2020, we made more uniform our channel definitions accross our four segments, consequently percentages from previous years were reclassified for comparison purposes.
- (2) Mom & Pops are neighborhood stores (grocery stores, minimarkets, kiosks, liquor stores, bakeries, etc.) characterized by providing daily shopping needs, and differentiated because they are nearby, and products are available in smaller formats.

*Other Beverages:* We sell and distribute beer under the Amstel, Bavaria, Heineken, Kaiser and Sol labels. We sell and distribute water under the labels Crystal and SmartWater, ready-to-drink juices under the labels Del Valle Frut e Fresh, Del Valle Mais, Del Valle 100%, Del Valle Nutri, Del Valle Hortifruti and Kapo, energy drinks under the brand names Burn and Monster, isotonic drinks under i9 and Powerade brand names and Fuze Ice Tea, Leão Ice Tea, Matte Leão and Guaraná Leão ready-to-drink teas. We also sell and distribute seed-based beverages, AdeS Juice and AdeS Milk, under the brand name AdeS and Shake Whey and Minilac lactose-free beverages under the brand name Verde Campo. As of November 2016 and June 2017, the Company began the distribution in its Brazilian franchise territories of products under the trademarks of Monster and AdeS, respectively.

In 2020, net sales of waters, juices, ready-to-drink teas, seed-based beverages, sports drinks and energy drinks in Brazil were Ch\$99,184 million, and net sales of beer were Ch\$163,167 million.

## Argentina

In Argentina, we produce, market and distribute our beverages under The Coca-Cola Company trademarks in the entirety of the provinces of Córdoba, Mendoza, San Juan, San Luis, Entre Ríos, western part of the province of Buenos Aires and most of Santa Fe, as well as La Pampa, Neuquén, Río Negro, Chubut, Santa Cruz, and Tierra del Fuego. During 2020, Argentina accounted for 22.7% and 18.8% of our sales volume and consolidated net sales, respectively.

*Soft Drinks:* The Argentine soft drink operations accounted for net sales of Ch\$260,118 million in 2020. The following table highlights historical sales and volume of Coca-Cola soft drinks sold in Argentina for the periods indicated:

	Year ended December 31,					
	2018		2019		2020	
	Ch\$	UCs	Ch\$ (in millions)	UCs	Ch\$	UCs
Colas	235,678	119.0	222,140	108.9	194,621	111.6
Flavored soft drinks	95,125	48.0	91,726	40.8	65,497	33.6
<b>Total</b>	<b>330,803</b>	<b>167.0</b>	<b>313,866</b>	<b>149.7</b>	<b>260,118</b>	<b>145.2</b>

As of December 31, 2020, we sold our products to approximately 65,000 clients in Argentina. The following table highlights the type of client in Argentina for our products:

	Year ended December 31 (1),		
	2018	2019	2020
		(%)	
Mom & Pops (2)	37	37	36
Supermarkets	23	23	23
On premise	7	8	4
Wholesale distributors	33	32	36
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

- (1) In 2020, we made more uniform our channel definitions across our four segments, consequently percentages from previous years were reclassified for comparison purposes.
- (2) Mom & Pops are neighborhood stores (grocery stores, minimarkets, kiosks, liquor stores, bakeries, etc.) characterized by providing daily shopping needs, and differentiated because they are nearby, and products are available in smaller formats.

*Other Beverages:* in Argentina we produce, sell and distribute flavored waters under the brand name Aquarius, and mineral and drinking water under the brands Bonaqua and Kin, and sell and distribute Glaceau Smartwater (which was incorporated into the portfolio in 2020). In addition, we produce, sell and distribute ready to drink juices under the Cepita brand name, and fruit and vegetable seed based drinks under the brand name AdeS (which in 2017 was incorporated into the portfolio through a joint venture between The Coca-Cola Company and other Coca-Cola bottlers, including Andina). We also produce, sell and distribute sport drinks under the Powerade brand name, and sell and distribute energy drinks under the Monster brand name (which was incorporated into the portfolio in 2018). We also sell and distribute beer, wine and cider in the southern region of the franchise under the following brands: Amstel, Blue Moon, Grolsch, Heineken, Imperial, Isenbeck, Kunstmann, Miller, Palermo, Schneider, Sol and Warsteiner (beer); Colón, Eugenio Bustos, Graffigna and La Celia (wine); and 1888, Pehuénia and Real (cider).

In 2020, net sales of juices, waters, seed-based beverages, sports and energy drinks in Argentina were Ch\$49,818 million. These values also consider the commission for distribution of beer, wine and cider.

### Paraguay

In Paraguay, we produce, market and distribute our beverages under The Coca-Cola Company trademarks in the entire country. During 2020, Paraguay accounted for 9.0% and 9.3% of our volume and consolidated net sales, respectively.

*Soft Drinks:* The Paraguayan soft drinks operations accounted for net sales of Ch\$126,058 million. The following table highlights historical sales and volume of Coca-Cola soft drinks sold in Paraguay for the periods indicated:

	Year ended December 31,					
	2018		2019		2020	
	Ch\$	UCs	Ch\$	UCs	Ch\$	UCs
	(in millions)					
Colas	67,538	32.1	72,303	30.6	58,597	30.1
Flavored soft drinks	50,557	24.0	52,553	25.6	67,460	25.0
<b>Total</b>	<b>118,095</b>	<b>56.1</b>	<b>124,856</b>	<b>56.2</b>	<b>126,058</b>	<b>55.1</b>

As of December 31, 2020, we sold our products to approximately 58,000 customers in Paraguay. The following table highlights the type of customer in Paraguay for our products:

	Year ended December 31 (1) ,		
	2018	2019	2020
	(%)		
Mom & Pops (2)	37	39	42
Supermarkets	12	13	12
On premise	14	13	9
Wholesale distributors	37	35	36
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

- (1) In 2020, we made more uniform our channel definitions accross our four segments, consequently percentages from previous years were reclassified for comparison purposes.
- (2) Mom & Pops are neighborhood stores (grocery stores, minimarkets, kiosks, liquor stores, bakeries, etc.) characterized by providing daily shopping needs, and differentiated because they are nearby, and products are available in smaller formats.

*Other Beverages:* In Paraguay, we produce and distribute juices ready to drink under the trademark Frugos and we import and distribute seed-based drinks under the AdeS trademark. We also manufacture and sell water under the trademarks Dasani (purified water), Aquarius (flavored water), Kin (mineral water) and Powerade (sports drinks). We also manufacture and sell energy drinks under the trademark Monster (since May 2019).

In 2020, net sales of juices, waters, seed-based beverages, sports and energy drinks in Paraguay were Ch\$31,095 million.

## Distribution

### Chile

*Soft Drinks, Juices, Waters and other Beverages:* In Chile, we distribute our products through a distribution system that includes: (i) third-party owned trucks (569 trucks) that provide an exclusive distribution service and (ii) our own trucks (244 trucks). In 2020, 81% of our distribution was performed by exclusive third-party transport companies and 19% by companies in the Andina group. The distribution of all Andina's beverages in Chile is carried out from distribution centers and production facilities. In most cases, the carrier collects cash payment or customer checks. In some cases, the driver also collects empty returnable glass containers or PET bottles of the same type and quantity as those that were delivered or collects cash deposits for net returnable bottles delivered. This task is particularly significant in the Chilean territory where returnable containers accounted for approximately 47.0% of total soft drinks volume in 2020. Certain important customers (such as supermarkets), maintain accounts receivables with us, which are settled on average every 46 days after invoices are issued.

*Beer and spirits:* Andina in Chile uses its distribution system to distribute beer and spirits in its franchise territory. Since 2018, Andina in Chile has developed a portfolio expansion strategy to become a more complete beverage company. To this end, the Company has entered into agreements with different strategic partners transforming its value proposition towards customers of the different channels it serves in each product category. Since 2018, it has distributed Diageo's total portfolio of distilled spirits, brands such as Johnnie Walker, Vat 69 and Sandy Mac (whiskey), Cacique and Zacapa (rum), Smirnoff and Ciroc (vodka), Tanqueray and Gordon's (gin), and Baileys, among others, in the traditional channel, on-premise channel, convenience stores and B2C digital channel. During the third quarter of 2019, the product portfolio of the Cooperativa Capel (Alto del Carmen and Capel piscos, among other brands, and wines of the Viña Francisco de Aguirre) began to be distributed in all the channels of the territory. In 2020 we entered into a commercialization and distribution agreement, incorporating most of AB InBev brands in Chile, thereby commercializing products of the multinational company in the different channels of most of our territory. Andina in Chile purchases the different alcoholic products from the commercial partners (Diageo, Cooperativa Capel and AB InBev) at a price determined by these partners and sell them to its customers with a margin previously agreed by category and channel. The discount scheme is different in each category but, as a common rule, discounts approved by the commercial partners are paid by these partners without affecting the margin of Andina in Chile.

### Brazil

*Soft Drinks, Juices and Waters:* In Brazil, we generally distribute Coca-Cola products through a distribution system that includes: (i) own trucks (ii) trucks operated by independent distributors pursuant to non-exclusive distribution arrangements, and

(iii) trucks operated by independent transport companies on an exclusive basis with us. In 2020, 11.7% was distributed by exclusive distributors, 7.2% by independent transport companies and 81.1% by our own trucks. Distribution of all of Andina Brazil's beverages takes place from distribution centers and production facilities.

*Other Beverages:* Andina Brazil uses its distribution system to distribute beer in the Brazilian territory. Andina Brazil started distributing beer in the 1980s as a result of the acquisition of Cervejarias Kaiser S.A. ("Kaiser") by a consortium of Coca-Cola bottlers (including Andina Brazil) in Brazil. In March 2002, the Canadian brewing company Molson Inc. acquired Kaiser. In 2006, FEMSA acquired from Molson a controlling ownership interest in Kaiser and in 2010, Heineken acquired a controlling interest in FEMSA's beer operation. Andina Brazil buys beer from Heineken at a price determined by Heineken and sells it to its customers with a fixed margin. In the case of certain discount sales that have been approved by Heineken, Heineken shares between 50% and 100% of the cost of such discounts. In 2020, Andina Brazil's net sales of beer were Ch\$163,167 million.

In 2002, the Coca-Cola Company and the Brazilian Association of Coca-Cola Manufacturers entered into an agreement regarding the distribution through the Coca-Cola system of beer produced and imported by Heineken. In July 2017 Heineken Brazil notified us of the termination of the agreement by virtue of which Andina Brazil commercialized and distributed Heineken-branded beers in Brazil, which will be effective in March 2022. During 2020, the Coca-Cola system in Brazil and Heineken reached a new agreement to redesign their distribution partnership in Brazil. As per the agreement, expected to become effective mid-2021 and have a initial five year term of duration, the Coca-Cola system in Brazil will continue to offer the Kaiser, Bavaria and Sol brands, and will complement this portfolio with the Eisenbahn brand and other brands. Additionally, as part of the redesign of the distribution partnership, the agreement allows the Coca-Cola system bottlers in Brazil to distribute and produce other national or international brands, in certain percentages and under certain conditions. See "Item 3. Key Information — Risk Factors — Risks Related to our Company — The modifications to the beer distribution agreement with Heineken in Brazil may not be approved by the Brazilian antitrust authorities, which could adversely affect our results of operations".

In 2016, Andina Brazil signed an agreement with Monster Energy Company for the distribution of Monster Energy products in Andina Brazil's territory. These products began being distributed in November 2016.

### ***Argentina***

*Soft Drinks, Juices and Waters:* In 2020, 63% of EDASA's Coca-Cola soft drinks were distributed by direct distribution and 37% by other distributors and wholesale distribution (indirect distribution). The direct distribution is done by a group of independent transport companies, on an exclusive basis.

*Other Beverages:* Andina Argentina uses its distribution system to distribute beer in the territory composed by the provinces of La Pampa, Neuquén, Río Negro, Chubut, Santa Cruz, Tierra del Fuego and the following parts of the Province of Buenos Aires: Bahía Blanca, Tornquist, Coronel M.L.Rosales, Coronel Dorrego, Villarino, Daireaux, Guamini, Adolfo Alsina, Coronel Suarez, Coronel Pringles, Saavedra, Puán, Saliqueló, Municipio Urbano de Monte Hermoso, Benito Juárez, Gonzalez Chávez, Tres Arroyos, Carmen de Patagones, Olavarría, Azul, Tapalqué, Laprida, Lamadrid, Arrecifes, Chacabuco, Colón, Pergamino, Rojas, Salto, Bartolomé Mitre, Capitán Sarmiento, 9 de Julio, 25 de Mayo, General Alvear, Chivilcoy, Alberti, Bragado, Junín, Viamonte, Arenales, L.N.Alem, Lincoln, General Pinto, Ameghino, Tres Lomas, Pehuajó, Carlos Casares, Hipólito Yrigoyen, Bolívar, Carlos Pellegrini, Trenque Lauquen, Rivadavia, Carlos Tejedor, General Villegas. Andina Argentina began distributing beer in 2012 due to the merger with Coca-Cola Polar. Since mid-2019, wine and cider have been added to the business. Andina Argentina distributes on behalf of and according to an order by CICSA (*Compañía Industrial Cervecera S.A.*) at a set price which is segmented for each of the regions where the contract operates, and for which Andina Argentina receives a commission.

The Coca-Cola Company and two bottlers (ex-Coca-Cola Polar Argentina S.A., today Andina Argentina, and ex Juan Bautista Guerrero S.A., today Salta Refrescos S.A. of the Arca group) executed a master agreement regarding the distribution of beer manufactured or imported by CICSA, through the Coca-Cola distribution system. The distribution master agreement was executed in 2003 for an initial period of five years, with successive extensions every three years, and the last one agreed in November 2017 for a new five-year term expiring on June 12, 2022. In 2019, an addendum to this agreement was signed to amend the commissions and include wine and cider within the scope of the distribution agreement.

In addition, in December 2017, EDASA executed an agreement with Monster Energy Company for the distribution and commercialization of energy drinks of the "Monster" trademark for an initial period of 10 years in the territory within the franchise of Andina Argentina, with the consent of The Coca-Cola Company.

**Paraguay**

*Soft Drinks, Juices and Waters:* PARESA distributed 89.6% of its products through direct distribution (independent transport companies), and 10.4% through wholesale distributors.

## Competition

We face intense competition throughout the franchise territories principally from bottlers of competing soft drink brands. See “Item 3. Key Information — Risk Factors — Risks Related to our Company—Our Business is highly competitive including with respect to price competition which may adversely affect our net profits and margins”. Our business is highly competitive including with respect to price competition which may adversely affect our net profits and margins. As a result of restrictions related to COVID-19, A.C. Nielsen, the surveying company, changed the methodology and sample in Argentina, Chile and Paraguay, therefore figures may not be fully comparable to those of previous periods in these countries. The following table presents the market share of Coca-Cola and other soft drinks in Chile, Brazil, Argentina and Paraguay for the periods indicated:

	2018				2019				2020			
	Chile	Brazil	Argentina	Paraguay	Chile	Brazil	Argentina (%)	Paraguay	Chile	Brazil	Argentina	Paraguay
Coca-Cola soft drinks	67	62	63	72	67	62	63	73	65	62	61	76
Pepsi Bottler soft drinks	29	17	16	8	30	17	14	7	31	18	14	7
Other soft drinks	4	21	21	20	4	21	23	20	4	20	25	17
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: A.C. Nielsen.

### Chile

*Soft Drinks:* The soft drink segment of the Chilean beverage industry is highly competitive. The most important areas of competition are product image, pricing, advertising, ability to deliver product in popular bottle sizes, distribution capacity, and the number of returnable bottles held by retailers or by consumers. Returnable bottles can be exchanged at the time of new purchases in lieu of paying a bottle deposit, thereby decreasing the purchase price. Our main competitor in the Chilean franchise territory is Embotelladora Chilenas Unidas or ECUSA, a subsidiary of Compañía Cervecerías Unidas S.A. or CCU, the largest brewer in Chile. ECUSA produces and distributes Pepsi-Cola products and its own brands (soft drinks and bottled water). Based on reports by A.C. Nielsen, we estimate that in 2020, our average soft drink market share within our franchise territories was 65.2%.

*Other Beverages:* Our principal competitor in the water segment is CCU, but there is also competition from low priced brands (“B-brands”). Our principal competitors in the juice segment are, Watt’s-CCU joint venture, Corpora Tres Montes and three of the leading dairy producers in Chile: Soprole S.A., Nestlé Chile S.A. and Loncoleche. The Chilean market for fruit-flavored beverages also includes low-cost, lower-quality fruit juice concentrates and artificially flavored powdered beverage mixes. We do not consider these products competition for our waters and juices business because we believe that these products are of lower quality and value. Based on reports by A.C. Nielsen, we estimate that in 2020, our average market share within our Chilean franchise territories reached approximately 39.7% for juices and others segment and approximately 46.8% for waters.

In the different categories for alcoholic beverages, CCU is the main competitor of Andina in Chile. CCU distributes beer (main brands are Escudo, Cristal, Kunstmann and Heineken), spirits (Pernod Ricard portfolio brands) and piscos (Control and Mistral brands, among others).

### Brazil

*Soft Drinks:* The soft drink segment of the Brazilian beverage industry is highly competitive. The most important areas of competition are product image, pricing, advertising and distribution capacity (including the number and location of sales outlets). According to A.C. Nielsen, our main soft drink competitor in the Brazilian territory is American Beverage Company or AmBev, the largest beer producer and distributor in Brazil and also produces soft drinks, including Pepsi-Cola products. Based on reports by A.C. Nielsen, we estimate that in 2020, our average soft drink market share within our Brazilian franchise territories was approximately 62.1%.

*Other Beverages:* In the beer sector, Andina Brazil’s main competitor is AmBev which during 2020 had a very dominant position in the Brazilian market. Based on reports by A.C. Nielsen, we estimate that in 2020, our average market share for waters reached 20.3%, where we distribute under the Crystal brand mineral water and SmartWater. In the segment of juices and others, based on reports by A.C. Nielsen, we estimate that in 2020, our average market share was 51.4%.

## ***Argentina***

*Soft Drinks:* The soft drink segment of the Argentine beverage industry is highly competitive. The most important areas of competition are product image, pricing, advertising, ability to produce bottles in popular sizes and distribution capacity. Our greatest competitor in Argentina is Pepsi, commercialized by InBev. The most significant B-brands competitors are: Refres Now (Manaos), Pritty and Produnoa (Secco). Based on reports by A.C. Nielsen, we estimate that in 2020, our average soft drink market share within our Argentine franchise territories reached approximately 61.5%.

*Other Beverages:* we service the market of flavored and plain waters with the brands Aquarius, Bonaqua, Kin and Glaceau Smartwater. Based on reports by A.C. Nielsen, we estimate that in 2020, our average market share was 16.6%. In addition, the Juices and Others market is serviced by the Cepita, AdeS and Powerade brands. Based on reports by A.C. Nielsen, we estimate that in 2020, our average market share was 44.9%. Our biggest competitor in the water category is Danone, RPB (Baggio) in juices and InBev in sports drinks.

## ***Paraguay***

*Soft Drinks:* The soft drink segment of the Paraguayan beverage industry is highly competitive. The most important areas of competition are product image, pricing, advertising, ability to produce bottles in popular sizes and the number of returnable bottles held by retailers or by consumers.

Our greatest competitor, local brand “Niko/De La Costa,” is produced and bottled by Embotelladora Central S.A., which had a 8.7% market share in 2020. B-brands in Paraguay represented 22.2% of the soft drink industry. In 2020, Pepsi had a market share of 7.0%, and is produced and marketed by Vierci Group, a local franchisee. Based on reports by A.C. Nielsen, we estimate that in 2020, our average soft drinks market share within our Paraguayan franchise territories was approximately 76.5%.

*Other Beverages:* We are leaders in all non-carbonated categories. In waters, based on reports by A.C. Nielsen, we estimate that in 2020, our average market share was 51.7% with our Dasani, Aquarius, Tropical and Kin brands. The market for juices and others is serviced through the Frugos and AdeS brands, Powerade in sport drinks, and Monster in energy drinks. Based on reports by A.C. Nielsen, we estimate that in 2020, our average market share was 44.9%.

## ***Seasonality***

Each of our lines of business are seasonal. Most of our beverage products have their highest sales volumes during the South American spring and summer (October through March), with the exception of nectar products, which have a slightly higher sales volume during the South American winter and autumn (April through September).

## ***Packaging***

### ***Overview***

Through Envases CMF S.A. in Chile (50% owned by Andina and 50% owned by Embonor), and Andina Empaques Argentina S.A. (“AEASA”) in Argentina we produce PET bottles in both returnable and non-returnable formats, preforms and plastic caps. On average, returnable PET bottles can be used up to 12 times. Non-returnable PET bottles are produced in various sizes and are used by a variety of soft drink producers and, in Chile, by producers of edible oil products, wine and personal hygiene products.

### ***Sales***

In 2020, total sales of AEASA reached Ch\$15,149 million, of which Ch\$6,257 million corresponded to sales to EDASA, Ch\$2,452 million corresponded to sales to other related companies of the group and Ch\$6,440 million corresponded to sales to third parties.

### ***Competition***

AEASA is the supplier of returnable bottles, preforms, plastic caps and cases for Coca-Cola Bottlers in Argentina, also supplying some formats to Coca-Cola bottlers in Chile, Bolivia and Paraguay. In Argentina, we compete principally with Alpha S.A. and Amcor.

CMF is the exclusive supplier of PET resin raw materials, returnable and preform packaging, as well as a main supplier in caps, cases and other plastic resin inputs. This market in Chile is very concentrated, there is only a second supplier of similar manufacturing dimensions and capacities, Plasco S.A., which manufactures mainly for ECUSA, the Pepsi bottler in Chile.

## Raw Materials and Supplies

The main raw materials used in the production of Coca-Cola soft drinks are concentrate, sweetener, water and carbon dioxide gas. Production also requires glass and plastic bottles, bottle caps and labels. Water used in soft drink production is treated for impurities and adjusted for taste reasons. All raw materials, especially water, are subjected to continuous quality control.

### Chile

*Soft Drinks:* Main suppliers of raw materials for the production of soft drinks:

- Concentrate: Coca-Cola de Chile S.A.
- Sweetener: Iansa Ingredientes S.A., Sucden Chile S.A. and Comercializadora de Productos Panor Ltda.
- Carbon dioxide gas: Linde Gas Chile S.A.
- Plastic bottles and packaging: Envases CMF S.A.
- Glass bottles: Cristalerías de Chile S.A. and Cristalerías Toro S.P.A.
- Plastic caps: Sinea S.A.
- Labels: Impregraph Ltda.
- Thermo-contractible: Plásticos Arpoli S.P.A.

During 2020, 81% of the variable cost of sales for soft drinks corresponded to main raw materials and acquired finished products by Andina in Chile. The raw material cost mix is divided as follows: concentrate represents 73%; sweeteners 13%; non-returnable bottles 9%; bottle caps 3%, carbon dioxide 1% and other raw material 2%. Water does not constitute an important raw material cost. Additionally, the cost of finished products purchased from our subsidiaries, such as ECSA, is included within the cost of sales of soft drinks. These costs represent 11% of the total costs of sales of soft drinks and correspond mainly to cans, PET bottles and sweeteners.

*Other Beverages:* The principal raw materials used by Vital Jugos in the production of juices and as a percentage of total raw material costs, are sweeteners 2.3%, fruit pulp and juices 6.7%, concentrate 31.7%, containers 18.7%, wrapping material 3.0%, caps 3.9%, and other raw material 2.5% all of which during 2020 accounted for 68.8% of total costs for sales of juice, including packaging. Additionally, AdeS finished product represented 1.6% of total costs for sales of juices.

The principal raw materials used by Vital Aguas in the production of still and sparkling mineral water and as a percentage of total raw material costs are: packaging 25%, concentrate 26%, caps 4%, wrapping material 4%, carbonation 1%, and other raw materials 2%, all of which during 2020 accounted for 61% of total costs for sales of water, including packaging.

### Brazil

*Soft Drinks:* Main suppliers of raw materials for the production of soft drinks:

- Concentrate: Recofarma Industrias do Amazonas Ltda.
- Sweetener: Usina Alta Mogiana S.A. Açúcar e Alcool.
- Water: Companhia Estadual de Água e Esgotos.
- Preforms: Lorenpet Industria e Comercio de Plásticos Ltda.
- Containers (RefPET): RioPet Embalagens S.A.
- Aluminum cans and aluminum caps: Ball Embalagens Ltda.
- Plastic caps: Bericap do Brasil Ltda.
- Electricity/Gas: Ecogen Rio Soluções Energéticas S.A.
- Thermo-contractible: Valfilm MG Industria de Embalagens Ltda.

In 2020, 72.1% of the variable cost of sales for soft drinks produced by Andina Brazil corresponded to main raw materials. The cost of each raw material within the total of main raw materials is the following: concentrate (including juice used for some flavors) represents 46.7%; sugar and artificial sweeteners 20.2%; non-returnable bottles 14.4%; cans 9.6%; bottle caps 3.0%; carbon dioxide 1.8% and other raw material 4.3%.

### Argentina

*Soft Drinks:* Main suppliers of raw materials for the production of soft drinks:



- Concentrate: Servicios y Productos para Bebidas Refrescantes S.R.L.
- Sweetener: Complejo Azucarero Concepción.
- Bottles and Preforms: Andina Empaques Argentina S.A. and Vinisa Fueguina S.R.L.
- Carbon dioxide gas, Carbonic gas and Nitrogen: Praxair Argentina S.R.L.
- Resin bottles: Dak Americas Argentina S.A.
- Glass bottles: Cattorini Hermanos S.A.C.I.F.E.I.
- Plastic caps: Andina Empaques Argentina S.A. and Closure Systems International Sistemas de Vedação Ltda.
- Cans: Ball Beverage Can South America.
- Chemical inputs (Caustic Soda, Hydrochloric Acid, etc.): Frini Ariel Ramon.
- Thermo-contractible: Rio Chico S.A.

In 2020, 64.8% of the variable cost of sales for soft drinks produced by Andina Argentina corresponded to main raw materials. The cost of each raw material as a percentage of the total cost of raw materials is as follows: concentrate 65.0%, sugar and artificial sweeteners 15.4%, non-returnable bottles 11.4%, bottle caps 3.3%, carbon dioxide 0.6%, cans and caps 2.7%, and other raw materials 1.7%. Additionally, the cost of finished products purchased from third parties is included within the cost of sales of soft drinks. These costs represent 1.1% of the total costs of sales of soft drinks and correspond to can formats and other formats of soft drinks which are not produced by Andina Argentina during 2020.

*PET Packaging:* The principal raw material required for production of PET bottles is PET resin. During 2020, this raw material was mainly purchased from DAK Americas de Argentina S.A. and Ecopek S.A. In the case of plastic caps and cases, the main raw material required for their production is HDPE resin (high density polyethylene), which during the year 2020 was bought mainly from PBB Polisur S.A.

In 2020, AEASA's costs for PET resin accounted for 41% of the total variable cost of its sales of PET bottles and preforms.

## **Paraguay**

*Soft Drinks:* Main suppliers of raw materials for the production of soft drinks:

- Concentrate: Recofarma Industrias do Amazonas Ltda. and Servicios y Productos para Bebidas.
- Sugar: Inpasa del Paraguay S.A., Alcotec Sociedad Anónima, and Azucarera Paraguaya S.A.
- Carbon dioxide gas: Liquid Carbonic del Paraguay S.A.
- Caps: Andina Empaques Argentina S.A.
- Preforms: Industrias PET S.A.E.C.A.
- Fructose: Ingredion Argentina S.R.L. and Arcor S.A.I.C.

During 2020, 75% of the variable cost of sales for beverages produced by PARESA corresponded to our main raw materials. The composition of this raw material cost is as follows: concentrate represents 50%, sugar and artificial sweeteners 19%, non-returnable bottles 12%, bottle caps 3%, carbon dioxide 1% and other raw materials 7.5%. Additionally, AdeS finished products for the sale of juices represented 7.5% of total variable costs.

## **Marketing**

We and The Coca-Cola Company jointly promote and market Coca-Cola products in our franchise territories, in accordance with the terms of our respective bottler agreements. We advertise in major communications media. We focus our advertising efforts on increasing brand recognition by consumers and improving our customer relations. National advertising campaigns are designed and proposed by The Coca-Cola Company's local affiliates, with our input at the local or regional level.

Generally we pay approximately 50% of the advertising and promotional expenses incurred by The Coca-Cola Company in our franchise territories. Nearly all media advertising and promotional materials for Coca-Cola soft drinks are produced and distributed by The Coca-Cola Company. See "Item 4. Information on the Company — Bottler Agreements." Marketing and promotional programs, including television, radio and print advertising, point-of-sale advertising, sales promotions and entertainment are developed by The Coca-Cola Company for all Vital Jugos' and Vital Aguas' products.

Pursuant to the existing distribution agreements with Heineken and Monster, these companies are responsible for planning and managing advertising, marketing and promotional activities related to beer and energy drinks, respectively. Andina Brazil, however, is free to undertake marketing or promotional activities with Heineken's and Monster's prior approval. The parties have agreed to

assume jointly the costs of certain promotional activities (radio or television) and for certain outdoor events which take place in the Rio de Janeiro, Espírito Santo and Ribeirão Preto regions.

In Argentina, in accordance with the existing distribution agreement with CICSA, CICSA is responsible for planning and managing advertising, marketing and promotional activities related to beer, wine and cider. Andina Argentina, however, is free to undertake marketing or promotional activities with CICSA's prior approval. The parties have agreed that CICSA will assume the costs of promotional activities (radio, television, outdoor advertising and media) in the region.

In September 2016, November 2016, February 2018 and May 2019, Andina (Chile), Andina Brazil, Andina Argentina and Paraguay Refrescos, respectively, began to commercialize the energy drink, called Monster Energy. This brand is part of the collaboration agreement entered into during 2015 by The Coca-Cola Company and Monster Energy, which included the distribution of its products in the territories of the Coca-Cola System, such as Chile, Brazil, Argentina and Paraguay.

### ***Channel Marketing***

In order to provide more dynamic and specialized marketing of our products, our strategy is to divide our market into distribution channels. Our main channels are "mom and pops" which are small retailers, "on premise" consumption such as restaurants and bars, "supermarkets" and "wholesale distributors". Presence in these channels entails a comprehensive and detailed analysis of the purchasing patterns and preferences of various groups of soft drinks and other beverages consumers in each type of location or distribution channel. In response to this analysis, we seek to tailor our product, price, packaging and distribution strategies to meet the particular needs of and exploit the potential of each channel.

We believe that the implementation of our channel marketing strategy also enables us to respond to competitive initiatives with channel-specific responses. This focused response capability isolates the effects of competitive pressure in a specific channel, thereby avoiding costlier market-wide responses. Our channel marketing activities are facilitated by our management information systems. We have invested significantly in creating such systems, including providing hand-held computer and data gathering equipment to support the gathering of product, consumer and delivery information, as well as applications that may be used on smartphones enabled to use these applications. All of which is required to implement our channel marketing strategies effectively for most of our sales routes in Chile, Brazil, Argentina and Paraguay. We will continue investing to increase pre-sale coverage in our territories.

### **Bottler Agreements**

#### ***General***

Our status as a The Coca-Cola Company franchisee is based on the bottler agreements that the Company has entered into with The Coca-Cola Company by which it has the license to produce and distribute Coca-Cola brand products within its operating franchise territories in Chile, Brazil, Argentina and Paraguay. The Company's operations are highly dependent on maintaining and renewing the bottler agreements which provide for the production and distribution of Coca-Cola brand products under certain terms and provisions.

The bottler agreements are international standard contracts. The Coca-Cola Company enters into with bottlers outside the United States for the sale of concentrates and beverage basis for certain Coca-Cola soft drinks and non-soft drink beverages. These are renewable upon request by the bottler and at the sole discretion of The Coca-Cola Company. We cannot assure you that the bottler agreements will be renewed upon their expiration or that they will be renewed upon the same or better terms.

#### ***Concentrates and beverage basis***

The bottler agreements provide that we will purchase our entire requirement of concentrates and beverage basis for Coca-Cola soft drinks and other Coca-Cola beverages from The Coca-Cola Company and other authorized suppliers. Although under the bottler agreements, The Coca-Cola Company, in its sole discretion, may set the price of concentrates and beverage basis, among other terms, we set the price of products sold to retailers at our discretion, subject only to certain price restrictions.

As of the date of this annual report, we are the sole producer of Coca-Cola soft drinks and other Coca-Cola beverages in our franchise territories. Although this right is not exclusive, The Coca-Cola Company even though it has the ability to do so, has never authorized any other entity to produce or distribute Coca-Cola soft drinks or other Coca-Cola beverages in such territories, although we cannot assure you that in the future it will not do so. In the case of post-mix soft drinks, the bottler agreements explicitly establish such non-exclusive rights.

The bottler agreements include an acknowledgment by us that The Coca-Cola Company is the sole owner of the trademarks that identify the Coca-Cola soft drinks and other Coca-Cola beverages and of any secret formula used in concentrates.

## ***Production and Distribution***

All distribution must be in authorized containers. The Coca-Cola Company has the right to approve, at its sole discretion, any and all kinds of packages and containers for beverages, including their size, shape and any of their attributes. The Coca-Cola Company has the authority at its sole discretion to redesign or discontinue any package of any of the Coca-Cola products, subject to certain limitations, so long as Coca-Cola soft drinks and other Coca-Cola beverages are not all discontinued at the same time. We are prohibited from producing or handling any other beverage products, other than those of The Coca-Cola Company or other products or packages that would imitate, infringe or cause confusion with the products, trade dress, containers or trademarks of The Coca-Cola Company, or from acquiring or holding an interest in a party that engages in such activities. The bottler agreements also impose restrictions concerning the use of certain trademarks, authorized containers, packaging and labeling of The Coca-Cola Company and prohibit bottlers from distributing Coca-Cola soft drinks or other Coca-Cola beverages outside their designated territories.

The bottler agreements require us to maintain adequate production and distribution facilities; inventories of bottles, caps, boxes, cartons and other exterior packaging or materials; to undertake adequate quality control measures prescribed by The Coca-Cola Company; to develop, stimulate, and fully satisfy the demand for Coca-Cola soft drinks and other Coca-Cola beverages and that we use all approved means, and spend such funds on advertising and other forms of marketing, as may be reasonably required to meet that objective; and to maintain financial capacity as may be reasonably necessary to assure performance by us and our affiliates of our obligations before to The Coca-Cola Company. All bottler agreements require us to submit, on an annually basis, our business plans for such franchise territories to The Coca-Cola Company, including without limitation, marketing, management and promotional and advertising plans for the following year.

## ***Advertising and marketing***

The Coca-Cola Company has no obligation to contribute to our expenditures for advertising and marketing, but it may, at its discretion, contribute to such expenditures and perform independent advertising and marketing activities, as well as cooperative advertising and sales promotion that would require our cooperation and support. In each of the franchise territories, The Coca-Cola Company has been contributing approximately 50% of our advertising and marketing expenses, but no assurances can be given that equivalent contributions or any contributions at all will be made in the future.

## ***Assignments and other provisions***

Each bottler is prohibited from, directly or indirectly, assigning, transferring or pledging its bottler agreement, or any interest therein, whether voluntarily, involuntarily or by operation of law, without the prior consent of The Coca-Cola Company, and each bottler agreement is subject to termination by The Coca-Cola Company in the event of default by us. Moreover, no material change of ownership or control in the bottler may occur without the prior consent of The Coca-Cola Company.

## ***Termination***

The Coca-Cola Company may terminate a bottler agreement immediately by written notice to the bottler in the event that, among other events, (i) the bottler suspends payments to creditors, declares bankruptcy, is declared bankrupt, is expropriated or nationalized, is liquidated, dissolved, changes its legal structure, or pledges or mortgages its assets; (ii) the bottler does not comply with instructions and standards established by The Coca-Cola Company relating to the production of its authorized soft drink products; (iii) the bottler ceases to be controlled by its controlling shareholders (without the prior consent of The Coca-Cola Company); or (iv) the terms of the bottler agreement become contrary to the applicable law.

Either party to any bottler agreement may, within 60 days' notice thereof to the other party, terminate the bottler agreement in case of default of the other party, provided that such default is not remedied during such period.

In addition, if a bottler does not wish to pay the required price for concentrate for any Coca-Cola products, it must notify The Coca-Cola Company within 30 days of receipt of The Coca-Cola Company's new prices. In the case of any Coca-Cola soft drink or other Coca-Cola beverages other than Coca-Cola concentrate, the franchise regarding such product shall be deemed automatically canceled three months after The Coca-Cola Company's receipt of the bottler's notice of refusal. In the case of Coca-Cola concentrate, the bottler agreements shall be deemed terminated three months after The Coca-Cola Company's receipt of the bottler's notice of refusal.

The Coca-Cola Company may also terminate the bottler agreements if the bottler or any individual or legal entity that controls it, engages in the production of any non-Coca-Cola beverage, whether through direct ownership of such operations or through control or administration thereof, provided that, upon request, the bottler shall be given six months to remedy such situation.

## **Chile**

Our licenses for the territories in Chile expire in January 2023.

In 2005 VJ S.A. and The Coca-Cola Company entered into a Juice Bottler Agreement by which The Coca-Cola Company authorized VJ S.A. to produce, prepare and bottle in packaging previously approved by The Coca-Cola Company the previously mentioned trademarks.

Andina and Embonor S.A. have the right to purchase products from VJ S.A. This contract was renewed on January 1, 2019 and expires on December 31, 2021. Additionally, Andina, VJ S.A. and Embonor S.A. have agreed with The Coca-Cola Company to produce, bottle and commercialize these products at their respective plants.

In 2005, Vital Aguas and The Coca-Cola Company entered into a Water Manufacturing and Packaging Agreement for the preparation and packaging of beverages in connection with the Vital, Chanqueahue, Vital de Chanqueahue, and Dasani brands incorporating at the beginning of 2008 the Benedictino brand to the product portfolio manufactured by Vital Aguas under the agreement. This contract was renewed on January 1, 2019 and expires on December 31, 2021.

## **Brazil**

Our licenses for the territories in Brazil expire in October 2022.

## **Argentina**

Our licenses for the territories in Argentina expire in September 2022.

## **Paraguay**

Our licenses for the territories in Paraguay expire in March 2022.

## **Regulation**

### **General**

We are subject to a full range of government regulations generally applicable to companies engaged in business in our franchise territories, including but not limited to labor, social security, public health, consumer protection, environmental, sanitation, employee safety, securities and anti-trust laws. Currently, no material legal or administrative proceedings are pending against us with respect to any regulatory matter in any of our franchise territories except those listed as such in “Item 3. Key Information—Risk Factors” and “Item 8. Financial Information—Contingencies”.

We believe that, to the best of our knowledge we are in compliance in all material respects with applicable statutory and administrative regulations relating to our business in each of our franchise territories.

**Chile:** There are no special licenses or permits specifically required to manufacture and distribute soft drinks and juices in the Chilean territory. Food and beverage producers in Chile, however, must obtain authorization from, and are supervised by the Health Ministry’s respective regional offices (*Secretaría Regional Ministerial de Salud*), which inspects production facilities and takes liquid samples for analysis on a regular basis. Our main plant in Renca obtained its permit to operate on October 6, 2011 which has been granted for an indefinite period. Likewise, the permits we have to operate our other plants in Chile, have also been granted for an indefinite period. In addition, production and distribution of mineral water is subject to special regulations such that mineral water may be drawn only from sources designated for such purpose by supreme decree. Certification of compliance with such decree is provided by the National Health Service, the Undersecretary’s Office of the Ministry of Health (*Servicio de Salud Metropolitano del Ambiente*). Our mineral water production facilities have received the required certification.

With regard to the storage and distribution of alcoholic beverages, these activities are governed by the rules of Laws No. 18,455 and No. 19,925, which regulate the production, processing, commercialization, sale and consumption of alcoholic beverages.

**Brazil:** Labor laws, in addition to mandating employee benefits, include regulations to ensure sanitary and safe working conditions in our production facilities located in Brazil. Food and beverage producers in Brazil must register their products with and receive a ten-year permit from the Ministry of Agriculture and Provisioning and the Ministry of Health. Our permits from said

Ministries are valid and in force for a term of ten years for each product we produce. Although we cannot assure you that they will be renewed, we have not experienced any material difficulties in renewing our permits in the past nor do we expect to experience any difficulties in the future. The Ministries do not regularly inspect facilities, but they do send inspectors to investigate any complaints it receives.

**Argentina:** While most laws applicable to EDASA are enforced at the federal level, some, such as sanitary and environmental regulations, are primarily enforced by provincial and municipal governments. Licenses or permits are required for the manufacture or distribution of beverages in the Argentine territory, which are evidenced through national records of food establishment and food products. Additionally, our production facilities are subject to registration with federal and provincial authorities and to supervision by municipal health agencies, which certify compliance with applicable laws.

**Paraguay:** PARESA is registered with the Ministry of Industry and Trade in Paraguay, which issues and renews the industrial registry. Food and beverage producers in Paraguay must register with the Ministry of Health, which performs inspections of plants and monitors products in the market. Industries must also have an environmental license issued by the Ministry of Environment and Sustainable Development, which is the main body responsible for monitoring compliance with environmental laws. In addition to establishing the mandatory employee benefits, include safe working and sanitary conditions at industrial installations within Paraguay. PARESA maintains all of its licenses, permits and registrations issued by these institutions and ensures compliance with the regulations and ordinances of the municipalities where its plant is located.

## **Environmental Matters**

It is our policy to conduct environmentally sound operations on a basis consistent with applicable laws and within criteria established by The Coca-Cola Company. Although regulation of matters relating to the protection of the environment is not as well-developed in the franchise territories as in the United States and other industrialized countries, we expect that additional laws and regulations may be enacted in the future with respect to environmental matters that may impose additional restrictions on us which could materially or adversely affect our results of operations in the future. There are no material legal or administrative proceedings pending against us in any of the franchise territories with respect to environmental matters, and we believe that, to the best of our knowledge, we are in compliance in all material respects with all environmental regulations applicable to us.

### **Chile**

The Chilean government has several regulations governing environmental matters relating to our operations.

Law N° 19,300, addressing general environmental concerns, passed in March 1994, regulates general environmental issues and fundamental aspects applicable to our activities and that could require the hiring of independent experts to conduct studies or environmental impact statements of any future project or activity that may be affected by the provisions of Law N° 19,300. In January 2010, the aforementioned law was amended by Law N° 20,417, which created a new environmental agency, the Environment Ministry, the Environmental Assessment Service and the Environment Superintendence. In January 2012, Law N° 20,600 was published which created the Environmental Tribunals (3), which came into operation on December 2012.

Law N° 20,920 passed in June 2016, sets the framework for waste management, the extended liability of the producer and the promotion of recycling, which aims to reduce waste generation and encourage reuse, recycling and other types of valorization, in order to protect people's health and the environment.

### **Brazil**

Our Brazilian operations are subject to several environmental laws, none of which currently impose substantial restrictions on us. The Brazilian Constitution establishes the broad guidelines for the new treatment of environmental concerns. Environmental issues are regulated at federal, state and municipal levels. The Brazilian Constitution empowers the public authorities to develop regulations designed to preserve and restore the environment and to control industrial processes that affect human life. Violations of these regulations are subject to criminal, civil and administrative penalties.

In addition, Law N° 6,938 of 1981, known as the Brazilian Environmental Policy, introduced an environmental regime under which no environmental damage is exempt from coverage. This legislation is based on the idea that even a polluting waste tolerated under the established standards could cause environmental damage, and therefore subjects the party causing such damage to the payment of an indemnity. Moreover, as mentioned above, activities damaging to the environment lead to criminal and administrative penalties, provided for in Law N° 9,605 of 1998 or the Environmental Crimes Act.

Numerous governmental bodies have jurisdiction over environmental matters. At the federal level, the *Ministério do Meio Ambiente* (Brazilian Ministry of Environment) and the *Conselho Nacional do Meio-Ambiente* or CONAMA dictate environmental policy, including, without limitation, initiating environmental improvement projects, establishing a system of fines and administrative penalties and reaching agreements on environmental matters with offending industries. The *Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis* or IBAMA, enforces environmental regulations set by CONAMA, including by developing several activities for the preservation and conservation of natural heritage and controlling and supervising the use of natural resources. In addition, various federal authorities have jurisdiction over specific industrial sectors, but none of these currently affect us.

Finally, various state and local authorities regulate environmental matters in the Brazilian territory including the *Instituto Estadual do Ambiente* or INEA, the main environmental authority in Rio de Janeiro, the *Instituto Estadual de Medio Ambiente e Recursos Hídricos* (“IEMA”), the main authority on environmental issues in Espírito Santo, the Companhia de Tecnologia de Saneamento Ambiental - CETESB, the main environmental authority in São Paulo and the Secretaria de Estado de Meio Ambiente e Desenvolvimento Sustentável (SEMAD), the main environmental authority in Minas Gerais. INEA, IEMA, CETESB and SEMAD periodically inspect industrial sites. We believe that we are in compliance in all material respects with the standards established by all the governmental authorities applicable to our operations in Brazil. We cannot assure you, however, that additional regulations will not be enacted in the future, and that such restrictions would not have a material adverse effect on our results or operations. The operation in Brazil as that of Chile counts with all certifications mentioned in terms of Quality, Environment and Occupational Health and Safety and those associated with Food Safety and Best Practices in Food Processing.

## **Argentina**

The Argentine Constitution, as amended in 1994, allows any individual who believes a third party may be damaging the environment to initiate an action against it. No action of this nature has been initiated against EDASA, but we cannot ensure that it will not be initiated in the future. Though provincial governments have primary regulatory authority over environmental matters, municipal and federal authorities also have authority competent to enact decrees and laws on environmental issues. Thus, municipalities can set policy on local environmental matters, such as waste management, while the federal government regulates inter-province environmental issues, such as transport of hazardous waste or environmental matters covered by international treaties.

In 2002, the National Congress approved federal Law N° 25,612, Comprehensive Management of Industrial Residues and Service Activities (*Gestión Integral de Residuos Industriales y de Actividades de Servicios*) and Law N° 25,675, General Environmental Law (*Ley General del Ambiente*) establishing minimum guidelines for the protection of the sustainable environmental management and the protection of biodiversity, applicable throughout Argentina. The law establishes the purposes, principles and instruments of the national environmental policy, the concept of “minimum guidelines,” the judicial purview and the rules governing environmental education and information, citizens’ participation and self-management, among other provisions.

Provincial governments within the Argentine territory have enacted laws establishing a framework for the preservation of the environment. Provincial laws that are applicable to industrial facilities at EDASA, among others are Law N° 7,343 of the Province of Córdoba and its supplemental N° 10,208 since 2014, Law N° 11,459 of the Province of Buenos Aires and Environmental Code N° 5,439 of the Chubut province. These laws contain principles on environmental policy and management, as well as rules on environmental impact assessment. They also give certain agencies jurisdiction over environmental issues.

Almost all provinces as well as many municipalities have established rules regarding the use of water, the sewage system and the disposal of liquids into underground flows of water or rivers. There are currently no claims pending against EDASA related to these rules, whose violation normally results in a fine.

## **Paraguay**

The environmental framework comprises several national and local environmental regulations. The Paraguayan Constitution of 1992 states that everyone has the right to live in a healthy and ecologically balanced environment and has the obligation to preserve it. All damage caused to the environment will carry the obligation to repair and compensate.

Law 1561/00 chartered the three primary environmental agencies in Paraguay. These are: The Ministry of the Environment and Sustainable Development of Paraguay (*Ministerio del Ambiente y Desarrollo Sostenible* or “MADES”), National Environmental Council (*Consejo Nacional del Ambiente* or “CONAM”), and National Environmental System (*Sistema Nacional del Ambiente* or “SISNAM”). The Law establishes the authority and responsibility of these agencies to develop and oversee the national environmental policy.

The Ministry of the Environment and Sustainable Development is the main environmental body responsible for the development and implementation of national environmental laws and it is also the authority responsible for implementing most of the national

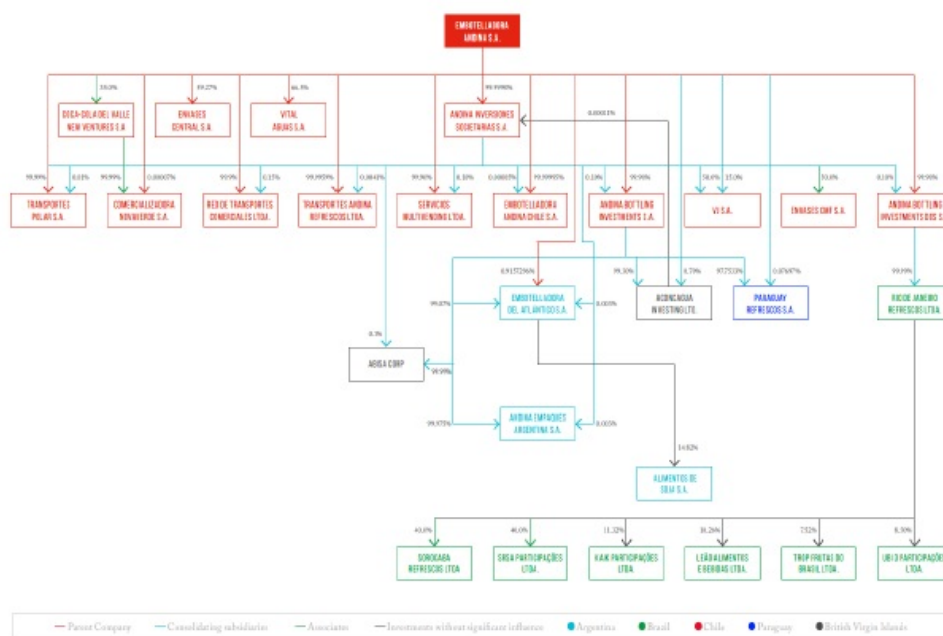
environmental regulations and for monitoring their compliance. The CONAM is responsible for investigating and establishing the main goals in the environmental policies, which the MADES must then implement. The SISNAM is integrated by several bodies, including governmental and municipal agencies and private sector stakeholders, all interested in solving environmental issues. The SISNAM provides a discussion forum for the public and private sectors to work together collectively, developing ideas and plans to promote a sustainable development.

*Environmental Impact:* Law 294/93 states the rights and obligations that will be triggered by any damage caused to the environment and provides the obligation to restore the environment to its previous state or, if that is technically impossible, to make a payment or provide compensation.

*Water Resources Act of Paraguay:* Law 3239/07 on water resources establishes the sustainable management of all waters (superficial, ground, atmospheric) and the territories that generate such waters, regardless of their location, physical condition or natural occurrence within the Paraguayan territory, in order to make it socially, economically and environmentally sustainable for the people living in the territory of Paraguay. The supervising agency is the Ministry of Environment and Sustainable Development. Superficial and ground waters are property of the State's public domain. The law establishes the following order of priority for the use of water: i) fulfillment of the needs of aquatic ecosystems; ii) social use within the home environment; iii) use and enjoyment for agricultural activities, including aquaculture; iv) use and utilization for power generation; v) use and enjoyment for other industrial activities and vi) use and enjoyment for other activities. The use of water for productive purposes is subject to the authorization granted by the State through a permit (for the use of small amounts of water) or through concessions (prior public bidding process), in both cases after the payment of applicable fees. Authorizations may be revoked based on the occurrence of situations contemplated under the law. Concessions may be expropriated for public benefit or be terminated in certain situations established by the law. In addition, a National Registry of Water Resources has been created to keep record of all individuals or legal entities that utilize water resources or engage in activities related to them.

### C. ORGANIZATIONAL STRUCTURE

The following chart presents a summary of our direct and indirect ownership interests in our subsidiaries and associated companies:





The following table presents information relating to the main activities of our subsidiaries and associated companies, as well as our direct and indirect ownership interests in them as of the date of this document:

Subsidiary	Activity	Country of Incorporation	Percentage of direct and indirect ownership
Embotelladora Andina Chile S.A. (1)	Manufacture, bottle, distribute, and commercialize non-alcoholic beverages.	Chile	99.99
VJ S.A. (2)	Manufacture, distribute, and commercialize all kinds of food products, juices, and beverages.	Chile	65.00
Vital Aguas S.A. (2)	Manufacture, distribute, and commercialize all kinds of waters and beverages in general.	Chile	66.50
Servicios Multivending Ltda.	Commercialize products through equipment and vending machines.	Chile	99.99
Transportes Andina Refrescos Ltda.	Provide administrative services and management of domestic and foreign ground transportation.	Chile	99.99
Transporte Polar S.A. (3)	Provide administrative services and management of domestic and foreign ground transportation.	Chile	99.99
Envases Central S.A. (2)	Manufacture and packaging of all kinds of beverages and commercialize all kinds of packaging.	Chile	59.27
Andina Bottling Investments S.A.	Manufacture, bottle and commercialize beverages and food in general. Invest in other companies.	Chile	99.99
Andina Bottling Investments Dos S.A.	Carry out exclusively foreign permanent investments and lease all kinds of real estate.	Chile	99.99
Andina Inversiones Societarias S.A.	Invest in all types of companies and commercialize food products in general.	Chile	99.99
Comercializadora Novaverde S.A	Process and commercialize fruits, ice cream, vegetables and food in general, under the Guallaraucó trademark.	Chile	35.00
Rio de Janeiro Refrescos Ltda. (4)	Manufacture and commercialize beverages in general, powdered juices and other related semi-processed products.	Brazil	99.99
Embotelladora del Atlántico S.A. (5)	Manufacture, bottle, distribute, and commercialize non-alcoholic beverages.	Argentina	99.99
Andina Empaques Argentina S.A. (5)	Design, produce, and commercialize plastic products mainly packaging.	Argentina	99.98
Alimentos de SOJA S.A. (6)	Manufacture, commercialize, import, export, transformation, fraction, package and distribute food products and beverages in general, and their raw materials and related products and by-products.	Argentina	14.30
Paraguay Refrescos S.A. (3)	Manufacture, bottle, distribute, and commercialize non-alcoholic beverages.	Paraguay	97.83
Abisa Corp.	Invest in financial instruments, for its own account or on behalf of third parties.	British Virgin Islands	99.99
Aconcagua Investing Ltda. (3)	Invest in financial instruments, for its own account or on behalf of third parties.	British Virgin Islands	99.99
Red de Transportes Comerciales Ltda. (7)	Provide administrative services and management of domestic and foreign ground transportation.	Chile	99.99
Envases CMF S.A.	Manufacture, acquire and commercialize all types of containers and packaging; and provide bottling services.	Chile	50.00
Coca-Cola del Valle New Ventures S.A.(8)	Manufacture, distribute and commercialize all kinds of juices, waters and beverages in general.	Chile	35.00
Leão Alimentos e Bebidas Ltda. (9)	Manufacture, bottle and commercialize beverages and food in general. Invest in other companies.	Brazil	10.26
Trop Frutas do Brasil Ltda.(10)	Manufacture, commercialize and export natural fruit pulp and coconut water.	Brazil	7.52
Sorocaba Refrescos S.A.(11)	Manufacture, bottle and commercialize beverages and food in general. Invest in other companies.	Brazil	40.00
SRSA Participações Ltda.(11)	Purchase and sale of real estate investments and property management.	Brazil	40.00
Kaik Participações Ltda.	Invest in other companies with own resources.	Brazil	11.32
UBI 3 Participações Ltda	Invest in other companies with own resources. Purchase and sale of real estate investments and property management.	Brazil	8.5

(1) At the extraordinary shareholders' meeting held in 2011, the shareholders of Embotelladora Andina Chile S.A. agreed to increase its capital of the latter from Ch\$10,000,000 (divided into 10,000 shares) to Ch\$4,778,206,076 (divided into 4,778,206 shares). It was agreed

that the capital increase was to be subscribed and paid by the shareholder Embotelladora Andina S.A. through the contribution of movable goods and real estate property, which are identified in the minutes of the Shareholders' Meeting.

- (2) Vital Aguas, Vital Jugos, and Envases Central, modified their percentage interests, due to the merger with Embotelladoras Coca-Cola Polar in 2012.
- (3) Companies incorporated during 2012, due to the merger with Embotelladoras Coca-Cola Polar S.A.
- (4) During the fourth quarter of 2013 Rio de Janeiro Refrescos Ltda. acquired Companhia de Bebidas Ipiranga, which was legally merged into this entity.
- (5) At the extraordinary general shareholders' meeting held on November 1st, 2011, Embotelladora del Atlántico S.A. decided to divide part of its equity to form a new company, Andina Empaques Argentina S.A., for the purpose of developing the design, manufacture and sale of all kinds of plastic products or products derived from the industry for plastics, primarily in the packaging division. Accounting and tax effects began on January 1, 2012.
- (6) At the end of the fiscal year 2017, Embotelladora Andina S.A., indirectly through Embotelladora del Atlántico S.A. (EDASA) held an ownership interest of 12.96% (76,507,211 shares) in the stock capital of Alimentos de Soja S.A. On August 23, 2018, the capitalization of contributions made by the shareholders in 2017 was approved. As a result of such capitalization, EDASA maintained its ownership percentage (84,692,875 shares). In August 2018, EDASA acquired 8,849,363 shares from the shareholder Salta Refrescos S.A., according to the volume quotas, and as a result the ownership interest of EDASA increased to 14.30% (93,542,238 shares). Additionally, in August and December 2018, two capital increases were approved for which EDASA's holding increased to 113,431,590 and then 130,449,895 shares, respectively, maintaining its ownership interest of 14.30%.
- (7) Companies created to facilitate the restructuring of the distribution process in Chile.
- (8) Coca-Cola del Valle New Ventures S.A. was incorporated during 2016.
- (9) During the first quarter of 2013, there was a reorganization of the companies that manufacture juice products and mate in Brazil, with the merger of Holdfab2 Participações Ltda. and Sistema de Alimentos de Bebidas Do Brasil Ltda. into a single company that is the legal continuing entity, namely Leão Alimentos e Bebidas Ltda. According to the current business scheme in Brazil for this company, during 2014 a 2.05% ownership interest held by Rio de Janeiro Refrescos Ltda. in Leão Alimentos e Bebidas Ltda. was sold to the rest of the bottlers' system in Brazil.
- (10) As a result of company restructuring in 2016, Tropic Frutas do Brasil Ltda, began to depend on the group of bottlers from The Coca-Cola System in Brazil, Rio de Janeiro Refrescos Ltda, holds a 7.52% direct ownership interest in that company.
- (11) In 2012, 40% of the Brazilian company Sociedad Brasileira Sorocaba Refrescos S.A. was acquired for a total price of R\$146.9 million.

## D. PROPERTY, PLANTS AND EQUIPMENT

We own production plants in each of the principal population centers that comprise the franchise territories. In addition, we own distribution centers and administrative offices in each of the franchise territories. We also use (i) facilities owned by third parties through lease agreements and (ii) facilities owned by third parties through contracts other than lease agreements, such as distribution contracts. The following table sets forth our principal real property (in square meters) and other facilities that we use in each of the franchise territories:

	MAIN USE	Square meters	Property
<b>ARGENTINA</b>			
<b>Embotelladora del Atlántico S.A.</b>			
Azul	Distribution Center / Warehouses	600	Third Parties
Bahía Blanca*	Offices / Production of Soft Drinks / Distribution Center / Warehouses	102,708	Own
Bahía Blanca	Warehouses (Don Pedro)	6,000	Leased
Bahía Blanca	Commercial Office	903	Leased
Bahía Blanca*	Real Estate (parking lot)	73,150	Own
Bahía Blanca	Warehouses (M&F Palletizer -EDF deposit)	1,400	Leased
Bariloche	Offices / Distribution Center / Warehouses	1,870	Leased
Bialet Masse*	Real Estate**	880	Own
Bragado	Commercial Office	38	Leased
Carlos Paz	Commercial Office	270	Leased
Carmen de Patagones	Commercial Office / Warehouses / Crossdocking	1,600	Leased
Chacabuco*	Offices / Distribution Center / Warehouses	25,798	Own
Chivilcoy	Distribution Center / Warehouses	1,350	Third Parties
Chivilcoy	Commercial Office	72	Leased
Comodoro Rivadavia	Offices / Distribution Center / Warehouses	7,500	Leased
Concepcion del Uruguay	Commercial Office	118	Leased
Concordia	Commercial Office / Third party Distribution Center / Warehouses	1,214	Leased
Córdoba*	Offices / Production of soft drinks and other still beverages / Distribution Center / Warehouses / Real estate	959,585	Own
Córdoba (H.Primo)	Commercial Office / Parking Lot / Deposit	1,173	Leased
Córdoba (San Isidro)*	Deposit and Offices	8,808	Own
Córdoba	Deposit (Rigar)	8,800	Leased
Córdoba	Deposit (Ricardo Balbín)	2,500	Leased
Coronel Suarez	Offices / Third party Distribution Center / Warehouses / Deposit	1,000	Leased
General Pico*	Offices / Distribution Center / Warehouses	15,525	Own
General Roca	Distribution Center / Warehouses	2,800	Third Parties
Gualectuaychu	Commercial Office / Warehouses	2,392	Leased
Junín (Buenos Aires)	Cross Docking	995	Third Parties
Junín (Buenos Aires)	Commercial Office	108	Leased
Mendoza*	Offices / Distribution Center / Warehouses	36,452	Own
Monte Hermoso*	Real Estate**	300	Own
Neuquén*	Offices / Distribution Center / Warehouses	10,157	Own
Olavarría	Offices / Distribution Center / Warehouses	3,065	Leased

	MAIN USE	Square meters	Property
Paraná	Commercial Office	318	Leased
Pehuajo	Offices / Distribution Center / Warehouses	1,060	Leased
Pergamino*	Offices / Cross Docking	15,700	Own
Puerto Madryn	Commercial Office	115	Leased
Río Gallegos	Distribution Center / Warehouses	2,491	Leased
Río Grande	Offices / Distribution Center / Warehouses	2,460	Leased
Río IV*	Housing	1,914	Own
Río IV*	Private Passageway	5,170	Own
Río IV*	Cross Docking	7,482	Own
Río IV	Commercial Office	93	Leased
Rivadavia (Mendoza)*	Deposit**	800	Own
Rosario*	Offices / Distribution Center / Warehouses / Parking Lot / Real Estate	27,814	Own
San Francisco	Commercial Office	63	Leased
San Juan*	Offices / Distribution Center / Warehouses	48,036	Own
San Luis*	Commercial Offices / Distribution Center / Warehouses	5,205	Own
San Nicolas	Commercial Office	50	Leased
San Rafael	Commercial Office	58	Leased
Santa Fe (Casilda)	Commercial Office	40	Leased
Santa Fe	Commercial Office	238	Leased
Santa Rosa	Distribution Center / Warehouses	1,200	Third Parties
Santo Tomé*	Administrative Office / Distribution Center / Warehouses	88,309	Own
Trelew*	Offices / Production of Soft Drinks / Distribution Center / Warehouses	51,000	Own
Trelew	Warehouses	1,500	Leased
Tres Arroyos	Offices / Crossdocking / Warehouses	1,548	Leased
Ushuaia	Offices / Distribution Center / Warehouses	1,360	Leased
Ushuaia	Commercial Office	94	Leased
Venado Tuerto	Commercial Office / Distribution Center / Warehouses	2,449	Third Parties
Villa Maria	Commercial Office	125	Leased
Villa Mercedes	Commercial Office	70	Leased
<b>Andina Empaques Argentina S.A.</b>			
Buenos Aires*	Production of bottles, PET Preforms, Plastic Caps and Cases	27,520	Own
Buenos Aires	Deposit adjoining the production plant	1,041	Leased
Buenos Aires	Deposit adjoining the production plant	940	Leased
<b><u>BRAZIL</u></b>			
<b>Rio de Janeiro Refrescos Ltda.</b>			
Jacarepaguá	Offices / Production of Soft Drinks / Distribution Center / Warehouses	249,470	Own
Duque de Caxias*	Offices / Production of Soft Drinks / Distribution Center / Warehouses	2,243,953	Own
Nova Iguaçu*	Distribution Center / Warehouses	82,618	Own

	MAIN USE	Square meters	Property
Bangu*	Distribution Center	44,389	Own
Campos*	Distribution Center	36,083	Own
Cabo Frio*	Distribution Center**	1,985	Own
São Pedro da Aldeia*	Distribution Center	10,139	Concession
Itaperuna*	Cross Docking	2,500	Leased
Caju*	Distribution Center	4,866	Own
Caju*	Distribution Center	8,058	Own
Caju*	Parking Lot	7,400	Leased
Vitória (Cariacica)*	Distribution Center	93,320	Own
Cachoeiro do Itapemirim *	Cross Docking	8,000	Leased
Linhares*	Cross Docking	1,500	Leased
Ribeirão Preto	Offices / Production of Soft Drinks / Distribution Center / Warehouses	238,096	Own
Ribeirão Preto*	Real Estate	279,557	Own
Franca*	Distribution Center	32,500	Own
Mococa*	Distribution Center	33,669	Leased
Araraquara*	Distribution Center	11,658	Own
São Paulo*	Apartment	69	Own
São Joao da Boa Vista*	Cross Docking	20,773	Own
São Pedro da Aldeia*	Parking Lot	6,400	Concession
Itaipu*	Commercial Office	750	Leased
Nova Friburgo*	Commercial Office / Cross Docking	350	Leased
Guarapari*	Commercial Office	218	Leased
Colatina*	Commercial Office / Cross Docking	3,840	Leased
São Mateus*	Commercial Office / Cross Docking	2,007	Leased
Rio das Ostras*	Commercial Office	527	Leased
<b>CHILE</b>			
<b>Embotelladora Andina S.A.</b>			
Renca*	Offices / Production of Soft Drinks / Distribution Center / Warehouses	380,833	Own
Renca*	Warehouses	55,562	Own
Renca*	Warehouses	11,211	Own
Renca*	Warehouses	46,965	Own
Carlos Valdovinos*	Distribution Center / Warehouses	106,820	Own
Puente Alto *	Distribution Center / Warehouses	68,682	Own
Maipú*	Distribution Center / Warehouses	45,833	Own
Demetrop (Metropolitan Region)	Warehouses	n/a	Leased
Trailerlogistic (Metropolitan Region)	Warehouses	n/a	Leased
Monster (Metropolitan Region)	Warehouses	n/a	Leased
Rancagua*	Distribution Center / Warehouses	25,920	Own
San Antonio*	Distribution Center / Warehouses	19,809	Own

	MAIN USE	Square meters	Property
Antofagasta *	Offices / Production of Soft Drinks / Distribution Center / Warehouses	34,729	Own
Antofagasta *	Offices / Production of Soft Drinks / Distribution Center / Warehouses	8,028	Own
Calama*	Distribution Center / Warehouses	10,700	Own
Tocopilla*	Distribution Center / Warehouses	562	Own
Coquimbo*	Offices / Distribution Center / Warehouses	31,383	Own
Copiapó*	Distribution Center / Warehouses	26,800	Own
Ovalle*	Distribution Center / Warehouses	6,223	Own
Vallenar*	Distribution Center / Warehouses	5,000	Own
Illapel	Distribution Center / Warehouses	n/a	Leased
Punta Arenas*	Offices / Production of Soft Drinks / Distribution Center / Warehouses	109,517	Own
Coyhaique*	Distribution Center / Warehouses	5,093	Own
Puerto Natales	Distribution Center / Warehouses	850	Leased
<b>VJ S.A.</b>			
Renca*	Offices / Production of Juices	40,000	Own
<b>Vital Aguas S.A.</b>			
Rengo*	Offices / Production of Waters	573,620	Own
<b>Envases Central S.A.</b>			
Renca*	Offices / Production of Soft Drinks	51,907	Own
<b>PARAGUAY</b>			
<b>Paraguay Refrescos S.A.</b>			
San Lorenzo*	Offices / Production of Soft Drinks / Warehouses	275,292	Own
Coronel Oviedo*	Offices / Warehouses	32,911	Own
Encarnación*	Offices / Warehouses	12,744	Own
Ciudad del Este*	Offices / Warehouses	14,620	Own

\* Free of encumbrance properties.

\*\*Inactive: facilities that are not being use currently by the Company.

Leased: facilities owned by third parties, used by the Company through a lease agreement.

Third Parties: facilities owned by third parties, used by the Company through contracts other than lease agreements, such as distribution contracts.

Own: facilities owned by the Company.

#### Capacity by Line of Business

Set forth below is certain information concerning the installed capacity and approximate average utilization of our production facilities, by line of business.

	Year Ended December 31,					
	2019			2020		
	Annual Total Installed Capacity(1)	Average Capacity Utilization (%)	Capacity Utilization During Peak Month (%)	Annual Total Installed Capacity(1)	Average Capacity Utilization (%)	Capacity Utilization During Peak Month (%)
Soft drinks (millions of UCs):						
Andina Chile	337	45	63	317	50	64
Andina Brazil	430	58	62	421	53	63
Andina Argentina	344	44	55	378	39	58
Paraguay Refrescos	118	45	59	128	39	57
Other beverages (millions of UCs)						
Andina Chile	22	50	72	22	54	61
Andina Brazil	45	47	42	56	43	54
Andina Argentina	105	25	36	117	15	24
Paraguay Refrescos	29	40	54	33	29	36
ECSA/VJSA/VASA	115	49	54	122	53	59
PET packaging (millions of bottles) (2)	46	42	60	46	38	66
Preforms (millions of preforms) (2)	968	67	93	860	64	85
Plastic caps (millions of caps) (2)	1,000	54	88	1,000	41	97
Cases(2)	0.7	68	100	0.7	59	100

(1) Annual Total Installed Capacity assumes production of the mix of products and containers produced in 2019 and 2020. Capacity calculation was standardized for all operations. Thus, calculation considers Overall Equipment Effectiveness budgeted for the years 2019 and 2020.

(2) Andina Empaques Argentina only.

In 2020, we continued to modernize and renovate our manufacturing facilities in order to maximize efficiency and productivity. For instance, in Paraguay, in 2020 we finalized the investment of an in-line blowing machine, which made it possible to stop producing bottles in the old blowing plant (intermediate process) and to maximize the productive capacity of the PET OW line, since in the same line is performed blowing and filling. We also made significant improvements to our auxiliary services and complementary processes such as the investment of a new well in Renca, in order to ensure water supply for the next 10 years, increasing extraction capacity by 25%. We believe we have the capacity in each of the franchise territories to meet consumer demand for each product format. Because bottling is a seasonal business with significantly higher demand during the South American summer and spring and because soft drinks are perishable, it is necessary for bottlers to carry significant over-capacity in order to meet the substantially greater seasonal demand. We assure the quality of our products through worldwide class practices and procedures maintaining quality control laboratories and structures in each production facility where raw materials are tested and where we analyze samples of our products.

As of December 31, 2020, we had total installed annual production capacity, including soft drinks, fruit juices, and water, of 1,594 million unit cases. Our primary facilities include:

- through Coca-Cola Andina, in the Chilean territory, three soft drink and other beverages production facilities with 23 production lines, with total installed annual capacity of 339 million unit cases (21.3% of our total installed annual capacity);
- through Vital Jugos in the Chilean territory, one fruit juice production facility, with 15 production lines, with total installed annual capacity of 32 million unit cases (2.0% of our total installed annual capacity);
- through Envases Central in the Chilean territory, one fruit juice production facility, with 2 production lines, with total installed annual capacity of 46 million unit cases (2.9% of our total installed annual capacity);
- through Vital Aguas in the Chilean territory, one mineral water production facility, with 2 production lines, with total installed annual capacity of 44 million unit cases (2.8% of our total installed annual capacity);
- through Rio de Janeiro Refrescos in the Brazilian territory, three soft drink and other beverages production facilities with 19 production lines for soft drinks with total installed annual capacity of 421 million unit cases (26.4% of our total installed annual capacity); and 11 production lines for juices, tea and water which satisfy the franchise's needs and re-sales to other Bottlers in Brazil, with total installed annual capacity of 56 million unit cases (3.5% of our total installed annual capacity);
- through Embotelladora del Atlántico in the Argentine territory, three soft drink and other beverages production facilities with 17 production lines for soft drinks with a total installed annual capacity of 378 million unit cases (23.7% of our total installed annual capacity); four production lines for juices that covers the needs of our franchise, and one production line for waters and sensitive products with a total installed annual capacity of 117 million unit cases (7.3% of our total installed annual capacity);

- through Andina Empaques Argentina S.A. in the Argentine territory, one production facility for bottles, preforms and plastic caps that covers the needs of the Coca-Cola system in that country. It has 13 preform injectors, two bottle blowers, two injectors for plastic caps and one production line for cases, with a total installed annual capacity of 1,097 million units considering PET bottles, preforms, plastic caps and cases;
- through PARESA in the Paraguayan territory, one production facility located in San Lorenzo, with seven soft drink and other beverages production lines with a total installed annual capacity of 143 million unit cases (9.0% of our total installed annual capacity); and three tetra pack lines with a total installed annual capacity of 18 million unit cases (1.1% of our total installed annual capacity).

#### **ITEM 4A. UNRESOLVED SECURITIES AND EXCHANGE COMMISSION STAFF COMMENTS**

Not applicable.

#### **ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS**

##### **A. OPERATING RESULTS 2020**

###### **Results of operation**

Set forth below is a discussion and analysis of our results of operation for the years ended December 31, 2020, 2019 and 2018.

Our consolidated financial results for the years ended December 31, 2020, 2019 and 2018 include the results of our subsidiaries in Chile, Brazil, Argentina and Paraguay. Our consolidated financial statements reflect the results of the subsidiaries outside Chile, converted into Chilean pesos (our functional and reporting currency).

IFRS requires that assets and liabilities of our subsidiaries outside of Chile be converted from the functional currency to the presentation currency (Chilean peso) at year-end exchange rates, and that income and expense accounts are converted at monthly average exchange rates for the month in which they are recognized for those subsidiaries that do not operate in hyperinflationary economies.

In the case of our Argentine subsidiaries, which have been operating in an environment that during 2018, 2019 and 2020 was classified as hyperinflationary, the conversion criteria from the functional currency of those subsidiaries to our presentation currency is the following:

- First adoption of a hyperinflationary economy was in 2018: Losses and gains by correction of current non-monetary items the previous year are recorded in accumulated results as of January 1, 2018.
- The statement of financial position (balance sheet): Non-cash items are expressed in the current currency at the balance sheet date and translated to the presentation currency at the closing exchange rate. Losses and gains are included in net earnings (fiscal year income).
- The income statement: Income statement items are expressed in the current currency unit at the end of the reporting period, using the variation of the general price index from the date on which the expenses and revenues were accrued, and translated to the presentation currency at closing exchange rate.
- Cash flow statement: Cash flow statement items are expressed in the current currency unit at the end of the reporting period and translated to the presentation currency at closing exchange rate.

For more information on the effects of the hyper-inflationary environment in Argentina, see note 2.5 of our consolidated financial statements included herein.

###### **The Impact of the Ongoing COVID-19 Pandemic**

As a result of the impact that the ongoing COVID-19 pandemic is having across the world, including in the countries where we operate, we have taken measures necessary to protect the health and safety of our employees and to ensure the continuity of our operations. Among the measures we have taken are the following:

- the launch of a campaign to educate our employees on actions to be taken to avoid the spread of the virus;
- sending home any employee that has been exposed to the virus;
- implementation of additional cleaning protocols for our facilities;



- modifying certain work practices and activities, without affecting our operational standards; for instance, home office has been implemented for those employees whose work can be performed remotely, and domestic and international traveling has been canceled; and
- providing personal protection and cleaning products (including face masks and sanitizers) to those employees who need to keep working at our plants and distribution centers or in the transportation of our products.

Beginning mid-March 2020, governments around the world, including in the countries where we operate, have adopted extraordinary measures to contain the spread of COVID-19 and reduce infection rates, including, in some cases, the closing of schools, universities, shopping centers, restaurants and bars, prohibiting social gathering events, issuing stay-at-home orders and establishing quarantine requirements, imposing additional sanitary requirements on exports and imports, and limiting international travel and closing borders. Governments in the countries where we operate have also announced economic stimulus programs for families and businesses, including in Argentina a temporary restriction on workforce reductions. These government measures are affecting our Company and our customers. As these measures become more restrictive or are extended in time, our Company's priority will continue to be to protect the health and safety of our employees and to continue operating to serve our customers and communities in the best way we can. To date, our operations have not been required to close and we are not aware of the virus affecting any significant part of our workforce.

As a result of the COVID-19 pandemic and government measures, we have experienced high volatility in our sales across channels. During the fourth quarter of 2020, in consolidated terms, we continue to experience a decrease (albeit to a lesser extent than in previous quarters) in our sales volumes in the on-premise channel, consisting mainly of restaurants and bars, which are currently able to operate but with capacity restrictions. We have also observed volume growth again in supermarkets, although marginal, with the traditional (mom & pops) and wholesale channels continuing to drive volume growth. Because the pandemic and the actions taken by governments change rapidly, we believe it is too early to make conclusions about changes in long-term consumption patterns, and how changes may affect our operational and financial results in the future.

Due to uncertainty regarding the evolution of the COVID-19 pandemic and government measures, including how long they will persist, we cannot predict the effect these trends will have on our financial performance. We believe that the Company will have no liquidity problems. To date, we also do not anticipate significant provisions or write-offs. Additionally, our investment plan for 2021 returns to pre-crisis investments levels (i.e., around US\$160 – US\$180 million). We continuously monitor our investment plans and we cannot assure you that we will fully abide by our current plans, especially in the event of a stronger flare-up of the virus in the countries in which we operate, or for some other unforeseen circumstance.

## Summary of Results of Operations for the Years ended December 31, 2019 and 2020

The following tables set forth our sales volume, net sales and gross profit for the years ended December 31, 2018, 2019 and 2020:

	Year ended December 31,	
	2019	2020
	(millions of unit cases (1))	
<b>Sales volume:</b>		
<i>Chile</i>		
Soft drinks	158.2	153.8
Mineral water	44.6	41.1
Juices and other non-alcoholic	36.1	33.9
Beer and Spirits	0.6	7.5
<b>Total</b>	<b>239.6</b>	<b>236.3</b>
<i>Brazil</i>		
Soft drinks	206.8	205.5
Mineral water	11.5	17.9
Juices and other non-alcoholic	22.3	18.8
Beer	18.7	23.0
<b>Total</b>	<b>259.3</b>	<b>265.1</b>
<i>Argentina(2)</i>		
Soft drinks	149.5	145.2
Mineral water	18.9	12.0
Juices and other non-alcoholic	9.9	9.5
<b>Total</b>	<b>178.2</b>	<b>166.7</b>
<i>Paraguay</i>		
Soft drinks	56.2	55.1
Mineral water	7.9	6.5
Juices and other non-alcoholic	5.2	4.8
<b>Total</b>	<b>69.3</b>	<b>66.4</b>

(1) Unit cases refer to 192 ounces of finished beverage product (24 eight-ounce servings) or 5.68 liters.

(2) Volumes by category in Argentina were reclassified in previous years to reflect comparable figures with 2020; however total volumes did not change.

Note: Totals may not sum due to rounding.

	Year ended December 31,			
	2019		2020	
	Ch\$ millions	% of Total	Ch\$ millions	% of Total
<b>Net sales:</b>				
Chile	608,952	34.2	644,762	38.0
Brazil	619,321	34.8	580,063	34.2
Argentina	394,636	22.2	318,828	18.8
Paraguay	158,892	8.9	157,153	9.3
Inter-country eliminations (1)	(2,776)	(0.2)	(2,524)	(0.1)
<b>Total net sales</b>	<b>1,779,025</b>	<b>100.0</b>	<b>1,698,281</b>	<b>100.0</b>

(1) Eliminations represent intercompany sales.

Note: Totals may not sum due to rounding.

The following tables set forth our results of operations for the years ended December 31, 2019 and 2020.

	Year ended December 31,			
	2019		2020	
	Ch\$ millions	% of net sales	Ch\$ millions	% of net sales
Net sales	1,779,025	100.0	1,698,281	100.0
Cost of sales	(1,048,344)	(58.9)	(1,022,499)	(60.2)
Gross profit	730,681	41.1	675,783	39.8
Distribution, administrative and sales expenses	(492,900)	(27.7)	(436,171)	(25.7)
Other (expense) income, net (1)	(1,368)	(0.1)	(61,589)	(3.6)
Income taxes	(61,167)	(3.4)	(54,905)	(3.2)
<b>Net income</b>	<b>175,246</b>	<b>9.9</b>	<b>123,117</b>	<b>7.2</b>

(1) Includes other expenses, other income (expense), financial income, financial costs, share in profit of investees accounted under the equity method, foreign exchange gains (losses) and gains (losses) from indexed financial assets and liabilities.

Millions Ch\$	Chile		Brazil		Argentina		Paraguay		Eliminations		Total (1)	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Net Sales	608,952	644,762	619,321	580,063	394,636	318,828	158,892	157,153	(2,776)	(2,524)	1,779,025	1,698,281
Cost of sales	(359,466)	(392,720)	(384,839)	(373,445)	(214,447)	(172,066)	(92,368)	(86,792)	2,776	2,524	(1,048,344)	(1,022,499)
Gross profit	249,486	252,041	234,482	206,618	180,189	146,762	66,524	70,361	-	-	730,681	675,783
Distribution, administrative and sales expenses	(161,508)	(160,876)	(144,297)	(117,623)	(148,150)	(120,729)	(34,073)	(31,516)	-	-	(488,028)	(430,744)
Corporate expenses	-	-	-	-	-	-	-	-	-	-	(4,872)	(5,427)

(1) Totals may not sum due to rounding.

### Net Sales

Our sales volume was 734.6 million unit cases during the year ended December 31, 2020, a 1.6% decrease compared to 746.4 million unit cases in 2019, mainly explained by the volume decrease in the Argentine, Chilean and Paraguayan operations, and partly offset by the volume increase in the Brazilian operation. Volume for soft drinks decreased 1.9%, volume for waters decreased 6.6% and volume for juices and other non-alcoholic beverages decreased 8.7% while beer and spirits increased 57.2%, in each case during the year ended December 31, 2020 compared to 2019. The increase of sales volume of beer is mainly due to (i) the new distribution agreement signed with AB InBev in Chile, beginning November 2020, and (ii) higher volume in Brazil. Excluding beer volume in Chile, resulting from the new agreement with AB InBev, sales volume would have decreased by 2.4% during the year.

Our net sales were Ch\$1,698,281 million during the year ended December 31, 2020, a 4.5% decrease compared to Ch\$1,779,025 million during 2019. Our net sales decreased mainly as a result of a decrease in sales in Argentina and Paraguay, and a negative effect upon translation of figures from our corporations in Brazil and Argentina. This was partially offset by higher sales in Chile, mainly as a result of higher sales volume, and higher average revenue per unit case sold.

Soft drinks represented 65.4% of net sales during the year ended December 31, 2020, compared to 67.9% during 2019.

### Chile

Our sales volume in Chile was 236.3 million unit cases during the year ended December 31, 2020, a 1.3% decrease compared to 239.6 million unit cases during 2019. Volume for soft drinks, waters and juices and other non-alcoholic beverages in Chile decreased 2.8%, 7.9% and 6.1%, respectively, while volume for beer and spirits increased 1,063.6% in each case during the year ended December 31, 2020, compared to 2019. Excluding beer volume in Chile resulting from the new agreement with AB InBev, sales volume would have decreased by 3.7% during the year.

Our average market share for soft drinks in Chile during the year ended December 31, 2020, according to A.C. Nielsen Company, was 65.2% (in terms of volume), compared to 66.7% for 2019, and 68.3% (in terms of average sales), compared to 68.9% for 2019. As a result of restrictions related to COVID-19, the surveying company changed the methodology and sample, therefore 2020 figures may not be fully completely comparable to prior periods.

Our net sales in Chile were Ch\$644,762 million during the year ended December 31, 2020, a 5.9% increase compared to Ch\$608,952 million during 2019, which is explained mainly by higher revenues per unit case, and partially offset by the aforementioned volume decrease.

Our net sales of soft drinks in Chile were Ch\$407,191 million during the year ended December 31, 2020, a 0.3% decrease when compared to Ch\$408,468 million in 2019, mainly as a result of the lower volume sold, and partially offset by higher revenues per unit case. Our net sales of water, juices and other non-alcoholic beverages in Chile were Ch\$173,459 million during the year ended December 31, 2020, a 5.6% decrease compared to Ch\$183,738 million during 2019, primarily as a result of the lower volume sold, and partially offset by higher revenues per unit case. Our net sales of beer and spirits in Chile were Ch\$64,111 million during the year ended December 31, 2020, a 282.8% increase compared to Ch\$16,746 million during 2019, mainly as a result of the new distributing agreement with AB InBev, effective since November 2020.

### Brazil

Our sales volume in Brazil was 265.1 million unit cases during the year ended December 31, 2020, a 2.3% increase compared to 259.3 million unit cases during 2019. Volume for soft drinks and juices and other non-alcoholic beverages, in Brazil decreased

0.6% and 15.7%, respectively, while volume for waters and beer increased 55.6% and 22.5%, respectively, in each case during the year ended December 31, 2020 compared to 2019. The increase of sales volume of water is mainly explained because the state of Rio de Janeiro was affected by the quality of the drinking water, particularly in the first quarter of 2020, translating into a sharp growth of our water sales volume.

Our average market share for soft drinks in Brazil, during the year ended December 31, 2020, according to A.C. Nielsen Company, was 62.1% (in terms of volume), compared to 61.6% for 2019, and 68.3% (in terms of average sales), compared to 68.0% for 2019.

Our net sales in Brazil were Ch\$580,063 million during the year ended December 31, 2020, a 6.3% decrease compared to Ch\$619,321 million during 2019.

Our net sales of soft drinks in Brazil were Ch\$317,713 million during the year ended December 31, 2020, an 11.9% decrease compared to Ch\$360,792 million during 2019. In local currency, net sales of soft drinks increased 2.2%, mainly because of higher revenue per unit case and partially offset by the lower volume sold. Our net sales of water and juices and other non-alcoholic beverages in Brazil were Ch\$99,184 million during the year ended December 31, 2020, a 19.9% decrease compared to Ch\$123,829 million during 2019. In local currency, net sales of water and juices and other non-alcoholic beverages decreased 8.5%, mainly because of a lower average revenue per unit case sold, and partially offset by the increase in volume sold. Our net sales of beer in Brazil were Ch\$163,167 million during the year ended December 31, 2020, a 21.1% increase compared to Ch\$134,701 million during 2019. In local currency, net sales of beer increased 40.7%, mainly as a result of higher volume sold and a higher average revenue per unit case sold.

#### *Argentina*

Our sales volume in Argentina was 166.7 million unit cases during the year ended December 31, 2020, a 6.5% decrease compared to 178.2 million unit cases during 2019. Volume for soft drinks, waters and juices and other non-alcoholic beverages in Argentina decreased 2.8%, 36.7% and 3.5%, respectively, during the year ended December 31, 2020 compared to 2019. The decrease of sales volumes is explained by the negative macroeconomic environment faced by the country during 2020.

Our average market share for soft drinks in Argentina during the year ended December 31, 2020, according to A.C. Nielsen Company, was 61.5% (in terms of volume), compared to 62.9% for 2019, and 71.2% (in terms of average sales), compared to 71.6% for 2019<sup>1</sup>. As a result of restrictions related to COVID-19, the surveying company changed the methodology and sample, therefore 2020 figures may not be fully comparable to prior periods.

Our net sales in Argentina were Ch\$318,828 million during the year ended December 31, 2020, a 19.2% decrease compared to Ch\$394,636 million during 2019. This was mainly explained by (i) the decrease in sales volume, (ii) lower average revenue per unit case sold, because of price controls, and (iii) the negative effect of the conversion of results to Chilean pesos.

Our net sales of soft drinks in Argentina were Ch\$260,118 million during the year ended December 31, 2020, a 17.1% decrease compared to Ch\$313,866 million during 2019. In local currency, net sales of soft drinks decreased 9.9% in real terms, mainly as a result of a lower average price per unit case sold and the decrease in volume. Our net sales of juices and other non-alcoholic beverages, waters and beer and spirits in Argentina were Ch\$49,818 million during the year ended December 31, 2020, a 29.8% decrease compared to Ch\$70,990 million during 2019. In local currency, net sales of juices and other non-alcoholic beverages, water and beer and spirits decreased 25.3% in real terms, mainly due to the previously mentioned decline in volumes.

#### *Paraguay*

Our sales volume in Paraguay was 66.4 million unit cases during the year ended December 31, 2020, a 4.2% decrease compared to 69.3 million unit cases during 2019. Volume for soft drinks, water and juices and other non-alcoholic beverages in Paraguay decreased 2.0%, 17.6% and 7.6%, respectively, in each case during the year ended December 31, 2020, compared to 2019.

Our average market share for soft drinks in Paraguay during the year ended December 31, 2020, according to A.C. Nielsen Company, was 76.5% (in terms of volume) compared to 73.4% for 2019, and 81.3% in terms of average sales, compared to 78.3% for 2019 according to the same source. As a result of restrictions related to COVID-19, the surveying company changed the methodology and sample, consequently 2020 figures may not be fully comparable to prior periods.

Our net sales in Paraguay were Ch\$157,153 million during the year ended December 31, 2020, a 1.1% decrease compared to Ch\$158,892 million during 2019, mainly resulting from lower volume sold, and partially offset by (i) higher revenues per unit case in local currency, and (ii) a positive effect upon translation of figures into Chilean pesos.

Our net sales of soft drinks in Paraguay were Ch\$126,058 million during the year ended December 31, 2020, a 1.0% increase compared to Ch\$124,856 million during 2019. In local currency, our net sales of soft drinks decreased 1.8%, primarily as a result of a decrease in volume sold, partially offset by a higher average revenue per unit case. Our net sales of water and juices and other non-alcoholic beverages in Paraguay were Ch\$31,095 million during the year ended December 31, 2020, an 8.6% decrease compared to Ch\$34,036 million during 2019. In local currency, net sales of water and juices and other non-alcoholic beverages decreased by 11.3%, primarily as a result of lower volume.

### ***Cost of Sales***

Our cost of sales was Ch\$1,022,499 million during the year ended December 31, 2020, a 2.5% decrease, compared to Ch\$1,048,344 million during 2019. The cost of sales per unit case decreased 0.9% in the same period. This decrease was mainly due to (i) the sales volume decrease in Argentina, Chile and Paraguay, (ii) the lower cost of PET resin, and (iii) a shift in the soft drinks' mix towards future consumption packaging which carry a lower unit cost. These effects were partially offset by (i) increased sales in the beer and spirits category in Chile, which carry a higher cost per unit case, and (ii) the negative effect of the depreciation of the Argentine peso, the Brazilian real, the Paraguayan guaraní and the Chilean peso on our dollarized costs. Our cost of sales represented 60.2% of net sales for the year ended December 31, 2020, compared to 58.9% for 2019.

### ***Chile***

Our cost of sales in Chile was Ch\$392,720 million during the year ended December 31, 2020, a 9.3% increase compared to Ch\$359,466 million during 2019. The cost of sales per unit case increased 10.7% in the same period. This was mainly due to (i) increased sales of the beer and spirits category, which carry a higher cost per unit case, (ii) the negative effect of the depreciation of the Chilean peso on our dollarized costs, and (iii) greater depreciation expenses. This was partly offset by a shift in the soft drinks' mix from immediate to future consumption, which carries a lower average cost. Our cost of sales in Chile represented 60.9% of net sales in Chile for the year ended December 31, 2020, compared to 59.0% for 2019.

### ***Brazil***

Our cost of sales in Brazil was Ch\$373,445 million during the year ended December 31, 2020, a 3.0% decrease compared to Ch\$384,839 million during 2019. The cost of sales per unit case decreased 5.1% in the same period. In local currency, total cost of sales increased 12.2%, mainly due to (i) the negative effect of the depreciation of the Brazilian real on our dollarized costs, (ii) greater concentrate costs due to lower tax benefits, and (iii) the increase of beer in the sales mix, which carries a higher cost. Our cost of sales in Brazil represented 64.4% of net sales in Brazil for the year ended December 31, 2020, compared to 62.1% for 2019.

### ***Argentina***

Our cost of sales in Argentina was Ch\$172,066 million during the year ended December 31, 2020, a 19.8% decrease compared to Ch\$214,447 million during 2019. The cost of sales per unit case decreased 14.2% in the same period. In local currency (in real terms, based on currency rates as of December 2020) cost of sales decreased 12.7% mainly due to (i) lower sales volume, (ii) lower sugar costs, and (iii) lower PET resin costs. This was partly offset by the effect of the depreciation of the Argentine peso on our dollarized costs. Our cost of sales in Argentina represented 54.0% of net sales in Argentina for the year ended December 31, 2020, compared to 54.3% for 2019.

### ***Paraguay***

Our cost of sales in Paraguay was Ch\$86,792 million during the year ended December 31, 2020, a 6.0% decrease compared to Ch\$92,368 million during 2019. Cost of sales per unit case decreased 1.9% during the same period. In local currency, cost of sales decreased 8.7%. This is mainly explained by (i) lower volume sold, (ii) a reduction in the price of PET resin, and (iii) lower repair and maintenance expenses, among other items, due to the savings plan implemented. Our cost of sales in Paraguay represented 55.2% of net sales in Paraguay for the year ended December 31, 2020, compared to 58.1% for 2019.

### ***Gross Profit***

Due to the factors described above, our gross profit was Ch\$675,783 million during the year ended December 31, 2020, a 7.5% decrease compared to Ch\$730,681 million during 2019. Our gross profit represented 39.8% of our net sales during the year ended December 31, 2020, compared to 41.1% of our net sales in 2019.

### ***Distribution, administrative and sales expenses***

We had distribution, administrative and sales expenses of Ch\$436,171 million during the year ended December 31, 2020, an 11.5% decrease compared to Ch\$492,900 million during 2019. This decrease in distribution, administrative and sales expenses, was mainly due to (i) lower labor costs across our four segments, (ii) lower marketing expenses across our four segments, and (iii) lower distribution costs due to lower sales volume. Our distribution, administrative and sales expenses represented 25.7% of our net sales during the year ended December 31, 2020, compared to 27.7% for 2019.

#### ***Chile***

In Chile, our distribution, administrative and sales expenses were Ch\$160,876 million during the year ended December 31, 2020, a 0.4% decrease compared to Ch\$161,508 million during 2019. This was mainly due to (i) lower labor costs, and (ii) lower advertising expenses. This effect was partially offset by (i) lower other operating income classified under this item, and (ii) higher expenses on uncollectible accounts and higher insurance expenses. Our distribution, administrative and sales expenses in Chile represented 25.0% of our net sales in Chile during the year ended December 31, 2020, compared to 26.5% for 2019.

#### ***Brazil***

In Brazil, our distribution, administrative and sales expenses were Ch\$117,623 million during the year ended December 31, 2020, an 18.5% decrease compared to Ch\$144,297 million during 2019. In local currency, they decreased 6.8%, mainly due to (i) lower advertising expenses, (ii) lower labor costs, and (iii) lower distribution freight expenses. Our distribution, administrative and sales expenses in Brazil represented 20.3% of our net sales in Brazil during the year ended December 31, 2020, compared to 23.3% for 2019.

#### ***Argentina***

In Argentina, our distribution, administrative and sales expenses were Ch\$120,729 million during the year ended December 31, 2020, an 18.5% decrease compared to Ch\$148,150 million during 2019. In local currency (in real terms, based on currency rates as of December 2020), the distribution, administrative and sales expenses decreased 11.3%, mainly due to (i) lower labor costs and expenses for services provided by third parties, which grew below local inflation, (ii) lower advertising expenses, (iii) higher other operating income classified under this item, and (iv) the effect of lower volumes on distribution expenses. Our distribution, administrative and sales expenses in Argentina represented 37.9% of our net sales in Argentina during the year ended December 31, 2020, compared to 37.5% for 2019.

#### ***Paraguay***

In Paraguay, our distribution, administrative and sales expenses were Ch\$31,516 million during the year ended December 31, 2020, a 7.5% decrease, compared to Ch\$34,073 million during 2019. The distribution, administrative and sales expenses in local currency in Paraguay decreased 11.0%, which is mainly due to (i) lower advertising expenses, (ii) lower labor costs, (iii) greater other operating income classified under this item, and (iv) lower freight expenses due to lower volume sold. Our distribution, administrative and sales expenses in Paraguay represented 20.1% of our net sales in Paraguay during the year ended December 31, 2020, compared to 21.4% for 2019.

### ***Other Income (Expense), Net***

The following table sets forth our other income (expense), net for the year ended December 31, 2019 and 2020:

	<b>Year Ended December 31,</b>	
	<b>2019</b>	<b>2020</b>
	<b>(in millions of Ch\$)</b>	
Other income (expense)	14,767	(9,074)
Financial income	45,156	14,946
Financial costs	(46,209)	(54,773)
Share of income (losses) from affiliated companies and joint business that are accounted for using the equity method	(3,415)	2,229
Exchange rate differences	(4,131)	(3,088)
Gain (loss) from differences in indexed financial assets and liabilities	(7,536)	(11,829)
<b>Other income (expense), net</b>	<b>(1,368)</b>	<b>(61,589)</b>

We had other expenses, net, of Ch\$61,589 million during the year ended December 31, 2020, a 4,401.7% increase compared to Ch\$1,368 million during 2019. The increase in other expenses, net, is mainly explained by a decrease in financial income of Ch\$30,210 million and a decrease in other income (expense) of Ch\$23,841 million (both accounts were impacted in 2019 by the recognition of a tax credit in Brazil and its monetary restatement, which resulted in Ch\$40,282 million in other income and by Ch\$35,543 million in financial income (net of financial costs), respectively). In addition, there is an increase in financial costs of Ch\$8,564 million mainly due to a new bond issuance in January 2020 (senior notes due 2050) and the costs of derivative instruments utilized for hedging purposes (bonds series B, C, D and E and new Bond due 2050).

### ***Income Taxes***

We had income taxes of Ch\$54,905 million during the year ended December 31, 2020, a 10.2% decrease compared to Ch\$61,167 million during 2019. This decrease is mainly explained by the recognition of income tax resulting from tax credits from previous years recognized by the operation in Brazil in 2019, which involved an increase in income tax by Ch\$25,780 million in that year. This decrease in income tax expenses was partially offset by the appreciation of the Chilean peso against the dollar (5.0%) which led to higher taxes derived from income due to the exchange rate differences.

### ***Net Income***

Due to the factors described above, we had a net income of Ch\$123,117 million during the year ended December 31, 2020, a 29.7% decrease compared to Ch\$175,246 million during 2019. Our net income represented 7.2% of our net sales during the year ended December 31, 2020, compared to 9.9% for 2019.

### **Summary of Results of Operations for the Years ended December 31, 2018 and 2019**

For information regarding the results of operations for the years ended December 31, 2018 and December 31, 2019, See “Item 5. Operating and Financial Review and Prospects –A. Operating Results 2019 –Summary of Results of Operations for the years ended December 31, 2017, 2018 and 2019” in our Company’s annual report on Form 20-F for the fiscal year ended December 31, 2019.

### **Basis of Presentation**

The aforementioned discussion should be read in conjunction with and is qualified in its entirety by reference to the consolidated financial statements, including the notes thereto.

These consolidated financial statements have been prepared in accordance with IFRS issued by the IASB.

These financial statements reflect the consolidated financial position of Embotelladora Andina S.A. and its subsidiaries as of December 31, 2020 and 2019 as well as the operating results, changes in shareholders’ equity and cash flows for the years ended December 31, 2020, 2019 and 2018, all of which were approved by the board of directors on April 15, 2021.

Our consolidated financial results include the results of our subsidiaries located in Chile, Brazil, Argentina and Paraguay. Our subsidiaries outside Chile prepare their financial statements in accordance with IFRS and to comply with local regulations in accordance with generally accepted accounting principles of the country in which they operate. The consolidated financial statements reflect the results of the subsidiaries outside of Chile, converted to Chilean pesos (functional and reporting currency of the parent company) and are presented in accordance with IFRS. The IFRS require that balances of subsidiaries be converted from their functional currency to the presentation currency (Chilean peso). The conversion for subsidiaries operating in non-hyperinflationary environments (Brazil and Paraguay) is performed by converting the assets and liabilities of subsidiaries at year-end exchange rates, and income and expense accounts must be converted at monthly average exchange rates of the month in which they are recognized. In the case of subsidiaries operating in hyperinflationary environments (Argentina), non-monetary assets and liabilities and income statements are restated by the inflation rate of the hyperinflationary economy, bringing its effects to the income statement. These restated balances are converted from the functional currency to the presentation currency at the closing exchange rate of each year.

## **Critical Accounting Estimates**

### ***Discussion of critical accounting estimates***

In the ordinary course of business, we have made a number of estimates and assumptions relating to the reporting of our results of operations and financial position in the preparation of financial statements in conformity with IFRS. We cannot assure you that actual results will not differ from those estimates. We believe that the following discussion addresses our most critical accounting policies, which are those that are most important to the portrayal of our financial condition and results of operations and require management's most difficult, subjective and complex judgments, often as a result of the need to make estimates and assumptions about the effect of matters that are inherently uncertain. For a more detailed discussion of accounting policies significant to our operations, please see note 2.23 to our Consolidated Financial Statements.

### ***Impairment of goodwill and intangible assets of indefinite useful life***

The Company tests if goodwill and intangible assets of indefinite useful life have suffered impairment loss on an annual basis or whenever there are indicators of impairment. The recoverable amounts of cash generating units ("CGU") are determined based on calculations of the value in use. The key variables that management calculates include the volume of sales, prices, marketing expenses and other economic factors. The estimation of these variables requires a material administrative judgment as those variables imply inherent uncertainties. However, the assumptions are consistent with our internal planning. Therefore, management evaluates, and updates estimates according to the conditions affecting the variables. If these assets are deemed to have become impaired, they will be written off at their estimated fair value or future recovery value according to discounted cash flows. Discounted free cash flows in the cash generating unit of the Parent Company in Chile as well as the subsidiaries in Brazil, Argentina and Paraguay generated greater values than their respective assets, including goodwill for the Brazilian, Argentine and Paraguayan subsidiaries.

The management of the Company understands that these discounted cash flows of the Company and subsidiaries are sensitive to many factors. The following further discusses the sensitivity of the most significant estimates in the value in use calculation: Discount Rate, Residual Cash Flows Growth Rate and EBITDA Margin

**Discount Rate:** The Company used a weighted average cost of capital (WACC) in which each category of capital was proportionately weighted to obtain the discount rate. For each CGU we used a different discount rate, reflecting the specific risks related to its country's and operation's risk. To provide a more broader understanding of the effect of this variable on the valuation, changes in the discount rate of +/- 100 bps were applied. The result of this sensitivity analysis was that the value in use were greater than their respective recorded assets of each of the CGUs.

**Residual Cash Flows Growth Rate:** In the model it was assigned an specific growth rate to future residual cash flows (beyond 5 years projections) for each CGU. To have a better understanding of the effect of this perpetual growth rate on the valuations, changes in the growth rate on +/- 75 bps were applied for each of the CGU. As a result of this sensitivity analysis, the value in use were greater than their respective recorded assets of each of the CGUs.

**EBITDA Margin:** Given that cash flows from each CGU may vary from the original projections for different reasons, such as variations on volume of sales, on prices, on expenses and also on other economic factors, management decided to apply a sensitivity analysis based on the variation of EBITDA margin of each CGU. The variation range of margins was of +/-100 bps from the original EBITDA margin of each year projected (2021-2025) and perpetuity. The result of the sensitivity analysis was that the generated value in use were greater than their respective assets on each CGU.

### ***Fair value of assets and liabilities***

IFRS requires, in certain cases, that assets and liabilities be recorded at their fair value. Fair value is the amount at which an asset can be purchased or sold or the amount at which a liability can be incurred or liquidated in an actual transaction among parties duly informed under conditions of mutual independence, different from a forced liquidation.

The basis for measuring assets and liabilities at fair value are the current prices in the active market. Lacking such an active market, we estimate said values based on the best information available, including the use of models or other valuation techniques.

We estimated the fair value of the intangible assets acquired as a result of mergers and acquisitions based on the multiple period excess earning method, which implies the estimation of future cash flows generated by intangible assets, adjusted by cash flows that do not come from intangible assets, but from other assets. For this, we estimated the time during which the intangible asset will generate cash flows, the cash flows themselves, cash flows from other assets and a discount rate.

Other assets acquired and implicit liabilities in the business combination are carried at fair value using valuation methods that are considered appropriate under the circumstances including the cost of depreciated recovery and recent transaction values for



comparable assets, among others. These methodologies require certain inputs to be estimated, including the estimation of future cash flows.

#### ***Allowances for expected credit losses***

We evaluate the possibility of collecting trade accounts receivables using several factors. We apply a simplified approach in calculating expected credit losses. Accordingly, we do not track changes in credit risk, but instead recognize a loss allowance based on lifetime expected credit losses at each reporting date. We have established a provision matrix that is based on our historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

#### ***Useful life, residual value and impairment of property, plant, and equipment***

Property, plant, and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful life of those assets. Changes in circumstances, such as technological advances, changes to our business model, or changes in our capital strategy might modify the effective useful lives compared to our estimates. Whenever we determine that the useful life of property, plant and equipment might be shortened, it depreciates the excess between the net book value and the estimated recoverable amount according to the revised remaining useful life. Factors such as changes in the planned use of manufacturing equipment, dispensers, and transportation equipment or computer software could make the useful lives of assets shorter. We review the impairment of long-lived assets each time events or changes in circumstances indicate that the book value of any of those assets might not be recovered. The estimate of future cash flows is based, among other things, on certain assumptions about the expected operating profits in the future. Our estimates of discounted cash flows may differ from real cash flows because of, among other reasons, technological changes, economic conditions, changes in the business model, or changes in the operating profit. If the sum of discounted cash flows that have been projected (excluding interest) is less than the carrying value of the asset, the asset will be written down to its estimated recoverable value.

#### ***Impact of Foreign Currency Fluctuations***

Pursuant to the methodology of conversion of IFRS, the assets and liabilities of the subsidiaries of Brazil and Paraguay are converted from their functional currency (Brazilian real and Paraguayan guarani, respectively) to the presentation currency of the Parent company (Chilean peso), at the closing exchange rate, and income accounts at the exchange rate of the date of each transaction or at the average exchange rate of each month in which these are performed. In the case of subsidiaries operating in hyperinflationary environments (Argentina, beginning in 2018), non-monetary assets and liabilities and income statements items are restated by the inflation rate of the hyperinflationary economy, bringing its effects to the income statement. These restated balances are converted from the functional currency to the presentation currency at the closing exchange rate of each year. The effects of these conversions are presented as other comprehensive income not affecting the results of the fiscal years ended as of December 31, 2018, 2019 and 2020. The conversion effect resulting from bringing assets and liabilities (including the effects of intercompany accounts designated as an integral part of the investment) from the functional currency to the presentation currency, according to the methodology described above, resulted in a decrease of other comprehensive income of Ch\$178,420 million in 2020 (a net decrease of Ch\$32,402 million in 2019 and a net decrease of Ch\$69,597 million in 2018).

In order to protect us from the effects on income resulting from the volatility of the Brazilian real and the Chilean peso against the U.S. dollar, we maintain derivative contracts (cross currency swaps) to cover almost 100% of U.S. dollar-denominated financial liabilities.

Additionally, according to our currency hedge policy, we enter into forward contracts on a monthly basis to protect against the risk of variation of the U.S. dollar against our local currencies, which has an impact on some of our principal raw materials. Our balance sheets reflect these dollar forward contracts against the Argentine peso, the Brazilian real, the Chilean peso and the Paraguayan guarani.

The mark to market of these contracts are recorded according to the hedge accounting methodology outlined in IFRS standards, i.e., the valuation at fair value is carried to equity accounts, and when the effect on results of the hedged item occurs, the effects of derivatives contracts, are recycled from equity to operating results. For further information about the instruments we use to protect against foreign currency risk, see “Item 11. Quantitative and Qualitative Disclosures about Market Risk—Foreign Currency Risk”.

## **B. LIQUIDITY AND CAPITAL RESOURCES**

### **Capital Resources, Treasury and Funding Policies**

The products we sell are usually paid for in cash or short-term credit, and therefore our main source of financing comes from the cash flow of our operations. This cash flow has been generally sufficient to cover the investments necessary for the normal course of our business, as well as the distribution of dividends approved at our general shareholders' meeting. Should additional funding be required for potential future investments in geographic expansion or other needs, our main sources of financing are expected to be: (i) debt offerings in the Chilean and international capital markets (ii) borrowings from commercial banks, both internationally and in the local markets where we have operations; and; (iii) public equity offerings.

Certain restrictions could exist to transfer funds from our operating subsidiaries to our parent company, however during 2020, we received dividends from subsidiaries in Argentina, Brazil and Paraguay. On September 1, 2019, the Argentine government reinstated certain exchange restrictions. We cannot assure you that we will not face restrictions in the future regarding the distribution of dividends from our foreign subsidiaries.

Our management believes that we have access to financial resources to maintain our current operations and provide for our current capital expenditure and working capital requirements, scheduled debt payments, interest and income tax payments and dividend payments to shareholders.

The amount and frequency of future dividends to our shareholders will be determined at the general shareholders' meeting upon the proposal of our board of directors in light of our earnings and financial condition at such time, and we cannot assure you that dividends will be declared in the future. However, it should be noted that Chilean Corporate Law requires us to distribute at least 30% of any profits generated each year.

Our board of directors has been empowered by our shareholders to define our financing and investment policies. Our bylaws do not define a strict financing structure, nor do they limit the types of investments we may make. Traditionally, we have preferred to use our own resources to finance our investments.

Our financing policy contemplates that each subsidiary finances its own operations. From this perspective, each subsidiary's management focuses on cash generation and should establish clear targets for operating income, capital expenditures and levels of working capital. These targets are reviewed on a monthly basis to ensure that their objectives are met. Should additional financing needs arise, either as a result of a cash deficit or to take advantage of market opportunities, our general policy is to prefer local financing to allow for natural hedging. If local financing conditions are not acceptable, because of costs or other constraints, Andina will provide financing, or our subsidiary could finance itself in a currency different than the local one, and will use derivative instruments to hedge against the operation's functional currency.

Our cash management policy contemplates that cash surpluses be invested in low risk securities that are mainly short-term and easily liquidated assets until such time that this surplus should be needed.

Derivative instruments are utilized only for business purposes, and not for speculative purposes. Pursuant to our currency hedge policy, forward currency contracts are used in some operations to cover the risk of local currency devaluation relative to the U.S. dollar in an amount not greater than the budgeted purchases of U.S. dollar-denominated raw materials. Depending on market conditions, instead of forward currency contracts, from time to time we prefer to utilize our cash surplus to purchase raw materials in advance to obtain better prices and a fixed exchange rate.

### ***Cash Flows from Operating Activities 2020 vs. Cash Flows from Operating Activities 2019 and 2018***

Cash flows from operating activities during 2020 amounted to Ch\$278,769 million compared to Ch\$255,148 million in 2019. The increase in cash flow generation was mainly due to lower payments to suppliers, lower tax payments and other cash outflows, partially offset by lower collections.

See "Item 5. Operating and Financial Review and Prospects –B. Liquidity and Capital Resources –Capital Resources, Treasury and Funding Policies", in our Company's annual report on Form 20-F for the fiscal year ended December 31, 2019.

### ***Cash Flows from Investing Activities 2020 vs. Cash Flows from Investing Activities 2019 and 2018***

Cash flows for investment activities (includes purchase and sale of property, plant and equipment; investments in associated companies; and financial investments) amounted to Ch\$223,879 million in 2020 compared to Ch\$110,048 million during 2019. The increase in cash flow used in investing activities is mainly explained by greater purchases of short-term financial instruments partially offset by lower investment in property, plant and equipment.

See “Item 5. Operating and Financial Review and Prospects –B. Liquidity and Capital Resources –Capital Resources, Treasury and Funding Policies”, in our Company’s annual report on Form 20-F for the fiscal year ended December 31, 2019.

#### ***Cash Flows from Financing Activities 2020 vs. Cash Flows from Financing Activities 2019 and 2018***

Financing activities generated a positive cash flow of Ch\$113,041 million in 2020, increasing Ch\$240,153 million compared to 2019, which is mainly explained by a new bond issuance in January 2020 (Senior Notes due 2050).

As of December 31, 2020, 23 short-term credit lines are available for an amount equivalent to Ch\$150,107 million, of which all of them are unused lines of credit that remain available. In Argentina, we had the equivalent of Ch\$36,898 million in credit available from nine lines of credit, which have not been used. In Brazil, we had the equivalent of Ch\$88,513 million in credit available from 11 lines of credit, which remained unused as of December 31, 2020. In Chile, we had the equivalent of Ch\$7,000 million in credit available from one line of credit, which has not been used. In Paraguay, we had the equivalent of Ch\$17,696 million in credit available from two lines of credit, which have not been used.

See “Item 5. Operating and Financial Review and Prospects –B. Liquidity and Capital Resources –Capital Resources, Treasury and Funding Policies”, in our Company’s annual report on Form 20-F for the fiscal year ended December 31, 2019.

#### **Liabilities**

As of December 31, 2020, our total liabilities, excluding non-controlling interest, were Ch\$1,616,504 million, representing a 13.7% increase compared to December 31, 2019.

Current liabilities decreased by Ch\$33,602 million, 8.2% compared to December 2019, mainly explained by the decrease in current accounts payable to related entities (-Ch\$14,096 million), mainly by lower accounts payable to The Coca-Cola Company and other related companies, coupled with the decrease in trade accounts payable and other current accounts payable (-Ch\$13,255 million), mainly explained by the negative effect of translating figures on accounts payable in Brazil and Argentina.

Non-current liabilities increased by Ch\$228,062 million, 22.6% compared to December 2019, mainly due to the increase in other non-current financial liabilities (Ch\$246,503 million), mainly explained by the recognition of the liability for the bond placement in the U.S. market in January 2020 and by the mark-to-market liability of cross currency swaps of this same bond.

As of December 31, 2020, our bond obligation had a weighted average interest rate of 3.7% in UF and 4.5% in US\$ while our bank obligation had a weighted average interest rate of 26.6% for debts in Argentine pesos and 2.0% for debts in Chilean pesos.

#### **Summary of Significant Debt Instruments**

As of December 31, 2020, the Company is in compliance with all its debt covenants which are summarized below:

##### *Series B Local Bonds (BANDI-B1; BANDI-B2)*

During 2001, we issued in Chile Series B bonds. This issuance was structured into two series, one of which matured in 2008. As of December 31, 2020, Series B is the outstanding series with sub-series B1 and B2. During 2001, UF 3.7 million in bonds were issued with final maturity in 2026, bearing an annual interest rate of 6.5%. The Series B Local Bonds are subject to the following restrictive covenants:

- In October 2020, the covenant of Consolidated Financial Liabilities / Consolidated Equity was amended as the following: Maintain an indebtedness level where Net Consolidated Financial Liabilities shall not exceed Consolidated Equity by 1.20 times. For these purposes Net Consolidated Financial Liabilities will be the result of: (i) Other Current Financial Liabilities, plus (ii) Other Non-Current Financial Liabilities, less (iii) the sum of Cash and Cash Equivalents; plus Other Current Financial Assets; plus Other Non-Current Financial Assets (to the extent that they correspond to the active balances of derivative financial instruments, taken to cover exchange rate risks or interest rate risks on financial liabilities).
- Maintain and not lose, sell, assign, or transfer to a third party the geographical area today called the “Metropolitan Region”, as franchised territory in Chile by The Coca-Cola Company, for the development, production, sale and distribution of products and brands of such licensor, in accordance with the respective bottling agreement or license, renewable from time to time.

- Not lose, sell, assign, or transfer to a third party any other territory of Argentina or Brazil, which to date is franchised to the Company by The Coca-Cola Company for the manufacture, production, sale and distribution of products and brands of such licensor; as long as these territories account for more than 40% of the Company's Adjusted Consolidated Operating Flow.
- Maintain consolidated assets free of any pledge, mortgage or other lien by an amount, less than or equal to 1.3 times the Company's unsecured consolidated current liabilities.

Unsecured consolidated current liabilities are the Company's total liabilities, obligations and debts that are not secured with real guarantees on goods and assets of the latter, made voluntarily or by agreement by the Company less the active balances of derivative financial instruments, taken to cover exchange rate risks or interest rate risks on financial liabilities accounted for under Other Current Financial Assets and Other Non-current Financial Assets of the Company's Consolidated Statement of Financial Position.

Consolidated Assets are assets free of any pledge, mortgage or other lien, as well as those assets that have real liens, mortgage or encumbrances that operate only by law less the active balances of derivative financial instruments, taken to cover exchange rate risks or interest rate risks on financial liabilities accounted for under Other Current Financial Assets and Other Non-current Financial Assets of the Company's Consolidated Statement of Financial Position.

In July 2020, derivatives have been contracted (Cross Currency Swaps) that cover 100% of UF denominated financial obligations, redenominating them to Chilean pesos.

#### *Series C Local Bonds (BKOP-C)*

As a consequence of our merger with Polar, we became an obligor under the following outstanding bonds issued by Polar in Chile in 2010.

- Series C bonds due 2031, bearing interest at a fixed annual rate equal to 4.00%.

This series is subject to the following restrictions:

- Maintain a level of Net Financial Indebtedness within its quarterly financial statements that may not exceed 1.5 times, measured by figures included in the Company Consolidated Statement of Financial Position. For these purposes, net financial indebtedness level is defined as the ratio of net financial debt to total equity of the Company (equity attributable to the owners of the controllers plus non-controlling interests). Net financial debt means the difference between the Company financial debt and cash.
- Maintain consolidated assets free of any pledge, mortgage or other encumbrances for an amount at least equal to 1.3 times of the Company unsecured consolidated liabilities.

Unencumbered Assets are (a) assets that meet the following conditions: (i) they are the property of the Company, (ii) they are classified under Total Assets in the Company's Financial Statement and, (iii) they are free of any pledge, mortgage or other levies constituted in favor of third parties, less (b) Other Current Financial Assets and Other Non-Current Financial Assets included in the Company's Financial Statements (to the extent they correspond to the active balances of derivative financial instruments, taken to cover exchange rate risks or interest rate risks on financial liabilities).

Unsecured Total Liabilities are (a) liabilities included under Total Current Liabilities and Total Non-Current Liabilities on the Company Financial Statements which do not benefit from preferences or privileges, less (b) Other Current Financial Assets and Other Non-Current Financial Assets of the Company's Financial Statements (to the extent they correspond to the active balances of derivative financial instruments, taken to cover exchange rate risks or interest rate risks on financial liabilities).

- Not invest in instruments issued by related parties or carry out operations with related parties other than those related to the general purpose of the entities, in conditions that are less favorable to those of the Company in relation to those prevailing in the market.
- Maintain a Net Financial Coverage ratio greater than 3.0 times. Net financial coverage is the ratio between the Company's EBITDA for the past 12 months and the Company's Net Financial Expenses. Net financial Expenses is defined as the difference between the absolute value of the interest expenses associated with the issuer's financial debt recorded in the "Financial Costs" account; and interest income associated with the issuer's cash, recorded in the Financial Income account,

for the past 12 months. However, this restriction will be considered breached when the mentioned net financial coverage ratio is lower than the ratio previously indicated during two consecutive quarters.

In July 2020, derivatives have been contracted (Cross Currency Swaps) that cover 100% of UF denominated financial obligations, redenominating them to Chilean pesos.

*Series D and E Local Bonds (BANDI-D; BANDI-E)*

During 2013 and 2014, Andina placed local bonds in the Chilean market. The issuance was structured into three series, one of which matured in 2020.

- UF 4.0 million of Series D Bonds due 2034 were issued in August 2013, bearing an annual interest rate of 3.8%;
- UF 3.0 million of Series E Bonds due 2035 were issued in March 2014, bearing an annual interest rate of 3.75%.

The Series D and E local bonds are subject to the following restrictions:

- Maintain an indebtedness level where Net Consolidated Financial Liabilities shall not exceed Consolidated Equity by 1.20 times.

For these purposes Net Consolidated Financial Liabilities will be the result of: (i) Other Current Financial Liabilities, plus (ii) Other Non-Current Financial Liabilities, less (iii) the sum of Cash and Cash Equivalents; plus Other Current Financial Assets; plus Other Non-Current Financial Assets (to the extent that they correspond to the active balances of derivative financial instruments, taken to cover exchange rate risks or interest rate risks on financial liabilities).

Consolidated Equity is total equity including non-controlling interests.

- Maintain Consolidated Assets free of any pledge, mortgage or other lien by an amount, at least equal to 1.3 times of the Issuer's unsecured consolidated current liabilities.

Unsecured Consolidated Current Liabilities are the Company's total liabilities, obligations and debts that are not secured with real guarantees on goods and assets of the latter, made voluntarily or by agreement by the Company, less the active balances of derivative financial instruments, taken to cover exchange rate risks or interest rate risks on financial liabilities accounted for under Other Current Financial Assets and Other Non-current Financial Assets of the Company's Consolidated Statement of Financial Position.

For purposes of determining Consolidated Assets these will consider assets free of any pledge, mortgage or other lien, as well as those assets that have real liens, mortgage or encumbrances that operate only by law. Therefore, Consolidated Assets free of any lien, mortgage or other encumbrance are regarded as those assets for which no real lien, mortgage or other encumbrance has been made voluntarily or by agreement by the Company, less the active balances of derivative financial instruments, taken to cover exchange rate risks or interest rate risks on financial liabilities accounted for under Other Current Financial Assets and Other Non-current Financial Assets of the Company's Consolidated Statement of Financial Position.

- Maintain and not lose, sell, assign, or transfer to a third party the Metropolitan Region, as franchised territory in Chile by The Coca-Cola Company for the production, sale and distribution of products and brands of the licensor. Losing said territory means the non-renewal, cancellation, early termination or annulment of the license agreement granted by The Coca-Cola Company for the Metropolitan Region.
- Not lose, sell, assign, or transfer to a third party any other territory of Argentina or Brazil, which as of the issuance date of the Series C, D and E local bonds were franchised to the Company by The Coca-Cola Company for the manufacture, production, sale and distribution of products and brands of The Coca-Cola Company; as long as these territories account for more than 40% of the Company's Adjusted Consolidated Operating Flow of the audited fiscal year immediately prior to the moment when such loss, sale, assignment or transfer occurs. For these purposes Adjusted Consolidated Operating Flow is the addition of the following accounting items of the Issuer's Consolidated Statement of Financial Position: (i) Gross Income, including revenue and cost of sales, less (ii) Distribution Costs, less (iii) Administrative Expenses, plus (iv) Participation in Earnings (Losses) of Associates and Joint Ventures accounted for using the Equity Method, plus (v) Depreciation, plus (vi) Amortization of Intangibles.

In July 2020, derivatives have been contracted (Cross Currency Swaps) that cover 100% of UF denominated financial obligations, redenominating them to Chilean pesos.

### *Series F Local Bonds (BANDI-F)*

During 2018, Andina undertook the partial repurchase (US\$210 million) of the Senior Notes due 2023, which was refinanced with the placement of the Series F Local Bonds in the Chilean local market. These bonds were issued in October 2018, in the amount of UF5.7 million, accruing an annual interest rate of 2.8% and with a maturity of 2039.

The Series F local bonds are subject to the following restrictions:

- Maintain an indebtedness level where Net Consolidated Financial Liabilities shall not exceed Consolidated Equity by 1.20 times.

For these purposes Net Consolidated Financial Liabilities will be the result of: (i) Other Current Financial Liabilities, plus (ii) Other Non-Current Financial Liabilities, less (iii) the sum of Cash and Cash Equivalents; plus Other Current Financial Assets; plus Other Non-Current Financial Assets (to the extent that they correspond to the active balances of derivative financial instruments, taken to cover exchange rate risks or interest rate risks on financial liabilities).

Consolidated Equity is total equity including non-controlling interests.

- Maintain Consolidated Assets free of any pledge, mortgage or other lien by an amount, at least equal to 1.3 times of the Issuer's unsecured consolidated current liabilities.

Unsecured Consolidated Current Liabilities are the Company's total liabilities, obligations and debts that are not secured with real guarantees on goods and assets of the latter, made voluntarily or by agreement by the Company, less the active balances of derivative financial instruments, taken to cover exchange rate risks or interest rate risks on financial liabilities accounted for under Other Current Financial Assets and Other Non-current Financial Assets of the Company's Consolidated Statement of Financial Position.

For purposes of determining Consolidated Assets these will consider assets free of any pledge, mortgage or other lien, as well as those assets that have real liens, mortgage or encumbrances that operate only by law. Therefore, Consolidated Assets free of any lien, mortgage or other encumbrance shall be regarded as those assets for which no real lien, mortgage or other encumbrance has been made voluntarily or by agreement by the Company, less the active balances of derivative financial instruments, taken to cover exchange rate risks or interest rate risks on financial liabilities accounted for under Other Current Financial Assets and Other Non-current Financial Assets of the Company's Consolidated Statement of Financial Position.

- Maintain and not lose, sell, assign, or transfer to a third party the Metropolitan Region, as franchised territory in Chile by The Coca-Cola Company for the production, sale and distribution of products and brands of the licensor. Losing said territory means the non-renewal, cancellation, early termination or annulment of the license agreement granted by The Coca-Cola Company for the Metropolitan Region.
- Not lose, sell, assign, or transfer to a third party any other territory of Argentina or Brazil, which as of the issuance date of the Series F local bonds, is franchised to the Company by The Coca-Cola Company for the manufacture, production, sale and distribution of products and brands of The Coca-Cola Company; as long as these territories account for more than 40% of the Company's Adjusted Consolidated Operating Flow of the audited fiscal year immediately prior to the moment when said loss, sale, assignment or transfer occurs. For these purposes Adjusted Consolidated Operating Flow is the addition of the following accounting items of the Issuer's Consolidated Statement of Financial Position: (i) Gross Income, including revenue and cost of sales, less (ii) Distribution Costs, less (iii) Administrative Expenses, plus (iv) Participation in Earnings (Losses) of Associates and Joint Ventures accounted for using the Equity Method, plus (v) Depreciation, plus (vi) Amortization of Intangibles.

### *Senior Notes due 2023*

In October 2013, we issued US\$575 million of Senior Notes in the U.S. market under 144A/Reg S regulations. These notes are unsecured obligations with the whole principal amount due in 2023. The proceeds from these notes were used to finance a portion of the purchase price for our acquisition of Ipiranga and for general corporate purposes.

In October 2018, as part of the Company's debt reprofiling, Andina undertook a partial repurchase of the Senior Notes in the amount of US\$210 million (which was refinanced with the placement of Series F Local Bonds in the Chilean local market), with a total remaining outstanding amount of Senior Notes of US\$365 million.

On January 21, 2020, the Company issued a 30-year corporate bond in the international markets for US\$300 million due 2050, with an annual coupon rate of 3.950%. The use of funds from this operation are general corporate purposes which could include an eventual payment of existing liabilities, financing of potential acquisitions and improvement of the company's liquidity position.

In parallel, derivatives have been contracted (Cross Currency Swaps) to fully redenominate the US dollar-denominated financial obligations to UF's.

### C. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

Given the nature of the business and the support provided by The Coca-Cola Company as franchisor to its bottlers, the Company's research and development expenses are not meaningful. For more information on patents and licenses, see "Item 4. Information on the Company – Bottler Agreements".

### D. TREND INFORMATION

Our results will likely continue to be influenced by changes in the level of consumer demand in the countries in which we operate, resulting from governmental economic measures that are or may be implemented in the future. Additionally, principal raw materials used in the production of soft drinks, such as sugar and resin, may experience price increases in the future. Such price increases may affect our results if we are unable to pass the cost increases on to the sales price of our products due to depressed consumer demand and/or heightened competition.

Increased competition from low-price brands is another factor that could limit our ability to grow, and thus negatively affect our results.

Additionally, exchange rate fluctuations, in particular the potential devaluations relative to the U.S. dollar of local currencies in the countries in which we operate, may adversely affect our results because of the impact on the cost of U.S. dollar-denominated raw materials and the conversion of monetary assets.

The outbreak of the COVID-19 pandemic and the extraordinary measures adopted by the government to contain the spread of the virus, could adversely affect our business and results of operations. For more information see "Item 3. Key Information – D. Risk Factors – Our business is subject to risks arising from the ongoing COVID-19 pandemic".

### E. OFF-BALANCE SHEET ARRANGEMENTS

As of December 31, 2020, we did not have any material off-balance sheet arrangements.

### F. CONTRACTUAL OBLIGATIONS

The following table sets forth our principal contractual and commercial obligations as of December 31, 2020:

	Payments Due by Period				Total
	Less than 1 year	1-3 Years	3-5 Years (in millions of Ch\$)	More than 5 years	
Debt with financial institutions (1)	776	850	162	4,081	5,869
Bonds (1) (2)	72,133	11,977	285,048	628,944	998,102
Lease obligations (1)	5,718	5,129	10,012	198	21,057
Purchase obligations (1) (3)	8,426	83,368	23,287	9,714	124,795
<b>Total</b>	<b>87,053</b>	<b>101,324</b>	<b>318,509</b>	<b>642,937</b>	<b>1,149,823</b>

(1) Includes interest.

(2) See note 17 to our consolidated financial statements for additional information.

(3) This includes: (i) IT services contract, and (ii) some services and raw material contracts, mainly for sugar.

The following table presents future expirations for additional long-term liabilities. These expirations have been estimated based on accounting estimates because the liabilities do not have specific dates of future payment, as allowance for severance indemnities, contingencies, and liabilities are included.

	Total	Maturity Years		
		1-3 Years	3-5 Years	More than 5 Years
		(Millions Ch\$ 2020)		
Provisions	50,070	1,335	789	47,946
Other long-term liabilities	13,636	648	427	12,561
<b>Total long-term liabilities</b>	<b>63,706</b>	<b>1,983</b>	<b>1,216</b>	<b>60,507</b>

G. SAFE HARBOR

See “Introduction - Presentation of Financial and Certain Other Information—Forward-Looking Statements”.



## ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

### A. DIRECTORS AND SENIOR MANAGEMENT

Pursuant to Chilean law, we are managed by a group of executive officers under the supervision of our board of directors. The Company's operations in Chile, Brazil, Argentina and Paraguay report to the corporate headquarters in Chile.

#### Board of Directors

In accordance with our current bylaws, the board of directors is comprised of fourteen (14) directors. The directors may or may not be shareholders and are elected at general shareholders' meetings for a three-year term, with re-election permitted. Cumulative voting is permitted for the election of directors.

In the event of a vacancy, the board of directors may appoint a replacement to fill the vacancy, and the entire board of directors must be elected or re-elected at the next regularly scheduled general shareholders' meeting.

The shareholders agreement regulates the election of directors of the Company by the controlling shareholders (See "Item 7. Major Shareholders and Transactions with Related Companies"). In addition, pursuant to the terms and conditions of the deposit agreement entered between The Company and the Bank of New York dated as of December 14, 2000, (the "Deposit Agreement"), if no instructions are received by The Bank of New York, as depositary (the "Depositary"), it shall give a discretionary proxy to a person designated by the chairman of our board of directors with respect to the shares or other deposited securities that represent the ADRs.

The following table sets forth information with respect to the current directors of the Company, which have been elected at our general shareholders' meeting dated April 15, 2021:

Name	Age(3)	Date of expiration current term	Position
Juan Claro	70	April 15, 2024	Chairman
Eduardo Chadwick	61	April 15, 2024	Director
Salvador Said(1)	56	April 15, 2024	Vice Chairman
José Antonio Garcés	54	April 15, 2024	Director
Gonzalo Said(1)	56	April 15, 2024	Director
Roberto Mercadé	52	April 15, 2024	Director
Gonzalo Parot(2)	68	April 15, 2024	Director
Georges de Bourguignon	58	April 15, 2024	Director
Domingo Cruzat (2)	64	April 15, 2024	Director
Rodrigo Vergara	58	April 15, 2024	Director
Felipe Joannon	61	April 15, 2024	Director
Marco Antonio Araujo	54	April 15, 2024	Director
Mariano Rossi	54	April 15, 2024	Director
Carmen Román	53	April 15, 2024	Director

(1) Salvador Said is first cousin of Gonzalo Said.

(2) Independent from controlling shareholder pursuant to Article 50 bis, paragraph 6 of the Chilean Public Company Law N° 18,046.

(3) Age at December 31, 2020.

The following are brief biographies of each of the Company's directors:

#### Juan Claro Gonzalez

**Appointment:** He has been a member of the board of directors, and also the Chairman since 2004.

**Experience:** He holds a civil engineering degree from the Pontificia Universidad Católica de Chile. He was the president of the Sociedad de Fomento Fabril (Sofofa) between 2001 and 2005, the Confederación de la Producción y del Comercio (CPC), between 2002 and 2005 and also of the Chile-China Bilateral Business Council between 2005 and 2007. He has more than 17 years of experience in the beverage and mass consumption industry. Currently, he is member of the risk committee of Agrosuper S.A. and member of the sustainability and stakeholders' committee of Antofagasta PLC.

He has been a member of the board of directors of the following companies: Gasco S.A (1991-2000), CMPC S.A. (2005-2011), Entel S.A. (2005-2011) and chairman of the board of directors of Metrogas (1994-2000) and Emel S.A (2001-2007).

**Other positions:** Currently, he is member of the board of directors of Antofagasta PLC, Cementos Melon, Agrosuper and Energía Llaima. He is also an honorary member of Centro de Estudios Públicos (CEP).

**José Antonio Garcés Silva**

**Appointment:** He has been a member of the board of directors of the Company since 1992.

**Experience:** He holds a business administration degree from the Universidad Gabriela Mistral with a specialization in Finance, and has postgraduate studies with an executive MBA and PADE from ESE school from the Universidad de Los Andes. Previously, he was chairman of the board of directors of Banvida S.A., CEO of Inversiones San Andrés (family holding company), past president of USEC, member of the board of Fundación Paternitas and advisor of Sofofa. He has 25 years of experience in the beverage and mass consumption industry, and extensive experience in risk and cybersecurity in the financial sector. Currently he is a member of the risk committee of Banco Consorcio.

**Other positions:** Currently, he is member of the board of directors of Banco Consorcio, CN Life Compañía de Seguros, Consorcio Nacional de Seguros, Banvida S.A., Energía Llaima SpA, Andes Iron SpA and Viña Montes.

**Marco Antonio Araujo**

**Appointment:** He has been a member of the board of directors of the Company since April 2020.

**Experience:** He holds a systems and industrial engineer degrees, both from Pontificia Universidad Católica de Rio de Janeiro, Brazil; He also holds a masters in finance degree from the Pontificia Universidad Católica de Rio de Janeiro, Brazil and postgraduate studies in accounting from the FGV in Rio de Janeiro, Brazil. He is CFO of the Latin America Operating Unit at The Coca-Cola Company. He has 28 years of experience in the beverage industry and mass consumption, experience in mergers and acquisitions, risk management and sustainability.

**Other positions:** At The Coca-Cola Company he has served as Finance VP & CFO Japan Business Unit; Finance VP & CFO Brazil Business Unit; Finance VP & CFO Mexico Business Unit; M&A Manager for Latin America, Atlanta-USA; Finance Director, Madrid, Spain; Finance Manager SE Region, Brazil Division; and Financial Planning Analyst/Manager, Brazil Division.

**Georges De Bourguignon Arndt**

**Appointment:** He has been a member of the board of directors of the Company since April 2016.

**Experience:** He holds an economist degree from the Pontificia Universidad Católica de Chile with a specialization in finance and has an MBA from Harvard University. In the academic field he was professor of economics at the Universidad Católica and Director of Harvard Business School Alumni Board in Boston. He is co-founder and CEO of Asset Chile. Previously he was director of Latam Airlines Group (2011-2019) and Empresas La Polar S.A. (2011-2015). He has more than five years of experience in the mass consumption industry. He was a member of the Latam Airlines Group and currently serves in the risk committees of Sociedad Química y Minera de Chile S.A. and Asset AGF S.A. He also is a member of the sustainability committee of Sociedad Química y Minera de Chile S.A.

**Other positions:** Currently, he is member of the board of directors of Asset Chile S.A., Asset AGF S.A., Sociedad Química y Minera de Chile S.A. and Tánica S.A.

**Eduardo Chadwick Claro**

**Appointment:** He has been member of the board of directors of the Company since June 2012.

**Experience:** He holds a civil industrial engineering degree from the Pontificia Universidad Católica de Chile. He has 30 years experience in the beverage and mass consumption industry.

**Other positions:** Currently, he is the chairman of the board of Vina Errazuriz and member of the board of directors of Empresas Penta S.A., Maltexco S.A. and Ebema S.A.

**Domingo Cruzat Amunátegui**

**Appointment:** He has been member of the board of directors of the Company since 2021.

**Experience:** He holds a civil industrial engineering degree from the Universidad de Chile and an MBA from The Wharton School of the University of Pennsylvania. Previously, he served as commercial manager at Pesquera Coloso – San José; CEO at Watt's Alimentos; CEO at Loncoleche, CEO at Bellsouth Chile and chief operations officer at Compañía Sudamericana de Vapores. He has 12 years of experience in the beverage and mass consumption industry. He is a university professor in the areas of marketing and sales at the ESE from the Universidad Los Andes. He has also been member of the board of directors of Conpax, Construmart, Copefrut, Essal, Principal Financial Group, Compañía Sudamericana de Vapores and Viña San Pedro Tarapacá. Additionally, he was chairman of the board of Correos de Chile and president of the SEP ("Sistema de Empresas Públicas").

**Other positions:** Currently, he is member of the board of directors of Enel Américas, IP Chile, SEP and Stars (Family Office). Additionally, he is founding partner of Fundación La Esperanza, a foundation dedicated to rehabilitating young drug addicts.

**Roberto Mercade**

**Appointment:** He has been member of the board of directors of the Company since April 2019.

**Experience:** He holds a civil industrial engineering degree from the Georgia Institute of Technology, Atlanta (United States). Previously, he was member of the board of directors of ARCA-Lindley in Peru, Escuela Campo Alegre in Venezuela and American

International School of Johannesburg in South Africa. Has 29 years of experience in the beverage and mass consumption industry. He was responsible for the risk management operation at The Coca-Cola Company's Latin Center. In the sustainability area, he was responsible for co-creating and managing the World Without Waste strategy for the same unit. He has developed his experience in the regions of Latin America, Africa and Asia.

**Other positions:** Currently serves as president of Coca-Cola Mexico in The Coca-Cola Company.

**Gonzalo Parot Palma**

**Appointment:** He has been member of the board of directors of the Company since 2009.

**Experience:** He holds a civil industrial engineering and economist degree from the Universidad de Chile, a master in industrial engineering degree from Universidad de Chile and a master in economics from the University of Chicago. Previously, he served as head of research at CCU S.A., corporate manager of research and development in Empresas CMPC S.A., executive chairman of Filiales Envases y Productos de Papel CMPC S.A.; general manager and director of Pacific Pulp; corporate general manager of CMPC Tissue S.A.; and director and corporate general manager of Copesa S.A. In his career he has been director, executive vice president and advisor of the Municipal Corporation and Municipal Theater of Santiago, director of the Asociación Nacional de la Prensa and the the Cámara Chileno-Argentina de Negocios, professor and director of the School of Business and Economics of the Universidad de Chile, professor and dean of economics and Administration of the Universidad Gabriela Mistral. He has 16 years of experience in the beverage and mass consumption industry.

**Other positions:** Currently serves as Director of AES Gener S.A.

**Mariano Rossi**

**Appointment:** He has been member of the board of directors of the Company since June 2012.

**Experience:** He holds a business administration degree from the School of Economics, Universidad de Buenos Aires with a specialization in finance. At The Coca-Cola Company, he was CFO in Spain, Latin America and General Manager in Argentina. He has also been director in different bottlers of the Coca-Cola System in Chile (Embonor and Polar), Peru (JRL Lindley) and Uruguay (Monresa) between 1999 and 2008. He has participated in executive programs at the University of Michigan and IESE (Switzerland), as well as in the executive development programs of The Coca-Cola Company of Emory & Wharton Universities (USA). He has 30 years of experience in the beverage and mass consumption industry.

**Salvador Said Somavia**

**Appointment:** He has been member of the board of directors of the Company since 1992.

**Experience:** He holds a business administration degree from Universidad Gabriela Mistral, with specialization in business management. He was a member of the board of Envases del Pacífico S.A. and Envases CMF S.A. He also participates in non-profit organizations, such as Endeavor Chile, where he was the chairman for six years and currently he continues as a member of the board. He is a member of the board of directors of the Centro de Estudios Públicos (CEP). He has 22 years of experience in the beverage and mass consumption industry. He has knowledge and experience in risk management due to his position as member of the board of Scotiabank Chile since 2011 and as a member of the risk committee of the bank.

**Other positions:** Currently, he is the chairman of Scotiabank Chile S.A. and member of the board of Parque Arauco S.A., Energía Llama SpA, SmSalud S.A., Idelpa Energía S.A., Inversiones Sevillana S.A., Inmobiliaria Atlantis S.A., Inversiones del Pacífico S.A., and Administradora Costanera S.A.

**Gonzalo Said Handal**

**Appointment:** He has been member of the board of directors of the Company since April 1993.

**Experience:** He holds a business administration degree from Universidad Gabriela Mistral, with specialization in finance, best practices and corporate governance. he is a member of the board of directors of Sofofa and chairman of the board of directors of Fundación Generación Empresarial. He has 30 years of experience in the beverage and mass consumption industry. He has knowledge and experience in risk management as a business administrator and member of the risk committee of Scotiabank Chile, as well as knowledge and experience in sustainability as a member of the ethics and sustainability committee of Embotelladora Andina S.A. and through Fundación Generación Empresarial.

**Other positions:** Currently, he serves as director of Scotiabank Chile S.A., Energía Llama SpA and of Holding de Empresas Said Handal.

**Felipe Joannon Vergara**

**Appointment:** He has been member of the board of directors of the Company since April 2018.

**Experience:** He holds a business administration degree with major in economics from Pontificia Universidad Católica de Chile and an MBA from The Wharton School. Previously, he was member of the board of directors of the companies of Grupo Luksic, development manager of Quiñenco S.A., general manager of Viña Santa Rita and assistant general manager of Cristalerías de Chile S.A. In the academic field, he is a professor at the School of Administration and Economics of the Pontificia Universidad Católica de Chile and at the ESE of the Universidad de los Andes.

**Other positions:** Currently, he is a member of the board of Forestal O'Higgins (parent company of the Matte Group), Quimetal Industrial S.A., Icom Gestión Inmobiliaria SpA, Altis S.A. AGF and Maquinarias y Construcciones Río Loa S.A.

#### **Rodrigo Vergara Montes**

**Appointment:** He has been member of the board of directors of the Company since April 2018.

**Experience:** He holds a business administration degree from the Pontificia Universidad Católica de Chile and a PhD in Economics from Harvard University. Former President of the Banco Central de Chile (2011-2016) and director of the same monetary entity (2009-2011). He was a director of Moneda S.A., Moneda AGF, Entel S.A. and Banco Internacional. He has knowledge and experience in Risk Management due to the functions he developed in Banco Central. He exhibits knowledge and experience in sustainability from his work in the monetary entity and in the companies in which he has been director. In the area of cybersecurity, he has knowledge and experience given that this is an issue of the utmost relevance for Banco Central, as well as for the banks in which he has been director. In the academic field, he is a professor at Instituto de Economía of the Universidad Católica de Chile.

**Other positions:** Currently, he is member of the board of Banco Santander Chile and Besalco S.A. He also is a Senior Economist at the Centro de Estudios Públicos and an Associate Researcher at the Mossavar-Rahmani Center for Business and Government of Harvard University.

#### **Carmen Román Arancibia**

**Appointment:** She has been member of the board of directors of the Company since 2021.

**Experience:** She holds a law degree from Universidad Gabriela Mistral. Former chief legal officer and head of corporate affairs of Walmart Chile. She has developed a strong experience in the retail industry, working for 11 years in Walmart, four years in Santa Isabel, and for seven years in Cencosud. She has knowledge and experience in risk management due to her role as chief compliance and ethics officer in Walmart. She exhibits knowledge and experience in sustainability from her work as president of the sustainability and corporate governance committee at SOFOFA. In the area of diversity and inclusion she has knowledge and experience as mentor and trainer of female leadership programs.

**Other positions:** Currently, she is member of the board of directors of the legal sustainability council in the Universidad Católica and Valle Escondido Golf Club. Also, she is counselor in Comunidad Mujer and Laboratoria ONG and part of the Circulo Legal of Icare.

#### **Executive Officers**

The following table includes information regarding our senior executives:

<b>Name</b>	<b>Age(1)</b>	<b>Position</b>
Miguel Ángel Peirano	61	Chief Executive Officer
Andrés Wainer	50	Chief Financial Officer
Fernando Jaña	43	Chief Strategic Planning Officer
Jaime Cohen	53	Chief Legal Officer
Martín Idígoras	45	Chief IT Officer
Gonzalo Muñoz	59	Chief Human Resources Officer
Fabián Castelli	55	General Manager of Embotelladora del Atlántico S.A.
Renato Barbosa	60	General Manager of Rio de Janeiro Refrescos Ltda.
José Luis Solorzano	50	General Manager of Embotelladora Andina S.A.
Francisco Sanfurgo	66	General Manager of Paraguay Refrescos S.A.

(1) Age at December 31, 2020.

#### **Miguel Angel Peirano**

Chief Executive Officer

He holds an electronic engineer degree from the Instituto Tecnológico de Buenos Aires and has postgraduate studies at Harvard Business School and Stanford University. He joined the Company and became Executive Vice President in 2011. Previously, he was senior engagement manager at McKinsey & Company and was president of Coca-Cola Femsa Mercosur.

#### **Andres Wainer**

Chief Financial Officer

He holds a business administration degree with a major in economics from the Pontificia Universidad Católica de Chile and a master's degree in finance from the London Business School. He joined the Company in 1996 and since 2010 he has been Chief Financial Officer. Previously, he was development manager at Coca-Cola Andina Argentina, administration and finance manager at Coca-Cola Andina Chile and research and development corporate manager at the Corporate Office.

**Jaime Cohen**

Chief Legal Officer

He holds a law degree from the Universidad de Chile and a master law degree from the University of Virginia, United States. He joined the Company in 2008. Previously, he was manager of legal affairs at Socovesa S.A. (2004-2008); corporate banking lawyer at Citibank N.A., Santiago de Chile (2000-2004); international associate at Milbank, Tweed, Hadley & McCloy, New York (2001-2002); associate lawyer at Cruzat, Ortúzar & Mackenna, Baker & McKenzie (1996-1999) and lawyer in the area of financial and real estate advisory at Banco Edwards (1993-1996).

**Gonzalo Muñoz**

Chief Human Resources Officer

He holds an auditor accountant degree from Universidad de Chile. He joined the Company in 2015. Previously, he was director of finance, general manager and director of human resources in various latin american countries in the British American Tobacco company. He has also served as a professor of marketing at Universidad de Chile.

**Martin Idigoras**

Chief Information Technology Officer

He holds a bachelor's degree in systems from Universidad John F. Kennedy in Argentina, with a specialization in information technology. He joined the Company in 2018. Previously he worked for 17 years at Cencosud. During that time he served as CIO for the home improvement division (2015-2018), regional manager of the SAP center of expertise (2014-2015) and CTO for the home improvement division (2015-2018) and regional CTO (2010-June 2014). He also worked in different technology positions in different companies such as Correo Argentino and Arcor.

**Fernando Jaña**

Chief Strategic Planning Officer

He holds a industrial civil engineering degree from Universidad Adolfo Ibáñez and a master's degree in logistics and supply chain management from The University of Sydney, Australia. He joined the Company in 2014 and has held his current position since 2019. He was general manager of Coca-Cola del Valle, manager of innovation and projects in Coca-Cola Andina Chile, ecommerce manager at Cencosud Supermercados and logistics and distribution manager at CCU. He has also worked as a teacher and researcher at Universidad Adolfo Ibáñez.

**Jose Luis Solorzano**

General Manager Coca-Cola Andina Chile

He holds a business administration degree from Universidad Adolfo Ibáñez, with specialization in the areas of marketing and finance. He joined the Company in 2003 and since 2014 he has been general manager of Coca-Cola Andina Chile. He previously held the positions of general manager of Coca-Cola Andina Argentina and commercial manager of Coca-Cola Andina Chile. Prior to that, he was commercial manager of Coca-Cola Polar.

**Fabian Castelli**

General Manager Coca-Cola Andina Argentina

He holds a industrial engineering degree from Universidad Nacional de Cuyo, with specialization in a management development program at IAE, Argentina and Donald R. Keough System Leadership Academy. He joined the Company in 1994 and since 2014 he has been general manager of Coca-Cola Andina Argentina. Previously he held the positions of head of the mendoza sales department, business development and planning manager, marketing manager and commercial manager. He was also director of AdeS in Argentina, vice president of Asociación de Fabricantes Argentinos de Coca-Cola (AFAC) and Director of Cámara Argentina de Industria de Bebidas sin Alcohol (Argentine Chamber of Non-Alcoholic Beverages Industry).

**Renato Barbosa**

General Manager Coca-Cola Andina Brazil

He holds an economist degree from Universidade do Distrito Federal Brazil, with specialization in business and post graduation studies in business from FGV Sao Paulo, Brazil and an MBA in marketing from the FGV Rio de Janeiro, Brazil. He joined the Company in 2012 as general manager of Coca-Cola Andina Brazil. Previously held the position of general manager of Brasal Refrigerantes (Coca-Cola bottler in the central-eastern region of Brazil).

**Francisco Sanfrugo**

General Manager Coca-Cola Paresa

He holds a mechanical engineering degree from Universidad de Concepción and a specialization in project management from Universidad Adolfo Ibáñez. He joined the Company in 1988, and has been general manager of Coca-Cola Paresa since 2005. Previously, he was manager of commercial dimetral in Punta Arenas, branch manager of Citicorp Punta Arenas and general manager of Cervecería Austral in Punta Arenas.

## B. COMPENSATION

### Compensation of Executive Officers

For our executive officers, the compensation plans are composed of a fixed compensation and a performance bonus, which are defined according adapted to the competitive and offer conditions of each market, and whose amounts vary according to the position and/or responsibility exercised. The performance bonuses are payable only to the extent that the objectives determined by the Company for each officer are met.

For the Company's Chief Executive Officer, the main performance indicators are consolidated EBITDA, net income, consolidated cash flow and capex. for general managers of operations, the main performance indicators are EBITDA generated by their operation in local currency, consolidated EBITDA in Chilean pesos, participation in the NARTD (non-alcohol ready-to-drink) market share, safety and certain individualized goals in the event that the Company's Chief Executive Officer so determines.

For corporate officers, the main performance indicators are consolidated EBITDA in Chilean pesos and certain individualized goals in the event that the Company's Chief Executive Officer so determines. Particularly, for those executive officers who, by the nature of their position, are directly related to the Company's investors, there is a payment scheme for their performance bonus that is partly deferred over four years indexed to the Company's share price. Additionally, within the compensation structure for certain executive officers, there are permanence bonuses, which are paid out upon completion of the agreed terms of service.

For 2020, the fixed remuneration paid to Coca-Cola Andina's executive officers amounted to Ch\$5,259 million (Ch\$4,167 million in 2019). Similarly, the remuneration paid for performance bonuses amounted to Ch\$2,502 million (Ch\$2,407 million in 2019). During 2020, there were no severance indemnities paid to the Company's executive officers. During 2019, the amount paid for severance indemnities to the Company's managers and executive officers amounted to Ch\$55 million.

We do not make available to the public information as to the compensation of our executive officers on an individual basis, as disclosure of such information is not required under Chilean law.

### Compensation of Directors

Directors receive an annual fee for their services and participation as members of the board of directors and committees. The amounts paid to each director varies in accordance with the position held and the period of time during which such position is held. Total compensation paid to each director during 2020, which was approved by our shareholders, was as follows:

2020	Directors' Compensation ThCh\$	Executive Committee ThCh\$	Directors' and Audit Committee ThCh\$	Total ThCh\$
Juan Claro González(1)	144,000			144,000
Arturo Majlis Albala(2)	54,000	54,000		108,000
Gonzalo Said Handal	72,000	72,000		144,000
Jose Antonio Garcés Silva	72,000	72,000		144,000
Salvador Said Somavía	72,000	72,000	24,000	168,000
Eduardo Chadwick Claro	72,000	72,000		144,000
Gonzalo Parot Palma(3)	72,000		24,000	96,000
Marco Antonio Fernandez De Araujo(4)	51,000			51,000
Rodrigo Vergara Montes	72,000			72,000
Mariano Rossi	72,000			72,000
Roberto Mercadé Rovira	72,000			72,000
Georges de Bourguignon Arndt	72,000			72,000
Enrique Rapetti(5)	24,000			24,000
María del Pilar Lamana Gaete(3)	72,000		24,000	96,000
Felipe Joannon Vergara	72,000			72,000
<b>Total Gross</b>	<b>1,065,000</b>	<b>342,000</b>	<b>72,000</b>	<b>1,479,000</b>

(1) Includes Ch\$72 million additional as Chairman of the Board.

(2) Left the Board in September 2020.

(3) Independent from controlling shareholder pursuant to Article 50 bis, paragraph 6 of the Chilean Public Company Law N° 18,046.

(4) Joined the Board in April 2020.

(5) Left the Board in April 2020.

For the year that ended December 31, 2020, the aggregate amount of compensation we paid to all directors and executive officers as a group was Ch\$9,355 million of which Ch\$7,876 million was paid to our executive officers. We do not disclose to our shareholders or otherwise make available to the public information as to the compensation of our executive officers on an individual basis, as disclosure of such information is not required under Chilean law. We only maintain a retirement plan for our chief executive officer.

### C. BOARD PRACTICES

Our board of directors has regularly scheduled meetings at least once a month, and extraordinary meetings are convened when called by the chairman or when requested by one or more directors. The quorum for a meeting of the board of directors is established by the presence of an absolute majority of its directors. Directors serve terms of three years from the date they are elected. Resolutions are adopted by the affirmative vote of a majority of those directors present at the meeting, with the chairman determining the outcome of any tie vote.

#### Benefits upon Termination of Employment

There are no contracts providing benefits to directors upon termination of employment.

#### Executive Committee

Our board of directors is counseled by an Executive Committee that proposes Company policies and is currently comprised by the following Directors: Mr. Eduardo Chadwick Claro, Mr. José Antonio Garcés Silva (junior), Mr. Gonzalo Said Handal, and Mr. Salvador Said Somavia, who were elected during the ordinary Board Meeting held on April 27, 2021. The Executive Committee is also comprised by the Chairman of the Board, Mr. Juan Claro González and our chief executive officer. This committee meets permanently throughout the year and normally holds one or two monthly sessions.

#### Directors' Committee

Pursuant to Article 50 bis of Chilean Company Law N°18,046 and in accordance with the dispositions of Circular N°1,956 of the Financial Market Commission (*Comisión para el Mercado Financiero* – “CMF”) a new Directors' Committee was elected during the Board Meeting held on April 27, 2021, applying the same election criteria set forth by Circular N°1,956. The directors Mr. Domingo Cruzat Amunátegui and Mr. Gonzalo Parot Palma (both as Independent Directors), and Mr. Salvador Said Somavia comprised the Committee. Mr. Gonzalo Parot Palma is the Chairman of the Company's Directors' Committee.

The duties performed by this Committee during 2020, following the same categorization of faculties and responsibilities established by Article 50 bis of Law N°18,046, were the following:

- Subject to the duties of the Audit Committee, examine the reports of external auditors, the balance sheets and other financial statements, presented by the administrators of the Company, and take a position on such reports before they were presented to shareholders for their approval.
- Subject to the duties of the Audit Committee, analyze and prepare proposal of external auditors and private rating agencies to the Board of Directors, which were suggested to the respective shareholders' meeting.
- Examine background information regarding the operations referred to by Title XVI of Law N°18,046 (related parties transactions) and issue a report on those operations.
- Examine the salary systems and compensation plans of the Company's managers, executive officers and employees.
- Review anonymous reports.
- Subject to the duties of the Audit Committee, review and approve the 20F and compliance with Section 404 of the Sarbanes-Oxley Act.
- Prepare the budget proposal for the Committee's operation.
- Review internal audit reports.
- Subject to the duties of the Audit Committee, periodically interview the Company's external auditors' representatives.
- Interview with Chief Human Resources Officer.
- Review operating budget between related companies (production joint ventures).
- Review corporate insurances.
- Review and approve press releases that refer to the Company's communications.
- Review the Company's four operations' internal control standards, including critical risks in accounting processes, compliance of corporate policies, tax contingencies and status of internal and external audit observations.
- Analyze risk management model.

- Review Crime Prevention Model Law No. 20,393.
- Review advances in Cybersecurity and IT.
- Review judicial procedures and contingency analysis.
- Review tax status.
- Analyze possible improvements to corporate governance.
- Prepare the Annual Management Report.

#### Audit Committee

In accordance with NYSE and SEC requirements, the Board of Directors established an Audit Committee on July 26, 2005. The current Audit Committee was elected during the Board Meeting held on April 27, 2021. The Committee is comprised by the directors Mr. Domingo Cruzat Amunátegui, Mr. Gonzalo Parot Palma, and Mr. Salvador Said Somavía, with the Board of Directors determining that Mr. Domingo Cruzat Amunátegui and Mr. Gonzalo Parot Palma fulfill the independence standards set forth in Rule 10A-3 of the U.S. Exchange Act and applicable NYSE rules. Mr. Salvador Said Somavía has non-voting observer status, as described in Item 16D. Also, Mr. Parot Palma was determined by the Board of Directors to qualify as the audit committee financial expert in accordance with the definitions of the SEC.

The resolutions, agreements and organization of the Audit Committee are governed by the rules relating to Board Meetings and to the Company's Directors' Committee. Since its creation, the sessions of the Audit Committee have been held with the Directors' Committee, since some of the functions are very similar and the members of both of these Committees are the same.

The Audit Committee Charter, which is available on our website: [www.koandina.com](http://www.koandina.com), defines the duties and responsibilities of this Committee. The Audit Committee is responsible for analyzing the Company's financial statements; supporting the financial supervision and rendering of accounts; ensuring management's development of reliable internal controls; ensuring compliance by the audit department and external auditors of their respective roles; and reviewing auditing practices.

#### Culture, Ethics & Sustainability Committee

The Culture, Ethics and Sustainability Committee was established during the Board Meeting held on January 28, 2014. This Committee is comprised by three directors, who are appointed by the Board of Directors and will occupy their posts until their successors are elected, or until resignation or dismissal. The current members of the Culture, Ethics and Sustainability Committee are Mr. José Antonio Garcés Silva, Mr. Eduardo Chadwick Claro, Mrs. Carmen Román Arancibia and Mr. Gonzalo Said Handal, in addition to the Chairman of the Board.

### D. EMPLOYEES

#### Overview

As of December 31, 2020, we had 17,354 employees, including 4,345 in Chile (3,240 own and 1,105 outsourced), 7,817 in Brazil (7,715 own and 102 outsourced), 3,102 in Argentina (3,012 own and 90 outsourced) and 1,488 in Paraguay (1,069 own and 419 outsourced). From these employees, 915 were temporary employees in Chile, 387 were temporary employees in Argentina, 0 were temporary in Brazil and 73 were temporary employees in Paraguay. During the South American Summer, it is customary for us to increase the number of employees in order to meet peak demand. Additionally, in Vital Jugos, Vital Aguas and Envases Central we had 311, 67 and 183 employees, respectively, for a total aggregate amount of 561 employees for those three companies. Additionally, the corporate office had 41 employees.

As of December 31, 2020, 2,181, 638, 2,078 and 410 of our employees in Chile, Brazil, Argentina and Paraguay, respectively, were members of unions.

Management believes that the Company has good relations with its employees.

The following table represents a breakdown of our employees for the years ended December 31, 2019 and 2020:

	2019											
	Chile(1)			Brazil			Argentina(2)			Paraguay		
	Total	Union	Non-Union	Total	Union	Non-Union	Total	Union	Non-Union	Total	Union	Non-Union
Executives	70	0	70	53	1	52	97	0	97	38	0	38
Technicians and professionals	481	2	479	981	38	943	738	10	728	335	53	282
Workers	3,029	1,858	1,172	6,998	696	6,302	1,883	1,757	126	1,168	357	811
Temporary workers	691	1	690	0	0	0	341	271	70	105	0	105
<b>Total</b>	<b>4,271</b>	<b>1,860</b>	<b>2,411</b>	<b>8,032</b>	<b>735</b>	<b>7,297</b>	<b>3,059</b>	<b>2,038</b>	<b>1,021</b>	<b>1,646</b>	<b>410</b>	<b>1,236</b>



	2020											
	Chile(1)			Brazil			Argentina(2)			Paraguay		
	Total	Union	Non-Union	Total	Union	Non-Union	Total	Union	Non-Union	Total	Union	Non-Union
Executives	47	0	47	46	1	45	95	0	95	38	0	38
Technicians and professionals	567	29	538	928	29	899	739	10	729	332	52	280
Workers	2,816	2,152	664	6,843	608	6,235	1,881	1,759	122	1,045	358	687
Temporary workers	915	0	915	0	0	0	386	308	77	73	0	73
<b>Total</b>	<b>4,345</b>	<b>2,181</b>	<b>2,164</b>	<b>7,817</b>	<b>638</b>	<b>7,179</b>	<b>3,102</b>	<b>2,078</b>	<b>1,024</b>	<b>1,488</b>	<b>410</b>	<b>1,078</b>

	2019		
	Vital Aguas/Vital Jugos/Envases Central		
	Total	Union	Non-Union
Executives	10	0	10
Technicians and professionals	135	44	91
Workers	375	270	105
Temporary workers	17	1	16
<b>Total</b>	<b>537</b>	<b>315</b>	<b>222</b>

	2020		
	Vital Aguas/Vital Jugos/Envases Central		
	Total	Union	Non-Union
Executives	10	0	10
Technicians and professionals	175	101	74
Workers	264	210	54
Temporary workers	102	0	102
<b>Total</b>	<b>561</b>	<b>309</b>	<b>252</b>

(1) Information for Chile includes only Andina Chile.

(2) Argentina includes AEASA.

Note: The number of employees is calculated as equivalent to full time hours, which means that extraordinary hours are considered as additional employees.

## Chile

In Chile, we continue to make provisions for severance indemnities in accordance with our collective bargaining agreements and current labor legislations, in the amount of one month's salary for every year of employment subject to certain restrictions. In addition, we benefit our employees with a contribution to a health insurance system that complements what the employee pays, which contributes to decrease health costs for the employees' families. Employees are required to contribute funds for financing pension funds, which are mainly managed by private entities.

In Chile 64.53% of employees with indefinite work contracts are affiliated with a labor union organization, with a total of 13 labor union organizations and a total of 17 collective bargaining agreements.

## Brazil

In Brazil, 8.27% of our employees are members of labor unions. Collective bargaining agreements are negotiated on an industry-wide basis, although companies can negotiate special terms for their affiliates that apply to all employees in each jurisdiction where companies have a plant. Collective bargaining agreements are generally binding for one year.

With respect to Andina Brazil, there are 31 collective bargaining agreements in force as of December 31, 2020.

The agreements do not require us to increase wages on a collective basis. Selected increases were granted, however, according to inflation. We provide benefits to our employees according to the relevant legislation and to the collective bargaining agreements. Andina Brazil experienced its most recent work stoppages in December 2014, for three days organized by the drivers of internal buses in the Espirito Santo operation. However, as this operation no longer uses internal buses, such work stoppages are not expected to occur in the future.

## Argentina

In Argentina, 66.6% of EDASA's employees are parties to collective bargaining agreements and are represented by local workers' unions associated with a national federation of unions. The Argentine Chamber of Non-Alcoholic Beverages of the Argentine Republic (*Cámara Argentina de Industria de Bebidas sin Alcohol de la República Argentina*) (the "Chamber") and the Argentine Workers Federation of Carbonated Water (*Federación Argentina de Trabajadores de Aguas Gaseosas*) (the "Federation") are parties to a collective bargaining agreement that began July 29, 2008. On November 27, 2020, the Chamber and the Federation entered into a new collective bargaining agreement establishing new salaries, new non- salary benefits and a new complementary regulation on company contributions.

Argentine law requires severance payments upon dismissal without cause in an amount at least equal to an average of one-month's wages for each year of employment or a fraction thereof if employed longer than three months. Severance payments are subject to maximum and minimum amounts fixed by legislations and jurisprudence of the Justice Supreme Court of Argentina.

On December 13, 2019, a public emergency in occupational matters was declared, which was in force throughout 2020. Consequently, during this period in the event of a employees's dismissal without just cause, the employees shall be entitled to receive double the compensation referred to in the preceding paragraph. Along with this, on March 31, 2020, by means of a Decree of Need and Urgency, the national government banned dismissals without just cause and on the grounds of lack or decrease in labor and force majeure. This measure was originally valid for 90 days, but then had successive extensions, such that the measure was in force throughout 2020.

All employee contributions are made to the state social security system. Most of the health system in the Argentine territory is run by the unions through contributions from employees within the Collective Work Agreements (CCT — *Convenios Colectivos de Trabajo*).

## Paraguay

In Paraguay, 27.6% of PARESA's employees are members of labor unions. Collective bargaining agreements are negotiated with the company (Coca-Cola Paresa Paraguay). Unions can negotiate special terms for their members, which are applicable to all employees. Collective bargaining agreements generally have a two year term of duration.

## E. SHARE OWNERSHIP

The following table sets forth the amount and percentage of our shares beneficially owned by our directors and executive officers as of December 31, 2020.

	Series A						Series B					
	Beneficial Owner	% Class	Direct Owner	% Class	Indirect Owner	% Class	Beneficial Owner	% Class	Direct Owner	% Class	Indirect Owner	% Class
Shareholder												
José Antonio Garcés Silva	—	—	—	—	65,487,786	13.84	—	—	—	—	13,028,183	2.75
Salvador Said Somavía	—	—	—	—	65,487,786	13.84	—	—	—	—	37,000,463	7.82
Gonzalo Said Handal	—	—	—	—	65,489,786	13.84	---	---	—	—	25,214,463	5.33
Eduardo Chadwick Claro	—	—	63,327	0.01	65,683,396	13.88	—	—	63,327	0.01	22,918,824	4.84

## ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

### A. MAJOR SHAREHOLDERS

The following table sets forth certain information concerning beneficial ownership of our capital stock with respect to the principal shareholders known to us who maintain at least a 5% beneficial ownership in our shares and with respect to all of our directors and executive officers as a group as of December 31, 2020:

Shareholder	Series A		Series B	
	Shares	% Class	Shares	% Class
Controlling shareholders(1)	262,148,781	55.39	98,161,933	20.74
The Bank of New York Mellon(2)	2,458,494	0.52	13,167,618	2.78
The Coca-Cola Company, directly or through subsidiaries	69,348,241	14.65	—	—
AFPs as a group (Chilean pension funds)	32,248,480	6.81	53,912,262	11.39
International Shareholders	37,920,965	8.01	135,083,304	28.54
Executive officers as a group	—	—	—	—
Directors as a group(3)	262,148,781	55.39	98,161,933	20.74

(1) For further information of our controlling shareholders, see below.

(2) Acting as Depositary for ADRs.

(3) Represents shares held directly and indirectly by Mr. Gonzalo Said Handal, Mr. José Antonio Garcés Silva (junior), Mr. Salvador Said Somavía and Mr. Eduardo Chadwick Claro.

As of December 31, 2020, approximately 91.47% of our Series A shares and 68.68% of our Series B shares are held in Chile. It is not practicable for us to determine the number of record holders in Chile.

Our controlling shareholders are: Inversiones SH Seis Limitada (controlled by family Said Handal), Inversiones Cabildo SpA (controlled by the Said Somavía family), Inversiones Nueva Delta S.A. (controlled by the Garcés Silva family), Inversiones Nueva Sofia Limitada (controlled by the Garcés Silva family), Inversiones Playa Amarilla SpA (controlled by Andres Herrera Ramirez), Inversiones Playa Negra SpA (controlled by Patricia Claro Marchant), Inversiones Don Alfonso Limitada (controlled by María de la Luz Chadwick Hurtado), Inversiones El Campanario Limitada (controlled by María Soledad Chadwick Claro), Inversiones Los Robles Limitada (controlled by María Carolina Chadwick Claro), Inversiones Las Niñas Dos SpA (controlled by Eduardo Chadwick Claro), and the estates of Jaime Said Demaría, José Said Saffie and José Antonio Garcés Silva.

Below is a summary of the members of our controlling shareholders or their related persons and the numbers of shares and percentage they hold in Andina (including series A and series B shares):

Controlling Shareholder Entity	Series A	Series B
Inversiones SH Seis Limitada(1)	65,489,786	25,164,863
Estate of Mr. Jaime Said Demaría (1)	-	49,600
<b>Total of shares percentage of Andina:</b>	<b>13.8371%</b>	<b>5.3275%</b>
Inversiones Cabildo SpA(2)	65,487,786	36,950,863
Estate of Mr. José Said Saffie(2)	-	49,600
<b>Total of shares percentage of Andina:</b>	<b>13.8367%</b>	<b>7.8178%</b>
Inversiones Nueva Delta S.A.(3)	58,927,056	-
Inversiones Nueva Delta Dos S.A.(3)	3,574,999	-
Inversiones Nueva Sofia Limitada(3)	2,985,731	12,978,583
José Antonio Garcés Silva(3)	-	49,600
<b>Total of shares percentage of Andina:</b>	<b>13.8367%</b>	<b>2.7527%</b>
Inversiones Playa Amarilla SpA(4)	16,689,895	8,513,594
Inversiones Playa Negra SpA(4)	637,205	315,939
Inversiones El Campanario Limitada(4)	12,089,074	-
Inversiones Los Robles Limitada(4)	12,089,074	6,638,363
Inversiones Las Niñas Dos SpA(4)	12,089,074	-
Inversiones Don Alfonso Limitada(4)	12,089,074	7,450,928
Eduardo Chadwick Claro(4)	63,327	63,327
<b>Total of shares percentage of Andina:</b>	<b>13.8914%</b>	<b>4.8559%</b>

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- (1) Inversiones SH Seis Limitada is controlled by the Said Handal family. The family members are: Jaime, Gonzalo, Javier, Bárbara, Marisol and Cristina Said Handal.
  - (2) Inversiones Cabildo SpA is controlled by the Said Somavia family. The family members are: Isabel Margarita Somavía Dittborn and Salvador, Isabel, Constanza and Loreto Said Somavía.
  - (3) Inversiones Nueva Delta S.A., Inversiones Nueva Delta Dos S.A. and Inversiones Nueva Sofía Limitada are controlled by the Garcés Silva family. The family members are: José Antonio Garcés Silva (father), María Teresa Silva Silva and María Teresa, María Paz, José Antonio (Jr.), Matías Alberto and Andrés Sergio Garcés Silva.
  - (4) Inversiones Playa Amarilla SpA is controlled by Andrés Herrera Ramírez; Inversiones Playa Negra SpA is controlled by Patricia Claro Marchant; Inversiones Don Alfonso Limitada is controlled María de la Luz Chadwick Hurtado; Inversiones El Campanario Limitada is controlled by María Soledad Chadwick Hurtado; Inversiones Los Robles Limitada is controlled by María Carolina Chadwick Claro; and Inversiones Las Niñas Dos SpA is controlled by Eduardo Chadwick Claro.

Our controlling shareholders act pursuant to a shareholders' agreement that establishes that this group will exercise joint control in order to ensure a majority vote at shareholders' meetings and board meetings. Our controlling shareholders pass resolutions with the simply majority approval except with respect to the following matters, which require an unanimous decision:

- carrying out of new business activities different from our current line of business (unless related to "ready to drink products" or Coca-Cola products);
- amendment of the number of our directors;
- issuances of new shares;
- spin-offs or mergers;
- capital increases (subject to certain indebtedness thresholds); and
- the joint acquisition of our Series A shares.

In connection with The Coca-Cola Company's investment in us, The Coca-Cola Company and our controlling shareholders entered into a Shareholders' Agreement dated September 5, 1996, as amended (the "Amended and Restated Shareholders Agreement or Shareholders' Agreement", included as exhibit to this annual report), providing for certain restrictions on the transfer of shares of our capital stock by the Coca-Cola Shareholders and our controlling shareholders. Specifically, our controlling shareholders are restricted from transferring its Series A shares without the prior authorization of The Coca-Cola Company. The Shareholders' Agreement also provides for certain corporate governance matters, including the right of the Coca-Cola shareholders to elect two members of our board of directors as long as The Coca-Cola Company and its subsidiaries collectively own, in aggregate, a certain percentage of the Series A shares. In addition, in related agreements, our controlling shareholders granted The Coca-Cola Company an option, exercisable upon the occurrence of certain changes in the beneficial ownership of the controlling shareholders, to acquire 100% of the Series A shares held by our controlling shareholders at a price and in accordance with procedures established in such agreements.

## **B. RELATED PARTY TRANSACTIONS**

In the ordinary course of our business, we engage in a variety of transactions with certain of our affiliates and related parties. Financial information concerning these transactions is set forth in note 12.3 to our consolidated financial statements and were carried out under the following conditions: (i) they were previously approved by the Company's Board of Directors, with the abstention of the director involved in the corresponding case; (ii) the purpose of these transactions was to contribute to the Company's interest; and (iii) they were consistent with prevailing market price, terms and conditions at the time of their approval. Our Directors' Committee is responsible for evaluating transactions with related parties and for reporting these transactions to the full board of directors. See "Item 6. Directors, Senior Management and Employees —Directors' Committee".

Our management believes, to the best of its knowledge, that it has complied in all material respects with the Chilean Public Company law regarding to the transactions with related parties in effect as of December 31, 2020. There can be no assurance, however, that these regulations will not be modified in the future.

## **C. INTERESTS OF EXPERTS AND COUNSEL**

Not applicable.

## **ITEM 8. FINANCIAL INFORMATION**

### **A. CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION**

See “Item 18 - Financial Statements” for our consolidated financial statements filed as part of this annual report.

### Contingencies

We are party to certain legal proceedings that have arisen during the normal course of business, and we believe none of them are likely to have a material adverse effect on our financial condition. In accordance with accounting principles, the provisions regarding legal proceedings must be recorded if said procedures are reasonably probable to be resolved against the Company.

The following table represents accounting provisions made as of December 31, 2019 and 2020, for potential loss contingencies stemming from labor, tax, commercial and other litigation faced by our Company:

	For the year ended December 31,	
	2019	2020
	Million Ch\$	
Chile	2,065	1,301
Brazil	66,070	47,946
Argentina	968	789
Paraguay	3	34
<b>Total</b>	<b>69,108</b>	<b>50,070</b>

For more details, see note 23 of our consolidated financial statements included herein.

### Dividend Policy

The declaration and payment of dividends are determined, subject to the limitations set forth below, by the affirmative vote of a majority of our shareholders at a general shareholders’ meeting, based upon the recommendation of our board of directors.

At our annual ordinary shareholders’ meeting, our board of directors submits our annual financial statements for the preceding fiscal year together with reports prepared by our Audit Committee for approval by our shareholders. Once our shareholders have approved our annual financial statements, they determine the allocation of our net income, after provision for income taxes and legal reserves for the preceding year and considering the accumulation of losses from prior periods. All shares of our capital stock outstanding at the time a dividend or other distribution is declared are entitled to share equally in that dividend or other distribution, except that holders of our Series B shares are entitled to a dividend 10% greater than any dividend on Series A shares.

Pursuant to Chilean law, we must distribute cash dividends equal to at least 30% of our annual net income, calculated in accordance with IFRS. If we do not record any net income in a given year, we are not legally required to distribute dividends from accumulated earnings. At the general shareholders’ meeting held on April 15, 2021, our shareholders authorized our board of directors to distribute final dividends on account of 2020 fiscal year and an Additional dividend on account of retained earnings.

During 2018, 2019 and 2020, our respective general shareholders’ meetings approved additional dividend payments to be paid from retained earnings, given our significant cash generation. These additional dividend payments for 2018, 2019 and 2020 are not indicative of whether or not additional dividend payments will be made in any future period.

The following table sets forth the amount in Chilean pesos of dividends declared and paid per share each year and the U.S. dollar amounts paid to shareholders (each ADR represents six shares), on each of the respective payment dates:

Dividend Approval Date	Dividend payment Date	Fiscal year with respect to which dividend was declared	Aggregate Amount of Dividends Declared and Paid (Ch\$ millions)	Series A		Series B	
				Ch\$ per share	US\$ per share	Ch\$ per share	US\$ per share
12-22-2020	01-29-2021	2020	25,841	26.00	0.03507	28.60	0.03858
10-27-2020	11-24-2020	2020	25,841	26.00	0.03394	28.60	0.03734
02-25-2020	08-28-2020	Accumulated earnings	25,841	26.00	0.03315	28.60	0.03647
02-25-2020	05-29-2020	2019	25,841	26.00	0.03199	28.60	0.03519
12-20-2019	01-23-2020	2019	22,462	22.60	0.02927	24.86	0.03220
09-24-2019	10-24-2019	2019	21,369	21.50	0.02961	23.65	0.03257
04-17-2019	08-29-2019	Accumulated earnings	21,369	21.50	0.02969	23.65	0.03266
04-17-2019	05-30-2019	2018	21,369	21.50	0.03036	23.65	0.03339
12-20-2018	01-24-2019	2018	21,369	21.50	0.03199	23.65	0.03519
09-25-2018	10-25-2018	2018	21,369	21.50	0.03127	23.65	0.03440
04-19-2018	08-30-2018	Accumulated earnings	21,369	21.50	0.03160	23.65	0.03475
04-19-2018	05-31-2018	2017	21,369	21.50	0.03406	23.65	0.03746
12-22-2017	01-25-2018	2017	21,369	21.50	0.03587	23.65	0.03946
09-27-2017	10-26-2017	2017	18,884	19.00	0.03018	20.90	0.03319
04-26-2017	08-31-2017	Accumulated earnings	18,884	19.00	0.03021	20.90	0.03323
04-26-2017	05-30-2017	2016	18,884	19.00	0.02814	20.90	0.03095
12-22-2016	01-26-2017	2016	18,884	19.00	0.02931	20.90	0.03224
09-27-2016	10-27-2016	2016	16,896	17.00	0.02601	18.70	0.02861
04-21-2016	08-27-2016	Accumulated earnings	16,896	17.00	0.02564	18.70	0.02821
04-21-2016	05-27-2016	2015	16,896	17.00	0.02473	18.70	0.02721
12-22-2015	01-28-2016	2015	16,896	17.00	0.02374	18.70	0.02611
09-29-2015	10-29-2015	2015	14,908	15.00	0.02182	16.50	0.02400
04-22-2015	08-28-2015	Accumulated earnings	14,908	15.00	0.02144	16.50	0.02358
04-22-2015	05-29-2015	2014	14,908	15.00	0.02429	16.50	0.02673
12-18-2014	01-29-2015	2014	8,946	9.00	0.01446	9.90	0.01590

At our general shareholders' meeting held on April 15, 2021, the distribution of dividends corresponding to the year 2020 were approved. The general shareholders' meeting approved to distribute definitive dividends for the amount of Ch\$25,841,367,092, and additional dividends for the amount of Ch\$25,841,367,092, which are expected to be paid in May and August, 2021, respectively.

## B. SIGNIFICANT CHANGES

We are not aware of any changes bearing upon our financial condition since the date of the financial statements included in this annual report.

## ITEM 9. THE OFFER AND LISTING

### A. OFFER AND LISTING DETAILS

Our common shares are listed and traded on the Santiago Stock Exchange and on the Bolsa Electrónica de Chile (the Chilean Electronic Stock Exchange) and, until October 2018, were listed on the Bolsa de Corredores de Valparaíso (the Valparaíso Brokers Stock Exchange), which closed operations in October 2018.

Also, our common shares have been traded in the United States on the New York Stock Exchange ("NYSE") since July 14, 1994 in the form of ADRs, which represent six common shares each. The Depositary for the ADRs is The Bank of New York.

The total number of registered ADR holders we had at December 2020 was 23 (18 in the Series A ADRs and 5 in the Series B ADRs). As of that date the ADRs represented 1.65% of the total number of our issued and outstanding shares. On December 31, 2020 the closing price for the Series A shares on the Santiago Stock Exchange was Ch\$1,580.00 per share (US\$ 13.32 per Series A ADR) and Ch\$1,829.00 for the Series B shares (US\$ 14.94 per Series B ADR). At December 31, 2020, there were 409,749 Series A ADRs (equivalent to 2,458,494 Series A shares) and 2,194,603 Series B ADRs (equivalent to 13,167,618 Series B shares).

Trading activity on the Santiago Stock Exchange is on average substantially less than that on the principal national securities exchanges in the United States.

Other than as previously discussed in “Item 7 - Major Shareholders”, we are not aware of any other existing contracts or documents that impose material limitations or qualifications on the rights of shareholders of our listed securities.

## **B. PLAN OF DISTRIBUTION**

Not applicable.

## **C. MARKETS**

See “Item 9. The Offer and Listing—A. Offer and Listing Details”.

## **D. SELLING SHAREHOLDERS**

Not applicable.

## **E. DILUTION**

Not applicable.

## **ITEM 10. ADDITIONAL INFORMATION**

### **A. SHARE CAPITAL**

Not applicable.

### **B. MEMORANDUM AND ARTICLES OF ASSOCIATION**

Our bylaws (“Estatutos”) are included as an exhibit to this annual report, and are also available on our website [www.koandina.com](http://www.koandina.com), under Corporate Governance/Board of Directors/Deeds of Incorporation. The following is a summary of the material provisions of our bylaws. The last amendment of our bylaws was approved on July 12, 2012.

#### **Organization**

We are a publicly held company and were incorporated on February 7, 1946. Our legal domicile is the city of Santiago, Chile, notwithstanding the special domiciles of offices, agencies or branches that are established in the country as well as abroad. Our duration is indefinite.

#### **Purposes**

Our corporate purposes are to execute and develop the following:

- Develop one or more industrial establishments dedicated to the business, operations and activities to manufacture, produce, transform, bottle, can, distribute, transport, import, export, purchase, sell and market in general, in any form and in any way, any type of food product and in particular any type of mineral water, juice, beverage and drink in general or other similar products, and raw materials or semi-finished materials used in such activities and/or products complementary or related to the preceding businesses and activities;
- Develop one or more agricultural or agro industrial establishments and farmland dedicated to the business, operations and development of agricultural activities and agro industry in general;
- Produce, transform, distribute, transport, import, export, purchase, sell and market in general, in any form and in any way, any type of agricultural products and/or agro industrial products and raw materials, or semi-finished materials used in such activities, and/or products complementary or related to the preceding activities;
- Manufacture, distribute, transport, import, export, purchase, sell and market in general, in any form and in any way, any type of container; and execute and develop any type of material recycling process and activity;
- Accept from and/or grant the representation of trademarks, products and/or licenses related to such businesses, activities, operations and products to national or foreign companies;
- Provide any type of service and/or technical assistance in any way related to the goods, products, businesses and activities referred to in the preceding letters;
- Invest cash surplus, even in the capital market; and

- In general, undertake all other businesses and activities supplementary or linked to the above mentioned operations.

We may execute our objectives directly or by participating as a partner or shareholder in other companies or by acquiring rights or interests in any other type of association related to the aforementioned activities.

### **Voting Rights**

Our capital equity is divided into Series A shares and Series B shares, both preferred and with no par value, whose features, rights and privileges are the following:

- The preference of Series A shares consists solely of the right to elect twelve out of the fourteen board members of the Company. Series A shares are entitled to full voting rights without limitations.
- The preference of Series B shares consists solely of the right to receive all and any of the per share dividends we may distribute, whether temporary, definitive, minimum mandatory, additional, or eventual, increased by 10%. Series B shares are entitled to a limited voting right, voting only with respect to the election of two board members for the Company.
- The preferences of Series A and B shares will remain in effect through December 31, 2130. Once this period has expired, Series A and B will be eliminated and the shares which comprise them shall automatically become common shares without any preferences whatsoever, therefore eliminating the division of shares into series.

### **Board of Directors and Shareholder Meetings**

The members of the board of Directors are proposed and elected every three years during the general annual shareholders' meeting. Separate voting of the Series A and Series B shareholder elect board members. As mentioned, Series A shares elect twelve directors, and Series B shares elect two Directors.

Board members are elected by separate voting at Series A and Series B shareholders' meeting and will hold their offices for three years with the possibility to be re-elected for an indefinite number of periods. Even though we have not established a formal process that allows our shareholders to communicate with the directors, shareholders desiring to do so may share their opinions, considerations or recommendations before or during the corresponding shareholders' meeting which will be heard and attended by the Chairman of the Board, or by the Chief Executive Officer, as the case may be, and any such recommendations will be submitted for resolution by the shareholders in attendance during the meeting.

Regular general shareholders' meetings are held once a year within the first four months following the date of the annual balance sheet. We prepare a balance sheet annually on our operations as of December 31, which is presented together with the profit and loss statement, the report by the auditors and annual report to the respective shareholders' meeting. The board sends a copy of the balance sheet, annual report, report by the auditors and respective notes to each of the shareholders registered in the registry no later than by the date the first summons is published. Special shareholders' meetings may be held at any time according to corporate needs and to discuss and decide upon any matter within the competence thereof, provided it is indicated in the summons. Being a shareholder of the Company is the only condition for entry to a shareholder's meeting.

### **C. MATERIAL CONTRACTS**

See "Item 4. Information on the Company - Bottler Agreements and Item 5. Operating and Financial Review and Prospects - Summary of Significant Debt Instruments".

### **D. EXCHANGE CONTROLS**

#### **Foreign Investment and Exchange Controls in Chile**

The Central Bank is responsible, among other matters, for setting monetary policies and exchange controls in Chile. As of April 19, 2001, the Chilean Central Bank ("CCB") eliminated prior foreign exchange controls, imposed certain reporting requirements and determined that certain operations be conducted through the Formal Exchange Market ("FEM"). The main purpose of these amendments, as declared by the Central Bank, is to facilitate the flow of capital into Chile and outside the country and to foster foreign investment.

Equity investments in Chile (including investments in stock) by non-resident persons or entities must comply with some existing exchange control restrictions.



Any foreign individual or legal entity, as well as Chileans with residence abroad, can invest in Chile through the New Direct Foreign Investment Statute or by Chapter XIV of the Foreign Exchange Regulations of the Central Bank.

Under the New Direct Foreign Investment Statute, any legal entity or individual that qualifies as foreign investor under the terms of the aforementioned Statute, may request a certificate to be issued by the Foreign Investment Promotion Agency, confirming its status as foreign investor, and enabling access to the new foreign investment regime.

During 2001, the CCB eliminated certain exchange controls. For instance, it revoked Chapter XXVI of the CFER, which regulated the issuance and placement of ADRs by Chilean corporations. Pursuant to the new rules, the Central Bank's approval is no longer a pre-condition for ADR issuances or foreign investment contracts with the CCB. ADR issuances are now regarded as an ordinary foreign investment, and the only requirements are that the CCB be informed of the transaction, by fulfilling the rules of Chapter XIV of the CFER, that mainly establishes that the monies come in or leave the country exclusively through the Formal Exchange Market, if the recipient of the investment decides to enter the foreign currency to the country or if it carries out payments or remittances from Chile.

Notwithstanding these changes, exchange transactions authorized prior to April 19, 2001 remained subject to the rules in force as of the date of such transactions. The new exchange regime did not affect Chapter XXVI of the CFER and the Foreign Investment Contract ("FIC") between Andina, the Central Bank and The Bank of New York Mellon (as Depositary of the shares represented by ADRs). Notwithstanding the previous, the parties to the FIC may choose to adopt the norms imposed by the CCB, resigning to those of the FIC, and which has been the option we have taken until this date. The FIC is the agreement by which access to the FEM is given to the Depositary and ADR holders. The FIC adopted the dispositions of Chapter XXVI and was celebrated pursuant to Article 47 of the Constitutional Organic Act of the CCB.

Under Chapter XXVI of the CFER, if the funds to purchase the common shares underlying the ADRs are brought into Chile, the Depositary must deliver, on behalf of foreign investors, an annex providing information on the transaction to the Formal Exchange Market entity involved, together with a letter instructing such entity to deliver the foreign currency or the equivalent amount in pesos, on or before the date the foreign currency is brought or is to be brought into Chile.

Repatriation of amounts received with respect to deposited common shares or common shares withdrawn from deposits on surrender of ADRs (including amounts received as cash dividends and proceeds from the sale in Chile of the underlying common shares and any rights arising there from) need be made through the FEM. The FEM entity intervening in the repatriation must provide certain information to the CCB on the following banking business day.

Under Chapter XXVI and the FIC, the CCB agreed to grant to the Depositary, on behalf of ADR holders, and to any investor not residing nor domiciled in Chile who acquire shares or replace ADRs for common stock, which we refer to as "Withdrawn Shares", FEM access to convert Chilean pesos into U.S. dollars and to remit those dollars outside Chile including amounts received as: (i) cash dividends; (ii) proceeds from the sale in Chile of Withdrawn Shares; (iii) proceeds from the sale in Chile of preemptive rights to subscribe for additional shares; (iv) proceeds from the liquidation, merger or consolidation of Andina; (v) proceeds resulting from capital decreases or earnings or liquidations; and (vi) other distributions, including those in respect of any re-capitalization resulting from holding shares, ADRs or by Withdrawn Shares.

The guarantee of FEM access under the FIC will extend to the participants of the ADR offering if the following requirements are met: (i) that the funds to purchase the shares underlying the ADRs are brought into Chile and converted into Chilean pesos through the FEM; (ii) that the purchase of the underlying shares is made on a Chilean stock exchange; and (iii) that within five business days from the conversion of the funds into Chilean pesos, the CCB is informed that the funds converted were used to purchase the underlying shares, if those funds are not invested in shares within that period, it can access the FEM to reacquire foreign currency, provided that the request is submitted to the CCB within seven banking business days of the initial conversion into pesos.

Chapter XXVI provides that FEM access in connection with dividend payments is conditioned to our certifying to the CCB that a dividend payment has been made and that any applicable tax has been withheld. Chapter XXVI also provides that FEM access in connection with the sale of Withdrawn Shares, or distribution thereon, is conditioned upon receipt by the CCB (i) a certificate by the Depositary or custodian, as the case may be, that the shares have been withdrawn in exchange for delivery of the appropriate ADRs; and (ii) a waiver of the benefits of the FIC with respect to ADRs (except in connection with the proposed sale of the shares) until the Withdrawn Shares are re-deposited.

FEM access under any of the circumstances described above is not automatic. Pursuant to Chapter XXVI, such access needs the CCB's approval on a request submitted to that end through a banking institution established in Chile. The FIC provides that if the CCB has not acted upon the request within seven banking days, the request is deemed to have been granted.

Under current Chilean law, the CCB cannot unilaterally change the FIC. The Chilean Courts (although not binding on future judicial decisions) also have established that the FIC cannot be annulled by future legislative changes. No assurance can be given, however, that additional Chilean restrictions applicable to the holders of ADRs, to the disposition of underlying shares, or to the repatriation of proceeds from their disposition, will not be imposed in the future; nor can there be any assessment of the duration or impact of any restrictions that might be imposed. If for whatever reason, including changes in the FIC or Chilean law, the Depositary is prevented from converting Chilean pesos into U.S. dollars, the investors shall receive dividends or other payments in Chilean pesos, which shall subject the investors to exchange rate risks. It cannot be guaranteed that the CFER, as amended, or any other exchange regulation will not be amended in the future, or that if new regulations are enacted that they shall have no material bearing on Andina or the ADR holders.

No assurance can be given that Andina will be able to purchase U.S. dollars in the local exchange market at any time in the future, nor that any such purchase will be for the amounts necessary to pay any sum due under any of its capital or debt instruments. Likewise, it is not possible to guarantee that changes to the regulations of the CCB or other legislative changes relating to exchange controls will not restrict or impair Andina's ability to purchase U.S. dollars in order to make payment on its debt instruments.

## **E. TAXATION**

### **Tax Considerations Relating to Equity Securities**

#### ***Chilean Tax Considerations.***

The following discussion summarizes the material Chilean income tax consequences of an investment in Andina's stock or ADRs by an individual who is not domiciled or resident in Chile or a legal entity that is not organized under the laws of Chile and does not have a permanent establishment in Chile ("foreign holder"). This discussion is based upon Chilean income tax laws presently in force and administrative jurisprudence, including Ruling No. 324 of January 29, 1990 of the *Servicio de Impuestos Internos* (the Chilean Internal Revenue Service or "SII") and other applicable regulations and rulings that are subject to change without notice. The discussion is not intended as tax advice to any particular investor, which can be rendered only in light of that investor's particular tax situation. Each investor or potential investor is encouraged to seek independent tax advice with respect to consequences of investing in Andina's stock or ADRs.

#### ***Dividends***

Dividend distributions to investors who are juridical or natural persons residing or domiciled abroad, are affected by an additional tax ("withholding at the source") at a rate of 35%, with the right to credit for corporate income tax (First Category Tax) paid by Andina (today a rate of 27%). However, distributions made to investors residing or domiciled in countries that do not have a treaty to avoid double taxation with Chile, are taxed by an additional withholding equivalent to 35% of the corporate income tax credit, thus limiting the credit for this tax at 65%. This additional withholding does not apply to distributions made to residents of countries that have a treaty in force with Chile, which may allocate 100% of the credit. Until December 31, 2016, this additional withholding also did not apply to distributions made to shareholders who were residents of countries that had a treaty to avoid double taxation that was not in force to the extent it was subscribed prior to January 1, 2020.

Distributions made to investors residing or domiciled in Chile are taxed by personal taxes ("Supplementary Global Tax") which have progressive rates ranging from 0% to 40%. The tax credit limitation also applies to these investors, thus they are taxed with an additional tax ("debit") equivalent to 35% of the corporate tax credit.

#### ***Capital Gains***

Gains recognized from the sale or exchange of ADRs by a foreign holder outside of Chile are not subject to Chilean taxation. Capital gains generated from the sale of shares are subject to general taxation, unless they are shares that are sold on the stock exchange and that have been acquired on the stock exchange, or are shares of first issue, in which case gains are not affected by income taxation in Chile.

The tax cost of common shares received in exchange for ADRs ("conversion") is determined in accordance with the valuation procedure set out in the Deposit Agreement, which values common shares at the highest selling price according to transactions on the Santiago Stock Exchange on the date of withdrawal of common shares. Consequently, the conversion of ADRs into shares of common stock, and the immediate sale of the shares for the value established under the Deposit Agreement, will not generate a capital gain subject to taxation in Chile. However, in the case where the sale of the shares is made on a day that is different than the date in which the conversion is recorded, capital gain subject to taxation in Chile may be generated. In connection thereto, on October 1, 1999 the

SII issued Ruling No. 3,708 whereby it allowed Chilean issuers of ADRs to amend the deposit agreements in order to include a clause that states that, in the case that the exchanged shares are sold by the ADRs' holders on a Chilean stock exchange either on the same day in which the exchange is recorded or within the two business days prior to such date, the acquisition price of such exchanged shares shall be the price registered in the invoice issued by the stock broker that participated in the sale transaction. As this amendment has been included in the Deposit Agreement, the capital gain that may be generated if the date of conversion is different than the date of sale, would not be subject to taxation, to the extent that the SII's criterion is maintained and the contributor in good faith adopts this criterion, which the contributor must certify to the satisfaction of the authority in case of observation.

The distribution and exercise of preemptive rights relating to the shares of common stock are not subject to taxation in Chile. Any capital gain from the sale or assignment of preemptive rights will be subject to general taxation.

#### *Other Chilean Taxes*

The transfer of ADRs by a foreign holder is not subject to inheritance tax or donation tax. These taxes may only apply in case of donation or hereditary transfer of common shares.

The issuance, registration or transfer of ADRs or common shares is not taxed with Stamp and Seal Tax or any other similar tax.

#### *Withholding Tax Certificates*

Upon request, we will provide to foreign holders appropriate documentation evidencing the payment of Chilean withholding taxes applied in Chile on earnings distributed to foreign holders.

#### ***U.S. Federal Income Tax Considerations Relating to ADRs or Shares of Common Stock.***

The following discussion summarizes certain U.S. federal income tax consequences of an investment in ADRs or shares of common stock. This discussion is based upon U.S. federal income tax laws presently in force. The discussion is not a full description of all tax considerations that may be relevant to a decision to purchase ADRs or shares of common stock. In particular, the discussion is directed only to U.S. holders (as defined below) that hold ADRs or shares of common stock as capital assets, and it does not address the tax treatment of holders that are subject to special tax rules under the Internal Revenue Code of 1986 as amended (the "Code"), such as financial institutions, regulated investment companies, real estate investment trusts, partnerships or other pass-through entities, dealers in securities or currencies, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, insurance companies, tax-exempt entities, persons holding ADRs or shares of common stock as part of a hedging, integrated, conversion or constructive sale transaction or a straddle, holders that own or are deemed to own 10% or more of our shares (by vote or value), persons required to accelerate the recognition of any item of gross income with respect to ADRs or shares of common stock as a result of such income being recognized on an applicable financial statement, persons liable for alternative minimum tax or persons whose "functional currency" is not the U.S. dollar. Furthermore, the discussion below is based upon the provisions of the Code and regulations, rulings and judicial decisions thereunder as of the date hereof, and such authorities may be repealed, revoked or modified so as to result in U.S. federal income tax consequences different from those discussed below. In addition, the discussion below assumes that the Deposit Agreement, and all other related agreements, will be performed in accordance with their terms. If a partnership holds our ADRs or shares of common stock, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. Partners in a partnership holding ADRs or shares of common stock should consult their tax advisors. This summary does not contain a detailed description of all the U.S. federal income tax consequences to a holder in light of its particular circumstances and does not address the Medicare tax on net investment income, U.S. federal estate and gift taxes or the effects of any state, local or non-United States tax laws.

#### ***Prospective purchasers should consult their tax advisors about the federal, state, local and foreign tax consequences to them of the purchase, ownership and disposition of ADRs or shares of common stock.***

As used herein, the term "U.S. holder" means a beneficial owner of ADRs or shares of common stock that is (i) an individual U.S. citizen or resident, (ii) a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source or (iv) a trust that: (a) is subject to the primary supervision of a court within the United States and with respect to which one or more U.S. persons have the authority to control all substantial decisions of the trust or (b) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If the obligations contemplated by the Deposit Agreement are performed in accordance with its terms, ADR holders generally will be treated for U.S. federal income tax purposes as the owners of the shares of common stock represented by those ADRs.

Deposits or withdrawals of shares of common stock by U.S. holders in exchange for ADRs will not result in the realization of gain or loss for U.S. federal income tax purposes.

#### *Cash Dividends and Other Distributions*

Cash distributions (including the amount of any Chilean taxes withheld) paid to U.S. holders with respect to the ADRs or shares of common stock generally will be treated as dividend income to such U.S. holders, to the extent paid out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Such income will be includable in the gross income of a U.S. holder as ordinary income on the day received by the Depositary, in the case of ADRs, or by the U.S. holder, in the case of shares of common stock. The dividends will not be eligible for the dividends received deduction allowed to corporations under the Code. With respect to non-corporate U.S. holders, certain dividends received from a qualified foreign corporation may be subject to reduced rates of taxation. A foreign corporation is treated as a qualified foreign corporation with respect to dividends received from that corporation on shares (or ADRs backed by such shares) that are readily tradable on an established securities market in the United States. U.S. Treasury Department guidance indicates that our ADRs (which are listed on the New York Stock Exchange), but not our shares of common stock, are readily tradable on an established securities market in the United States. Thus, we do not believe that dividends that we pay on our shares of our common stock that are not represented by ADRs currently meet the conditions required for these reduced tax rates. There also can be no assurance that our ADRs will be considered readily tradable on an established securities market in the United States in later years. Non-corporate holders that do not meet a minimum holding period requirement during which they are not protected from the risk of loss or that elect to treat the dividend income as “investment income” pursuant to section 163(d) (4) of the Code will not be eligible for the reduced rates of taxation regardless of our status as a qualified foreign corporation. In addition, the rate reduction will not apply to dividends if the recipient of a dividend is obligated to make related payments with respect to positions in substantially similar or related property. This disallowance applies even if the minimum holding period has been met. Non-corporate U.S. holders should consult their own tax advisors regarding the application of these rules given their particular circumstances.

Dividends paid in Chilean pesos will be includable in income in a U.S. dollar amount based on the exchange rate in effect on the day of receipt by the Depositary, in the case of ADRs, or by the U.S. holder, in the case of shares of common stock, regardless of whether the Chilean pesos are converted into U.S. dollars. If the Chilean pesos received as dividends are not converted into U.S. dollars on the date of receipt, a U.S. holder will have a basis in the Chilean pesos equal to their U.S. dollar value on the date of receipt. Any gain or loss realized on a subsequent conversion or other disposition of the Chilean pesos will be treated as U.S. source ordinary income or loss, regardless of whether the pesos are converted into U.S. dollars.

Any Chilean withholding tax (net of any credit for the corporate income tax) paid by or for the account of any U.S. holder may be eligible, subject to generally applicable limitations and conditions, for credit against the U.S. holder’s U.S. federal income tax liability. For purposes of calculating the foreign tax credit, dividends paid with respect to the ADRs or shares of common stock generally will be foreign source income and will generally constitute passive category income. Furthermore, in certain circumstances, a U.S. holder that: (i) has held ADRs or shares of common stock for less than a specified minimum period during which it is not protected from risk of loss or (ii) is obligated to make payments related to the dividends, will not be allowed a foreign tax credit for foreign taxes imposed on dividends paid on ADRs or shares of common stock. The rules governing the foreign tax credit are complex. Investors are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Distributions to U.S. holders of additional shares of common stock or preemptive rights with respect to shares of common stock that are made as part of a pro rata distribution to all shareholders of the Company generally should not be subject to U.S. federal income tax.

To the extent that the amount of any distribution exceeds our current and accumulated earnings and profits for a taxable year, as determined under U.S. federal income tax principles, the distribution will first be treated as a tax-free return of capital, causing a reduction in the adjusted basis of the ADRs or shares of common stock (thereby increasing the amount of gain, or decreasing the amount of loss, to be recognized by the investor on a subsequent disposition of the ADRs or shares of common stock), and the balance in excess of adjusted basis will be taxed as capital gain recognized on a sale or exchange. Consequently, such distributions in excess of our current and accumulated earnings and profits generally would not give rise to foreign source income and a U.S. holder generally would not be able to use the foreign tax credit arising from any Chilean withholding tax imposed on such distributions unless such credit can be applied (subject to applicable limitations) against U.S. taxes due on other foreign source income in the appropriate category for foreign tax credit purposes. However, we do not expect to keep earnings and profits in accordance with U.S. federal income tax principles. Therefore, a U.S. holder should expect that a distribution will generally be treated as a dividend (as discussed above).

## *Passive Foreign Investment Company*

We do not believe that we are, for U.S. federal income tax purposes, a passive foreign investment company (a “PFIC”) and expect to continue our operations in such a manner that we will not be a PFIC. If, however, we are or become a PFIC, U.S. holders could be subject to additional U.S. federal income taxes on gain recognized with respect to the ADRs or shares of common stock and on certain distributions, plus an interest charge on certain taxes treated as having been deferred by the U.S. holder under the PFIC rules of the U.S. federal income tax laws.

Non-corporate U.S. holders will not be eligible for reduced rates of taxation on any dividends received from us, if we are a PFIC in the taxable year in which such dividends are paid or in the preceding taxable year.

## *Capital Gains*

U.S. holders that hold ADRs or shares of common stock as capital assets will recognize capital gain or loss for U.S. federal income tax purposes on the sale or other disposition of such ADRs or shares (or preemptive rights with respect to such shares) held by the U.S. holder or the Depositary. Capital gains of non-corporate U.S. holders (including individuals) derived with respect to capital assets held for more than one year are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Any gain or loss recognized by a U.S. holder generally will be treated as U.S. source gain or loss. Consequently, in the case of a disposition of shares of common stock (which, unlike a disposition of ADRs, may be taxable in Chile), the U.S. holder may not be able to use the foreign tax credit for any Chilean tax imposed on the gain unless it can apply (subject to applicable limitations) the credit against tax due on other income from foreign sources.

## *Information Reporting and Backup Withholding*

In general, information reporting requirements will apply to dividends in respect of ADRs or shares of common stock or the proceeds received on the sale, exchange, or other disposition of ADRs or shares of common stock paid within the United States (and in certain cases, outside of the United States) to U.S. holders other than certain exempt recipients. Likewise, a backup withholding tax may apply to such payments if the U.S. holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report interest and dividends required to be shown on its federal income tax returns. The amount of any backup withholding from a payment to a U.S. holder will be allowed as a refund or a credit against the U.S. holder’s U.S. federal income tax liability, provided the required information is furnished to the U.S. Internal Revenue Service.

## **F. DIVIDENDS AND PAYING AGENTS**

Not applicable.

## **G. STATEMENT BY EXPERTS**

Not applicable.

## **H. DOCUMENTS ON DISPLAY**

We are subject to the informational reporting requirements of the U.S. Securities Exchange Act of 1934, as amended, which requires that we file periodic reports and other information with the SEC. As a foreign private issuer, we file annual reports on Form 20-F as opposed to Form 10-K. We do not file quarterly reports on Form 10-Q but furnish quarterly reports and reports in relation to material events on Form 6-K. As a foreign private issuer, we are exempt from the rules under the U.S. Securities Exchange Act of 1934, as amended, prescribing the furnishing and content of proxy statements and short-swing profit disclosure and liability.

You may read and copy all or any portion of the annual report or other information in our files in the SEC’s public reference room at 100 F Street, N.E., Washington, D.C. 20549. You can also access to these documents through the SEC’s website at [www.sec.gov](http://www.sec.gov), and access –and request– a hard copy of them through our corporate website [www.koandina.com](http://www.koandina.com). You can also request copies of these documents upon payment of a duplicating fee, by writing to the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference rooms.

We also file reports with the Chilean *Comisión para el Mercado Financiero* (“CMF”). You may read and copy any materials filed with the CMF directly from its website [www.cmfchile.cl](http://www.cmfchile.cl) or from our corporate website [www.koandina.com](http://www.koandina.com) or request a hard copy through our website also. The documents referred to in this annual report can be inspected at Miraflores 9153, Piso 7, Renca, Santiago, Chile.

## **I. SUBSIDIARY INFORMATION**

Not applicable.

### **ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

The main sources of systematic risks that the Company is exposed to are: changes in interest rates and changes in currency exchange rates.

Particularly, interest rates increase, and currency exchange rates depreciation may affect the Company financial strategy given the various currency denominated debt the Company currently holds. To protect the Company against market volatility, hedging policies have been set with the objective to regulate the use of financial derivatives by management. The use of these instruments had been strictly designed for hedging purposes, leaving out any speculation and trading use.

#### **Interest Rate Risk**

The Company's debt is mainly denominated in UF (local inflation indexed Chilean currency) and U.S. dollar fixed rate bonds. Bank debt represents a smaller proportion of the total debt and it's denominated in various local currencies in either fixed or variable rates. Given that the main portion of the debt is in fixed rate, the main risk is the interest rate increase at the moment of refinancing mature debt.

On the other side, our cash is invested in certain short-term securities mainly in fixed interest rate.

The following table provides information about the Company's debt (bonds & bank debt) and short-term investments that have exposure to changes in interest rates as of December 31, 2020.

	Expected Maturity Date						Fair Value	
	2021	2022	2023	2024	2025	2026 Onwards	Total	Total
(in millions Ch\$)								
<b>Interest Earning Assets</b>								
<b>Short term investments - Chile</b>	312,811	-	-	-	-	-	312,811	
<i>Interest rate (weighted average)</i>	2.31%	-	-	-	-	-	2.31%	
<b>Short term investments - Brazil</b>	46,250	-	-	-	-	-	46,250	
<i>Interest rate (weighted average)</i>	2.62%	-	-	-	-	-	2.62%	
<b>Short term investments - Argentina</b>	6,583	-	-	-	-	-	6,583	
<i>Interest rate (weighted average)</i>	28.20%	-	-	-	-	-	28.20%	
<b>Interest Bearing Liabilities</b>								
International bonds (144A/RegS) (1)	6,486	-	258,256	-	-	208,448	473,190	537,618
<i>Fixed Rate 144A Bonds</i>	4.41%	-	5.00%	-	-	3.95%	4.53%	
Local Chilean Bonds (1)	12,219	11,913	12,455	13,039	13,664	401,146	464,436	581,161
<i>Fixed Rate - Local Chilean Bonds (weighted average)</i>	5.38%	5.64%	5.68%	5.72%	5.76%	3.43%	3.73%	
<b>Total public debt (Bonds)</b>	<b>18,705</b>	<b>11,913</b>	<b>270,711</b>	<b>13,039</b>	<b>13,664</b>	<b>609,594</b>	<b>937,626</b>	<b>1,118,779</b>
Bank debt – Chile	794	-	-	4,000	-	-	4,794	
<i>Weighted average interest rate Ch\$</i>	2.12%	-	-	2.00%	-	-	2.02%	
Bank debt – Argentina	5	-	-	-	-	-	5	
<i>Weighted average interest rate AR\$</i>	26.60%	-	-	-	-	-	26.60%	
<b>Total bank debt</b>	<b>799</b>	<b>-</b>	<b>-</b>	<b>4,000</b>	<b>-</b>	<b>-</b>	<b>4,799</b>	

(1) Includes issuance deferred costs:

International Bonds Issuance Costs: Current: Ch\$489 million, Non-Current: Ch\$6,078 million.

Local Chilean Bonds: Current: Ch\$153 million, Non-Current: Ch\$970 million.

### Foreign Currency Risk

As of December 31, 2020, the only foreign currency used by the Company to finance its operation is the U.S dollar, all the rest of the Company's debt is denominated in local operation currencies (UF, Chilean peso, Argentinean peso, Brazilian real and Paraguayan guaranies).

The following table summarizes the financial instruments held to December 31, 2020, denominated in U.S. dollars:

(Denominated in U.S. dollars instruments)	2021	2022	2023	2024	2025	2026 Onwards	Total	Fair Value
	(in millions Ch\$)							
Assets								
Cash and cash equivalents	21,332	-	-	-	-	-	21,332	21,332
Liabilities								
Bonds debt (1)	6,486	-	258,256	-	-	208,448	473,190	537,618

(Denominated in U.S. dollars instruments)	2021	2022	2023	2024	2025	2026 Onwards	Total	Fair Value
	(in millions Ch\$)							
Leasing debt	291	-	367	-	250	73	981	981
<b>Net debt</b>	<b>28,109</b>	<b>-</b>	<b>258,623</b>	<b>-</b>	<b>250</b>	<b>208,521</b>	<b>495,503</b>	<b>559,931</b>

(1) Includes issuance deferred costs:

International Bonds Issuance Costs: Current: Ch\$489 million, Non-Current: Ch\$6,078 million.

Local Chilean Bonds: Current: Ch\$153 million, Non-Current: Ch\$970 million.

In order to protect the Company from the effects on results due to the volatility of the Brazilian real against the U.S. dollar (bond due 2023), we have entered into currency swaps that cover 99% of our dollar-denominated financial obligations, thereby mitigating our exchange rate exposure. Additionally, to protect the Company from the effects on results due to the volatility of the Chilean peso against the U.S. dollar (bond due 2023 and bond due 2050), derivatives have been contracted (cross currency swaps) to fully redenominate the US dollar-denominated financial obligations to UF's.

As of December 31, 2020, the Company's net exposure to existing assets and liabilities in foreign currencies, discounting our derivatives contracts, was Ch\$16,388,923.

## ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

### A. DEBT SECURITIES

Not applicable.

### B. WARRANTS AND RIGHTS

Not applicable.

### C. OTHER SECURITIES

Not applicable.

### D. AMERICAN DEPOSITARY RECEIPTS

#### Fees and Charges

The Bank of New York Mellon serves as the depositary for our ADRs. ADR holders are required to pay various fees to the depositary, and the depositary may refuse to provide any service for which a fee is assessed until the applicable fee has been paid.

ADR holders are required to pay the depositary amounts in respect of expenses incurred by the depositary or its agents on behalf of ADR holders, including expenses arising from compliance with applicable law, taxes or other governmental charges, or conversion of foreign currency into U.S. dollars. The depositary may decide in its sole discretion to seek payment by either billing holders or by deducting the fee from one or more cash dividends or other cash distributions.

ADR holders are also required to pay additional fees for certain services provided by the depositary, as set forth in the table below.

Depository service	Fee payable by ADR holders
Issuance and delivery of ADRs, including in connection with share distributions	Up to US\$5.00 per 100 ADSs (or portion thereof)
Withdrawal of shares underlying ADRs	Up to US\$5.00 per 100 ADSs (or portion thereof)
Registration for the transfer of shares	Registration or transfer fees that may from time to time be in effect
Cash distribution fees	US\$0.02 or less per ADS



In addition, holders may be required to pay a fee for the distribution or sale of securities. Such fee (which may be deducted from such proceeds) would be for an amount equal to the lesser of (1) the fee for the issuance of ADRs that would be charged as if the securities were treated as deposited shares and (2) the amount of such proceeds.

#### **Fees Incurred in Past Annual Period**

From January 1, 2020 to December 31, 2020, we received from the depositary US\$ 89,277.50 for continuing annual stock exchange listing fees, standard out-of-pocket maintenance costs for the ADRs (consisting of the expenses of postage and envelopes for mailing annual and interim financial reports, printing and distributing dividend checks, electronic filing of U.S. Federal tax information, mailing required tax forms, stationery, postage, facsimile, and telephone calls), any applicable performance indicators relating to the ADR facility, underwriting fees and legal fees.

#### **Fees to be Paid in the Future**

The Bank of New York Mellon, as depositary, has agreed to reimburse us for expenses they incur that are related to establishment and maintenance expenses of the ADR program. The depositary has agreed to reimburse us for its continuing annual stock exchange listing fees. The depositary has also agreed to pay the standard out-of-pocket maintenance costs for the ADRs, which consist of the expenses of postage and envelopes for mailing annual and interim financial reports, printing and distributing dividend checks, electronic filing of U.S. Federal tax information, mailing required tax forms, stationery, postage, facsimile, and telephone calls. It has also agreed to reimburse us annually for certain investor relationship programs or special investor relations promotional activities. In certain instances, the depositary has agreed to provide additional payments to us based on any applicable performance indicators relating to the ADR facility. There are limits on the amount of expenses for which the depositary will reimburse us, but the amount of reimbursement available to us is not necessarily tied to the amount of fees the depositary collects from investors.

The depositary collects its fees for delivery and surrender of ADRs directly from investors depositing shares or surrendering ADRs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

## **PART II**

### **ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES**

Not applicable.

### **ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS**

In 1996, our shareholders approved the reclassification of our common stock into two new series of shares. Pursuant to the reclassification, each outstanding share of our common stock was replaced by one newly issued Series A share and one newly issued Series B share.

The Series A and Series B shares are principally differentiated by their voting and economic rights. The modification of our bylaws as of June 25, 2012, increased the number of directors from 7 to 14. The holders of the Series A shares have full voting power and are entitled to elect 12 of 14 members of the board of directors, and the holders of the Series B shares have no voting rights but for the right to elect 2 members of the board of directors. In addition, holders of Series B shares are entitled to a dividend 10% greater than any dividend on Series A shares.

After the reclassification, the Superintendence of Pension Fund Managers (*Superintendencia de Administradores de Fondos de Pensiones*) decreed that Chilean pension funds would not be permitted to acquire Series B Shares due to their limited voting rights. In 2004, however, the Superintendence reversed, and approved Series B shares as investment instruments for Chilean Pension funds. Series A shares have always been eligible as investment instruments for Chilean pensions funds.

## **ITEM 15. CONTROLS AND DISCLOSURE PROCEDURES**

### **Disclosure Controls and Procedures**

We have evaluated, with the participation of our chief executive officer and chief financial officer, the effectiveness of our disclosure controls and procedures as of December 31, 2020. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon our evaluation, our chief executive officer and chief financial officer concluded that, as of December 31, 2020, our disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the applicable rules and forms, and that it is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

### **Management's Annual Report on Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a—15(f) and 15d—15(f) under the Securities Exchange Act of 1934, as amended. Under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, we conducted an evaluation of effectiveness of our internal control over financial reporting based on the framework in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS as issued by the IASB. Our internal control over financial reporting includes those policies and procedures that (i) pertain to maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS as issued by the IASB, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Based on our evaluation under the framework in Internal Controls—Integrated framework (2013) issued by the Committee of Sponsoring Organizations of the Tread way Commission, our management concluded that our internal control over financial reporting was effective as of December 31, 2020.

The effectiveness of our internal control over financial reporting as of December 31, 2020 has been audited by our registered independent accounting firm, which opinion is stated in their report, included on pages F-2 and F-3 herein.

### **Changes in Internal Control over Financial Reporting**

There have been no changes in our internal control over financial reporting identified in connection with the evaluation required under Rules 13a-15 or 15d-15 that occurred during the period covered by this annual report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## **ITEM 16.**

### **ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT**

Our board of directors has designated Mr. Gonzalo Parot Palma as our Audit Committee Financial Expert, as defined in the instructions to Item 16A of Form 20-F. Our board of directors has also determined that Mr. Domingo Cruzat Amunátegui and Mr. Gonzalo Parot Palma fulfills the independence standards set forth in Rule 10A-3 of the U.S. Exchange Act and applicable NYSE rules.

## ITEM 16B. CODE OF ETHICS

We have adopted a Code of Ethics that constitutes a code of ethics for our directors and employees. This Code applies to our Board of Directors, chief executive officer and all senior financial officers of our Company, including the chief financial officer, or any other persons performing similar functions, as well as to all other officers and employees of the Company. Our Code of Ethics is available on our website [www.koandina.com](http://www.koandina.com). If we make any substantive amendment to the Code or grant any waivers, including any implicit waiver, from a provision of the Code, we will disclose the nature of such amendment or waiver on the above mentioned website and. On December 22, 2020, we amended our Code of Ethics to incorporate provisions related to criminal liability of legal entities, in accordance with Chilean Law N° 20.393, Argentine Law N° 27.401, and other compliance and anti-bribery provisions, including the Sarbanes-Oxley Act and the U.S. Foreign Corrupt Practices Act (FCPA). Additionally, we incorporated other provisions, making explicit reference to the importance of equal treatment and respect for each individual, diversity and non-discrimination, a healthy working environment, protection of our natural resources, sustainability, among others.

## ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

### Fees Paid to Independent Public Accountants

The following table sets forth, for each of the years indicated, the kinds of fees paid to our external auditors and the percentage of each of the fees out of the total amount paid to them.

Services rendered	Year ended December 31,			
	2019		2020	
	Fees millions Ch\$	% of Total Fees	Fees millions Ch\$	% of Total Fees
Audit fees (1)	842	100%	827	100%
Audit-related fees (2)	—	—	—	—
Tax fees (3)	—	—	—	—
Other fees	—	—	—	—
<b>Total</b>	<b>842</b>	<b>100%</b>	<b>827</b>	<b>100%</b>

- (1) Audit fees correspond to services that are normally provided in connection with regulatory filings, including those services that only external auditors can provide.
- (2) Audit-related fees apply to advisory services generally performed by independent auditors, including reports that are not required by regulations; accounting and audit consultancies in connection with mergers, acquisitions or sales; employee benefit plan audit; and inquiries regarding disclosure and financial accounting standards.
- (3) Tax fees correspond to services and counseling by the tax division to meet tax requirements.

### Directors' Committee and Audit Committee Pre-Approval Policies and Procedures

We have adopted pre-approval policies and procedures under which all non-audit services provided by our external auditors must be pre-approved by our Directors' Committee. Once the proposed service is approved, our subsidiaries or we formalize the engagement of services. In addition, the members of our board of directors are briefed on matters discussed by the Directors' Committee.

## ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Our Audit Committee is comprised of Gonzalo Parot Palma, Salvador Said Somavía and Domingo Cruzat Amunátegui.

We disclose that, with respect to the current membership of Mr. Salvador Said Somavía on our Audit Committee, the Company has relied on the exemption from the independence requirements provided by Rule 10A-3(b)(1)(iv)(D) of the Securities and Exchange Act of 1934, as amended. Pursuant to said rule, a member of the Committee who is an affiliate of the foreign private issuer or a representative of such an affiliate that has only observer status on, and is not a voting member or the chair of, the audit committee, and neither the member nor the affiliate is an executive officer of the foreign private issuer, may be exempted from the independence requirement.

Mr. Salvador Said Somavía meets, for the duration of his membership, the requirements of Rule 10A-3(b)(1)(iv)(D) because he (i) is a representative of our controlling shareholder group; (ii) has an observer-only status on our Audit Committee; (iii) is not an officer of the Company or any of our subsidiaries; and (iv) does not receive, directly or indirectly, compensation from us or any of our subsidiaries other than in his capacity as member of our Audit Committee.

Our reliance on the exemption provided by Rule 10A-3 of the Exchange Act, with respect to Mr. Salvador Said Somavía, would not materially adversely affect the ability of our Audit Committee to act independently.

**ITEM 16E. PURCHASERS OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS**

During 2020, no issuer or affiliated parties made purchases pursuant to publicly announced plans or programs or not pursuant to such plans.

**ITEM 16F. CHANGE IN REGISTRANT’S CERTIFYING ACCOUNTANT**

Not applicable.

**ITEM 16G. CORPORATE GOVERNANCE**

**NYSE and Chilean Corporate Governance Requirements**

The following table sets forth significant differences between Chilean corporate governance practices and those corporate governance practices followed by domestic corporations under NYSE listing standards. Significant ways in which our corporate governance practices differ from those followed by U.S. companies under NYSE listing standards are also publicly available on our website at [www.koandina.com](http://www.koandina.com).

REQUIREMENT	NYSE REQUIREMENTS FOR US LISTED COMPANIES	CHILEAN LAW REQUIREMENTS AND COMPANY PRACTICE
Independent Directors	Under NYSE rules, the board of directors is required to have a majority of independent directors. However, “controlled companies”, as defined under NYSE rules, are exempt from this requirement.	Under Chilean law, there is no legal obligation to have a Board of Directors composed of a majority of independent members. Our company does not have a majority independent board of directors, and as a “controlled company”, we would be exempt from NYSE’s requirement to do so.
		Article 50 bis of the Corporations Law requires appointing at least one independent director. Chilean Law considers independent such director that within the last 18 months is not involved in certain circumstances, such as: having an economic interest in the company or other group, having a relationship with such persons, be director of nonprofit organizations, among others, and comply with a declaration of independence. We have two such directors.
Executive Sessions of Independent Directors	Independent directors of a NYSE-listed company must have meetings at which only the independent directors are present.	No similar legal obligation exists under Chilean law. Under Chilean law, the position of director of a corporation is incompatible with the position of manager, auditor, accountant or president of the company. The Non-Management Director does not exist under Chilean law. Directors, however, are required to convene in legally established meetings to resolve matters required by Chilean Corporation Law. Since Non-Management Director does not exist under Chilean law, it is not possible to comply with the Section 303A.03.
Nominations of Directors	Listed companies must have a Nominating/Corporate Governance Committee composed entirely of independent directors. However, “controlled companies”, as defined under NYSE rules, are exempt from this requirement.	There is no similar legal obligation under Chilean law. Andina has a Directors’ Committee whose functions are set by Chilean Corporation Law. Our Company does not have a Nominating/Corporate Governance Committee composed entirely of independent directors and as a

REQUIREMENT	NYSE REQUIREMENTS FOR US LISTED COMPANIES	CHILEAN LAW REQUIREMENTS AND COMPANY PRACTICE
		<p>“controlled company”, we would be exempt from NYSE’s requirement to do so.</p> <p>The functions of the Directors’ Committee are described under Item 6C.”Directors, Senior Management and Employees-Board Practices”.</p>
Compensation of Executive Officers	Listed companies must have a Compensation Committee composed entirely of independent directors. However, “controlled companies”, as defined under NYSE rules, are exempt from this requirement.	<p>There is no similar legal obligation under Chilean law. In accordance with Chilean law, the above-mentioned Directors’ Committee is in charge of reviewing management compensation. Our Company does not have a Compensation Committee composed entirely of independent directors and as a “controlled company”, we would be exempt from NYSE’s requirement to do so.</p> <p>The functions of the Directors’ Committee are described under Item 6C. “Directors, Senior Management and Employees-Board Practices”.</p>
Audit Committee	Must have an audit committee with the specific responsibilities and authority necessary to comply with SEC rules. Members must meet all of the independence requirements of the NYSE, as well as SEC Rule 10A-3 independence requirements (subject to any available exemptions).	<p>No similar legal obligation exists under Chilean law. However, in accordance with the Chilean Public Companies Law 18,046, public companies that have a net worth of more than 1.5 million UF’s and/or at least a 12.5% of its issued shares with voting rights are held by individual shareholders who control or own less than 10% of such shares must have a Directors’ Committee, formed by three members who are in their majority independent of the controller.</p> <p>Andina designated an Audit Committee in accordance with SEC Rule 10A-3. As described in Item 6.C. “Board Practice –Audit Committee”, we rely on an exemption from the independence requirements of Rule 10A-3 with respect to one of our audit committee members. The functions of the audit committee are described under “Item 6C. Directors, Senior Management and Employees-Board Practices-Audit Committee”</p>
Internal Audit Function	Listed companies must maintain an Internal Audit Function to provide management and the Audit Committee with ongoing assessments of the company’s risk management processes and systems of internal control. A listed company may choose to outsource this function to a third party service provider other than its independent auditor.	There is no similar obligation under Chilean law. Chilean law requires that companies must have both account inspectors and external auditors. However, Andina has an Internal Auditor who reports to the Audit Committee.
Shareholder Approval of Equity Compensation Plans and Certain Other Share Issuances	Shareholders must approve all equity-compensation plans and material revisions thereto, with limited exemptions. Shareholder approval also required for certain other dilutive and related party equity issuances.	There is no similar obligation under Chilean law, with the exception of Directors’ compensation which annually approved during the general shareholders’ meeting. Other than the foregoing, we have not and do not intend to submit for shareholder approval any equity-compensation plans or the other dilutive and related party equity issuances covered by NYSE rules.
Corporate Governance Guidelines	Listed companies must adopt and disclose Corporate Governance Guidelines.	Chilean Law does not require the adoption of Corporate Governance Practices because Chilean Corporate Law have established them. However, the CMF in General Rule No. 385 requires publicly traded corporations to report their corporate governance practices. Our Company has not adopted such Corporate Governance Guidelines.
Code of Ethics and Business Conduct	A company must adopt a Code of Business Conduct for its directors, officers and employees. Such	There is no legal obligation to adopt a Code of Business Conduct. Chilean law requires that a company have a set

REQUIREMENT	NYSE REQUIREMENTS FOR US LISTED COMPANIES	CHILEAN LAW REQUIREMENTS AND COMPANY PRACTICE
	company must disclose any waiver of its code of conduct that is granted to an officer or director.	of internal regulations which regulate the company and its relations with personnel. Such regulations must contain, among other things, regulations related to ethics and good behavior. Notwithstanding the above, a company may create internal codes of conduct, provided they do not require or prohibit behavior that contravenes Chilean law. In 1996, Andina created a Code of Ethics and Business Conduct that applies to the entire Company. Andina has posted this information on its website at <a href="http://www.koandina.com">www.koandina.com</a> . See Item 16B. “Code of Ethics.”

**ITEM 16H. MINE SAFETY DISCLOSURE**

Not applicable.

## PART III

### ITEM 17. FINANCIAL STATEMENTS

Reference is made to Item 18 for a list of all financial statements filed as part of this annual report.

### ITEM 18. FINANCIAL STATEMENTS

The following financial statements, together with the report of independent registered accounting firm, are filed as part of this annual report:

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## ITEM 19. EXHIBITS

The exhibits filed with or incorporated by reference in this annual report are listed in the exhibit index below.

### EXHIBIT INDEX

Item	Description
<a href="#"><u>1.1</u></a>	<a href="#"><u>Amended and restated Bylaws of Embotelladora Andina S.A. dated as of June 25, 2012 (English Translation) (incorporated by reference to Exhibit 1.1 to Andina's annual report on Form 20-F filed on April 30, 2012 (File No. 001-13142))</u></a>
<a href="#"><u>2.1</u></a>	<a href="#"><u>Amended and restated Deposit Agreement, dated as of December 14, 2000, among Embotelladora Andina S.A., The Bank of New York as Depositary, and Holders and Beneficial Owners of American Depositary Receipts (incorporated by reference to Exhibit 1.3 to Andina's annual report on Form 20-F filed on April 30, 2012 (File No. 001-13142))</u></a>
<a href="#"><u>2.2</u></a>	<a href="#"><u>Indenture dated as of October 1, 2013, among Embotelladora Andina S.A. and The Bank of New York Mellon (filed herein)</u></a>
<a href="#"><u>2.3</u></a>	<a href="#"><u>Description of Securities Registered under Section 12(b) of the Exchange Act (incorporated by reference to Exhibit 2.3 to Andina's annual report on Form 20-F filed on April 29, 2020 (File No. 001-13142))</u></a>
<a href="#"><u>4.1</u></a>	<a href="#"><u>Amended and Restated Call Option Agreement, dated as of December 17, 1996, among Inversiones Freire Limitada, Inversiones Freire Dos Limitada, Coca-Cola Interamerican Corporation, Coca-Cola de Argentina S.A., The Coca-Cola Company, and Embotelladora Andina S.A. and Custody Agreement among Inversiones Freire Limitada and Inversiones Freire Dos Limitada and Citibank, N.A. (English translation) (incorporated by reference to Exhibit 1.5 to Andina's annual report on Form 20-F filed on April 30, 2012 (File No. 001-13142))</u></a>
<a href="#"><u>4.2</u></a>	<a href="#"><u>Amendment dated as of August 31, 2012 to the Amended and Restated Shareholders' Agreement, dated as of June 25, 2012, among Embotelladora Andina S.A., the Coca-Cola Company, Coca-Cola Interamerican Corporation, Coca-Cola de Argentina S.A., Bottling Investment Limited, Inversiones Freire Ltda., and Inversiones Freire Dos Ltda (incorporated by reference to Exhibit 4.2 to Andina's annual report on Form 20-F filed on May 15, 2014 (File No. 001-13142))</u></a>
<a href="#"><u>4.3</u></a>	<a href="#"><u>Bottler Agreement dated as of October 1, 2017 among Embotelladora del Atlántico S.A. and The Coca-Cola Company (incorporated by reference to Exhibit 4.30 to Andina's annual report on Form 20-F filed on April 27, 2018 (File No. 001-13142))</u></a>
<a href="#"><u>4.4</u></a>	<a href="#"><u>Bottler Agreement dated as of October 4, 2017 among Rio de Janeiro Refrescos Ltda. and The Coca-Cola Company (incorporated by reference to Exhibit 4.32 to Andina's annual report on Form 20-F filed on April 25, 2019 (File No. 001-13142))</u></a>
<a href="#"><u>4.5</u></a>	<a href="#"><u>Bottler Agreement dated as of January 1, 2018 among Embotelladora Andina S.A. and The Coca-Cola Company (incorporated by reference to Exhibit 4.31 to Andina's annual report on Form 20-F filed on April 27, 2018 (File No. 001-13142))</u></a>
<a href="#"><u>4.6</u></a>	<a href="#"><u>Amendment to the Bottler Agreement between Embotelladora Andina S.A. and The Coca-Cola Company dated November 7, 2019 (incorporated by reference to Exhibit 4.35 to Andina's annual report on Form 20-F filed on April 29, 2020 (File No. 001-13142))</u></a>
<a href="#"><u>4.7</u></a>	<a href="#"><u>Bottler Agreement dated as of September 1, 2015 among Paraguay Refrescos S.A. and The Coca-Cola Company (incorporated by reference to Exhibit 4.28 to Andina's annual report on Form 20-F filed on April 30, 2015 (File No. 001-13142))</u></a>
<a href="#"><u>4.8</u></a>	<a href="#"><u>Amendment dated as of August 27, 2020 to Bottler Agreement dated as of September 1, 2015 among Paraguay Refrescos S.A. and The Coca-Cola Company (filed herein)</u></a>
<a href="#"><u>8.1</u></a>	<a href="#"><u>List of our subsidiaries (filed herein)</u></a>
<a href="#"><u>12.1</u></a>	<a href="#"><u>Certification of Miguel Ángel Peirano, Chief Executive Officer, pursuant to Rule 13-a14(a) (17 CFR 240.13a-12(a)) or Rule 15d-14(a) (17 CFR 240.15d-14(a)) (filed herein)</u></a>
<a href="#"><u>12.2</u></a>	<a href="#"><u>Certification of Andrés Wainer, Chief Financial Officer pursuant to Rule 13-a14(a) (17 CFR 240.13a-12(a)) or Rule 15d-14(a) (17 CFR 240.15d-14(a)) (filed herein)</u></a>
<a href="#"><u>13.1</u></a>	<a href="#"><u>Certification of Miguel Ángel Peirano, Chief Executive Officer, pursuant to 18 U.S.C. Chapter 63, Section 1350, (filed herein)</u></a>
<a href="#"><u>13.2</u></a>	<a href="#"><u>Certification of Andrés Wainer, Chief Financial Officer, pursuant to 18 U.S.C. Chapter 63, Section 1350, (filed herein)</u></a>

Omitted from the exhibits filed with this annual report are certain instruments and agreements with respect to long-term debt of Embotelladora Andina S.A., none of which authorizes securities in a total amount that exceeds 10.0% of the total assets of Embotelladora Andina S.A. We hereby agree to furnish to the SEC copies of any such omitted instruments or agreements upon request by the SEC.

101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document





**SIGNATURES**

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Embotelladora Andina S.A.  
(Registrant)

/s/ Miguel Ángel Peirano  
(Signature)

/s/ Andrés Wainer  
(Signature)

Date: April 28, 2021

*Consolidated Financial Statements*  
***EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES***

Santiago, Chile  
as of December 31, 2020 and 2019

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## **Report of Independent Registered Public Accounting Firm**

To the Shareholders and the Board of Directors of Embotelladora Andina S.A.

### **Opinion on the Consolidated Financial Statements**

We have audited the accompanying consolidated statements of financial position of Embotelladora Andina S.A. and subsidiaries (the Company) as of December 31, 2020 and 2019, the related consolidated statements of income, other comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2020, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2020 and 2019, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated April 27, 2021 expressed an unqualified opinion thereon.

### **Basis for Opinion**

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

### **Critical Audit Matters**

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

### **Impairment of indefinite lived assets - distribution rights and goodwill**

#### *Description of the Matter*

As disclosed in Notes 15 and 16 to the consolidated financial statements, Distribution Rights and Goodwill were Ch\$ 604,514 million and Ch\$ 98,326 million respectively as of December 31, 2020. The Company carries out an impairment test annually, or more frequently if indicators of impairment require the performance of an interim impairment assessment.

Auditing management's impairment tests was complex and specially challenging due to the significant measurement uncertainty in determining the fair values of the reporting units. In particular the fair value estimates are sensitive to changes in significant assumptions such as discount rate, revenue growth rate, operating margins, consumer trends and other market and economic conditions.

#### *How We Addressed the Matter in our Audit*

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the distribution rights and goodwill impairment test. For example, we tested controls over the significant assumptions, such as discount rate, projected cash flow, terminal growth rate and revenue growth rates used in the fair value computation process.

To test the fair values of the reporting units, our audit procedures included, among others, assessing the methodologies used by the Company with the assistance of our valuation specialists; testing the underlying data; evaluating significant assumptions, such as volume growth and product mix with the assistance of our valuation specialists; comparing significant assumptions to current market and economic trends and historical results of the Company's business and performing a sensitivity analysis of significant assumptions to evaluate the changes in the fair value of the reporting units resulting from changes in those assumptions. We also evaluated the financial statements disclosures included in Notes 2.8, 15 and 16.

### **Tax Contingencies in Brazil**

#### *Description of the Matter*

As described in Note 23 to the consolidated financial statements, the Company is party to a number of administrative and legal proceedings arising from various tax claims for which a provision was recorded as of December 31, 2020, as the probability of loss was assessed as more than likely based on current available information. The Company uses significant judgment in determining whether its technical merits are more-likely-than-not to be sustained in court, considering the complexity of the Brazilian tax environment and lack of jurisprudence for certain tax matters. To carry out this assessment, management monitors the evolution of court ruling trends and is assisted by the Company's external legal counsel.

Auditing management's assessment of the probability of a loss on tax claims is complex, highly judgmental and based on interpretations of tax laws and legal rulings, as there is significant estimation uncertainty related to the ultimate outcome of court decisions, the evolution of jurisprudence and the position of the Brazilian tax authorities.

*How We Addressed the Matter in  
our Audit*

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the identification and evaluation of tax claims, including management's process to determine whether the technical merits are more-likely-than-not to be sustained in the court.

To test the Company's assessment of the probability of a loss on tax claims, our audit procedures included, among others, involving of our tax professionals to assess the Company's technical merits and in evaluating legal opinions and other tax advice obtained by the Company; independently corresponding with certain key external tax and legal advisers of the Company; comparing the evolution of the loss probability assessment by the Company for significant matters and evaluating the Company's current assessment using our knowledge of, and experience with, the application of tax laws by the relevant tax authorities. We also evaluated the financial statements disclosures included in notes in Notes 19 and 23.

/s/ EY Audit SpA

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We have served as the Company's auditor since 2017.

Santiago, Chile  
April 27, 2021

## **Report of Independent Registered Public Accounting Firm**

To the Shareholders and the Board of Directors of Embotelladora Andina S.A.

### **Opinion on Internal Control over Financial Reporting**

We have audited Embotelladora Andina S.A.'s internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Embotelladora Andina S.A. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the accompanying consolidated statements of financial position of Embotelladora Andina S.A. as of December 31, 2020 and 2019, the related consolidated statements of income, other comprehensive income, changes in equity and cash flows for each of the three years then ended December 31, 2020, and the related notes and our report dated April 27, 2021 expressed an unqualified opinion thereon.

### **Basis for Opinion**

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

## **Definition and Limitations of Internal Control over Financial Reporting**

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ EY Audit SpA

Santiago, Chile  
April 27, 2021



## EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES

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Consolidated Financial Statements

**EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES**

**As of December 31, 2020 and 2019**



EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES

Consolidated Statements of Financial Position

ASSETS	NOTE	12.31.2020 ThCh\$	12.31.2019 ThCh\$
<b>Current assets:</b>			
Cash and cash equivalents	4	309,530,699	157,567,986
Other financial assets	5	140,304,853	347,278
Other non-financial assets	6	13,374,381	16,188,965
Trade and other accounts receivable, net	7	194,021,253	191,077,588
Accounts receivable from related companies	12,1	11,875,408	10,835,768
Inventory	8	127,972,650	147,641,224
Current tax assets	9	218,472	9,815,294
<b>Total Current Assets</b>		<b>797,297,716</b>	<b>533,474,103</b>
<b>Non-Current Assets:</b>			
Other financial assets	5	162,013,278	110,784,311
Other non-financial assets	6	90,242,672	125,636,150
Trade and other receivables	7	73,862	523,769
Accounts receivable from related parties	12,1	138,346	283,118
Investments accounted for under the equity method	14	87,956,354	99,866,733
Intangible assets other than goodwill	15	604,514,165	675,075,375
Goodwill	16	98,325,593	121,221,661
Property, plant and equipment	11	605,576,545	722,718,863
Deferred tax assets	10,2	1,925,869	1,364,340
<b>Total Non-Current Assets</b>		<b>1,650,766,684</b>	<b>1,857,474,320</b>
<b>Total Assets</b>		<b>2,448,064,400</b>	<b>2,390,948,423</b>

The accompanying notes 1 to 31 form an integral part of these Consolidated Financial Statements

EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES

Consolidated Statements of Financial Position

	NOTE	12.31.2020 ThCh\$	12.31.2019 ThCh\$
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Other financial liabilities	17	38,566,724	40,593,878
Trade and other accounts payable	18	230,445,809	243,700,553
Accounts payable to related parties	12,2	39,541,968	53,637,601
Provisions	19	1,335,337	2,068,984
Income taxes payable	9	8,828,599	6,762,267
Employee benefits current provisions	13	31,071,019	38,392,854
Other non-financial liabilities	20	28,266,730	26,502,215
<b>Total Current Liabilities</b>		<b>378,056,186</b>	<b>411,658,352</b>
Other financial liabilities, non-current	17	989,829,569	743,327,057
Accounts payable, non-current	18	295,279	619,587
Accounts payable to related companies, non-current	12,2	10,790,089	19,777,812
Other provisions, non-current	19	48,734,936	67,038,566
Deferred tax liabilities	10,2	153,669,547	169,449,747
Employee benefits non-current provisions	13	13,635,558	10,173,354
Other non-financial liabilities, non-current	20	21,472,048	-
Income taxes payable, non-current	9	20,597	-
<b>Non-Current Liabilities:</b>		<b>1,238,447,623</b>	<b>1,010,386,123</b>
<b>Equity:</b>	21		
Issued capital		270,737,574	270,737,574
Retained earnings		654,171,126	600,918,265
Other reserves		(113,727,586)	76,993,851
<b>Equity attributable to equity holders of the parent</b>		<b>811,181,114</b>	<b>948,649,690</b>
Non-controlling interests		20,379,477	20,254,258
<b>Total Equity</b>		<b>831,560,591</b>	<b>968,903,948</b>
<b>Total Liabilities and Equity</b>		<b>2,448,064,400</b>	<b>2,390,948,423</b>

The accompanying notes 1 to 31 form an integral part of these Consolidated Financial Statements

EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES

Consolidated Statements of Income by Function  
for the periods between January 1 and December 31, 2020, 2019 and 2018

	NOTE	01.01.2020 12.31.2020 ThCh\$	01.01.2019 12.31.2019 ThCh\$	01.01.2018 12.31.2018 ThCh\$
Net sales		1,698,281,237	1,779,025,115	1,672,915,799
Cost of sales	8	(1,022,498,659)	(1,048,343,767)	(968,027,774)
<b>Gross Profit</b>		<b>675,782,578</b>	<b>730,681,348</b>	<b>704,888,025</b>
Other income	26	8,356,298	40,947,158	2,609,168
Distribution expenses	25	(152,532,018)	(166,996,289)	(165,775,484)
Administrative expenses	25	(283,638,935)	(325,903,809)	(313,742,853)
Other expenses	27	(17,430,256)	(26,182,847)	(16,057,763)
Other (loss) gains	29	287	2,876	(2,707,859)
Financial income	28	14,945,879	45,155,791	3,940,244
Financial expenses	28	(54,772,837)	(46,209,020)	(55,014,660)
Share of profit (loss) of investments in associates and joint ventures accounted for using the equity method	14,3	2,228,763	(3,415,083)	1,411,179
Foreign exchange differences		(3,088,278)	(4,130,543)	(1,449,256)
Income by indexation units		(11,828,762)	(7,536,466)	(5,085,140)
<b>Net income before income taxes</b>		<b>178,022,719</b>	<b>236,413,116</b>	<b>153,015,601</b>
Income tax expense	10,1	(54,905,399)	(61,166,891)	(55,564,855)
<b>Net income</b>		<b>123,117,320</b>	<b>175,246,225</b>	<b>97,450,746</b>
<b>Net income attributable to</b>				
Owners of the controller		121,999,805	173,721,928	96,603,371
Non-controlling interests		1,117,515	1,524,297	847,375
<b>Net income</b>		<b>123,117,320</b>	<b>175,246,225</b>	<b>97,450,746</b>
<b>Earnings per Share, basic and diluted</b>		<b>Ch\$</b>	<b>Ch\$</b>	<b>Ch\$</b>
Earnings per Series A Share	21,5	122.75	174.79	97.20
Earnings per Series B Share	21,5	135.02	192.27	106.92

The accompanying notes 1 to 31 form an integral part of these Consolidated Financial Statements

EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income  
for the periods between January 1 and December 31, 2020, 2019 and 2018

	01.01.2020 12.31.2020 ThCh\$	01.01.2019 12.31.2019 ThCh\$	01.01.2018 12.31.2018 ThCh\$
Net income	123,117,320	175,246,225	97,450,746
<b>Other Comprehensive Income:</b>			
<b>Components of other comprehensive income that will not be reclassified to net income for the period, before taxes</b>			
Actuarial losses from defined benefit plans	(3,146,362)	(379,007)	(63,463)
<b>Components of other comprehensive income that will be reclassified to net income for the period, before taxes</b>			
Gain (losses) from exchange rate translation differences	(264,119,093)	(41,844,584)	(72,455,525)
Gain (losses) from cash flow hedges	(12,203,755)	(1,865,233)	(13,151,841)
<b>Income tax related to components of other comprehensive income that will not be reclassified to net income for the period</b>			
Income tax benefit related to defined benefit plans	849,518	102,332	16,184
<b>Income tax related to components of other comprehensive income that will be reclassified to net income for the period</b>			
Income tax related to exchange rate translation differences	84,571,922	9,295,546	2,476,204
Income tax related to cash flow hedges	2,334,037	683,482	2,554,551
<b>Other comprehensive income, total</b>	<b>(191,713,733)</b>	<b>(34,007,464)</b>	<b>(80,623,890)</b>
<b>Total comprehensive income</b>	<b>(68,596,413)</b>	<b>141,238,761</b>	<b>16,826,856</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the controller	(68,721,632)	139,861,690	16,370,635
Non-controlling interests	125,219	1,377,071	456,221
<b>Total comprehensive income</b>	<b>(68,596,413)</b>	<b>141,238,761</b>	<b>16,826,856</b>

The accompanying notes 1 to 31 form an integral part of these Consolidated Financial Statements

**EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES**  
**Consolidated Statements of Changes in Equity for the periods**  
**between January 1 and December 31, 2020, 2019 and 2018**

	Other reserves					Retained earnings	Controlling Equity	Non-Controlling interests	Total Equity	
	Issued capital	Reserves for exchange rate differences	Cash flow hedge reserve	Actuarial gains or losses in employee benefits	Other reserves					Total other reserve, net of taxes
ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Opening balance as of 01.01.2020	270,737,574	(339,076,340)	(14,850,683)	(2,230,752)	433,151,626	76,993,851	600,918,265	948,649,690	20,254,258	968,903,948
Changes in Equity										
Comprehensive Income										
Earnings	-	-	-	-	-	-	121,999,805	121,999,805	1,117,515	123,117,320
Other comprehensive income	-	(178,420,146)	(9,868,850)	(2,432,441)	-	(190,721,437)	-	(190,721,437)	(992,296)	(191,713,733)
Comprehensive income	-	(178,420,146)	(9,868,850)	(2,432,441)	-	(190,721,437)	121,999,805	(68,721,632)	125,219	(68,596,413)
Dividends	-	-	-	-	-	-	(103,365,468)	(103,365,468)	-	(103,365,468)
Increase (decrease) from other changes	-	-	-	-	-	-	34,618,524	34,618,524	-	34,618,524
Total changes in equity	-	(178,420,146)	(9,868,850)	(2,432,441)	-	(190,721,437)	53,252,861	(137,468,576)	125,219	(137,343,357)
Ending balance as of 12.31.2020	270,737,574	(517,496,486)	(24,719,533)	(4,663,193)	433,151,626	(113,727,586)	654,171,126	811,181,114	20,379,477	831,560,591

	Other reserves					Total other reserve, net of taxes	Retained earnings	Controlling Equity	Non-Controlling interests	Total Equity
	Issued capital	Reserves for exchange rate differences	Cash flow hedge reserve	Actuarial gains or losses in employee benefits	Other reserves					
ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Opening balance as of 01.01.2019	270,737,574	(306,674,528)	(13,668,932)	(1,954,077)	433,151,626	110,854,089	462,221,463	843,813,126	19,901,617	863,714,743
Changes in Equity										
Comprehensive Income										
Earnings	-	-	-	-	-	-	173,721,928	173,721,928	1,524,297	175,246,225
Other comprehensive income	-	(32,401,812)	(1,181,751)	(276,675)	-	(33,860,238)	-	(33,860,238)	(147,226)	(34,007,464)
Comprehensive income	-	(32,401,812)	(1,181,751)	(276,675)	-	(33,860,238)	173,721,928	139,861,690	1,377,071	141,238,761
Dividends	-	-	-	-	-	-	(86,568,579)	(86,568,579)	(1,024,430)	(87,593,009)
Increase (decrease) from other changes	-	-	-	-	-	-	51,543,453	51,543,453	-	51,543,453
Total changes in equity	-	(32,401,812)	(1,181,751)	(276,675)	-	(33,860,238)	138,696,802	104,836,564	352,641	105,189,205
Ending balance as of 12.31.2019	270,737,574	(339,076,340)	(14,850,683)	(2,230,752)	433,151,626	76,993,851	600,918,265	948,649,690	20,254,258	968,903,948

The accompanying notes 1 to 31 form an integral part of these Consolidated Financial Statements

	Other reserves					Total other reserves, net of tax	Retained earnings	Controlling Equity	Non-Controlling interests	Total Equity
	Reserves for exchange rate differences	Cash flow hedge reserve	Actuarial gains or losses in employee benefits	Other reserves						
	Issued capital									
	ThCh\$	ThCh\$	ThCh\$	ThCh\$						
	ThCh\$	ThCh\$	ThCh\$	ThCh\$						
Opening balance as of 01.01.2018	270,737,574	(237,077,572)	(3,094,671)	(1,915,587)	427,137,058	185,049,228	335,523,254	791,310,056	21,923,293	813,233,349
Changes in accounting policies	-	-	-	-	-	-	79,499,736	79,499,736	-	79,499,736
Restated opening balance	270,737,574	(237,077,572)	(3,094,671)	(1,915,587)	427,137,058	185,049,228	415,022,990	870,809,792	21,923,293	892,733,085
Changes in Equity										
Comprehensive Income										
Earnings	-	-	-	-	-	-	96,603,371	96,603,371	847,375	97,450,746
Other comprehensive income	-	(69,596,956)	(10,597,290)	(38,490)	-	(80,232,736)	-	(80,232,736)	(391,154)	(80,623,890)
Comprehensive income, total	-	(69,596,956)	(10,597,290)	(38,490)	-	(80,232,736)	96,603,371	16,370,635	456,221	16,826,856
Dividends	-	-	-	-	-	-	(85,475,291)	(85,475,291)	(2,477,897)	(87,953,188)
Increase (decrease) from other changes	-	-	23,029	-	6,014,568	6,037,597	36,070,393	42,107,990	-	42,107,990
Total changes in equity	-	(69,596,956)	(10,574,261)	(38,490)	6,014,568	(74,195,139)	47,198,473	(26,996,666)	(2,021,676)	(29,018,342)
Ending balance as of 12.31.2018	270,737,574	(306,674,528)	(13,668,932)	(1,954,077)	433,151,626	110,854,089	462,221,463	843,813,126	19,901,617	863,714,743

The accompanying notes 1 to 31 form an integral part of these Consolidated Financial Statements





**EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES**

**Consolidated Statements of Direct Cash Flows  
for the periods between January 1 and December 31, 2020, 2019 and 2018**

	<b>NOTE</b>	<b>01,01,2020 12,31,2020</b>	<b>01,01,2019 12,31,2019</b>	<b>01,01,2018 12,31,2018</b>
<b><i>Cash flows provided by (used in) Operating Activities</i></b>				
<b><i>Cash flows provided by Operating Activities</i></b>		<b>ThCh\$</b>	<b>ThCh\$</b>	<b>ThCh\$</b>
Receipts from the sale of goods and the rendering of services (including taxes)		2,321,999,131	2,626,374,510	2,296,830,656
<b><i>Payments for Operating Activities</i></b>				
Payments to suppliers for goods and services (including taxes)		(1,517,256,079)	(1,802,751,639)	(1,526,444,730)
Payments to and on behalf of employees		(189,758,823)	(203,681,853)	(199,460,816)
Other payments for operating activities (value-added taxes on purchases, sales and others)		(266,228,165)	(292,958,045)	(267,827,342)
Dividends received		1,176,079	411,041	601,022
Interest payments		(44,299,001)	(36,141,477)	(41,353,013)
Interest received		7,538,364	1,539,120	3,545,313
Income tax payments		(29,474,900)	(34,198,767)	(29,904,176)
Other cash movements (tax on bank debits Argentina and others)		(4,927,608)	(3,444,416)	(707,552)
<b><i>Cash flows provided by (used in) Operating Activities</i></b>		<b>278,768,998</b>	<b>255,148,474</b>	<b>235,279,362</b>
<b><i>Cash flows provided by (used in) Investing Activities</i></b>				
Contributions made in associates			-	(15,615,466)
Proceeds from sale of Property, plant and equipment		3,570	18,904	260,116
Purchase of Property, plant and equipment		(85,874,958)	(110,683,258)	(121,063,273)
Purchase of intangible assets		(207,889)	(448,307)	-
Proceeds from other long-term assets (redemption of term deposits over 90 days)		-	-	13,883,132
Purchase of other long-term assets (term deposits over 90 days)		(472,551)	(70,373)	-
Payments on forward, term, option and financial exchange agreements		2,122,954	1,135,034	6,403,152
Other payments on the purchase of financial instruments		(139,449,884)	-	(1,953,309)
<b><i>Net cash flows used in Investing Activities</i></b>		<b>(223,878,758)</b>	<b>(110,048,000)</b>	<b>(118,085,648)</b>
<b><i>Cash Flows generated from (used in) Financing Activities</i></b>				
Proceeds from short-term loans obtained		27,633,156	50,297,337	29,850,728
Loan payments		(25,197,737)	(74,332,889)	(44,234,859)
Lease liability payments		(3,974,086)	(2,989,457)	(2,395,966)
Dividend payments by the reporting entity		(99,985,500)	(86,265,896)	(87,535,698)
Other inflows (outflows) of cash (Placement and payment of public obligations)		214,565,128	(13,821,732)	(10,319,483)
<b><i>Net cash flows (used in) generated by Financing Activities</i></b>		<b>113,040,961</b>	<b>(127,112,637)</b>	<b>(114,635,278)</b>
<b><i>Net increase in cash and cash equivalents before exchange differences</i></b>		<b>167,931,201</b>	<b>17,987,837</b>	<b>2,558,436</b>
Effects of exchange differences on cash and cash equivalents		(13,574,854)	4,048,168	3,574,340
Effects of exchange differences on cash and cash equivalents		(2,393,634)	(2,006,632)	(4,836,279)
<b><i>Net decrease in cash and cash equivalents</i></b>		<b>151,962,713</b>	<b>20,029,373</b>	<b>1,296,497</b>
Cash and cash equivalents – beginning of period	<b>4</b>	157,567,986	137,538,613	136,242,116
<b><i>Cash and cash equivalents - end of period</i></b>	<b>4</b>	<b>309,530,699</b>	<b>157,567,986</b>	<b>137,538,613</b>

The accompanying notes 1 to 31 form an integral part of these Consolidated Financial Statements



## EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### 1 - CORPORATE INFORMATION

Embotelladora Andina S.A. RUT (Chilean Tax Id. N°) 91.144.000-8 (hereinafter “Andina,” and together with its subsidiaries, the “Company”) is an open stock corporation, whose corporate address and principal offices are located at Miraflores 9153, borough of Renca, Santiago, Chile. The Company is registered under No. 00124 of the Securities Registry and is regulated by Chile’s Financial Market Commission (hereinafter “CMF”) and pursuant to Chile’s Law 18,046 is subject to the supervision of this entity. It is also registered with the U.S. Securities and Exchange Commission (hereinafter “SEC”) and its stock is traded on the New York Stock Exchange since 1994.

The principal activity of Embotelladora Andina S.A. is to produce, bottle, commercialize and distribute the products under registered trademarks of The Coca-Cola Company (TCCC). The Company maintains operations and is licensed to produce, commercialize and distribute such products in certain territories in Chile, Brazil, Argentina and Paraguay

In Chile, the territories in which it has such a license are the Metropolitan Region; the province of San Antonio, the V Region; the province of Cachapoal including the commune of San Vicente de Tagua-Tagua, the VI Region; the II Region of Antofagasta; the III Region of Atacama, the IV Region of Coquimbo XI Region de Aysén del General Carlos Ibáñez del Campo; XII Region of Magallanes and Chilean Antarctic. In Brazil, the aforementioned license covers much of the state of Rio de Janeiro, the entire state of Espírito Santo, and part of the states of Sao Paulo and Minas Gerais. In Argentina it includes the provinces of Córdoba, Mendoza, San Juan, San Luis, Entre Ríos, as well as part of the provinces of Santa Fe and Buenos Aires, Chubut, Santa Cruz, Neuquén, Río Negro, La Pampa, Tierra del Fuego, Antarctica and South Atlantic Islands. Finally, in Paraguay the territory comprises the whole country. The bottling agreement for the territories in Chile expires in October 2023; in Argentina it expires in 2022; in Brazil it expires in 2022, and in Paraguay it expires in 2021. Said agreements are renewable upon the request of the licensee and at the sole discretion of The Coca-Cola Company.

As of the date of these consolidated financial statements, regarding Andina’s principal shareholders, the Controlling Group holds 55.38% of the outstanding shares with voting rights, corresponding to the Series A shares. The Controlling Group is composed of the Chadwick Claro, Garcés Silva, Said Handal and Said Somavía families, who control the Company in equal parts.

## **2 - BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND APPLICATION OF ACCOUNTING CRITERIA**

### **2.1 Accounting principles and basis of preparation**

The Company's Consolidated Financial Statements for the periods ended December 31, 2020 and 2019, have been prepared in accordance with the International Financial Reporting Standards (hereinafter "IFRS") issued by the International Accounting Standards Board (hereinafter "IASB").

These Consolidated Financial Statements have been prepared following the going concern principle by applying the historical cost method, with the exception, according to IFRS, of those assets and liabilities that are recorded at fair value.

These Consolidated Statements reflect the consolidated financial position of Embotelladora Andina S.A, and its Subsidiaries as of December 31, 2020 and 2019 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2020, 2019 and 2018 and the related notes.

The Company's 2020 local statutory consolidated financial statements in Spanish were approved by the Company's Board of Directors on February 23, 2021, with subsequent events first being considered through that date. Those local statutory consolidated financial statements consisted of consolidated statement of financial position as of December 31, 2020 and 2019 along with consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows (and related disclosures), each for the two years then ended. Those consolidated financial statements were then subsequently approved by the Company's shareholders during its April 15, 2021 meeting.

Included in this 2020 consolidated financial statements are consolidated statement of financial position as of December 31, 2020 and 2019, along with consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows (and the related disclosures) for each of the three years ended December 31, 2020, 2019 and 2018. This three-year presentation of operations, changes in equity and of cash flows is required by the rules of the United States Securities and Exchange Commission. The accompanying English language IFRS consolidated financial statements are consistent with the previously issued local statutory consolidated financial statements. This three-year English language IFRS consolidated financial statements were approved for issuances by the Board of Directors during a session held on April 27, 2021, with subsequent events considered through this later date.

These Consolidated Financial Statements have been prepared based on the accounting records maintained by the Parent Company and by the other entities that are part of the Company and are presented in thousands of Chilean pesos (unless expressly stated) as this is the functional and presentation currency of the Company. Foreign operations are included in accordance with the accounting policies established in Notes 2.5.

### **2.2 Subsidiaries and consolidation**

Subsidiary entities are those companies directly or indirectly controlled by Embotelladora Andina. Control is obtained when the Company has power over the investee, when it has exposure or is entitled to variable returns from its involvement in the investee and when it has the ability to use its power to influence the amount of investor returns. They include assets and liabilities, results of operations, and cash flows for the periods reported. Income or losses from subsidiaries acquired or sold are included in the Consolidated Financial Statements from the effective date of acquisition through the effective date of disposal, as applicable.

The acquisition method is used to account for the acquisition of subsidiaries. The consideration transferred for the acquisition of the subsidiary is the fair value of assets transferred, equity securities issued, liabilities incurred or assumed on the date that control is obtained. Identifiable assets acquired, and identifiable liabilities and contingencies assumed in a business combination are accounted for initially at their fair values at the acquisition date. Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the consideration is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.



Intercompany transactions, balances and unrealized gains on transactions between Group entities are eliminated. Unrealized losses are also eliminated. When necessary, the accounting policies of the subsidiaries are modified to ensure uniformity with the policies adopted by the Group.

The interest of non-controlling shareholders is presented in the consolidated statement of changes in equity and the consolidated statement of income by function under "Non-Controlling Interest" and "Earnings attributable to non-controlling interests", respectively.

The consolidated financial statements include all assets, liabilities, income, expenses, and cash flows of the Company and its subsidiaries after eliminating balances and transaction among the Group's entities, the subsidiary companies included in the consolidation are the following:

Taxpayer ID	Company Name	Ownership interest					
		12.31.2020			12.31.2019		
		Direct	Indirect	Total	Direct	Indirect	Total
59.144.140-K	Abisa Corp S.A.	-	99.99	99.99	-	99.99	99.99
Foreign	Aconcagua Investing Ltda.	0.70	99.28	99.98	0.70	99.28	99.98
96.842.970-1	Andina Bottling Investments S.A.	99.9	0.09	99.99	99.9	0.09	99.99
96.972.760-9	Andina Bottling Investments Dos S.A.	99.9	0.09	99.99	99.9	0.09	99.99
Foreign	Andina Empaques Argentina S.A.	-	99.98	99.98	-	99.98	99.98
96.836.750-1	Andina Inversiones Societarias S.A.	99.98	0.01	99.99	99.98	0.01	99.99
76.070.406-7	Embotelladora Andina Chile S.A.	99.99	-	99.99	99.99	-	99.99
Foreign	Embotelladora del Atlántico S.A.	0.92	99.07	99.99	0.92	99.07	99.99
96.705.990-0	Envases Central S.A.	59.27	-	59.27	59.27	-	59.27
Foreign	Paraguay Refrescos S.A.	0.08	97.75	97.83	0.08	97.75	97.83
76.276.604-3	Red de Transportes Comerciales Ltda.	99.9	0.09	99.99	99.9	0.09	99.99
Foreign	Rio de Janeiro Refrescos Ltda.	-	99.99	99.99	-	99.99	99.99
78.536.950-5	Servicios Multivending Ltda.	99.9	0.09	99.99	99.9	0.09	99.99
78.861.790-9	Transportes Andina Refrescos Ltda.	99.9	0.09	99.99	99.9	0.09	99.99
96.928.520-7	Transportes Polar S.A.	99.99	-	99.99	99.99	-	99.99
76.389.720-6	Vital Aguas S.A.	66.50	-	66.50	66.50	-	66.50
93.899.000-k	Vital Jugos S.A.	15.00	50.00	65.00	15.00	50.00	65.00

### **2.3 Investments in associates**

Ownership interest held by the Group in associates are recorded following the equity method. According to the equity method, the investment in an associate is initially recorded at cost. As of the date of acquisition, the investment in the statement of financial position is recorded by the proportion of its total assets, which represents the Group's participation in its capital, once adjusted, where appropriate, the effect of the transactions made with the Group, plus capital gains that have been generated in the acquisition of the company.

Dividends received from these companies are recorded by reducing the value of the investment and the results obtained by them, which correspond to the Group according to its ownership, are recorded under the item "Participation in profit (loss) of associates accounted for by the equity method."

Associates are all entities over which the Group exercises significant influence but does not have control. Significant influence is the power to intervene in the financial and operating policy decisions of the associate, without having control or joint control over it. The results of these associates are accounted for using the equity method.

Accounting policies of the associates are changed, where necessary, to ensure conformity with the policies adopted by the Company and unrealized gains are eliminated.

### **2.4 Financial reporting by operating segment**

"IFRS 8 Operating Segments" requires that entities disclose information on the results of operating segments. In general, this is information that Management and the Board of Directors use internally to assess performance of segments and allocate resources to them. Therefore, the following operating segments have been determined based on geographic location:

- Operation in Chile
- Operation in Brazil
- Operation in Argentina
- Operation in Paraguay

## 2.5 Functional currency and presentation currency

### 2.5.1 Functional currency

Items included in the financial statements of each of the entities in the Company are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The functional currency of each of the Operations is the following:

<u>Company</u>	<u>Functional currency</u>
Embotelladora del Atlántico	Argentine Peso (ARS)
Embotelladora Andina	Chilean Peso (CLP)
Paraguay Refrescos	Paraguayan Guaraní (PYG)
Rio de Janeiro Refrescos	Brazil Real (BRL)

Foreign currency-denominated monetary assets and liabilities are converted to the functional currency at the spot exchange rate in effect on the closing date.

All differences arising from the liquidation or conversion of monetary items are recorded in the income statement, with the exception of the monetary items designated as part of the hedging of the Group's net investment in a business abroad. These differences are recorded under other comprehensive income until the disposal of the net investment, at which point they are reclassified to the income statement. Tax adjustments attributable to exchange differences in these monetary items are also recognized under other comprehensive income.

Non-monetary items that are valued at historical cost in a foreign currency are converted using the exchange rate in effect at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are converted using the exchange rate in effect at the date on which fair value is determined. Losses or gains arising from the conversion of non-monetary items measured at fair value are recorded in accordance with the recognition of losses or gains arising from the change in the fair value of the respective item (e.g., exchange differences arising from items whose fair value gains or losses are recognized in another overall result or in results are also recognized under comprehensive income ).

#### Functional currency in hyperinflationary economies

Beginning July 2018, Argentina's economy is considered as hyperinflationary, according to the criteria established in the International Accounting Standard No. 29 "Financial information in hyperinflationary economies" (IAS 29). This determination was carried out based on a series of qualitative and quantitative criteria, including an accumulated inflation rate of more than 100% for three years. In accordance with IAS 29, the financial statements of companies in which Embotelladora Andina S.A. participates in Argentina have been retrospectively restated by applying a general price index to the historical cost, in order to reflect the changes in the purchasing power of the Argentine peso, as of the closing date of these financial statements.

Non-monetary assets and liabilities were restated since February 2003, the last date an inflation adjustment was applied for accounting purposes in Argentina. In this context, it should be mentioned that the Group made its transition to IFRS on January 1, 2004, applying the attributed cost exemption for Property, plant and equipment.

For consolidation purposes in Embotelladora Andina S.A. and as a result of the adoption of IAS 29, the results and financial situation of our Argentine subsidiaries were converted to the closing exchange rate (ARS/CLP) as December 31, 2020, in accordance with IAS 21 "Effects of foreign currency exchange rate variations", when dealing with a hyperinflationary economy.

The comparative amounts in the consolidated financial statements are those that were presented as current year amounts in the relevant financial statements of the previous year (i.e., not adjusted for subsequent changes in price level or exchange rates). This results in differences between the closing net equity of the previous year and the opening net equity of the current year and, as an accounting policy option, these changes are presented as follows: (a) the re-measurement of initial balances under IAS 29 as an adjustment to equity and (b) subsequent effects, including re-expression under IAS 21, as "Exchange rate differences in the conversion of foreign operations" under other comprehensive income.

Inflation for the periods from January to December 2020 and 2019 amounted to 36.01% and 54.85%, respectively.

## 2.5.2 Presentation currency

The presentation currency is the Chilean peso, which is the functional currency of the parent company, for such purposes, the financial statements of subsidiaries are translated from the functional currency to the presentation currency as indicated below:

### a. Translation of financial statements whose functional currency does not correspond to hyperinflationary economies (Brazil and Paraguay)

Financial statements measured as indicated are translated to the presentation currency as follows:

- The statement of financial position is translated to the closing exchange rate at the financial statement date and the income statement is translated at the average monthly exchange rates, the differences that result are recognized in equity under other comprehensive income.
- Cash flow income statement are also translated at average exchange rates for each transaction.
- In the case of the disposal of an investment abroad, the component of other comprehensive income (OCI) relating to that investment is reclassified to the income statement.

### b. Translation of financial statements whose functional currency corresponds to hyperinflationary economies (Argentina)

Financial statements of economies with a hyperinflationary economic environment, are recognized according to *IAS 29 Financial Information in Hyperinflationary Economies*, and subsequently converted to Chilean pesos as follows:

- The statement of financial position sheet is translated at the closing exchange rate at the financial statements date.
- The income statement is translated at the closing exchange rate at the financial statements date
- The statement of cash flows is converted to the closing exchange rate at the date of the financial statements.
- For the disposal of an investment abroad, the component of other comprehensive income (OCI) relating to that investment is reclassified to the income statement.

### 2.5.3 Exchange rates

Exchange rates regarding the Chilean peso in effect at the end of each period are as follows:

Date	USD	BRL	ARS	PGY
12.31.2020	710.95	136.80	8.44	0.103
12.31.2019	748.74	185.76	12.50	0.116
12.31.2018	694.77	179.30	18.43	0.117

### 2.6 Property, plant, and equipment

The elements of Property, plant and equipment, are valued for their acquisition cost, net of their corresponding accumulated depreciation, and of the impairment losses they have experienced.

The cost of the items of Property, plant and equipment include in addition to the price paid for the acquisition: i) the financial expenses accrued during the construction period that are directly attributable to the acquisition, construction or production of qualified assets, which are those that require a substantial period of time before being ready for use, such as production facilities. The Group defines a substantial period as one that exceeds twelve months. The interest rate used is that corresponding to specific financing or, if it does not exist, the weighted average financing rate of the Company making the investment; and ii) personnel expenses directly related to the construction in progress.

Construction in progress is transferred to operating assets after the end of the trial period when they are available for use, from which moment depreciation begins.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset only when it is probable that future economic benefits associated with the items of Property, plant and equipment will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. Repairs and maintenance are charged to the income statement in the reporting period in which they are incurred.

Land is not depreciated since it has an indefinite useful life. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives.

The estimated useful lives by asset category are:

Assets	Range in years
Buildings	15-80
Plant and equipment	5-20
Warehouse installations and accessories	10-50
Furniture and supplies	4-5
Motor vehicles	4-10
Other Property, plant and equipment	3-10
Bottles and containers	2-5

The residual value and useful lives of Property, plant and equipment are reviewed and adjusted at the end of each fiscal year, if appropriate.



The Company assesses on each reporting date if there is evidence that an asset may be impaired. The Group estimates the recoverable amount of the asset, if there is evidence, or when an annual impairment test is required for an asset.

Gains and losses on disposals of property, plant, and equipment are calculated by comparing the proceeds to the carrying amount and are charged to other expenses by function or other gains, as appropriate in the statement of comprehensive income

## **2.7 Intangible assets and Goodwill**

### **2.7.1 Goodwill**

Goodwill represents the excess of the consideration transferred over the Company's interest in the net fair value of the net identifiable assets of the subsidiary and the fair value of the non-controlling interest in the subsidiary on the acquisition date. Since goodwill is an intangible asset with indefinite useful life, it is recognized separately and tested annually for impairment. Goodwill is carried at cost less accumulated impairment losses.

Gains and losses on the sale of an entity include the carrying amount of goodwill related to that entity.

Goodwill is assigned to each cash generating unit (CGU) or group of cash-generating units, from where it is expected to benefit from the synergies arising from the business combination. Such CGUs or groups of CGUs represent the lowest level in the organization at which goodwill is monitored for internal management purposes.

### **2.7.2 Distribution rights**

Distribution rights are contractual rights to produce and/or distribute products under the Coca-Cola brand and other brands in certain territories in Argentina, Brazil, Chile and Paraguay that were acquired during Business Combination. Distribution rights are born from the process of valuation at fair value of the assets and liabilities of companies acquired in business combinations. Distribution rights have an indefinite useful life and are not amortized, (as they are permanently renewed by The Coca-Cola Company) and therefore are subject to impairment tests on an annual basis.

### **2.7.3 Software**

Carrying amounts correspond to internal and external software development costs, which are capitalized once the recognition criteria in IAS 38, Intangible Assets, have been met. Their accounting recognition is initially realized for their acquisition or production cost and, subsequently, they are valued at their net cost of their corresponding accumulated amortization and of the impairment losses that, if applicable, they have experienced. The aforementioned software is amortized within four years.

## 2.8 Impairment of non-financial assets

Assets that have an indefinite useful life, such as intangibles related to distribution rights and goodwill, are not amortized and are tested annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment. Assets that are subject to amortization are tested for impairment whenever there is an event or change in circumstances indicating that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying value of the asset exceeds its recoverable amount. The recoverable amount is the greater of an asset's fair value less costs to sell or its value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units - CGU).

Regardless of what was stated in the previous paragraph, in the case of CGUs to which capital gains or intangible assets have been assigned with an indefinite useful life, the analysis of their recoverability is carried out systematically at the end of each fiscal year. These indications may include new legal provisions, change in the economic environment that affects business performance indicators, competition movements, or the disposal of an important part of a CGU.

Management reviews business performance based on geographic segments. Goodwill is monitored at the operating segment level that includes the different cash generating units in operations in Chile, Brazil, Argentina and Paraguay. The impairment of distribution rights is monitored geographically in the CGU or group of cash generating units, which correspond to specific territories for which Coca-Cola distribution rights have been acquired. These cash generating units or groups of cash generating units are composed of the following segments:

- Operation in Chile;
- Operation in Argentina;
- Operation in Brazil (State of Rio de Janeiro and Espirito Santo, Ipiranga territories, investment in the Sorocaba associate and investment in the Leão Alimentos S.A. associate);
- Operation in Paraguay

To check if goodwill has suffered a loss due to impairment of value, the Company compares the book value thereof with its recoverable value, and recognizes an impairment loss, for the excess of the asset's carrying amount over its recoverable amount. To determine the recoverable values of the CGU, management considers the discounted cash flow method as the most appropriate.

The main assumptions used in the annual test are:

### a) Discount rate

The discount rate applied in the annual test carried out in December 2020 was estimated using the CAPM (Capital Asset Pricing Model) methodology, which allows estimating a discount rate according to the level of risk of the CGU in the country where it operates. A nominal discount rate in local currency before tax is used according to the following table:

	Discount rates 2020	Discount rates 2019
Argentina	28.1%	35.3%
Chile	7.2%	8.5%
Brazil	9.9%	11.4%
Paraguay	9.3%	11.5%

b) Other assumptions

The financial projections to determine the net present value of the future cash flows of the CGUs are modeled based on the main historical variables and the respective budgets approved by the CGU. In this regard, a conservative growth rate is used, which reaches 5% for the carbonated beverage category and up to 7% for less developed categories such as juices and waters. Beyond the fifth year of projection, growth perpetuity rates are established per operation ranging from 1% to 2.5% depending on the degree of maturity of the consumption of the products in each operation. In this sense, the variables with greatest sensitivity in these projections are the discount rates applied in the determination of the net present value of projected cash flows, growth perpetuities and EBITDA margins considered in each CGU.

In order to sensitize the impairment test, variations were made to the main variables used in the model. Ranges used for each of the modified variables are:

- Discount Rate: Increase / Decrease of up to 100 bps as a value in the rate at which future cash flows are discounted to bring them to present value
- Perpetuity: Increase / Decrease of up to 75 bps in the rate to calculate the perpetual growth of future cash flows
- EBITDA margin: Increase / Decrease of 100 bps of EBITDA margin of operations, which is applied per year for the projected periods, that is, for the years 2021-2025

In each sensitization scenario of the of the 3 variables mentioned above, no signs of impairment were observed for the Company's CGUs.

The Company performs the impairment analysis on an annual basis. As a result of the tests conducted as of December 31, 2020 and 2019, no evidence of impairment was identified in any of the CGUs listed above, assuming conservative EBITDA margin projections and in line with market history.

Despite the deterioration in macroeconomic conditions experienced by the economies of the countries in which operations are carried out and as a result of the pandemic, the impairment test yielded recovery values higher than the book values of assets, including those for the sensitivity calculations in the stress test conducted on the model.

It should be noted that although no impairment evidence was identified for the CGUs described above, the annual review of other investments identified that for the AdeS brand in Chile's operation the recoverable value would be CLP 1,451 million below the book value recorded in the financial statements, which were reduced from its book value as of December 2020. The main reasons are due to the lower expected flows for the seed-based non-carbonated beverage segment for the local market.

## 2.9 Financial instruments

A financial instrument is any contract that results in the recognition of a financial asset in one entity and a financial liability or equity instrument in another entity.

### 2.9.1 Financial assets

Pursuant to IFRS 9 "Financial Instruments", except for certain trade accounts receivable, the Group initially measures a financial asset at its fair value plus transaction costs, in the case of a financial asset that is not at fair value, reflecting changes in P&L.

The classification is based on two criteria: (a) the Group's business model for the purpose of managing financial assets to obtain contractual cash flows; and (b) if the contractual cash flows of financial instruments represent "solely payments of principal and interest" on the outstanding principal amount (the "SPPI criterion"). According to IFRS 9, financial assets are subsequently measured at (i) fair value with changes in P&L (FVPL), (ii) amortized cost or (iii) fair value through other comprehensive income (FVOCI).

The subsequent classification and measurement of the Group's financial assets are as follows:

- Financial asset at amortized cost for financial instruments that are maintained within a business model with the objective of maintaining the financial assets to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's trade and other accounts receivable.
- Financial assets measured at fair value with changes in other comprehensive income (FVOCI), with gains or losses recognized in P&L at the time of liquidation. Financial assets in this category correspond to the Group's instruments that meet the SPPI criterion and are kept within a business model both to collect cash flows and to sell.

Other financial assets are classified and subsequently measures as follows:

- Equity instruments at fair value with changes in other comprehensive income (FVOCI) without recognizing earnings or losses in P&L at the time of liquidation. This category only includes equity instruments that the Group intends to keep in the foreseeable future and that the Group has irrevocably chosen to classify in this category in the initial recognition or transition.
- Financial assets at fair value with changes in P&L (FVPL) include derivative instruments and equity instruments quoted that the Group had not irrevocably chosen to classify at FVOCI in the initial recognition or transition. This category also includes debt instruments whose cash flow characteristics do not comply with the SPPI criterion or are not kept within a business model whose objective is to recognize contractual cash flows or sale.

A financial asset (or, where applicable, a portion of a financial asset or a portion of a group of similar financial assets) is initially disposed (for example, canceled in the Group's consolidated financial statements) when:

- The rights to receive cash flows from the asset have expired,
- The Group has transferred the rights to receive the cash flows of the asset or has assumed the obligation to pay all cash flows received without delay to a third party under a transfer agreement; and the Group (a) has substantially transferred all risks and benefits of the asset, or (b) has not substantially transferred or retained all risks and benefits of the asset but has transferred control of the asset.

## **2.9.2 Financial Liabilities**

Financial liabilities are classified as a fair value financial liability at the date of their initial recognition, as appropriate, with changes in results, loans and credits, accounts payable or derivatives designated as hedging instruments in an effective coverage.

All financial liabilities are initially recognized at fair value and transaction costs directly attributable are netted from loans and credits and accounts payable.

The Group's financial liabilities include trade and other accounts payable, loans and credits, including those discovered in current accounts, and derivative financial instruments.

The classification and subsequent measurement of the Group's financial liabilities are as follows:

- Fair value financial liabilities with changes in results include financial liabilities held for trading and financial liabilities designated in their initial recognition at fair value with changes in results. The losses or gains of liabilities held for trading are recognized in the income statement.
- Loans and credits are valued at cost or amortized using the effective interest rate method. Gains and losses are recognized in the income statement when liabilities are disposed, as well as interest accrued in accordance with the effective interest rate method.

A financial liability is disposed of when the obligation is extinguished, cancelled or expires. Where an existing financial liability is replaced by another of the same lender under substantially different conditions, or where the conditions of an existing liability are substantially modified, such exchange or modification is treated as a disposal of the original liability and the recognition of the new obligation. The difference in the values in the respective books is recognized in the statement of income.

### **2.9.3 Offsetting financial instruments**

Financial assets and financial liabilities are offset with the corresponding net amount presenting the corresponding net amount in the statement of financial position, if:

- There is currently a legally enforceable right to offset the amounts recognized, and
- It is intended to liquidate them for the net amount or to realize the assets and liquidate the liabilities simultaneously.

### **2.10 Derivatives financial instruments and hedging activities**

The Company and its subsidiaries use derivative financial instruments to mitigate risks relating to changes in foreign currency and exchange rates associated with raw materials, and loan obligations. Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each closing date. Derivatives are accounted as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

#### **2.10.1 Derivative financial instruments designated as cash flow hedges**

At the inception of the transaction, the group documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated income statement within "other gains (losses)".

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when foreign currency denominated financial liabilities are translated into their functional currencies). The gain or loss relating to the effective portion of cross currency swaps hedging the effects of changes in foreign exchange rates are recognized in the consolidated income statement within "foreign exchange differences." When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the consolidated income statement.

### **2.10.2 Derivative financial instruments not designated for hedging**

The fair value of derivative financial instruments that do not qualify for hedge accounting pursuant to IFRS are immediately recognized in the income statement under "Other income and losses". The fair value of these derivatives is recorded under "other current financial assets" or "other current financial liabilities" in the statement of financial position."

The Company does not use hedge accounting for its foreign investments.

The Company also evaluates the existence of derivatives implicitly in contracts and financial instruments as stipulated by IFRS 9 and classifies them pursuant to their contractual terms and the business model of the group. As of December 31, 2020, the Company had no implicit derivatives

### **2.10.3 Fair value hierarchy**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the date of the transaction. Fair value is based on the presumption that the transaction to sell the asset or to transfer the liability takes place;

- In the asset or liability main market, or
- In the absence of a main market, in the most advantageous market for the transaction of those assets or liabilities.

The Company maintains assets related to foreign currency derivative contracts which were classified as Other current and non-current financial assets and Other current and non-current financial liabilities, respectively, and are accounted at fair value within the statement of financial position. The Company uses the following hierarchy to determine and disclose the fair value of financial instruments with assessment techniques:

Level 1: Quote values (unadjusted) in active markets for identical assets or liabilities

Level 2: Valuation techniques for which the lowest level variable used, which is significant for the calculation, is directly or indirectly observable

Level 3: Valuation techniques for which the lowest level variable used, which is significant for the calculation, is not observable.

During the reporting periods there were no transfers of items between fair value measurement categories. All of which were valued during the periods using Level 2.

## **2.11 Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress includes raw materials, direct labor, other direct costs and manufacturing overhead (based on operating capacity) to bring the goods to marketable condition, but it excludes interest expense. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Spare parts and production materials are stated at the lower of cost or net realizable value.

The initial cost of inventories includes the transfer of losses and gains from cash flow hedges, related to the purchase of raw materials.

Estimates are also made for obsolescence of raw materials and finished products based on turnover and age of the related goods.

#### **2.12 Trade receivables**

Trade accounts receivable and other accounts receivable are measured and recognized at the transaction price at the time they are generated less the provision for expected credit losses, pursuant to the requirements of IFRS 15, since they do not have a significant financial component, less the provision of expected credit losses. The provision for expected credit losses is made applying a value impairment model based on expected credit losses for the following 12 months. The Group applies a simplified focus for trade receivables, whereby impairment is always recorded referring to expected losses during the whole life of the asset. The carrying amount of the asset is reduced by the provision of expected credit losses, and the loss is recognized in administrative expenses in the consolidated income statement by function.

#### **2.13 Cash and cash equivalents**

Cash and cash equivalents include cash on hand, bank balances, time deposits and other short-term highly liquid and low risk of change in value investments and mutual funds with original short-term maturities equal to or less than three months from the date of acquisition.

#### **2.14 Other financial liabilities**

Resources obtained from financial institutions as well as the issuance of debt securities are initially recognized at fair value, net of costs incurred during the transaction. Then, liabilities are valued by accruing interests in order to equal the current value with the future value of liabilities payable, using the effective interest rate method.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualified assets, considered as those that require a substantial period of time in order to get ready for their forecasted use or sale, are added to the cost of those assets until the period in which the assets are substantially ready to be used or sold

#### **2.15 Income tax**

The Company and its subsidiaries in Chile account for income tax according to the net taxable income calculated based on the rules in the Income Tax Law. Subsidiaries in other countries account for income taxes according to the tax regulations of the country in which they operate.

Deferred income taxes are calculated using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements, using the tax rates that have been enacted or substantively enacted on the balance sheet date and are expected to apply when the deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

The Company does not recognize deferred income taxes for temporary differences from investments in subsidiaries in which the Company can control the timing of the reversal of the temporary differences and it is probable that they will not be reversed in the near future.

The Group offsets deferred tax assets and liabilities if and only if it has legally recognized a right to offset against the tax authority the amounts recognized in those items; and intends to settle the resulting net debts, or to realize the assets and simultaneously settle the debts that have been offset by them.

#### **2.16 Employee benefits**

The Company records a liability regarding indemnities for years of service that will be paid to employees in accordance with individual and collective agreements subscribed with employees, which is recorded at actuarial value in accordance with IAS 19 "Employee Benefits".

Results from updated of actuarial variables are recorded within other comprehensive income in accordance with IAS 19.

Additionally, the Company has retention plans for some officers, which have a provision pursuant to the guidelines of each plan. These plans grant the right to certain officers to receive a cash payment on a certain date once they have fulfilled with the required years of service.

The Company and its subsidiaries have recorded a provision to account for the cost of vacations and other employee benefits on an accrual basis. These liabilities are recorded under current non-financial liabilities.

#### **2.17 Provisions**

Provisions for litigation and other contingencies are recognized when the Company has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

#### **2.18 Leases**

In accordance with IFRS 16 "Leases" Embotelladora Andina analyzes, at the beginning of the contract, the economic background of the agreement, to determine if the contract is, or contains, a lease, evaluating whether the agreement transfers the right to control the use of an identified asset for a period of time in exchange for a consideration. Control is considered to exist if the client has i) the right to obtain substantially all the economic benefits from the use of an identified asset; and ii) the right to direct the use of the asset.

When the Company is lessee, on the date the underlying asset is available for use, we records an asset for the right-of-use in the statement of financial position (under Property, plant and equipment) and a lease liability (under Other financial liabilities).

This asset is initially recognized at cost, which includes: i) the value of the initial measurement of the lease liability; ii) lease payments made up to the start date less lease incentives received; iii) the initial direct costs incurred; and iv) the estimation of costs for dismantling or restoration. Subsequently, the right-of-use asset is measured at cost, adjusted by any new measurement of the lease liability, less accumulated depreciation and accumulated losses due to impairment of value. The right-of-use asset is depreciated in the same terms as the rest of similar depreciable assets, if there is reasonable certainty that the lessee will acquire ownership of the asset at the end of the lease. If such certainty does not exist, the asset depreciates at the shortest period between the useful life of the asset or the lease term.



On the other hand, the lease liability is initially measured at the present value of the lease payments, discounted at the incremental loan rate of the Company, if the interest rate implicit in the lease could not be easily determined. Lease payments included in the measurement of the liability include: i) fixed payments, less any lease incentive receivable; ii) variable lease payments; iii) residual value guarantees; iv) exercise price of a purchase option; and v) penalties for lease termination.

The lease liability is increased to reflect the accumulation of interest and is reduced by the lease payments made. In addition, the carrying amount of the liability is measured again if there is a modification in the terms of the lease (changes in the term, in the amount of payments or in the evaluation of an option to buy or change in the amounts to be paid). Interest expense is recognized as an expense and is distributed among the periods that constitute the lease period, so that a constant interest rate is obtained in each year on the outstanding balance of the lease liability.

Short-term leases, equal to or less than one year, or lease of low-value assets are excepted from the application of the recognition criteria described above, recording the payments associated with the lease as an expense in a linear manner throughout the lease term. The Company does not act as lessor.

## **2.19 Deposits for returnable containers**

This liability comprises cash collateral, or deposit, received from customers for bottles and other returnable containers made available to them.

This liability pertains to the deposit amount that would be reimbursed when the customer or distributor returns the bottles and containers in good condition, together with the original invoice.

This liability is presented under Other current financial liabilities since the Company does not have legal rights to defer settlement for a period in excess of one year. However, the Company does not anticipate any material cash settlements for such amounts during the upcoming year.

## **2.20 Revenue recognition**

The Company recognizes revenue when control over a good or service is transferred to the client. Control refers to the ability of the client to direct the use and obtain substantially all the benefits of the goods and services exchanged. Revenue is measured based on the consideration to which it is expected to be entitled for such transfer of control, excluding amounts collected on behalf of third parties.

Management has defined the following indicators for revenue recognition, applying the five-step model established by IFRS 15 "Revenue from contracts with customers": 1) Identification of the contract with the customer; 2) Identification of performance obligations; 3) Determination of the transaction price; 4) Assignment of the transaction price; and 5) Recognition of revenue.



All the above conditions are met at the time the products are delivered to the customer. Net sales reflect the units delivered at list price, net of promotions, discounts and taxes.

The revenue recognition criteria of the good provided by Embotelladora Andina corresponds to a single performance obligation that transfers the product to be received to the customer.

## **2.21 Contributions of The Coca-Cola Company**

The Company receives certain discretionary contributions from The Coca-Cola Company (TCCC) mainly related to the financing of advertising and promotional programs for its products in the territories where the Company has distribution licenses. The contribution received from TCCC are recognized in net income after the conditions agreed with TCCC in order to become a creditor to such incentive have been fulfilled, they are recorded as a reduction in the marketing expenses included in the Administration Expenses account. Given its discretionary nature, the portion of contributions received in one period does not imply it will be repeated in the following period.

## **2.22 Dividend payments**

Dividend distribution to Company shareholders is recorded as a liability in the Company's Consolidated Financial Statements, considering the 30% minimum dividend of the period's earnings established by Chilean Corporate Law, unless otherwise agreed in the respective meeting, by the unanimity of the issued shares.

Interim and final dividends are recorded at the time of their approval by the competent body, which in the first case is normally the Board of Directors of the Company, while in the second case it is the responsibility of General Shareholders' Meeting.

## **2.23 Critical accounting estimates and judgments**

The Company makes estimates and judgments concerning the future. Actual results may differ from previously estimated amounts.

In preparing the consolidated financial statements, the Company has used certain judgments and estimates made to quantify some of the assets, liabilities, income, expenses and commitments.

Following is a summary of the estimates and judgments that might have a material impact on future financial statements.

### **2.23.1 Impairment of goodwill and intangible assets with indefinite useful lives**

The Company tests annually whether goodwill and intangible assets with indefinite useful life (such as distribution rights) have suffered any impairment. The recoverable amounts of cash generating units are determined based on value in use calculations. The key variables used in the calculations include sales volumes and prices, discount rates, marketing expenses and other economic factors including inflation. The estimation of these variables requires a use of estimates and judgments as they are subject to inherent uncertainties; however, the assumptions are consistent with the Company's internal planning and past results. Therefore, management evaluates, and updates estimates according to the conditions affecting the variables. If these assets are considered to have been impaired, they will be written off at their estimated fair value or future recovery value according to the discounted cash flows analysis. As of December 31, 2019, discounted cash flows in the Company's cash generating units in Chile, Brazil, Argentina and Paraguay generated a higher value than the carrying values of the respective net assets, including goodwill of the Brazilian, Argentinian and Paraguayan subsidiaries.

### **2.23.2 Fair Value of Assets and Liabilities**

IFRS requires in certain cases that assets and liabilities be recorded at their fair value. Fair value is the price that would be received for selling an asset or paid to transfer a liability in a transaction ordered between market participants at the date of measurement.

The basis for measuring assets and liabilities at fair value are their current prices in an active market. For those that are not traded in an active market, the Company determines fair value based on the best information available by using valuation techniques.

In the case of the valuation of intangibles recognized as a result of acquisitions from business combinations, the Company estimates the fair value based on the "multi-period excess earning method", which involves the estimation of future cash flows generated by the intangible assets, adjusted by cash flows that do not come from these, but from other assets. The Company also applies estimations over the period during which the intangible assets will generate cash flows, cash flows from other assets, and a discount rate.

Other assets acquired, and liabilities assumed in a business combination are carried at fair value using valuation methods that are considered appropriate under the circumstances. Assumptions include the depreciated cost of recovery and recent transaction values for comparable assets, among others. These valuation techniques require certain inputs to be estimated, including the estimation of future cash flows.

### **2.23.3 Allowances for expected credit losses**

The Group uses a provision matrix to calculate expected credit losses for trade receivables. Provisions are based on due days for various groups of customer segments that have similar loss patterns (i.e. by geography region, product type, customer type and rating, and credit letter coverage and other forms of credit insurance).

The provision matrix is initially based on the historically observed non-compliance rates for the Group. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For example, if expected economic conditions (i.e. gross domestic product) are expected to deteriorate over the next year, which can lead to more non-compliances in the industry, historical default rates are adjusted. At each closing date, the observed historical default rates are updated and changes in prospective estimates are analyzed. The assessment of the correlation between observed historical default rates, expected economic conditions and expected credit losses are significant estimates.

### **2.23.4 Useful life, residual value and impairment of property, plant, and equipment**

Property, plant, and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful life of those assets. Changes in circumstances, such as technological advances, changes to the Company's business model, or changes in its capital strategy might modify the effective useful lives as compared to our estimates. Whenever the Company determines that the useful life of Property, plant and equipment might be shortened, it depreciates the excess between the net book value and the estimated recoverable amount according to the revised remaining useful life. Factors such as changes in the planned usage of manufacturing equipment, dispensers, transportation equipment and computer software could make the useful lives of assets shorter. The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of any of those assets may not be recovered. The estimate of future cash flows is based, among other factors, on certain assumptions about the expected operating profits in the future. The Company's estimation of discounted cash flows may differ from actual cash flows because of, among other reasons, technological changes, economic conditions, changes in the business model, or changes in operating profit. If the sum of the projected discounted cash flows (excluding interest) is less than the carrying amount of the asset, the asset shall be written-off to its estimated recoverable value.

At the closing of December 2020, based on the best estimate according to the most recent reliable, reasonable and available information, management made a change in its useful life accounting estimates, for the Chilean Operation.

Changes in estimates are mainly recorded in fixed assets related to plant and equipment, which includes the following items:

Assets	Previous year range	New year range
Buildings	30-50	15-80
Plants and equipment	10-20	5-20
Fixed installations and accessories	10-30	10-50
Furniture and materials	4-5	5
Vehicles	5-7	4-10
Other property, plant and equipment	3-8	5-10
Containers and cases	2-8	2-5

This change in estimated useful life resulted in greater depreciation for the period between January 1 to December 31, 2020 of approximately CLP 7,071,114 thousand, representing approximately 6% of total consolidated depreciation.

#### 2.24.1 New Standards, Interpretations and Amendments for annual periods beginning on or after January 1, 2020.

Standards and interpretations, as well as the improvements and amendments to IFRS, which have been issued, effective at the date of these financial statements, are detailed below:

	Standards and Interpretations	Mandatory application date
Conceptual Framework	Revised Conceptual Framework	January 1, 2020

#### Revised Conceptual Framework

The IASB issued a Revised Conceptual Framework in March 2018, incorporating some new concepts, providing updated definitions and recognition criterion for assets and liabilities and clarifying some important concepts. Changes in the Conceptual Framework may affect the application of IFRS when no standard applies to a given transaction or event. Application of the revised Conceptual Framework did not have significant impacts on the financial statements of the Company.

Amendments to IFRS which have been issued and are in effect beginning January 1, 2020 are detailed below:

	Amendments	Implementation date
IFRS 3	Definition of a business	January 1,2020
IAS 1 and IAS 8	Definition of material	January 1,2020
IFRS 9, IAS 39 and IFRS 7	Reference Interest Rate Reform	January 1,2020
IFRS 16	COVID-19-Related Rent Concessions	January 1,2020

#### IFRS 3 Business Combinations - Definition of Business

The IASB issued amendments to the definition of business in IFRS 3 Business Combinations, to help entities determine whether an acquired set of activities and assets is a business or not. The IASB clarifies the minimum requirements for defining a business, eliminates the assessment of whether market participants are able to replace any missing elements, includes guidance to help entities assess whether a process acquired is substantial, reduces the definitions of a business and products and introduces an optional fair value concentration test.

Amendments have to be applied to business combinations or asset acquisitions that occur on or after the start of the first annual reporting period beginning on or after January 1, 2020. As a result, entities do not have to review transactions that occurred in previous periods. Early application is permitted and must be disclosed.

Because the amendments apply prospectively to transactions or other events that occur on or after the date of the first application, most entities will probably not be affected by these amendments in the transition. However, those entities that consider the acquisition of a set of activities and assets after implementing the amendments must first update their accounting policies in a timely manner.

Amendments may also be relevant in other areas of IFRS (e.g. they may be relevant when a controller loses control of a subsidiary and has anticipated the sale or contribution of assets between an investor and its associate or joint venture) (Amendments to IFRS 10 and IAS 28).

Company management performs the impact assessment of the amendment once these types of transactions take place.

## IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material

In October 2018, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, changes in accounting estimates and errors*, to align the definition of "material" in all standards and to clarify certain aspects of the definition. The new definition states that information is material if when omitted, misstated, or reasonably hidden could be expected to influence decisions that primary users of general-purpose of the financial statements make based on those financial statements, which provide financial information about a specific reporting entity.

Amendments should be applied prospectively. Early application is permitted and must be disclosed.

While amendments to the definition of material are not expected to have a significant impact on an entity's financial statements, the introduction of the term "hide" in the definition could impact the way materiality judgments are made, increasing the importance of how information is communicated and organized in the financial statements.

Company management has assessed the amendment, which have not had any impact on these financial statements.

## IFRS 9, IAS 39 and IFRS 7 Reference Interest Rate Reform

In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7, which concludes the first stage of its work to respond to the effects of the reform of interbank offer rate (IBOR) in financial information. The amendments provide temporary exceptions that allow hedge accounting to continue during the uncertain period, prior to replacing existing benchmark interest rates with near-risk free alternative interest rates.

Amendments should be applied retrospectively. However, any hedge relationship that has previously been discontinued cannot be reinstated with the application of these amendments, nor can a hedge relationship be designated using the retrospect reasoning benefit. Early application is permitted and must be disclosed.

Company management has assessed the amendment, which have not had significant impacts on these financial statements.

## IFRS 16 COVID-19-Related Rent Concessions

In May 2020, the IASB issued an amendment to IFRS 16 Leases to provide relief for lessees in the application of IFRS 16 guidance regarding lease modifications due to rent concessions occurring as a direct consequence of the Covid-19 pandemic. The amendment does not affect lessors.

As a practical solution, a lessee may choose not to assess whether the Covid-19-related rent reduction granted by a lessor is a modification of the lease. A lessee making this choice will recognize changes in lease payments from Covid-19-related rent reductions in the same way as it would recognize the change under IFRS 16 as if such a change was not a modification of the lease.

A lessee shall apply this practical solution retroactively, recognizing the cumulative effect of the initial application of the amendment as an adjustment in the initial balance of accumulated results (or another component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment.

A lessee will apply this amendment for annual periods beginning on or after September 1, 2020. Early application is permitted, including in the financial statements not authorized for publication as of May 28, 2020.

Company management has not implemented this amendment because it has no Covid-19-related lease modifications.

## 2.24.2 New Accounting Standards, Interpretations and Amendments with effective application for annual periods beginning on or after January 1, 2020.

Standards and interpretations, as well as IFRS amendments, which have been issued, but have still not become effective as of the date of these financial statements are set forth below. The Company has not made an early adoption of these standards:

	Standards and Interpretations	Mandatory application date
IFRS 17	Insurance Contracts	January 1, 2023

## IFRS 17 - Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a new accounting standard for insurance contracts that covers recognition, measurement, presentation and disclosure. Once effective, it will replace IFRS 4 Insurance Contracts issued in 2005. The new rule applies to all types of insurance contracts, regardless of the type of entity issuing them, as well as certain guarantees and financial instruments with certain characteristics of discretionary participation. Some exceptions within the scope may be applied.

IFRS 17 will be effective for periods starting on or after January 1, 2023, with comparative figures required. Early application is permitted, provided that the entity applies IFRS 9 Financial Instruments, on or before the date on which IFRS 17 is first applied.

Amendments to IFRS that have been issued to become effective in the near future are detailed below.

	<b>Amendments</b>	<b>Date of application</b>
<b>IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16</b>	Interest Rate Benchmark Reform—Phase 2	January 1, 2023
<b>IAS 1</b>	Classification of liabilities as current or non-current	January 1, 2023
<b>IFRS 3</b>	Reference to the Conceptual Framework	January 1, 2022
<b>IAS 16</b>	Property, Plant and Equipment — Proceeds before Intended Use	January 1, 2022
<b>IAS 37</b>	Onerous Contracts—Cost of Fulfilling a Contract	January 1, 2022
<b>IFRS 10 and IAS 28</b>	Consolidated Financial Statements - sale or contribution of assets between an investor and its associate or joint venture	To be determined

## IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform—Phase 2

In August 2020, the IASB published the second phase of the Interest Rate Benchmark Reform containing amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. With this publication, the IASB completes its work to respond to the effects of Interbank Offer Rate Reform (IBOR) on financial information.

The amendments provide temporary exceptions that address the effects on financial information when a benchmark interest rate (IBOR) is replaced by an almost risk-free alternative interest rate.

Amendments are required and early application is permitted. A hedging ratio must be resumed if the hedging ratio was discontinued solely due to the changes required by the reform of the benchmark interest rate and would therefore not have been discontinued if the second phase of amendments had been implemented at that time. While application is retrospective, an entity is not required to restate previous periods.

## IAS 1 Presentation of Financial Statements - Classification of liabilities as current or non-current

In June 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify requirements for the classification of liabilities as current or non-current.

The amendments are effective for periods beginning on or after January 1, 2022. Entities should carefully consider whether there are any aspects of the amendments suggesting that the terms of their existing loan agreements should be renegotiated. In this context, it is important to stress that amendments must be implemented retrospectively.

### **IFRS 3 Reference to the Conceptual Framework**

In May 2020, the IASB issued amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework. These amendments are intended to replace the reference to an earlier version of the IASB Conceptual Framework (1989 Framework) with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments shall be effective for periods beginning on or after January 1, 2022 and should be applied retrospectively. Early application is permitted if, at the same time or before, an entity also applies all amendments contained in the amendments to the Conceptual Framework References of the IFRS Standards issued in March 2018.

The amendments will provide consistency in financial information and avoid potential confusion by having more than one version of the Conceptual Framework in use.

### **IAS 16 Property, Plant and Equipment — Proceeds before Intended Use**

The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss for the period, pursuant to applicable standards.

The amendment shall be effective for periods beginning on or after January 1, 2022. The amendment should be applied retrospectively only property, plant and equipment items available for use on or after the beginning of the first period presented in the financial statements in which the entity first applies the amendment.

### **IAS 37 Onerous Contracts — Cost of Fulfilling a Contract**

In May 2020, the IASB issued amendments to IAS 37 *Provisions, Contingent Liabilities, and Contingent Assets* to specify the costs an entity needs to include when assessing whether a contract is onerous, or it generates losses.

The amendment shall be effective for periods beginning on or after January 1, 2022. The amendment should be applied retrospectively to existing contracts at the beginning of the annual reporting period in which the entity first applies the amendment (date of initial application). Early application is permitted and must be disclosed.

The amendments are intended to provide clarity and help ensure consistent implementation of the standard. Entities that previously applied the incremental cost approach will see an increase in provisions to reflect the inclusion of costs directly related to contract activities, while entities that previously recognized contractual loss provisions using the guidance to the previous standard, IAS 11 *Construction Contracts*, should exclude the allocation of indirect costs from their provisions.





#### **IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures – sale or contribution of assets between an investor and its associate or joint venture**

Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures (2011)* address a recognized inconsistency between IFRS 10 requirements and IAS 28 (2011) requirements in the treatment of the sale or contribution of assets between an investor and its associate or joint venture. The amendments, issued in September 2014, state that when the transaction involves a business (whether it is in a subsidiary or not) all gains, or losses generated are recognized. A partial gain or loss is recognized when the transaction involves assets that do not constitute a business, even when the assets are in a subsidiary. The mandatory implementation date of these amendments is yet to be determined because the IASB is awaiting the results of its research project on accounting according to the equity method of accounting. These amendments must be applied retrospectively, and early adoption is allowed, which must be disclosed.

Company management will perform an impact assessment of the above described amendments once they become effective.

### **3 – FINANCIAL REPORTING BY SEGMENT**

The Company provides financial information by segments according to IFRS 8 “Operating Segments,” which establishes standards for reporting by operating segment and related disclosures for products and services, and geographic areas.

The Company’s Board of Directors and Management measures and assesses performance of operating segments based on the operating income of each of the countries where there are Coca-Cola franchises.

The operating segments are determined based on the presentation of internal reports to the Company’s chief strategic decision-maker. The chief operating decision-maker has been identified as the Company’s Board of Directors who makes the Company’s strategic decisions.

The following operating segments have been determined for strategic decision making based on geographic location:

- Operation in Chile
- Operation in Brazil
- Operation in Argentina
- Operation in Paraguay



The four operating segments conduct their businesses through the production and sale of soft drinks and other beverages, as well as packaging materials.

Expenses and revenue associated with the Corporate Officer were assigned to the operation in Chile in the soft drinks segment because Chile is the country that manages and pays the corporate expenses, which would also be substantially incurred, regardless of the existence of subsidiaries abroad.

Total revenues by segment include sales to unrelated customers and inter-segments, as indicated in the consolidated statement of income of the Company.



A summary of the Company's operating segments in accordance to IFRS is as follows:

For the period ended December 31, 2020	Chile Operation	Argentina Operation	Brazil Operation	Paraguay Operation	Intercompany Eliminations	Consolidated total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Softdrinks	407,191,500	260,118,269	317,712,571	126,057,797	(578,764)	1,110,501,373
Other beverages	237,570,385	49,817,791	262,350,736	31,094,787	(359,666)	580,474,033
Packaging	-	8,891,560	-	-	(1,585,729)	7,305,831
Net sales	<b>644,761,885</b>	<b>318,827,620</b>	<b>580,063,307</b>	<b>157,152,584</b>	<b>(2,524,159)</b>	<b>1,698,281,237</b>
Cost of sales	(392,720,439)	(172,065,726)	(373,444,835)	(86,791,818)	2,524,159	(1,022,498,659)
Distribution expenses	(59,897,972)	(49,112,014)	(34,784,528)	(8,737,504)	-	(152,532,018)
Administrative expenses	(112,306,460)	(69,668,104)	(79,674,089)	(21,990,282)	-	(283,638,935)
Finance income	6,437,945	1,169,193	7,068,396	270,345	-	14,945,879
Finance expense	(23,938,992)	(729,164)	(30,104,681)	-	-	(54,772,837)
Interest expense, net (1)	(17,501,047)	440,029	(23,036,285)	270,345	-	(39,826,958)
Share of the entity in income of associates	1,248,478	-	980,285	-	-	2,228,763
Income tax expense	(23,057,195)	(7,668,059)	(20,536,914)	(3,643,231)	-	(54,905,399)
Other income (loss)	(21,231,223)	(6,046,069)	3,064,104	222,477	-	(23,990,711)
<b>Net income of the segment reported</b>	<b>19,296,027</b>	<b>14,707,677</b>	<b>52,631,045</b>	<b>36,482,571</b>	<b>-</b>	<b>123,117,320</b>
Depreciation and amortization	50,271,626	22,895,329	27,339,714	10,413,848	-	110,920,517
Current assets	532,713,969	70,215,594	149,709,603	44,658,550	-	797,297,716
Non-current assets	636,275,547	144,802,176	643,447,811	226,241,150	-	1,650,766,684
<b>Segment assets, total</b>	<b>1,168,989,516</b>	<b>215,017,770</b>	<b>793,157,414</b>	<b>270,899,700</b>	<b>-</b>	<b>2,448,064,400</b>
Carrying amount in associates and joint ventures accounted for using the equity method, total	50,628,307	-	37,328,047	-	-	87,956,354
Segment disbursements of non-monetary assets	41,114,189	15,803,061	17,075,672	11,882,036	-	85,874,958
Current liabilities	198,669,957	58,904,281	96,144,933	24,337,015	-	378,056,186
Non-current liabilities	748,105,248	10,717,606	465,225,175	14,399,594	-	1,238,447,623
<b>Segment liabilities, total</b>	<b>946,775,205</b>	<b>69,621,887</b>	<b>561,370,108</b>	<b>38,736,609</b>	<b>-</b>	<b>1,616,503,809</b>
Cash flows provided by in Operating Activities	191,911,595	24,603,123	36,409,227	25,845,053	-	278,768,998
Cash flows (used in) provided by Investing Activities	(178,910,100)	(16,010,950)	(17,075,672)	(11,882,036)	-	(223,878,758)
Cash flows (used in) provided by Financing Activities	117,081,470	(167,606)	(3,443,826)	(429,077)	-	113,040,961

(1) Financial expenses associated with external financing for the purchase of companies, including capital contributions are presented in this item.

For the period ended December 31, 2019	Chile Operation	Argentina Operation	Brazil Operation	Paraguay Operation	Intercompany Eliminations	Consolidated total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Softdrinks	408,467,731	313,866,082	360,791,744	124,855,857	(366,490)	1,207,614,924
Other beverages	200,484,390	70,990,286	258,529,540	34,036,153	(450,559)	563,589,810
Packaging	-	9,779,472	-	-	(1,959,091)	7,820,381
Net sales	<b>608,952,121</b>	<b>394,635,840</b>	<b>619,321,284</b>	<b>158,892,010</b>	<b>(2,776,140)</b>	<b>1,779,025,115</b>
Cost of sales	(359,465,664)	(214,447,259)	(384,838,875)	(92,368,109)	2,776,140	(1,048,343,767)
Distribution expenses	(59,076,433)	(56,421,024)	(42,673,570)	(8,825,262)	-	(166,996,289)
Administrative expenses	(114,250,801)	(89,276,114)	(98,071,441)	(24,305,453)	-	(325,903,809)
Finance income	1,286,021	1,346,501	42,327,682	195,587	-	45,155,791
Finance expense	(13,151,176)	999,370	(34,057,214)	0	-	(46,209,020)
Interest expense, net (1)	(11,865,155)	2,345,871	8,270,468	195,587	-	(1,053,229)
Share of the entity in income of associates	381,255	-	(3,796,338)	-	-	(3,415,083)
Income tax expense	(12,838,517)	(6,902,265)	(36,821,377)	(4,604,732)	-	(61,166,891)
Other income (loss)	(15,109,823)	(3,235,926)	21,754,242	(308,315)	-	3,100,178
<b>Net income of the segment reported</b>	<b>36,726,983</b>	<b>26,699,123</b>	<b>83,144,393</b>	<b>28,675,726</b>	<b>-</b>	<b>175,246,225</b>
Depreciation and amortization	46,105,063	25,369,034	29,945,887	9,667,300	-	111,087,284
Current assets	244,504,165	76,354,086	171,349,293	41,266,559	-	533,474,103
Non-current assets	657,069,423	165,116,212	786,979,234	248,309,451	-	1,857,474,320
<b>Segment assets, total</b>	<b>901,573,588</b>	<b>241,470,298</b>	<b>958,328,527</b>	<b>289,576,010</b>	<b>-</b>	<b>2,390,948,423</b>
Carrying amount in associates and joint ventures accounted for using the equity method, total	49,703,673	-	50,163,060	-	-	99,866,733
Segment disbursements of non-monetary assets	51,542,820	24,343,002	21,343,312	13,454,124	-	110,683,258
Current liabilities	193,298,799	68,120,885	124,248,587	25,990,081	-	411,658,352
Non-current liabilities	474,576,722	13,350,651	506,297,573	16,161,177	-	1,010,386,123
<b>Segment liabilities, total</b>	<b>667,875,521</b>	<b>81,471,536</b>	<b>630,546,160</b>	<b>42,151,258</b>	<b>-</b>	<b>1,422,044,475</b>
Cash flows provided by in Operating Activities	145,551,360	30,440,761	63,145,540	16,010,813	-	<b>255,148,474</b>
Cash flows (used in) provided by Investing Activities	(50,706,748)	(24,790,752)	(21,096,376)	(13,454,124)	-	<b>(110,048,000)</b>
Cash flows (used in) provided by Financing Activities	(100,352,068)	(616,475)	(25,654,792)	(489,302)	-	<b>(127,112,637)</b>

(1) Financial expenses associated with external financing for the purchase of companies, including capital contributions are presented in this item.

For the period ended December 31, 2018	Chile Operation	Argentina Operation (2)	Brazil Operation	Paraguay Operation	Intercompany Eliminations	Consolidated total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Softdrinks	390,782,296	330,874,797	326,015,740	118,095,369	(72,170)	1,165,696,032
Other beverages	180,156,806	75,341,941	214,493,809	31,492,883	-	501,485,439
Packaging	-	7,343,785	-	-	(1,609,457)	5,734,328
Net sales	<b>570,939,102</b>	<b>413,560,523</b>	<b>540,509,549</b>	<b>149,588,252</b>	<b>(1,681,627)</b>	<b>1,672,915,799</b>
Cost of sales	(336,719,937)	(214,647,052)	(329,529,112)	(88,813,300)	1,681,627	(968,027,774)
Distribution expenses	(55,798,363)	(62,899,574)	(38,835,833)	(8,241,714)	-	(165,775,484)
Administrative expenses	(109,373,432)	(93,149,904)	(88,809,386)	(22,410,131)	-	(313,742,853)
Finance income	1,686,041	14,750	2,019,489	219,964	-	3,940,244
Finance expense	(23,713,774)	(192,602)	(31,108,284)	-	-	(55,014,660)
Interest expense, net (1)	<b>(22,027,733)</b>	<b>(177,852)</b>	<b>(29,088,795)</b>	<b>219,964</b>	-	<b>(51,074,416)</b>
Share of the entity in income of associates	298,359	-	1,112,820	-	-	1,411,179
Income tax expense	(22,000,539)	(18,874,454)	(10,088,988)	(4,600,874)	-	(55,564,855)
Other income (loss)	(11,540,167)	(2,639,386)	(8,399,463)	(111,834)	-	(22,690,850)
<b>Net income of the segment reported</b>	<b>13,777,290</b>	<b>21,172,301</b>	<b>36,870,792</b>	<b>25,630,363</b>	-	<b>97,450,746</b>
Depreciation and amortization	42,353,664	20,474,446	26,830,835	9,935,501	-	99,594,446
Current assets	228,108,768	80,908,212	135,259,768	37,309,706	-	481,586,454
Non-current assets	644,395,166	160,587,931	679,183,347	248,751,791	-	1,732,918,235
<b>Segment assets, total</b>	<b>872,503,934</b>	<b>241,496,143</b>	<b>814,443,115</b>	<b>286,061,497</b>	-	<b>2,214,504,689</b>
Carrying amount in associates and joint ventures accounted for using the equity method, total	50,136,065	-	52,274,880	-	-	102,410,945
Capital expenditures and other	67,709,231	28,702,138	32,536,213	9,684,466	-	138,632,048
Current liabilities	186,831,021	83,013,418	128,146,943	21,870,719	-	419,862,101
Non-current liabilities	477,319,648	17,066,746	420,218,066	16,323,385	-	930,927,845
<b>Segment liabilities, total</b>	<b>664,150,669</b>	<b>100,080,164</b>	<b>548,365,009</b>	<b>38,194,104</b>	-	<b>1,350,789,946</b>
Cash flows provided by in Operating Activities	150,035,425	28,899,457	44,949,860	11,394,620	-	235,279,362
Cash flows (used in) provided by Investing Activities	(47,164,236)	(28,700,733)	(32,536,213)	(9,684,466)	-	(118,085,648)
Cash flows (used in) provided by Financing Activities	(98,560,576)	(10,644,812)	(5,099,823)	(330,067)	-	(114,635,278)

(1) Financial expenses associated with external financing for the purchase of companies, including capital contributions are presented in this item.

(2) Pursuant the application of IAS 19 in Argentina, assets and liabilities increased by ThCh \$ 97,318,892 and ThCh \$ 16,093,780, respectively. The effect in the income statement was a net loss of ThCh \$ 15,743,592.

#### 4 – CASH AND CASH EQUIVALENTS

The composition of Cash and cash equivalents is as follows:

By item	12.31.2020	12.31.2019
	ThCh\$	ThCh\$
Cash	339,628	2,331,714
Bank balances	82,997,449	51,176,617
Other fixed rate instruments	226,193,622	104,059,655
<b>Total cash and cash equivalents</b>	<b>309,530,699</b>	<b>157,567,986</b>

Time deposits expire in less than three months from their acquisition date and accrue market interest for this type of short-term investment, Other fixed-income instruments mainly correspond to mutual funds with a maturity of less than 90 days, from the date of investment, There are no restrictions for significant amounts available to cash,

By currency	12.31.2020	12.31.2019
	ThCh\$	ThCh\$
USD	21,332,268	16,733,249
EUR	223,449	9,722
ARS	14,821,502	3,830,199
CLP	201,936,140	78,420,966
PGY	21,688,915	12,383,873
BRL	49,528,425	46,189,977
<b>Cash and cash equivalents</b>	<b>309,530,699</b>	<b>157,567,986</b>

#### 5 – OTHER CURRENT AND NON-CURRENT FINANCIAL ASSETS

The composition of other financial assets is as follows:

Other financial assets	Balance			
	Current		Non-current	
	12.31.2020	12.31.2019	12.31.2020	12.31.2019
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Financial assets measured at amortized cost (1)	140,304,853	30,073	1,216,865	1,216,865
Financial assets at fair value (2)	-	317,205	150,983,295	98,918,457
Other financial assets measured at amortized cost (3)	-	-	9,813,118	10,648,989
<b>Total</b>	<b>140,304,853</b>	<b>347,278</b>	<b>162,013,278</b>	<b>110,784,311</b>

(1) Financial instrument that does not meet the definition of cash equivalents as defined in Note 2.13. CLP 139,449,883 of these financial assets correspond to short-term realizable instruments, managed by third parties.

(2) Market value of hedging instruments. See details in Note 22.

(3) Correspond to the rights in the Argentinean company Alimentos de Soya S.A., manufacturing company of “AdeS” products and its distribution rights, which are framed in the purchase of the "AdeS" brand managed by The Coca-Cola Company at the end of 2016.

## 6 – OTHER CURRENT AND NON-CURRENT NON-FINANCIAL ASSETS

The composition of other non-financial assets is as follows:

Other non-financial assets	Balance			
	Current		Non-current	
	12.31.2020	12.31.2019	12.31.2020	12.31.2019
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Prepaid expenses	7,932,770	11,242,456	527,110	595,045
Tax credit remainder (1)	234,124	180,695	76,262,417	103,540,639
Guaranty deposit	286	422	-	-
Judicial deposits	-	-	11,492,642	19,226,030
Others (2)	5,207,201	4,765,392	1,960,503	2,274,436
<b>Total</b>	<b>13,374,381</b>	<b>16,188,965</b>	<b>90,242,672</b>	<b>125,636,150</b>

(1) In November 2006, Rio de Janeiro Refrescos Ltda. ("RJR") filed a court order No. 0021799-23.2006.4.02.5101 seeking recognition of the right to exclude ICMS (Tax on Commerce and Services) from the PIS (Program of Social Integration) and COFINS (Contribution for the Financing of Social Security) calculation base, as well as recognition of the right to obtain reimbursement of amounts unduly collected since November 14, 2001, duly restated using the Selic interest rate. On May 20, 2019, the ruling favoring RJR became final, allowing the recovery of amounts overpaid from November 14, 2001 to August 2017. It is worth noting that in September 2017, RJR had already obtained a Security Mandate, which granted it the right to exclude, from that date, the ICMS from the PIS and COFINS calculation base.

The company took steps to assess the total amount of the credit at issue for the period of unduly collection of taxes from November 2001 to August 2017, totaling CLP 103,540 million (BRL 613 million, of which BRL 370 million corresponds to capital and BRL 243 million to interest and monetary restatement. These amounts were recorded as of December 31, 2019. In addition, the company acknowledged the indirect costs (attorneys' fees, consulting, auditing, indirect taxes and other obligations) resulting from the recognition of the right acquired in court, totaling BRL 175 million.

The payment of income tax occurs when liquidating the credit, therefore the respective deferred tax liability recorded was CLP 20,246 million (BRL 148 million). In 2020 already CLP 16,142 million (BRL 118 million) have been offset.

Companhia de Bebidas Ipiranga ("CBI") acquired in September 2013, also filed a court order No. 0014022-71.2000.4.03.6102 in order to recognize the same issue as the one previously described for RJR. In September 2019, the ruling favoring CBI became final, allowing the recovery of the amounts overpaid from September 12, 1989 to December 1, 2013 (date when CBI was incorporated by RJR). CBI's credit will be generated in the name of RJR, however, pursuant to the contractual clause ("Subscription Agreement for Shares and Exhibits"), as soon as collected by RJR, this payment should be immediately paid to former CBI shareholders (supervention favoring former CBI shareholders). Based on supporting documents found, for the August 1993-November 2013 period, the amount of credits related to this process have been calculated and totaled CLP 22,162 million (BRL 162 million, of which BRL 80 million corresponds to capital and BRL 82 million correspond to interest and monetary restatement), from this amount, CLP 958 million (BRL 7 million) must be deducted from indirect taxes, thus generating an account payable to former shareholders for CLP 21,204 million (BRL 155 billion) and a government receivables related to credits for that same amount. It is worth mentioning that for the September 1989-July 1993 period, the Company did not account the credit due to the lack of supporting documents.

In addition, RJR has an associate called Sorocaba Refrescos SA ("Sorocaba"), where it has a 40% shareholding in the capital, which also filed a court order seeking recognition of the right to the same issue as RJR's action. On June 13, 2019, the ruling favoring Sorocaba became final, allowing the recovery of the amounts overpaid from July 5, 1992 until the date on which the decision became final. As of December 31, 2020, the impacts were recognized in RJR's result from its ownership in Sorocaba, totaling CLP 6,703 million (BRL 49 million, of which BRL 28 million correspond to capital and BRL 21 million correspond to interest and monetary restatement). In addition, the company recognized indirect costs (attorneys' fees, consulting, auditing, indirect taxes, and other obligations) resulting from the recognition of the right acquired in court, totaling CLP 1,368 million (BRL 10 million).

Income tax payment occurs upon credit settlement, with that the respective deferred tax liability recorded was CLP 1,778 million (BRL 13 million). In 2020, CLP 684 million (BRL 5 million) of the total credit obtained by Sorocaba have already been offset.

(2) Other non-financial assets are mainly composed of advances to suppliers.

## 7 – TRADE AND OTHER RECEIVABLES

The composition of trade and other receivables is as follows:

	Balance			
	Current		Non-current	
	12.31.2020	12.31.2019	12.31.2020	12.31.2019
Trade debtors and other accounts receivable, Net	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Trade debtors	151,017,754	150,509,528	40,432	-
Other debtors	41,688,151	39,620,246	32,219	466,007
Other accounts receivable	1,315,348	947,814	1,211	57,762
<b>Total</b>	<b>194,021,253</b>	<b>191,077,588</b>	<b>73,862</b>	<b>523,769</b>

	Balance			
	Current		Non-current	
	12.31.2020	12.31.2019	12.31.2020	12.31.2019
Trade debtors and other accounts receivable, Gross	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Trade debtors	154,591,684	153,654,549	40,432	-
Other debtors	44,691,925	42,719,679	32,219	466,007
Other accounts receivable	1,533,307	1,196,347	1,211	57,762
<b>Total</b>	<b>200,816,916</b>	<b>197,570,575</b>	<b>73,862</b>	<b>523,769</b>

The stratification of the portfolio is as follows:

	Balance	
	12.31.2020	12.31.2019
	ThCh\$	ThCh\$
<b>Current trade debtors without impairment impact</b>		
Less than one month	147,177,119	148,150,717
Between one and three months	2,230,594	1,872,144
Between three and six months	1,708,015	838,277
Between six and eight months	509,855	482,596
Older than eight months	3,006,533	2,310,815
<b>Total</b>	<b>154,632,116</b>	<b>153,654,549</b>

The Company has approximately 283,500 clients, which may have balances in the different sections of the stratification. The number of clients is distributed geographically with 66,100 in Chile, 89,900 in Brazil, 69,600 in Argentina and 58,000 in Paraguay.

The movement in the allowance for expected credit losses is presented below:

	12.31.2020	12.31.2019
	ThCh\$	ThCh\$
<b>Opening balance</b>	<b>6,492,987</b>	<b>6,298,208</b>
Increase (decrease)	2,321,958	1,762,246
Provision reversal	(1,595,521)	(1,184,953)
Increases (decrease) for changes of foreign currency	(423,761)	(382,514)
<b>Sub – total movements</b>	<b>302,676</b>	<b>194,779</b>
<b>Ending balance</b>	<b>6,795,663</b>	<b>6,492,987</b>



## 8 – INVENTORIES

The composition of inventories is detailed as follows:

Details	12.31.2020	12.31.2019
	ThCh\$	ThCh\$
Raw materials (1)	80,902,721	93,524,911
Finished goods	27,556,884	32,337,670
Spare parts and supplies	19,592,377	20,769,626
Work in progress	76,577	567,973
Other inventories	3,101,016	3,625,488
Obsolescence provision (2)	(3,256,925)	(3,184,444)
<b>Total</b>	<b>127,972,650</b>	<b>147,641,224</b>

The cost of inventory recognized as cost of sales amounts to CLP 1,022,498,659 thousand and CLP 1,048,343,767 thousand as of December 31, 2020 and 2019, respectively.

- (1) Approximately 80% is composed of concentrate and sweeteners used in the preparation of beverages, as well as caps and PET supplies used in the packaging of the product.
- (2) The obsolescence provision is related mainly with the obsolescence of spare parts classified as inventories and to a lesser extent to finished products and raw materials. The general standard is to provision all those multi-functional spare parts without utility in rotation in the last four years prior to the technical analysis technical to adjust the provision. In the case of raw materials and finished products, the obsolescence provision is determined according to maturity.

## 9 – TAX ASSETS AND LIABILITIES

The composition of current tax accounts receivable is the following:

Tax assets	12-31.2020	12-31.2019
	ThCh\$	ThCh\$
Tax credits (1)	218,472	9,815,294
<b>Total</b>	<b>218,472</b>	<b>9,815,294</b>

- (1) Tax credits correspond to income tax credits on training expenses, purchase of Property, plant and equipment, and donations.

The composition of current tax accounts payable is the following:

Tax liabilities	Current			Non-Current		
	12.31.2020	12.31.2019	12.31.2018	12.31.2020	12.31.2019	12.31.2018
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Income tax expense	8,828,599	6,762,267	9,338,612	20,957	-	-
<b>Total</b>	<b>8,828,599</b>	<b>6,762,267</b>	<b>9,338,612</b>	<b>20,957</b>	<b>-</b>	<b>-</b>

## 10 – INCOME TAX EXPENSE AND DEFERRED TAXES

### 10.1 Income tax expense

The current and deferred income tax expenses are detailed as follows:

Details	12.31.2020	12.31.2019	12.31.2018
	ThCh\$	ThCh\$	ThCh\$
Current income tax expense	55,522,189	35,439,707	38,313,980
Current tax adjustment previous period	(735,907)	713,992	312,403
Foreign dividends tax withholding expense	6,987,142	4,534,145	7,364,213
Other current tax expense (income)	(47,569)	(425,958)	474,105
<b>Current income tax expense</b>	<b>61,725,855</b>	<b>40,261,886</b>	<b>46,464,701</b>
Expense (income) for the creation and reversal of temporary differences of deferred tax and others	(6,820,456)	20,905,005	9,100,154
<b>Expense (income) for deferred taxes</b>	<b>(6,820,456)</b>	<b>20,905,005</b>	<b>9,100,154</b>
<b>Total income tax expense</b>	<b>54,905,399</b>	<b>61,166,891</b>	<b>55,564,855</b>

The distribution of national and foreign tax expenditure is as follows:

Income taxes	12.31.2019	12.31.2018	12.31.2018
	ThCh\$	ThCh\$	ThCh\$
<b>Current taxes</b>			
Foreign	(39,128,690)	(24,315,576)	(24,442,984)
National	(22,597,165)	(15,946,310)	(22,021,717)
<b>Current tax expense</b>	<b>(61,725,855)</b>	<b>(40,261,886)</b>	<b>(46,464,701)</b>
<b>Deferred taxes</b>			
Foreign	7,280,487	(24,012,798)	(9,121,332)
National	(460,031)	3,107,793	21,178
<b>Deferred tax expense</b>	<b>6,820,456</b>	<b>(20,905,005)</b>	<b>(9,100,154)</b>
<b>Income tax expense</b>	<b>(54,905,399)</b>	<b>(61,166,891)</b>	<b>(55,564,855)</b>



The reconciliation of the tax expense using the statutory rate with the tax expense using the effective rate is as follows:

Reconciliation of effective rate	12.31.2020	12.31.2019	12.31.2018
	ThCh\$	ThCh\$	ThCh\$
Net income before taxes	178,022,719	236,413,116	153,015,601
Tax expense at legal rate (27.0%)	(48,066,134)	(63,831,541)	(41,314,212)
Effect of a different tax rate in other jurisdictions	1,032,950	(3,471,705)	967,671
Permanent differences:			
Non-taxable revenues	(2,417,582)	9,507,807	12,522,541
Non-deductible expenses	(6,007,898)	(4,664,045)	(11,141,237)
Reversal of tax provision	113,747	(3,316,278)	(295,632)
Effect of monetary tax restatement Chilean companies	(5,936,464)	5,199,589	2,566,163
Foreign subsidiaries tax withholding expense and other legal tax debits and credits	6,375,982	(590,718)	(18,870,149)
Adjustments to tax expense	(7,872,215)	6,136,355	(15,218,314)
Tax expense at effective rate	(54,905,399)	(61,166,891)	(55,564,855)
Effective rate	30.8%	25.9%	36.3%

The applicable income tax rates in each of the jurisdictions where the Company operates are the following:

Country	Rate		
	2020	2019	2018
Chile	27.0%	27.0%	27.0%
Brazil	34.0%	34.0%	34.0%
Argentina	30.0%	30.0%	30.0%
Paraguay	10.0%	10.0%	10.0%

## 10.2 Deferred income taxes

The net cumulative balances of temporary differences that give rise to deferred tax assets and liabilities are detailed as follows:

Temporary differences	12.31.2020		12.31.2019	
	Assets	Liabilities	Assets	Liabilities
	CLP (000's)	CLP (000's)	CLP (000's)	CLP (000's)
Property, plant and equipment	5,421,466	39,544,960	5,445,810	51,414,971
Obsolescence provision	1,340,235	-	1,588,563	-
ICMS exclusion credit	-	17,679,221	-	25,651,794
Employee benefits	4,475,497	18,300	5,418,561	12,157
Post-employment benefits	150,027	101,339	148,853	787,576
Tax loss carry forwards (1)	6,423,820	-	7,607,813	-
Tax goodwill Brazil	2,080,987	-	10,341,033	-
Contingency provision	24,103,234	-	34,109,458	-
Foreign Exchange differences (2)	8,116,713	-	9,284,450	-
Allowance for doubtful accounts	915,562	-	756,895	-
Assets and liabilities for placement of bonds	378,901	2,377,870	390,163	1,187,649
Lease liabilities	1,528,990	-	2,242,439	-
Inventories	469,416	-	447,192	-
Distribution rights	-	144,151,661	-	163,107,412
Hedging derivatives	-	-	-	-
Others	3,785,655	7,060,830	-	3,705,078
<b>Subtotal</b>	<b>59,190,503</b>	<b>210,934,181</b>	<b>77,781,230</b>	<b>245,866,637</b>
<b>Total assets and liabilities net</b>	<b>1,925,869</b>	<b>153,669,547</b>	<b>1,364,340</b>	<b>169,449,747</b>

(1) Tax losses mainly associated with the subsidiary Embotelladora Andina Chile S.A. Tax losses have no expiration date in Chile

(2) Corresponds to differed taxes for exchange rate differences generated on the translation of debt expressed in foreign currency in the subsidiary Rio de Janeiro Refrescos Ltda. and which for tax purposes are recognized in Brazil then incurred.

The movement in deferred income tax accounts is as follows:

Movement	12.31.2020	12.31.2019	12.31.2018
	ThCh\$	ThCh\$	ThCh\$
<b>Opening Balance</b>	<b>168,085,407</b>	<b>145,245,948</b>	<b>121,991,585</b>
Increase (decrease) in deferred tax	4,411,619	20,905,005	11,303,016
Increase (decrease) due to foreign currency translation (*)	(20,753,348)	1,934,454	11,951,347
<b>Total movements</b>	<b>(16,341,729)</b>	<b>22,839,459</b>	<b>23,254,363</b>
<b>Ending balance</b>	<b>151,743,678</b>	<b>168,085,407</b>	<b>145,245,948</b>

(\*) Includes IAS 29 effect, due to inflation in Argentina

## 11 – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are detailed below at the end of each period:

<b>Property, plant and equipment, gross</b>	<b>12.31.2020</b>	<b>12.31.2019</b>
	<b>ThCh\$</b>	<b>ThCh\$</b>
Construction in progress	34,194,083	27,290,581
Land	94,321,726	104,196,754
Buildings	266,921,167	299,282,674
Plant and equipment	515,395,328	571,154,695
Information technology equipment	24,323,557	23,912,963
Fixed installations and accessories	45,558,495	46,062,659
Vehicles	45,808,748	55,128,493
Leasehold improvements	203,164	214,886
Rights of use (1)	56,726,206	40,498,400
Other properties, plant and equipment (2)	314,602,940	452,600,945
<b>Total Property, plant and equipment, gross</b>	<b>1,398,055,414</b>	<b>1,620,343,050</b>

<b>Accumulated depreciation of Property, plant and equipment</b>	<b>12.31.2020</b>	<b>12.31.2019</b>
	<b>ThCh\$</b>	<b>ThCh\$</b>
Buildings	(86,004,289)	(87,308,899)
Plant and equipment	(369,605,125)	(385,801,471)
Information technology equipment	(19,445,250)	(18,911,118)
Fixed installations and accessories	(27,910,603)	(26,219,378)
Vehicles	(29,397,964)	(33,167,346)
Leasehold improvements	(144,022)	(144,865)
Rights of use (1)	(35,388,929)	(8,254,568)
Other properties, plant and equipment (2)	(224,582,687)	(337,816,542)
<b>Total accumulated depreciation</b>	<b>(792,478,869)</b>	<b>(897,624,187)</b>

<b>Total Property, plant and equipment, net</b>	<b>605,576,545</b>	<b>722,718,863</b>
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(1) For adoption of IFRS 16, See details of underlying assets in Note 11,1

(2) The net balance of each of these categories is presented below:

<b>Other Property, plant and equipment, net</b>	<b>12.31.2020</b>	<b>12.31.2019</b>
	<b>ThCh\$</b>	<b>ThCh\$</b>
Bottles	30,275,255	44,071,742
Marketing and promotional assets	44,106,959	57,442,154
Other Property, plant and equipment	15,638,039	13,270,507
<b>Total</b>	<b>90,020,253</b>	<b>114,784,403</b>

## 11.1 Movements

Movements in Property, plant and equipment are detailed as follows:

	Construction in progress	Land	Buildings, net	Plant and equipment, net	IT equipment net	Fixed facilities and accessories, net	Vehicles, net	Leasehold improvements, net	Others	Rights-of-use	Property, plant & equipment, net
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
<b>Opening balance at January 1, 2020</b>	<b>27,290,581</b>	<b>104,196,754</b>	<b>211,973,775</b>	<b>185,353,224</b>	<b>5,001,845</b>	<b>19,843,281</b>	<b>21,961,147</b>	<b>70,021</b>	<b>114,784,403</b>	<b>32,243,832</b>	<b>722,718,863</b>
Additions	37,726,227	-	1,520,363	8,963,015	809,348	(1,313)	1,323,740	-	30,536,408	-	80,877,788
Right-of use additions (1)	-	-	-	-	-	-	-	-	-	1,775,457	1,775,457
Disposals	-	-	(164,113)	(2,485,145)	(2,426)	-	(22,823)	-	(6,046,468)	(87,043)	(8,808,018)
Transfers between items of Property, plant and equipment	(23,336,382)	-	2,177,344	8,858,066	1,151,754	1,175,520	906,624	50,356	9,016,718	-	-
Right-of-use transfers	-	-	-	-	-	-	-	-	-	-	-
Depreciation expense	-	-	(7,240,230)	(33,465,104)	(2,058,555)	(2,803,621)	(4,963,835)	(44,630)	(48,830,152)	-	(99,406,127)
Amortization	-	-	-	-	-	-	-	-	-	(7,851,901)	(7,851,901)
Increase (decrease) due to foreign currency translation differences	(3,086,288)	(9,936,257)	(29,231,570)	(19,859,576)	(829,268)	(628,317)	(3,124,155)	(16,605)	(11,400,730)	(4,728,542)	(82,841,308)
Other increase (decrease) (2)	(4,400,055)	61,229	1,881,309	(1,574,277)	805,609	62,342	330,086	-	1,960,074	(14,526)	(888,209)
<b>Total movements</b>	<b>6,903,502</b>	<b>(9,875,028)</b>	<b>(31,056,897)</b>	<b>(39,563,021)</b>	<b>(123,538)</b>	<b>(2,195,389)</b>	<b>(5,550,363)</b>	<b>(10,879)</b>	<b>(24,764,150)</b>	<b>(10,906,555)</b>	<b>(117,142,318)</b>
<b>Ending balance at December 31, 2020</b>	<b>34,194,083</b>	<b>94,321,726</b>	<b>180,916,878</b>	<b>145,790,203</b>	<b>4,878,307</b>	<b>17,647,892</b>	<b>16,410,784</b>	<b>59,142</b>	<b>90,020,253</b>	<b>21,337,277</b>	<b>605,576,545</b>

(1) Right of use assets is composed as follows:

Right-of-use	Gross asset	Accumulated depreciation	Net asset
	ThCh\$	ThCh\$	ThCh\$
Constructions and buildings	2,740,852	(1,326,250)	1,414,602
Plant and Equipment	37,671,980	(19,802,307)	17,869,673
IT Equipment	451,313	(449,249)	2,064
Motor vehicles	7,298,422	(5,966,204)	1,332,218
Others	8,563,639	(7,844,919)	718,720
<b>Total</b>	<b>56,726,206</b>	<b>(35,388,929)</b>	<b>21,337,277</b>

Lease liabilities interest expenses at the closing of the period reached CLP 2,047,387 thousand

(2) Corresponds mainly to the effect of adopting IAS 29 in Argentina

	Construction in progress	Land	Buildings, net	Plant and equipment, net	IT equipment net	Fixed facilities and accessories, net	Vehicles, net	Leasehold improvements, net	Others	Rights-of- use	Property, plant & equipment, net
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
<b>Opening balance at January 1, 2019</b>	<b>26,048,670</b>	<b>100,479,196</b>	<b>214,160,351</b>	<b>207,403,985</b>	<b>5,184,721</b>	<b>21,057,169</b>	<b>21,798,601</b>	<b>32,177</b>	<b>114,606,098</b>	<b>-</b>	<b>710,770,968</b>
Additions	49,134,461	-	749,800	11,582,259	675,974	7,271	(342,001)	1,309	32,640,210	-	94,449,283
Right-of use additions (3)	-	-	-	-	-	-	-	-	-	21,721,728	21,721,728
Disposals	(8,761)	-	(5,902)	(352,204)	(977)	(8,911)	(52,095)	(155)	(1,135,304)	-	(1,564,309)
Transfers between items of Property, plant and equipment	(48,358,902)	2,268,316	430,971	20,735,065	1,019,048	1,379,012	7,650,847	65,250	14,810,393	-	-
Right-of-use transfers	(25,991)	-	(266,007)	(13,788,120)	(23,712)	-	(1,181,465)	-	(2,520,405)	17,805,700	-
Depreciation expense	-	-	(7,681,481)	(37,572,910)	(1,949,851)	(2,977,512)	(6,267,039)	(30,737)	(42,410,016)	-	(98,889,546)
Amortization (2)	-	-	-	-	-	-	-	-	-	(8,254,568)	(8,254,568)
Increase (decrease) due to foreign currency translation differences	688,063	1,529,526	4,685,319	3,228,519	83,757	386,253	464,563	2,177	2,216,555	1,024,539	14,309,271
Other increase (decrease) (1)	(186,959)	(80,284)	(99,276)	(5,883,370)	12,885	(1)	(110,264)	-	(3,423,128)	(53,567)	(9,823,964)
<b>Total movements</b>	<b>1,241,911</b>	<b>3,717,558</b>	<b>(2,186,576)</b>	<b>(22,050,761)</b>	<b>(182,876)</b>	<b>(1,213,888)</b>	<b>162,546</b>	<b>37,844</b>	<b>178,305</b>	<b>32,243,832</b>	<b>11,947,895</b>
<b>Ending balance at December 31, 2019</b>	<b>27,290,581</b>	<b>104,196,754</b>	<b>211,973,775</b>	<b>185,353,224</b>	<b>5,001,845</b>	<b>19,843,281</b>	<b>21,961,147</b>	<b>70,021</b>	<b>114,784,403</b>	<b>32,243,832</b>	<b>722,718,863</b>

- (1) Mainly correspond to effects of IAS 29 in Argentina,
- (2) Of the total of CLP 8,254,568 thousand recorded as amortization for the current period, CLP 5,994,037 thousand correspond to right-of-use amortization arising from the adoption of the IFRS, effective beginning on January 1, 2019, The remaining CLP 2,260,531 thousand correspond to depreciation (today amortization) of goods acquired under the financial lease method, which until December 31, 2018 were classified and valued pursuant to the accounting criteria of property, plant and equipment,
- (3) For IFRS 16 adoption



	Construction in progress	Land	Buildings, net	Plant and equipment, net	IT Equipment, net	Fixed facilities and accessories, net	Vehicles, net	Leasehold improvements, net	Other, net	Property, plant and equipment, net
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
<b>Opening balance at January 1, 2018</b>	<b>84,118,716</b>	<b>96,990,155</b>	<b>162,385,848</b>	<b>155,833,080</b>	<b>4,627,325</b>	<b>19,589,877</b>	<b>29,263,265</b>	<b>7,415</b>	<b>106,934,818</b>	<b>659,750,499</b>
Additions	65,284,334	-	504,675	17,924,606	783,299	165,226	1,451,462	1,430	42,793,277	128,908,309
Disposals	-	(5,465)	(209,713)	(1,002,133)	-	-	(203,036)	-	(1,588,050)	(3,008,397)
Transfers between items of Property, plant and equipment	(109,893,610)	-	45,032,440	54,460,571	622,222	1,481,081	(2,218,354)	22,000	10,493,650	-
Depreciation expense	-	-	(7,001,828)	(39,182,401)	(1,830,295)	(2,668,535)	(5,201,263)	(11,112)	(41,727,195)	(97,622,629)
Increase (decrease) due to foreign currency translation differences	(6,880,059)	(4,615,830)	(14,485,709)	(17,048,903)	(414,850)	(4,048,135)	(1,722,767)	169	(16,954,922)	(66,171,006)
Other increase (decrease) (1)	(6,580,711)	8,110,336	27,934,638	36,419,165	1,397,020	6,537,655	429,294	12,275	14,654,520	88,914,192
<b>Total movements</b>	<b>(58,070,046)</b>	<b>3,489,041</b>	<b>51,774,503</b>	<b>51,570,905</b>	<b>557,396</b>	<b>1,467,292</b>	<b>(7,464,664)</b>	<b>24,762</b>	<b>7,671,280</b>	<b>51,020,469</b>
<b>Ending balance at December 31, 2018</b>	<b>26,048,670</b>	<b>100,479,196</b>	<b>214,160,351</b>	<b>207,403,985</b>	<b>5,184,721</b>	<b>21,057,169</b>	<b>21,798,601</b>	<b>32,177</b>	<b>114,606,098</b>	<b>710,770,968</b>

(1) Mainly correspond to the effects of adopting IAS 29 in Argentina,





## 12 – RELATED PARTIES

Balances and main transactions with related parties are detailed as follows:

### 12.1 Accounts receivable:

Taxpayer ID	Company	Relationship	Country	Currency	12.31.2020		12.31.2019	
					Current	Non-Current	Current	Non-Current
					ThCh\$	ThCh\$	ThCh\$	ThCh\$
96.891.720-K	Embonor S.A.	Shareholder related	Chile	CLP	3,643,603	-	6,589,539	-
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	CLP	16,024	138,346	14,839	283,118
Foreign	Coca Cola de Argentina	Director related	Argentina	ARS	4,558,753	-	1,203,389	-
Foreign	Alimentos de Soja S.A.U.	Shareholder related	Argentina	ARS	308,882	-	428,802	-
96.517.210-2	Embotelladora Iquique S.A.	Shareholder related	Chile	CLP	292,801	-	278,176	-
86.881.400-4	Envases CMF S.A.	Associate	Chile	CLP	773,732	-	217,510	-
96.919.980-7	Cerveceria Austral S.A.	Director related	Chile	USD	-	-	45,644	-
77.755.610-K	Comercial Patagona Ltda.	Director related	Chile	CLP	-	-	3,872	-
77.526.480-2	Comercializadora Nova Verde S.A.	Common shareholder	Chile	CLP	837,837	-	-	-
76.572.588-7	Coca Cola del Valle New Ventures S.A.	Associate	Chile	CLP	1,401,898	-	2,003,203	-
76.140.057-6	Monster	Associate	Chile	CLP	41,878	-	50,794	-
Total					11,875,408	138,346	10,835,768	283,118

### 12.2 Accounts payable:

Taxpayer ID	Company	Relationship	Country	Currency	12.31.2020		12.31.2019	
					Current	Non-Current	Current	Non-Current
					CLP (000'S)	CLP (000'S)	CLP (000'S)	CLP (000'S)
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	CLP	18,897,093	-	20,555,135	-
Foreign	Recofarma do Indústrias Amazonas Ltda.	Shareholder related	Brazil	BRL	7,926,109	10,790,089	14,888,934	19,777,812
86.881.400-4	Envases CMF S.A.	Associate	Chile	CLP	3,856,973	-	6,359,797	-
Foreign	Ser. y Prod. para Bebidas Refrescantes S.R.L.	Shareholder	Argentina	ARS	4,848,196	-	5,887,070	-
Foreign	Leão Alimentos e Bebidas Ltda.	Associate	Brazil	BRL	1,323,609	-	1,841,377	-
Foreign	Monster Energy Brasil Com de Bebidas Ltda.	Shareholder related	Brazil	BRL	1,156,786	-	827,300	-
76.572.588-7	Coca Cola del Valle New Ventures S.A.	Associate	Chile	CLP	490,758	-	1,247,961	-
89.996.200-1	Envases del Pacífico S.A.	Director related	Chile	CLP	3,414	-	25,202	-
96.891.720-K	Embonor S.A.	Shareholder related	Chile	CLP	118,314	-	275,565	-
Foreign	Alimentos de Soja S.A.U.	Shareholder related	Argentina	ARS	402,581	-	929,986	-
77.526.480-2	Comercializadora Nova Verde	Common shareholder	Chile	CLP	518,135	-	765,521	-
Foreign	Coca Cola Panamá	Shareholder related	Panamá	USD	-	-	7,739	-
Foreign	Sorocaba Refrescos S.A.	Associate	Brazil	BRL	-	-	26,014	-
Total					39,541,968	10,790,089	53,637,601	19,777,812

### 12.3 Transactions:

Taxpayer ID	Company	Relationship	Country	Transaction Description	Currency	Accumulated 12.31.2020 CLP (000's)	Accumulated 12.31.2019 CLP (000's)
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Concentrate purchase	CLP	139,193,479	150,548,253
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Advertising services purchase	CLP	2,890,638	4,369,500
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Water source lease	CLP	3,847,817	5,324,194
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Sale of raw materials and others	CLP	1,169,944	1,196,793
86.881.400-4	Envases CMF S.A.	Associate	Chile	Purchase of bottles	CLP	12,210,449	19,422,280
86.881.400-4	Envases CMF S.A.	Associate	Chile	Raw material purchase	CLP	16,055,991	16,814,062
86.881.400-4	Envases CMF S.A.	Associate	Chile	Purchase of caps	CLP	91,778	281,174
86.881.400-4	Envases CMF S.A.	Associate	Chile	Purchase of services and others	CLP	520,221	6,425,579
86.881.400-4	Envases CMF S.A.	Associate	Chile	Sale of services and others	CLP	1,578	-
86.881.400-4	Envases CMF S.A.	Associate	Chile	Purchase of packaging	CLP	5,992,443	521,466
86.881.400-4	Envases CMF S.A.	Associate	Chile	Sale of finished products	CLP	2,380,574	-
86.881.400-4	Envases CMF S.A.	Associate	Chile	Sale of packaging/raw materials	CLP	6,344,834	6,132,091
96.891.720-K	Embonor S.A.	Shareholder related	Chile	Sale of finished products	CLP	44,982,749	50,315,292
96.891.720-K	Embonor S.A.	Shareholder related	Chile	Sale of services and others	CLP	447,092	268,526
96.891.720-K	Embonor S.A.	Shareholder related	Chile	Sale of raw material and material	CLP	197,288	212,517
96.891.720-K	Embonor S.A.	Shareholder related	Chile	Minimum Dividend	CLP	118,314	-
96.517.310-2	Embotelladora Iquique S.A.	Shareholder related	Chile	Sale of finished products	CLP	167,430	3,208,559
89.996.200-1	Envases del Pacífico S.A.	Director related	Chile	Raw material and material purchase	CLP	427	93,117
Foreign	Recofarma do Indústrias Amazonas Ltda.	Shareholder related	Brazil	Concentrate purchase	BRL	71,959,416	91,426,935
Foreign	Recofarma do Indústrias Amazonas Ltda.	Shareholder related	Brazil	Reimbursements and other purchases	BRL	220,708	5,977,419
Foreign	Serv. y Prod. para Bebidas Refrescantes S.R.L.	Shareholder related	Argentina	Concentrate purchase	ARS	81,198,463	97,321,567
Foreign	Serv. y Prod. para Bebidas Refrescantes S.R.L.	Shareholder related	Argentina	Advertising participation	ARS	6,395,881	4,111,764
Foreign	KAIK Participações	Associate	Brazil	Reimbursements and other purchases	BRL	14,162	39,382
Foreign	Sorocaba Refrescos S.A.	Associate	Brazil	Product purchase	BRL	3,671,472	1,049,709
89.862.200-2	Latam Airlines Group S.A.	Director related	Chile	Product purchase	CLP	85,140	-
76.572.588-7	Coca Cola Del Valle New Ventures S.A.	Associate	Chile	Sale of services and others	CLP	397,659	3,959,962
76.572.588-7	Coca Cola Del Valle New Ventures S.A.	Associate	Chile	Purchase of services and others	CLP	4,410,223	-
Foreign	Alimentos de Soja S.A.U.	Shareholder related	Argentina	Payment of fees and services	ARS	1,373,594	802,563
Foreign	Alimentos de Soja S.A.U.	Shareholder related	Argentina	Product purchase	ARS	80,761	4,274,236
77526480-2	Comercializadora Novaverde S.A.	Common shareholder	Chile	Sale of raw materials	CLP	10,914	-
77526480-2	Comercializadora Novaverde S.A.	Common shareholder	Chile	Sale of finished products	CLP	2,050,156	-
77526480-2	Comercializadora Novaverde S.A.	Common shareholder	Chile	Sale of services and others	CLP	459,707	-
77526480-2	Comercializadora Novaverde S.A.	Common shareholder	Chile	Raw material purchase	CLP	1,009,547	-

#### 12.4 Salaries and benefits received by key management

Salaries and benefits paid to the Company's key management personnel including directors and managers are detailed as follows:

Description	12.31.2020	12.31.2019	12.31.2018
	ThCh\$	ThCh\$	ThCh\$
Executive wages, salaries and benefits	7,464,071	6,267,936	6,056,337
Director allowances	1,479,420	1,512,000	1,495,123
Benefit accrued in the last five years and paid during the fiscal year	297,072	305,674	242,907
Benefit for contract termination	115,341	54,819	51,534
<b>Total</b>	<b>9,355,904</b>	<b>8,140,429</b>	<b>7,845,901</b>

#### 13 – CURRENT AND NON-CURRENT EMPLOYEE BENEFITS

Employee benefits are detailed as follows:

Description	12.31.2020	12.31.2019
	ThCh\$	ThCh\$
Accrued vacation	14,650,267	17,584,587
Participation in profits and bonuses	15,969,735	20,896,357
Indemnities for years of service	14,086,575	10,085,264
<b>Total</b>	<b>44,706,577</b>	<b>48,566,208</b>
	<b>ThCh\$</b>	<b>ThCh\$</b>
Current	31,071,019	38,392,854
Non-current	13,635,558	10,173,354
<b>Total</b>	<b>44,706,577</b>	<b>48,566,208</b>

#### 13.1 Pensions and post-employment benefits

The movements of employee benefits, valued pursuant to Note 2 are detailed as follows:

Movements	12.31.2020	12.31.2019
	ThCh\$	ThCh\$
<b>Opening balance</b>	<b>10,085,264</b>	<b>9,415,541</b>
Service costs	1,675,492	784,984
Interest costs	369,332	354,471
Actuarial losses	3,127,398	(210,956)
Benefits paid	(1,170,911)	(258,776)
<b>Total</b>	<b>14,086,575</b>	<b>10,085,264</b>

### 13.1.1 Assumptions

The actuarial assumptions used are detailed as follows:

Assumptions	12.31.2020	12.31.2019
Discount rate	-0.05%	2.7%
Expected salary increase rate	2.0%	2.0%
Turnover rate	7.68%	5.4%
Mortality rate	RV-2014	RV-2014
Retirement age of women	60 years	60 years
Retirement age of men	65 years	65 years

### 13.2 Personnel expenses

Personnel expenses included in the consolidated statement of income are as follows:

Description	12.31.2020	12.31.2019	12.31.2018
	ThCh\$	ThCh\$	ThCh\$
Wages and salaries	187,600,163	194,740,646	195,162,903
Employee benefits	48,504,899	58,005,213	50,254,164
Severance benefits	3,238,966	6,987,184	5,535,410
Other personnel expenses	12,993,234	13,389,967	16,014,364
<b>Total</b>	<b>252,337,262</b>	<b>273,123,010</b>	<b>266,966,841</b>

#### 14 – INVESTMENTS IN ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD

Investments in associates using equity method of accounting are detailed as follows:

Taxpayer ID	Company	Country	Functional currency	Investment value		Ownership interest	
				12.31.2020	12.31.2019	12.31.2020	12.31.2019
86.881.400-4	Envases CMF S.A. (1)	Chile	CLP	20,185,148	18,561,835	50.00%	50.00%
Foreign	Leão Alimentos e Bebidas Ltda. (2)	Brazil	BRL	10,628,035	17,896,839	10.26%	10.26%
Foreign	Kaik Participações Ltda. (2)	Brazil	BRL	979,978	1,313,498	11.32%	11.32%
Foreign	SRSA Participações Ltda.	Brazil	BRL	48,032	65,301	40.00%	40.00%
Foreign	Sorocaba Refrescos S.A.	Brazil	BRL	20,976,662	24,636,945	40.00%	40.00%
Foreign	Trop Frutas do Brasil Ltda. (2)	Brazil	BRL	4,695,228	6,250,481	7.52%	7.52%
76.572.588.7	Coca Cola del Valle New Ventures S.A.	Chile	CLP	30,443,271	31,141,834	35.00%	35.00%
<b>Total</b>				<b>87,956,354</b>	<b>99,866,733</b>		

(1) In Envases CMF S.A., regardless of the percentage of ownership interest, it was determined that no controlling interest was held, only a significant influence, given that there was not a majority vote of the Board of Directors to make strategic business decisions.

(2) In these companies, regardless of the ownership interest, it has been defined that the Company has significant influence, given that it has the right to appoint directors.

#### 14.1 Movement

The movement of investments in other entities accounted for using the equity method is shown below:

Description	12.31.2020	12.31.2019	12.31.2018
	ThCh\$	ThCh\$	ThCh\$
<b>Opening balance</b>	<b>99,866,733</b>	<b>102,410,945</b>	<b>86,809,069</b>
Other investment increases in associates (Capital contributions to Leão Alimentos e Bebidas Ltda, and Coca-Cola del Valle New Ventures S.A.)	-	-	15,615,466
Dividends received	(1,215,126)	(1,076,491)	(403,414)
Share in operating income	3,248,680	(2,495,621)	2,194,144
Amortization unrealized income in associates	(566,422)	(919,462)	85,268
Increase (decrease) in foreign currency translation, investments in associates	(13,377,511)	1,947,362	(1,889,588)
<b>Ending balance</b>	<b>87,956,354</b>	<b>99,866,733</b>	<b>102,410,945</b>

The main movements are explained below:

- In 2020 Leão Alimentos e Bebidas Ltda. recognized the value of a plant at its value of use less the costs of sale, reducing the value previously recognized. Andina recognized as results for the 2020 period a proportional loss of CLP 2,931 million.
- In the 2020 period Sorocaba Refrescos S.A., recognized a tax credit for excluding ICMS from the PIS and COFINS calculation base. Andina recognized as results for the 2020 period a proportional result of CLP 2,134 million.
- Dividends declared in 2020 correspond mainly to Envases CMF S.A
- In December 2019, Leão Alimentos e Bebidas Ltda, performed an impairment provision at its Linhares Plant for BRL 256 million, Andina recognized as results for the 2019 fiscal year, a loss of CLP 4,671 million.
- In 2019 Sorocaba Refrescos S.A., Coca-Cola del Valle and CMF distributed dividends.
- During 2018, Embotelladora Andina S.A. made a capital contribution in Coca-Cola del Valle New Ventures S.A. for CLP 15,615,466 thousand.

#### 14.2 Reconciliation of share of profit in investments in associates:

Description	12.31.2020	12.31.2019	12.31.2018
	ThCh\$	ThCh\$	ThCh\$
Share of profit of investment accounted for using the equity method	<b>3,248,680</b>	<b>(2,495,621)</b>	<b>2,194,144</b>
Unrealized earnings from product inventory acquired from associates and not sold at the end of the period, which is presented as a discount in the respective asset account (containers and / or inventory)	(528,122)	(394,490)	(868,233)
Amortization goodwill in the sale of fixed assets of Envases CMF S.A.	85,266	85,266	85,268
Amortization goodwill preferred rights CCDV S.A.	(523,061)	(610,238)	-
<b>Income statement balance</b>	<b>2,228,763</b>	<b>(3,415,083)</b>	<b>1,411,179</b>

#### 14.3 Summary financial information of associates:

At December 31, 2020:

	Envases CMF S.A.	Sorocaba Refrescos S.A.	Kaik Participações Ltda.	SRSA Participações Ltda.	Leão Alimentos e Bebidas Ltda.	Trop Frutas do Brasil Ltda.	Coca-Cola del Valle New Ventures S.A.
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Total assets	75,089,424	86,802,489	8,657,291	288,440	144,111,310	76,012,734	105,735,317
Total liabilities	34,633,862	41,781,275	26	168,354	37,634,466	21,236,127	20,000,197
Total revenue	40,455,562	45,021,214	8,657,265	120,086	144,111,310	54,776,607	85,735,120
Net income (loss) of associates	4,717,515	664,208	96,980	117,350	(39,244,393)	(890,021)	(475,467)
Reporting date	12.31.2020	11.30.2020	11.30.2020	11.30.2020	11.30.2020	11.30.2020	12.31.2020

At December 31, 2019:

	Envases CMF S.A.	Sorocaba Refrescos S.A.	Kaik Participações Ltda.	SRSA Participações Ltda.	Leão Alimentos e Bebidas Ltda.	Trop Frutas do Brasil Ltda.	Coca-Cola del Valle New Ventures S.A.
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Total assets	77,994,582	116,551,131	11,661,828	393,856	248,493,994	104,778,397	107,388,847
Total liabilities	39,826,283	54,650,105	35	229,780	38,137,061	27,158,470	18,693,717
Total revenue	58,640,058	69,343,990	337,450	160,342	139,769,189	47,252,571	31,914,825
Net income (loss) of associates	1,449,997	3,948,798	337,450	160,342	2,320,841	(1,177,262)	4,297,003
Reporting date	12.31.2019	11.30.2019	11.30.2019	11.30.2019	11.30.2019	11.30.2019	11.30.2019

#### 15 - INTANGIBLE ASSETS OTHER THAN GOODWILL

Intangible assets other than goodwill are detailed as follows:

Description	December 31, 2020			December 31, 2019		
	Gross Value	Accumulated Amortization	Net Value	Gross Value	Accumulated Amortization	Net Value
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Distribution rights (1)	598,371,081	(2,005,344)	596,365,737	667,148,383	(393,187)	666,755,196
Software	35,030,003	(26,882,550)	8,147,453	34,347,843	(26,484,427)	7,863,416
Others	417,957	(416,982)	975	750,309	(293,546)	456,763
<b>Total</b>	<b>633,819,041</b>	<b>(29,304,876)</b>	<b>604,514,165</b>	<b>702,246,535</b>	<b>(27,171,160)</b>	<b>675,075,375</b>

- (1) Correspond to the contractual rights to produce and distribute Coca-Cola products in certain parts of Argentina, Brazil, Chile and Paraguay. Distribution rights result from the valuation process at fair value of the assets and liabilities of the companies acquired in business combinations. Production and distribution contracts are renewable for periods of 5 years with Coca-Cola. The nature of the business and renewals that Coca-Cola has permanently done on these rights, allow qualifying them as indefinite contracts.



The distribution rights together with the assets that are part of the cash-generating units, are annually subjected to the impairment test, Such distribution rights have an indefinite useful life and are not subject to amortization: except for the Monster rights that are amortized in the term of the agreement which is 4 years.

Distribution rights	12.31.2020	12.31.2019
	ThCh\$	ThCh\$
Chile (excluding Metropolitan Region, Rancagua and San Antonio)	303,702,092	305,235,247
Brazil (Rio de Janeiro, Espirito Santo, Ribeirão Preto and investments in Sorocaba y Leão Alimentos e Bebidas Ltda.)	138,176,054	187,616,890
Paraguay	152,595,420	171,841,663
Argentina (North and South)	1,892,171	2,061,396
<b>Total</b>	<b>596,365,737</b>	<b>666,755,196</b>

The movement and balances of identifiable intangible assets are detailed as follows:

Description	January 1 to December 31, 2020				January 1 to December 31, 2019			
	Distribution Rights	Others	Software	Total	Distribution Rights	Others	Software	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Opening balance	666,755,196	456,763	7,863,416	675,075,375	661,026,400	430,196	7,365,957	668,822,553
Additions	94,661	-	2,575,125	2,669,786	-	-	3,296,558	3,296,558
Amortization	(1,573,878)	-	(2,088,612)	(3,662,490)	(133,753)	-	(2,324,225)	(2,457,978)
Other increases (decreases) (1)	(68,910,242)	(455,788)	(202,476)	(69,568,506)	5,862,549	26,567	(474,874)	5,414,242
<b>Ending balance</b>	<b>596,365,737</b>	<b>975</b>	<b>8,147,453</b>	<b>604,514,165</b>	<b>666,755,196</b>	<b>456,763</b>	<b>7,863,416</b>	<b>675,075,375</b>

(1) Mainly corresponds to restatement due to the effects of translation of distribution rights of foreign subsidiaries.



## 16 - GOODWILL

Movement in Goodwill is detailed as follows:

Operating segment	01.01.2020	Foreign currency translation differences where functional currency is different from presentation currency and hyperinflation	12.31.2020
	ThCh\$	ThCh\$	ThCh\$
Chilean operation	8,503,023	-	8,503,023
Brazilian operation	75,674,072	(19,672,659)	56,001,413
Argentine operation	29,750,238	(2,406,596)	27,343,642
Paraguayan operation	7,294,328	(816,813)	6,477,515
<b>Total</b>	<b>121,221,661</b>	<b>(22,896,068)</b>	<b>98,325,593</b>

Operating segment	01.01.2019	Foreign currency translation differences where functional currency is different from presentation currency and hyperinflation	12.31.2019
	ThCh\$	ThCh\$	ThCh\$
Chilean operation	8,503,023	-	8,503,023
Brazilian operation	73,080,100	2,593,972	75,674,072
Argentine operation	28,318,129	1,432,109	29,750,238
Paraguayan operation	7,327,921	(33,593)	7,294,328
<b>Total</b>	<b>117,229,173</b>	<b>3,992,488</b>	<b>121,221,661</b>

Operating segment	01.01.2018	Foreign currency translation differences where functional currency is different from presentation currency and hyperinflation	12.31.2018
	ThCh\$	ThCh\$	ThCh\$
Chilean operation	8,503,023	-	8,503,023
Brazilian operation	73,509,080	(428,980)	73,080,100
Argentine operation	4,672,971	23,645,158	28,318,129
Paraguayan operation	6,913,143	414,778	7,327,921
<b>Total</b>	<b>93,598,217</b>	<b>23,630,956</b>	<b>117,229,173</b>

## 17 – OTHER CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Liabilities are detailed as follows:

	Balance			
	Current		Non-current	
	12.31.2020	12.31.2019	12.31.2020	12.31.2019
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Bank loans (17.1.1 – 2)	799,072	1,438,161	4,000,000	909,486
Bonds payable, net <sup>1</sup> (17.2)	18,705,015	21,604,601	918,921,342	718,962,871
Deposits in guarantee	12,126,831	11,163,005	-	-
Derivative contract liabilities (see note 22)	1,217,322	374,576	51,568,854	-
Leasing agreements (17.4.1 – 2)	5,718,484	6,013,535	15,339,373	23,454,700
<b>Total</b>	<b>38,566,724</b>	<b>40,593,878</b>	<b>989,829,569</b>	<b>743,327,057</b>

<sup>1</sup> Amounts net of issuances expenses and discounts related to issuance.

The fair value of financial assets and liabilities is presented below:

<b>Current</b>	<b>Book Value</b>	<b>Fair Value</b>	<b>Book Value</b>	<b>Fair Value</b>
	<b>12.31.2020</b>	<b>12.31.2020</b>	<b>12.31.2019</b>	<b>12.31.2019</b>
	<b>ThCh\$</b>	<b>ThCh\$</b>	<b>ThCh\$</b>	<b>ThCh\$</b>
Cash and cash equivalent (2)	309,530,699	309,530,699	157,567,986	157,567,986
Other financial assets (1)	-	-	317,205	317,205
Trade debtors and other accounts receivable (2)	194,664,683	194,664,683	191,077,588	191,077,588
Accounts receivable related companies (2)	11,875,408	11,875,408	10,835,768	10,835,768
Bank loans (2)	799,072	896,307	1,438,161	1,434,255
Bonds payable (2)	18,705,015	22,471,852	21,604,601	24,188,060
Bottle guaranty deposits (2)	12,126,831	12,126,831	11,163,005	11,163,005
Derivative contracts liabilities (see note 22) (1)	1,217,322	1,217,322	374,576	374,576
Leasing agreements (2)	5,718,484	5,718,484	6,013,535	6,013,535
Accounts payable (2)	230,438,133	230,438,133	243,700,553	243,700,553
Accounts payable related companies (2)	39,541,968	39,541,968	53,637,601	53,637,601
<b>Non-current</b>	<b>12.31.2020</b>	<b>12.31.2020</b>	<b>12.31.2019</b>	<b>12.31.2019</b>
	<b>ThCh\$</b>	<b>ThCh\$</b>	<b>ThCh\$</b>	<b>ThCh\$</b>
Other financial assets (1)	150,983,295	150,983,295	98,918,457	98,918,457
Accounts receivable, non-current (2)	73,862	73,862	523,769	523,769
Accounts receivable related companies (2)	138,346	138,346	283,118	283,118
Bank loans (2)	4,000,000	4,056,753	909,486	867,025
Bonds payable (2)	918,921,342	1,088,617,557	718,962,871	803,017,145
Derivative contracts liabilities (see note 22) (1)	51,568,854	51,568,854	-	-
Leasing agreements (2)	15,339,373	15,339,373	23,454,700	23,454,700
Accounts payable, non-current (2)	295,279	295,279	619,587	619,587

(1) Fair values are based on discounted cash flows using market discount rates at the close of the six-month and one-year period and are classified as Level 2 of the fair value measurement hierarchies.

(2) Financial instruments such as: Cash and Cash Equivalents, Trade and Other Accounts Receivable, Accounts Receivable, Bottle Guarantee Deposits and Trade Accounts Payable, and Other Accounts Payable present a fair value that approximates their carrying value, considering the nature and term of the obligation. The business model is to maintain the financial instrument in order to collect/pay contractual cash flows, in accordance with the terms of the contract, where cash flows are received/cancelled on specific dates that exclusively constitute payments of principal plus interest on that principal. These instruments are revalued at amortized cost.

### 17.1.1 Bank obligations, current

Taxpayer ID	Indebted entity Name	Creditor Entity			Currency	Type of Amortization	Nominal Rate	Effective Rate	Maturity		Total		
		Country	Taxpayer ID	Name					Country	Up to 90 days ThCh\$	90 days to 1 year ThCh\$	At 12.31.2020 ThCh\$	At 12.31.2019 ThCh\$
96.705.990-0	Envases Central S.A.	Chile	97.006.000-6	Banco BCI	Chile	UF	Semiannually	2.13%	2.13%	-	760,667	760,667	748,838
96.705.990-0	Envases Central S.A.	Chile	97.006.000-6	Banco BCI	Chile	UF	Semiannually	2.00%	2.00%	33,111	-	33,111	-
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Banco Galicia y Buenos Aires S.A.	Argentina	AR	Upon maturity	82.00%	82.00%	-	-	-	8,453
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Banco Galicia y Buenos Aires S.A.	Argentina	AR	Monthly	26.60%	26.60%	5,294	-	5,294	-
Foreign	Río de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brazil	BRL	Monthly	6.63%	6.63%	-	-	-	635,727
Foreign	Río de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brazil	BRL	Quarterly	4.50%	4.50%	-	-	-	45,143
											Total	799,072	1,438,161

### 17.1.2 Bank obligations, non-current

Taxpayer ID	Indebted entity		Taxpayer ID	Creditor Entity		Currency	Type of Amortization	Nominal Rate	Effective Rate	Maturity					at 12.31.2020 ThCh\$
	Name	Country		1 year up to 2 years ThCh\$	More than 2 years Up to 3 years ThCh\$					More than 3 years Up to 4 years ThCh\$	More than 4 years Up to 5 years ThCh\$	More than 5 years Years ThCh\$			
96.705.990-0	Envases Central S.A.	Chile	97.006.000-6	Banco BCI	Chile	CLP	Semiannually	2.00%	2.00%	-	-	4,000,000	-	-	4,000,000
Total															

### 17.1.2 Bank obligations, non-current previous year

Tax ID	Indebted Entity	Creditor Entity					Type	Effective	Nominal	Maturity					at
		Country	Tax ID	Name	Country	Currency				1 year up to	More than 2 years	More than 3 years	More than 4 years	More than 5	
	Name						Amortization	Rate	Rate	2 years	Up to 3 years	Up to 4 years	Up to 5 years	Years	12.31.2019
										ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
96.705.990-0	Envases Central S.A.	Chile	97.006.000-6	Banco BCI	Chile	UF	Semiannually	2.13%	2.13%	736,033	-	-	-	-	736,033
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brazil	BRL	Monthly	6.63%	6.63%	44,621	44,621	44,621	39,590	-	173,453
Total															909,486

### 17.1.3 Current and non-current bank obligations “Restrictions”

Bank obligations are not subject to restrictions for the reported periods.

## 17.2 Bonds payable

On January 21, 2020, the Company issued corporate bonds on the international market for USD 300 million with a 30-year maturity, with the whole principal amount due in 2039 and an annual interest rate of 3.950%.

During 2018, Andina carried out a debt restructuring process that consisted of a partial repurchase in the amount of USD 210 million of the 144A/RegS Senior Notes and refinancing it with the placement of Series F bonds in the local market in the amount of UF 5.7 million due 2039 and accruing an annual interest rate of 2.83%. The costs corresponding to the repurchase of bonds, associated with premium payments, overpricing and proportional amortization of placement costs and discounts in bonds in original U.S. Dollars amounting to CLP 9,583,000 thousand, were recorded in results under the item financial costs.

Composition of bonds payable	Current		Non-current		Total	
	12.31.2020	12.31.2019	12.31.2020	12.31.2019	12.31.2020	12.31.2019
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Bonds (face value) <sup>1</sup>	19,347,033	22,189,595	925,968,913	721,950,553	945,315,946	744,140,148

<sup>1</sup> Gross amounts, do not consider issuance expenses and discounts related to issuance.

### 17.2.1 Current and non-current balances

Bonds payable correspond to bonds in UF issued by the parent company on the Chilean market and bonds in U.S. dollars issued by the Parent Company on the international market. A detail of these instruments is presented below:

Bonds	Series	Current nominal amount	Adjustment unit	Interest rate	Final maturity	Interest payment	Current		Non-current	
							12.31.2020	12.31.2019	12.31.2020	12.31.2019
							ThCh\$	ThCh\$	ThCh\$	ThCh\$
CMF Registration N° 254 06.13.2001	B	1,648,160	UF	6,5%	12-01-2026	Semiannually	7,776,693	7,160,809	40,388,468	46,659,296
CMF Registration N° 641 08.23.2010	C	1,500,000	UF	4,0%	08-15-2031	Semiannually	647,672	630,731	43,605,495	42,464,910
CMF Registration N° 759 08.20.2013	C	-	UF	3,5%	08-16-2020	Semiannually	-	7,168,907	-	-
CMF Registration N° 760 08.20.2013	D	4,000,000	UF	3,8%	08-16-2034	Semiannually	1,629,677	1,587,051	116,281,320	113,239,760
CMF Registration N° 760 04.02.2014	E	3,000,000	UF	3,75%	03-01-2035	Semiannually	1,083,063	1,048,938	87,210,999	84,929,828
CMF Registration N° 912 10.10.2018	F	5,700,000	UF	2,83%	09-25-2039	Semiannually	1,234,601	1,195,700	165,700,881	161,366,658
Bonds USA 2023 10.01.2013	-	365,000,000	US\$	5,0%	10-01-2023	Semiannually	3,243,709	3,397,459	259,496,750	273,290,101
Bonds USA 2050 01.21.2020	-	300,000,000	US\$	3,95%	01-21-2050	Semiannually	3,731,618	-	213,285,000	-
<b>Total</b>							<b>19,347,033</b>	<b>22,189,595</b>	<b>925,968,913</b>	<b>721,950,553</b>

Accrued interest included in the current portion of bonds payable as of December 31, 2020 and 2019 amounts to CLP 11,841,892 thousand and CLP 7,983,770 thousand, respectively.

### 17.2.3 Non-current maturities

Series	Year of maturity				Total non-current 12.31.2020 ThCh\$	
	More than 1 up to 2	More than 2 up to 3	More than 3 up to 4	More than 5		
	ThCh\$	ThCh\$	ThCh\$	ThCh\$		
	ThCh\$	ThCh\$	ThCh\$	ThCh\$		
CMF Registration N° 254 06.13.2001	B	8,013,138	8,533,990	9,088,700	14,752,640	40,388,468
CMF Registration N° 641 08.23.2010	C	3,964,136	3,964,136	3,964,136	31,713,087	43,605,495
CMF Registration N° 760 08.20.2013	D	-	-	-	116,281,320	116,281,320
CMF Registration N° 760 04.02.2014	E	-	-	-	87,210,999	87,210,999
CMF Registration N° 912 10.10.2018	F	-	-	-	165,700,881	165,700,881
USA Bonds	-	-	259,496,750	-	-	259,496,750
USA 2 Bonds	-	-	-	-	213,285,000	213,285,000
Total		11.977.274	271.994.876	13.052.836	628.943.927	925.968.913

### 17.2.4 Market rating

The bonds issued on the Chilean market had the following rating:

AA : ICR Compañía Clasificadora de Riesgo Ltda. rating  
AA : Fitch Chile Clasificadora de Riesgo Limitada rating

The rating of bonds issued on the international market had the following rating:

BBB : Standard&Poors Global Ratings  
BBB+ : Fitch Ratings Inc.

### 17.2.5 Restrictions

#### 17.2.5.1 Restrictions regarding bonds placed abroad.

Obligations with bonds placed abroad are not affected by financial restrictions for the periods reported.

#### 17.2.5.2 Restrictions regarding bonds placed in the local market.

#### Restrictions on the issuance of bonds for a fixed amount registered under number 254.

In October 2020, the Consolidated Financial Liabilities/Consolidated Equity no more than 1.20 times covenant was amended as follows:

- Maintain an indebtedness level where Net Consolidated Financial Liabilities to Consolidated Equity does not exceed 1.20 times. For these purposes Net Consolidated Financial Liabilities shall be regarded as (i) “Other Current Financial Liabilities,” plus (ii) “Other Non-Current Financial Liabilities,” less (iii) the addition of “Cash and Cash Equivalents” plus “Other Current Financial Assets;” plus “Other Non-Current Financial Assets) (to the extent they correspond to asset balances of derivative financial instruments, taken to cover exchange rate and/or interest rate risks on financial liabilities). Consolidated Equity will be regarded as total equity including non-controlling interest.

As of December 31, 2020, this ratio is 0.51 times.

- Maintain, and in no manner lose, sell, assign or transfer to a third party, the geographical area currently denominated as the “Metropolitan Region” (Región Metropolitana) as a territory in Chile in which we have been authorized by The Coca-Cola Company for the development, production, sale and distribution of products and brands of the licensor, in accordance to the respective bottler or license agreement, renewable from time to time.

- Not lose, sell, assign, or transfer to a third party any other territory of Argentina or Brazil, which as of this date is franchised by TCCC to the Company for the development, production, sale and distribution of products and brands of such licensor, as long as any of these territories account for more than 40% of the Issuer's Adjusted Consolidated Operating Cash Flow.
- Maintain consolidated assets free of any pledge, mortgage or other encumbrances for an amount at least equal to 1.3 times of the issuer's unsecured consolidated liabilities.

Unsecured consolidated liabilities payable shall be regarded as the total liabilities, obligations and debts of the issuer that are not secured by real guarantees on goods and assets of the latter, voluntarily and conventionally constituted by the issuer less the asset balances of derivative financial instruments, taken to cover exchange rate or interest rate risks on financial liabilities under "Other Current Financial Assets" and "Other non-current Financial Assets" of the Issuer's Consolidated Statement of Financial Position.

Consolidated Assets free of any pledge, mortgage or other lien will only be regarded as those assets free of any pledge, mortgage or other real lien voluntarily and conventionally constituted by the issuer less asset balances of derivative financial instruments, taken to cover exchange rate or interest rate risks on financial liabilities and under "Other Current Financial Assets" and "Other non-current Financial Assets" of the Issuer's Consolidated Statement of Financial Position.

As of December 31, 2020, this ratio is 1.55 times.

#### **Restrictions to bond lines registered in the Securities Registered under number 641, series C**

- Maintain a level of "Net Financial Debt" within its quarterly financial statements that may not exceed 1.5 times, measured over figures included in its consolidated statement of financial position. To this end, net financial debt shall be defined as the ratio between net financial debt and total equity of the issuer (equity attributable to controlling owners plus non-controlling interest). On its part, net financial debt will be the difference between the Issuer's financial debt and cash.

As of December 31, 2020, Net Financial Debt level was 0.51 times.

- Maintain consolidated assets free of any pledge, mortgage or other encumbrances for an amount at least equal to 1.3 times of the issuer's unsecured consolidated liabilities.

Unencumbered assets refer to the assets that are the property of the issuer; classified under Total Assets of the Issuer's Financial Statements; and that are free of any pledge, mortgage or other liens constituted in favor of third parties, less "Other Current Financial Assets" and "Other Non-Current Financial Assets" of the Issuer's Financial Statements (to the extent they correspond to asset balances of derivative financial instruments, taken to hedge exchange rate and interest rate risk of the financial liabilities).

Unsecured total liabilities correspond to: liabilities from Total Current Liabilities and Total Non-Current Liabilities of Issuer's Financial Statement which do not benefit from preferences or privileges, less "Other Current Financial Assets" and "Other Non-Current Financial Assets" of the Issuer's Financial Statements (to the extent they correspond to asset balances of derivative financial instruments, taken to hedge exchange rate and interest rate risk of the financial liabilities).

As of December 31, 2020, this ratio is 1.55 times.

- Maintain a level of "Net Financial Coverage" greater than 3 times in its quarterly financial statements. Net financial coverage means the ratio between the issuer's Ebitda of the last 12 months and the issuer's Net Financial Expenses in the last 12 months. Net Financial Expenses will be regarded as the difference between the absolute value of interest expense associated with the issuer's financial debt account accounted for under "Financial Costs"; and interest income associated with the issuer's cash accounted for under the Financial Income account. However, this restriction shall be deemed to have been breached where the mentioned level of net financial coverage is lower than the level previously indicated during two consecutive quarters.

As of December 31, 2020, Net Financial Coverage level is 8.50 times.

#### **Restrictions to bond lines registered in the Securities Registrar under number 760 D-E.**

- Maintain an indebtedness level where Net Consolidated Financial Liabilities to Consolidated Equity does not exceed 1.20 times. For these purposes Net Consolidated Financial Liabilities shall be regarded as (i) "Other Current Financial Liabilities," plus (ii) "Other Non-Current Financial Liabilities," less (iii) the addition of "Cash and Cash Equivalents" plus "Other Current Financial Assets;" plus "Other Non-Current Financial Assets" (to the extent they correspond to asset balances of derivative financial instruments, taken to cover exchange rate and/or interest rate risks on financial liabilities). Consolidated Equity will be regarded as total equity including non-controlling interest.

As of December 31, 2020, Indebtedness Level is 0.51 times of Consolidated Equity.

- Maintain consolidated assets free of any pledge, mortgage or other encumbrances for an amount at least equal to 1.3 times of the issuer's unsecured consolidated liabilities payable.

Unsecured Consolidated Liabilities Payable shall be regarded as the total liabilities, obligations and debts of the issuer that are not secured by real guarantees on goods and assets of the latter, voluntarily and conventionally constituted by the issuer less the asset balances of derivative financial instruments, taken to cover exchange rate or interest rate risks on financial liabilities under "Other Current Financial Assets" and "Other non-current Financial Assets" of the Issuer's Consolidated Statement of Financial Position.

The following will be considered in determining Consolidated Assets: assets free of any pledge, mortgage or other lien, as well as those assets having a pledge, mortgage or real encumbrances that operate solely by law, less asset balances of derivative financial instruments, taken to hedge exchange rate or interest rate risks on financial liabilities under "Other Current Financial Assets" and "Other non-current Financial Assets" of the Issuer's Consolidated Financial Statements. Therefore, Consolidated Assets free of any pledge, mortgage or other lien will only be regarded as those assets free of any pledge, mortgage or other real lien voluntarily and conventionally constituted by the issuer less asset balances of derivative financial instruments, taken to cover exchange rate or interest rate risks on financial liabilities and under "Other Current Financial Assets" and "Other non-current Financial Assets" of the Issuer's Consolidated Statement of Financial Position.

As of December 31, 2020, this ratio is 1.55 times.

- Maintain, and in no manner, lose, sell, assign or transfer to a third party, the geographical area currently denominated as the "Metropolitan Region" as a territory franchised to the Issuer in Chile by The Coca-Cola Company, hereinafter also referred to as "TCCC" or the "Licensor" for the development, production, sale and distribution of products and brands of said licensor, in accordance to the respective bottler or license agreement, renewable from time to time. Losing said territory, means the non-renewal, early termination or cancellation of this license agreement by TCCC, for the geographical area today called "Metropolitan Region". This reason shall not apply if, as a result of the loss, sale, transfer or disposition, of that licensed territory is purchased or acquired by a subsidiary or an entity that consolidates in terms of accounting with the Issuer.
- Not lose, sell, assign, or transfer to a third party any other territory of Argentina or Brazil, which as of the issuance date of these instruments is franchised by TCCC to the Issuer for the development, production, sale and distribution of products and brands of such licensor, as long as any of these territories account for more than 40% of the Issuer's Adjusted Consolidated Operating Cash Flow of the audited period immediately before the moment of loss, sale, assignment or transfer. For these purposes, the term "Adjusted Consolidated Operating Cash Flow" shall mean the addition of the following accounting accounts of the Issuer's Consolidated Statement of Financial Position: (i) "Gross Profit" which includes regular activities and cost of sales; less (ii) "Distribution Costs"; less (iii) "Administrative Expenses"; plus (iv) "Participation in profits (losses) of associates and joint ventures that are accounted for using the equity method"; plus (v) "Depreciation"; plus (vi) "Intangibles Amortization".

#### **Restrictions to bond lines registered in the Securities Registrar under number 912.**

- Maintain an indebtedness level where Net Consolidated Financial Liabilities to Consolidated Equity does not exceed 1.20 times. For these purposes Net Consolidated Financial Liabilities shall be regarded as (i) "Other Current Financial Liabilities," plus (ii) "Other Non-Current Financial Liabilities," less (iii) the addition of "Cash and Cash Equivalents" plus "Other Current Financial Assets;" plus "Other Non-Current Financial Assets" (to the extent they correspond to asset balances of derivative financial instruments, taken to cover exchange rate and/or interest rate risks on financial liabilities). Consolidated Equity will be regarded as total equity including non-controlling interest.

As of December 31, 2020, this ratio is 0.51 times.

- Maintain consolidated assets free of any pledge, mortgage or other encumbrances for an amount at least equal to 1.3 times of the issuer's unsecured consolidated liabilities payable. Unsecured Consolidated Liabilities Payable shall be regarded as the total liabilities, obligations and debts of the issuer that are not secured by real guarantees on goods and assets of the latter, voluntarily and conventionally constituted by the issuer less the asset balances of derivative financial instruments, taken to cover exchange rate or interest rate risks on financial liabilities under "Other Current Financial Assets" and "Other non-current Financial Assets" of the Issuer's Consolidated Statement of Financial Position. The following will be considered in determining Consolidated Assets: assets free of any pledge, mortgage or other lien, as well as those assets having a pledge, mortgage or real encumbrances that operate solely by law, less asset balances of derivative financial instruments, taken to hedge exchange rate or interest rate risks on financial liabilities under "Other Current Financial Assets" and "Other non-current Financial Assets" of the Issuer's Consolidated Financial Statements. Therefore, Consolidated Assets free of any pledge, mortgage or other lien will only be regarded as those assets free of any pledge, mortgage or other real lien voluntarily and conventionally constituted by the issuer less asset balances of derivative financial instruments, taken to cover exchange rate or interest rate risks on financial liabilities and under "Other Current Financial Assets" and "Other non-current Financial Assets" of the Issuer's Consolidated Statement of Financial Position.

As of December 31, 2020, this ratio is 1.55 times.

- Not lose, sell, assign, or transfer to a third party any other territory of Argentina or Brazil, which as of the issuance date of local bonds Series C, D and E is franchised by TCCC to the Issuer for the development, production, sale and distribution of products and brands of such licensor, as long as any of these territories account for more than 40% of the Issuer's Adjusted Consolidated Operating Cash Flow of the audited period immediately before the moment of loss, sale, assignment or transfer. For these purposes, the term "Adjusted Consolidated Operating Cash Flow" shall mean the addition of the following accounting accounts of the Issuer's Consolidated Statement of Financial Position: (i) "Gross Profit" which includes regular activities and cost of sales; less (ii) "Distribution Costs"; less (iii) "Administrative Expenses"; plus (iv) "Participation in profits (losses) of associates and joint ventures that are accounted for using the equity method"; plus (v) "Depreciation"; plus (vi) "Intangibles Amortization".

As of December 31, 2020 and 2019, the Company complies with all financial collaterals.

#### **17.3 Derivative contract obligations**

Please see details in Note 22.





#### 17.4.1 Current liabilities for leasing agreements

Debtor Entity		Creditor Entity			Currency	Type of Amortization	Effective Rate	Nominal Rate	Maturity		Total	
Name	Country	Taxpayer ID	Name	Country					Up to 90 days	90 days to 1 year	At 12.31.2020	At 12.31.2019
									ThCh\$	ThCh\$	ThCh\$	ThCh\$
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Cogeração - Light ESCO	Brasil	BRL	Monthly	13.00%	12.28%	166,711	531,815	698,526	839,502
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Tetra Pack	Brasil	BRL	Monthly	7.65%	7.39%	61,617	147,121	208,738	360,854
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Real estate	Brasil	BRL	Monthly	8.20%	8.20%	66,160	117,534	183,694	300,338
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Leão	Brasil	BRL	Monthly	6.56%	6.56%	68,366	200,944	269,310	497,386
Embotelladora del Atlántico S.A.	Argentina	Foreign	Tetra Pak SRL	Argentina	USD	Monthly	12.00%	12.00%	20,867	62,602	83,469	132,815
Embotelladora del Atlántico S.A.	Argentina	Foreign	Banco Comafi	Argentina	USD	Monthly	12.00%	12.00%	31,232	93,695	124,927	88,739
Embotelladora del Atlántico S.A.	Argentina	Foreign	Real estate	Argentina	ARS	Monthly	50.00%	50.00%	65,656	148,249	213,905	189,320
Embotelladora del Atlántico S.A.	Argentina	Foreign	Systems	Argentina	USD	Monthly	1.00%	1.00%	20,556	61,671	82,227	1,169,884
Vital Aguas S.A.	Chile	76.389.720-6	Coca Cola del Valle New Ventures S.A.	Chile	CLP	Linear	7.50%	7.50%	289,312	882,152	1,171,464	2,198,998
Envases Central S.A.	Chile	96.705.990-0	Coca Cola del Valle New Ventures S.A.	Chile	CLP	Linear	8.40%	8.40%	565,631	1,724,833	2,290,464	235,699
Paraguay Refrescos S.A.	Paraguay	80.003.400-7	Tetra Pack Ltda. Suc. Py	Paraguay	PGY	Monthly	1.00%	1.00%	55,952	159,680	215,632	-
Transportes Polar S.A.	Chile	96.928.520-7	Cons. Inmob. e Inversiones Limitada	Chile	UF	Monthly	2.89%	2.89%	22,944	69,834	92,778	-
Embotelladora Andina S.A.	Chile	91.144.000-8	Central de Restaurante Aramark Ltda.	Chile	CLP	Monthly	1.30%	1.30%	20,736	62,614	83,350	-
Total										5,718,484	6,013,535	

The Company maintains lease agreements on forklifts, vehicles, real estate and machinery. These leases have an average life of between one and eight years without including a renewal option in the contracts.

### 17.4.2 Non-current liabilities for leasing agreements, non-current

Debtor Entity		Creditor Entity		Currency	Amortization Type	Effective Rate	Nominal Rate	Maturity					At 12.31.2020	
Name	Country	Taxpayer ID	Name					Country	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years		More than 5 years
								ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Cogeração - Light ESCO	Brazil	BRL	Monthly	13.0%	12.28%	789,334	891,946	1,007,901	1,138,928	4,827,833	8,655,942
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Tetra Pack	Brazil	BRL	Monthly	7.65%	7.39%	95,856	-	-	-	-	95,856
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Real estate	Brazil	BRL	Monthly	8.20%	8.20%	72,906	32,980	23,547	-	-	129,433
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Leão Alimentos e Bebidas Ltda.	Brazil	BRL	Monthly	6.56%	6.56%	261,577	249,681	243,911	225,680	51,007	1,031,856
Embotelladora del Atlántico S.A.	Argentina	Foreign	Banco Comafi	Argentina	USD	Monthly	12.00%	12.00%	-	20,867	-	-	-	20,867
Embotelladora del Atlántico S.A.	Argentina	Foreign	Tetra Pak SRL	Argentina	USD	Monthly	12.00%	12.00%	-	249,854	-	249,854	72,874	572,582
Embotelladora del Atlántico S.A.	Argentina	Foreign	Real estate	Argentina	ARS	Monthly	50.00%	50.00%	-	128,930	-	-	-	128,930
Embotelladora del Atlántico S.A.	Argentina	Foreign	Real estate	Argentina	ARS	Monthly	50.00%	50.00%	-	95,931	-	-	-	95,931
Vital Aguas S.A.	Chile	76.572.588-7	Coca Cola del Valle New Ventures S.A.	Chile	CLP	Monthly	8.20%	8.20%	1,107,140	-	-	-	-	1,107,140
Envases Central S.A.	Chile	76.572.588-7	Coca Cola del Valle New Ventures S.A.	Chile	CLP	Monthly	9.00%	9.00%	2,967,864	-	-	-	-	2,967,864
Paraguay Refrescos S.A.	Paraguay	80.003.400-7	Tetra Pack Ltda. Suc. Py	Paraguay	PGY	Monthly	1.00%	1.00%	-	163,635	-	-	-	163,635
Transportes Polar S.A.	Chile	76.413.243-2	Cons. Inmob. e Inversiones Limitada	Chile	UF	Monthly	2.89%	2.89%	-	193,789	-	161,551	-	355,340
Embotelladora Andina S.A.	Chile	76.178.360-2	Central de Restaurante Aramark Ltda.	Chile	CLP	Monthly	1.30%	1.30%	-	13,997	-	-	-	13,997
Total													15,339,373	

### 17.4.3 Non-current liabilities for leasing agreements (previous year)

Debtor Entity		Creditor Entity				Amortization Type	Effective Rate	Nominal Rate	Maturity					At 12.31.2019
Name	Country	Taxpayer ID	Name	Country	Currency				1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years	
									ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Cogeração - Light ESCO	Brazil	BRL	Monthly	13.0%	12.28%	948,466	1,071,766	1,211,096	1,368,538	8,101,730	12,701,596
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Tetra Pack	Brazil	BRL	Monthly	7.65%	7.39%	271,264	111,005	-	-	-	382,269
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Real estate	Brazil	BRL	Monthly	8.20%	8.20%	97,784	9,144	-	-	-	106,928
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Leão Alimentos e Bebidas Ltda.	Brazil	BRL	Monthly	6.56%	6.56%	365,671	355,172	339,020	331,185	375,688	1,766,736
Embotelladora del Atlántico S.A.	Argentina	Foreign	Tetra Pak SRL	Argentina	USD	Monthly	12.00%	12.00%	-	398,442	-	343,104	-	741,546
Embotelladora del Atlántico S.A.	Argentina	Foreign	Banco Comafi	Argentina	USD	Monthly	12.00%	12.00%	-	110,924	-	-	-	110,924
Embotelladora del Atlántico S.A.	Argentina	Foreign	Real estate	Argentina	ARS	Monthly	50.00%	50.00%	-	55,222	-	-	-	55,222
Vital Aguas S.A.	Chile	76.572.588-7	Coca Cola del Valle New Ventures S.A.	Chile	CLP	Monthly	8.20%	8.20%	2,242,278	-	-	-	-	2,242,278
Envases Central S.A.	Chile	76.572.588-7	Coca Cola del Valle New Ventures S.A.	Chile	CLP	Monthly	9.0%	9.0%	4,947,745	-	-	-	-	4,947,745
Paraguay Refrescos S.A.	Paraguay	80.003.400-7	Tetra Pack Ltda. Suc. Py	Paraguay	PGY	Monthly	1.00%	1.00%	399,456	-	-	-	-	399,456
Total													23,454,700	

Leasing agreement obligations are not subject to financial restrictions for the reported periods.

## 18 – TRADE AND OTHER ACCOUNTS PAYABLE

Trade and other current accounts payable are detailed as follows:

Classification	12.31.2020	12.31.2019
	ThCh\$	ThCh\$
Current	230,445,809	243,700,553
Non-current	295,279	619,587
<b>Total</b>	<b>230,741,088</b>	<b>244,320,140</b>

Item	12.31.2020	12.31.2019
	ThCh\$	ThCh\$
Trade accounts payable	163,361,078	172,142,472
Withholding tax	48,566,443	53,326,254
Others	18,813,567	18,851,414
<b>Total</b>	<b>230,741,088</b>	<b>244,320,140</b>

## 19 – OTHER PROVISIONS, CURRENT AND NON-CURRENT

### 19.1 Balances

The composition of provisions is as follows:

Detail	12.31.2020	12.31.2019
	ThCh\$	ThCh\$
Litigation (1)	50,070,273	69,107,550
<b>Total</b>	<b>50,070,273</b>	<b>69,107,550</b>

Current	1,335,337	2,068,984
Non-current	48,734,936	67,038,566
<b>Total</b>	<b>50,070,273</b>	<b>69,107,550</b>

- (1) Correspond to the provision made for the probable losses of fiscal, labor and commercial contingencies, based on the opinion of our legal advisors, according to the following detail:

Detail (see note 23.1)	12.31.2020	12.31.2019
	ThCh\$	ThCh\$
Tax contingencies	25,543,101	38,853,059
Labor contingencies	8,688,551	10,569,754
Civil contingencies	15,838,621	19,684,737
<b>Total</b>	<b>50,070,273</b>	<b>69,107,550</b>



## 19.2 Movements

The movement of principal provisions over litigation is detailed as follows:

Detail	12.31.2020	12.31.2019
	ThCh\$	ThCh\$
<b>Opening balance as of January 1</b>	<b>69,107,550</b>	<b>62,452,526</b>
Additional provisions	172,801	121,003
Increases (decrease) in existing provisions (*)	4,624,789	17,336,285
Payments	(5,799,209)	(14,977,996)
Reversal of unused provision	-	3,551,223
Increase (decrease) due to foreign exchange differences	(18,035,658)	624,509
<b>Total</b>	<b>50,070,273</b>	<b>69,107,550</b>

(\*) During 2019, reversal of provisions consisting of fines demanded by the Brazilian tax authority on the use of tax credits resulting from favorable sentencing to Rio de Janeiro Refrescos Ltda. which are not present in 2020.

## 20 – OTHER NON-FINANCIAL LIABILITIES

Other current and non-current liabilities at each reporting period end are detailed as follows:

Description	Current		Non-Current	
	12.31.2020	12.31.2019	12.31.2020	12.31.2019
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Dividends payable	25,999,055	22,639,150	-	-
Others (1)	2,267,675	3,863,065	21,472,048	-
<b>Total</b>	<b>28,266,730</b>	<b>26,502,215</b>	<b>21,472,048</b>	<b>-</b>

(1) Other non-current corresponds mainly to accounts payable to former shareholders of Companhia de Bebidas Ipiranga (“CBI”). See Note 6 for further information.

## 21 – EQUITY

### 21.1 Number of shares:

Series	Number of shares subscribed at nominal value		Number of shares paid in		Number of voting shares	
	2020	2019	2020	2019	2020	2019
A	473,289,301	473,289,301	473,289,301	473,289,301	473,289,301	473,289,301
B	473,281,303	473,281,303	473,281,303	473,281,303	473,281,303	473,281,303

### 21.1.1 Equity:

Series	Subscribed Capital		Paid-in capital	
	2020	2019	2020	2019
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
A	135,379,504	135,379,504	135,379,504	135,379,504
B	135,358,070	135,358,070	135,358,070	135,358,070
<b>Total</b>	<b>270,737,574</b>	<b>270,737,574</b>	<b>270,737,574</b>	<b>270,737,574</b>

### 21.1.2 Rights of each series:

- Series A: Elects 12 of the 14 Directors.
- Series B: Receives an additional 10% of dividends distributed to Series A and elects 2 of the 14 Directors.

### 21.2 Dividend policy

According to Chilean law, cash dividends must be paid equal to at least 30% of annual net profit, barring a unanimous vote by shareholders to the contrary. If there is no net profit in a given year, the Company will not be legally obligated to pay dividends from retained earnings. At the ordinary Shareholders' Meeting held in April 2020, the shareholders agreed to pay out of the 2019 earnings a final dividend and another additional dividend to the 30% required by Chile's Law 18,046.

Pursuant to Circular Letter N° 1,945 of the Chilean Financial Market Commission (CMF) dated September 29, 2009, the Company's Board of Directors decided to maintain the initial adjustments from adopting IFRS as accumulated earnings for future distribution.

The dividends declared and paid per share are presented below:

	Periods	Dividend type	Profits imputable to dividends	Ch\$ per Series A Share	Ch\$ per Series B Share
2018	January	Interim	2017 Earnings	21,50	23,65
2018	May	Final	2017 Earnings	21,50	23,65
2018	August	Additional	Accumulated Earnings	21,50	23,65
2018	October	Interim	2018 Earnings	21,50	23,65
2019	January	Interim	2018 Earnings	21,50	23,65
2019	May	Final	2018 Earnings	21,50	23,65
2019	August	Additional	Accumulated Earnings	21,50	23,65
2019	October	Interim	2019 Earnings	21,50	23,65
2020	January	Interim	2019 Earnings	22,60	24,86
2020	May	Final	2019 Earnings	26,00	28,60
2020	August	Additional	Accumulated Earnings	26,60	28,60
2020	November	Interim	2020 Earnings	26,60	28,60
2021	January	Interim	2020 Earnings	26,60	28,60

### 21.3 Other Reserves

The balance of other reserves includes the following:

Description	12.31.2020	12.31.2019	12.31.2018
	ThCh\$	ThCh\$	ThCh\$
Polar acquisition	421,701,520	421,701,520	421,701,520
Foreign currency translation reserves	(517,496,486)	(339,076,340)	(306,674,528)
Cash flow hedge reserve	(24,719,533)	(14,850,683)	(13,668,932)
Reserve for employee benefit actuarial gains or losses	(4,663,193)	(2,230,752)	(1,954,077)
Legal and statutory reserves	5,435,538	5,435,538	5,435,538
Other	6,014,568	6,014,568	6,014,568
<b>Total</b>	<b>(113,727,586)</b>	<b>76,993,851</b>	<b>110,854,089</b>

#### 21.3.1 Polar acquisition

This amount corresponds to the difference between the valuation at fair value of the issuance of shares of Embotelladora Andina S.A. and the book value of the paid capital of Embotelladoras Coca-Cola Polar S-A., which was finally the value of the capital increase notarized in legal terms.

#### 21.3.2 Cash flow hedge reserve

They arise from the fair value of the existing derivative contracts that have been qualified for hedge accounting at the end of each financial period. When contracts are expired, these reserves are adjusted and recognized in the income statement in the corresponding period (see Note 22).

#### 21.3.3 Reserve for employee benefit actuarial gains or losses

Corresponds to the restatement effect of employee benefits actuarial losses that according to IAS 19 amendments must be carried to other comprehensive income.

### 21.3.4 Legal and statutory reserves

In accordance with Official Circular N° 456 issued by the Chilean Financial Market Commission (CMF), the legally required price-level restatement of paid-in capital for 2009 is presented as part of other equity reserves and is accounted for as a capitalization from Other Reserves with no impact on net income or retained earnings under IFRS. This amount totaled CLP 5,435,538 thousand as of December 31, 2009.

### 21.3.5 Foreign currency translation reserves

This corresponds to the conversion of the financial statements of foreign subsidiaries whose functional currency is different from the presentation currency of the Consolidated Financial Statements. Additionally, exchange differences between accounts receivable kept by the companies in Chile with foreign subsidiaries are presented in this account, which have been treated as investment equivalents accounted for using the equity method, Translation reserves are detailed as follows:

Details	12.31.2020	12.31.2019	12.31.2018
	ThCh\$	ThCh\$	ThCh\$
Brazil	(187,071,599)	(102,922,548)	(99,990,343)
Argentina	(291,332,402)	(246,415,922)	(201,118,180)
Paraguay	(22,506,692)	6,133,700	8,623,849
Exchange rate differences in related companies	(16,585,793)	4,128,430	(14,189,854)
<b>Total</b>	<b>(517,496,486)</b>	<b>(339,076,340)</b>	<b>(306,674,528)</b>

The movement of this reserve for the periods ended on the dates indicated below, is detailed as follows:

Details	12.31.2020	12.31.2019	12.31.2018
	ThCh\$	ThCh\$	ThCh\$
Brazil	(104,863,274)	15,386,079	(10,313,069)
Argentina	(44,916,480)	(45,297,742)	(72,770,068)
Paraguay	(28,640,392)	(2,490,149)	13,486,181
Exchange rate differences in related companies	-	-	-
<b>Total</b>	<b>(178,420,146)</b>	<b>(32,401,812)</b>	<b>(69,596,956)</b>

### 21.3.6 Consolidated statements of comprehensive income

The detail of the comprehensive income and expense for the periods ended on the dates indicated below, is detailed as follows:

	Gross Balance	Tax	Net Balance
Cash Flow for hedge (1)	(12,203,755)	2,334,037	(9,869,718)
Exchange rate translation differences (1)	(264,119,093)	84,571,922	(179,547,171)
Benefit relate to defined benefit plans	(3,146,362)	849,518	(2,296,844)
<b>Total Comprehensive income as of December 31, 2020</b>	<b>(279,469,210)</b>	<b>87,755,477</b>	<b>(191,713,733)</b>

	Gross Balance	Tax	Net Balance
Cash Flow for hedge (1)	(1,865,233)	683,482	(1,181,751)
Exchange rate translation differences (1)	(41,844,584)	9,295,546	(32,549,038)
Benefit relate to defined benefit plans	(379,007)	102,332	(276,675)
<b>Total Comprehensive income as of December 31, 2019</b>	<b>(44,088,824)</b>	<b>10,081,360</b>	<b>(34,007,464)</b>

	Gross Balance	Tax	Net Balance
Cash Flow for hedge (1)	(13,151,841)	2,554,551	(10,597,290)
Exchange rate translation differences (1)	(72,455,525)	2,476,204	(69,979,321)
Benefit relate to defined benefit plans	(63,463)	16,184	(47,279)
<b>Total Comprehensive income as of December 31, 2018</b>	<b>(85,670,829)</b>	<b>5,046,939</b>	<b>(80,623,890)</b>

(1) These concepts will be reclassified to the statements of income when it is settled,

The movement of comprehensive income and expense is as follows:

As of December 31, 2020:	Cash Flow Hedge	Exchange rate Differences	Benefit related to defines benefit plans
	M\$	M\$	M\$
Increase (decrease)	(11,029,171)	(264,119,093)	(3,338,354)
Deferred taxes	2,029,363	84,571,923	901,356
Reclassification to the result by function	(869,910)	-	140,1536
Reclassification of deferred taxes related to other reserves	-	-	-
<b>Total Changes in Equity</b>	<b>(9,869,718)</b>	<b>(179,547,170)</b>	<b>(2,296,845)</b>
Majority Equity holders	(9,686,850)	(178,420,146)	(2,432,441)
Non-Controlling interests	(868)	(1,127,024)	135,596
<b>Total Changes in equity as of December 31, 2020</b>	<b>(9,869,718)</b>	<b>(179,547,170)</b>	<b>(2,296,845)</b>

As of December 31, 2019:	Cash Flow Hedge	Exchange rate Differences	Benefit related to defines benefit plans
	M\$	M\$	M\$
Increase (decrease)	(1,724,004)	(41,844,584)	53,511
Deferred taxes	340,835	9,295,546	(14,448)
Reclassification to the result by function	118,779	-	(432,518)
Reclassification of deferred taxes related to other reserves	82,639	-	116,780
<b>Total Changes in Equity</b>	<b>(1,181,751)</b>	<b>(32,549,038)</b>	<b>(276,675)</b>
Major Equity holders	(1,181,751)	(32,401,812)	(276,675)
Non-Controlling interests	-	(147,226)	-
<b>Total Changes in equity as of December 31, 2019</b>	<b>(1,181,751)</b>	<b>(32,549,038)</b>	<b>(276,675)</b>

As of December 31, 2018:	Cash Flow Hedge	Exchange rate Differences	Benefit related to defines benefit plans
	M\$	M\$	M\$
Increase (decrease)	(63,699,788)	(72,455,525)	(334,508)
Deferred taxes	20,217,065	2,476,204	89,366
Reclassification to the result by function	48,415,956	-	271,045
Reclassification of deferred taxes related to other reserves	(15,530,523)	-	(73,182)
<b>Total Changes in Equity</b>	<b>(10,597,290)</b>	<b>(69,979,321)</b>	<b>(47,279)</b>
Major Equity holders	(10,597,290)	(69,592,296)	(43,150)
Non-Controlling interests	-	(387,025)	(4,129)
<b>Total Changes in equity as of December 31, 2018</b>	<b>(10,597,290)</b>	<b>(69,979,321)</b>	<b>(47,279)</b>



## 21.4 Non-controlling interests

This is the recognition of the portion of equity and income from subsidiaries owned by third parties. This account is detailed as follows:

Details	Ownership %			Non-controlling Interests					
	2020	2019	2018	Shareholders' Equity			Income		
				December 2020	December 2019	December 2018	December 2020	December 2019	December 2018
				ThCh\$	ThCh\$	ThCh\$	ThCh \$	ThCh \$	ThCh \$
Embotelladora del Atlántico S.A.	0,0171	0,0171	0,0171	23,662	26,342	23,260	2,312	4,183	3,633
Andina Empaques Argentina S.A.	0,0209	0,0209	0,0209	2,349	2,290	2,113	244	409	96
Paraguay Refrescos S.A.	2,1697	2,1697	2,1697	5,037,332	5,368,470	5,378,074	791,576	622,188	556,112
Vital S.A.	35,0000	35,0000	35,0000	8,176,999	7,904,741	7,674,785	285,269	263,442	271,063
Vital Aguas S.A.	33,5000	33,5000	33,5000	1,912,023	1,803,884	1,986,493	109,110	105,870	36,696
Envases Central S.A.	40,7300	40,7300	40,7300	5,227,112	5,148,531	4,836,892	(70,996)	528,205	(20,225)
<b>Total</b>				<b>20,379,477</b>	<b>20,254,258</b>	<b>19,901,617</b>	<b>1,117,515</b>	<b>1,524,297</b>	<b>847,375</b>

The following tables presents summarized information regarding the Company's subsidiaries owned by third parties:

	Embotelladora Del Atlantico S.A.	Andina Empaques Argentina S.A.	Paraguay Refrescos S.A.	Vital Jugos S.A.	Vital Aguas S.A.	Envases Central S.A.
December 31,2020						
Total current assets	65,077,621	6,212,726	44,658,550	21,175,722	3,798,228	15,600,566
Total non-current assets	140,891,069	8,247,288	226,241,150	14,306,662	7,297,306	18,205,899
Total current liabilities	56,982,545	2,733,092	24,337,015	11,812,384	3,897,100	13,908,411
Total non-current liabilities	10,226,241	491,364	14,399,594	307,146	1,490,904	7,064,568
Net sales	309,936,060	15,148,572	157,152,584	42,955,659	12,929,160	62,267,424
Net Income	13,386,097	1,168,507	36,482,572	815,053	325,700	(174,313)

	Embotelladora Del Atlantico S.A.	Andina Empaques Argentina S.A.	Paraguay Refrescos S.A.	Vital Jugos S.A.	Vital Aguas S.A.	Envases Central S.A.
December 31,2019						
Total current assets	73,309,861	4,350,074	41,266,559	18,534,272	5,266,575	16,265,862
Total non-current assets	160,885,628	9,433,294	248,309,451	15,475,979	8,527,624	20,903,184
Total current liabilities	66,987,371	2,212,255	25,990,081	11,150,695	5,794,282	18,732,369
Total non-current liabilities	12,732,620	618,031	16,161,177	274,583	2,615,188	5,796,119
Net sales	384,856,368	18,509,124	158,892,010	46,818,385	18,201,656	70,633,817
Net Income	24,531,815	1,954,024	28,675,727	752,692	316,031	1,296,840

	Embotelladora Del Atlantico S.A.	Andina Empaques Argentina S.A.	Paraguay Refrescos S.A.	Vital Jugos S.A.	Vital Aguas S.A.	Envases Central S.A.
December 31,2018						
Total current assets	78,222,876	4,329,932	37,309,706	16,005,424	4,616,490	13,737,336
Total non-current assets	156,224,157	9,251,880	248,751,791	16,969,708	5,287,639	12,239,333
Total current liabilities	82,148,269	2,309,810	21,870,719	11,018,878	3,803,117	13,063,735
Total non-current liabilities	15,897,476	1,169,270	16,323,385	28,298	171,184	1,041,400
Net sales	406,216,738	16,034,964	149,588,252	56,724,318	15,859,403	59,433,099
Net Income	21,304,406	458,980	25,630,364	774,466	109,539	(112,302)

## 21.5 Earnings per share

The basic earnings per share presented in the statement of comprehensive income is calculated as the quotient between income for the period and the average number of shares outstanding during the same period.

Earnings per share used to calculate basic and diluted earnings per share is detailed as follows:

Earnings per share	12.31.2020	
	SERIES A	SERIES B
Earnings attributable to shareholders (CLP 000's)	58,095,636	63,904,169
Average weighted number of shares	473,289,301	473,281,303
<b>Earnings per share (in CLP)</b>	<b>122.75</b>	<b>135.02</b>

Earnings per share	12.31.2019	
	SERIES A	SERIES B
Earnings attributable to shareholders (CLP 000's)	82,725,427	90,996,501
Average weighted number of shares	473,289,301	473,281,303
<b>Earnings per share (in CLP)</b>	<b>174.79</b>	<b>192.27</b>

Earnings per share	12.31.2018	
	SERIES A	SERIES B
Earnings attributable to shareholders (ThCh\$)	46,001,994	50,601,377
Average weighted number of shares	473,289,301	473,281,303
<b>Earnings per share (in CLP)</b>	<b>97.20</b>	<b>106.92</b>

## 22 – DERIVATIVE ASSETS AND LIABILITIES

Embotelladora Andina currently maintains “Cross Currency Swaps” and “Currency Forward” agreements as derivative financial instruments.

Cross Currency Swaps ("CCS"), also known as interest rate and currency swaps are valued by the method of discounted future cash flows at a market rate corresponding to the currencies and rates of the transaction.

On the other hand, the fair value of forward currency contracts is calculated in reference to current forward exchange rates for contracts with similar maturity profiles.

As of December 31, 2020 and 2019, the Company held the following derivative instruments:

### 22.1 Derivatives accounted for as cash flow hedges:

At the closing date of these financial statements, the Company maintains derivative contracts to secure part of its bond liabilities issued in *Unidades de Fomento* totaling UF 10,148,159, to convert these obligations to Chilean pesos.

These contracts were valued at their fair values, yielding a net asset of CLP 6,299,116 thousand at the closing date of the financial statements which is presented under other non-current financial assets. The expiration date of derivative contracts is distributed in the years 2026, 2031, 2034 and 2035.

### **Cross Currency Swaps associated with International Bonds (US)**

At the closing date of these financial statements, the Company maintains derivative contracts to secure US Dollar public bond obligations of USD 360 million due in 2023, to convert such obligations into Brazilian Real. In addition, derivative contracts amounting to USD 300 million are held to convert such obligation into Unidades de Fomento (UF - CLP re-adjustable by the Consumer Price Index) due in 2050. The valuation of the first contract at its fair values generates an asset of CLP 144,684,179 thousand as of December 31, 2020 (CLP 98,918,457 thousand as of December 31, 2019), while the valuation of the second contract at its fair values generates a liability of CLP 51,568,854 thousand at the closing date of these financial statements.

The amount of exchange differences recognized in the statement of income related to financial liabilities in U.S. dollars and are absorbed by the amounts recognized under comprehensive income.

### **22.2 Forward currency transactions expected to be very likely**

During 2020 and 2019, Embotelladora Andina entered into forward contracts to ensure the exchange rate on future commodity purchasing needs for its 4 operations, i.e. closing USD/ARS, USD/BRL, USD/CLP and USD/GYP forward instruments. As of December 31, 2020, outstanding contracts amount to USD 54.0 million (USD 46.9 million as of December 31, 2019).

Futures contracts that ensure prices of future raw materials have not been designated as hedge agreements, since they do not fulfill IFRS documentation requirements, whereby its effects on variations in fair value are accounted for directly under other comprehensive income.

### **Fair value hierarchy**

At the closing date of these financial statements, the Company held assets for derivative contracts for CLP 150,983,295 thousand (CLP 99,235,662 thousand as of December 31, 2019) and held liabilities for derivative contracts for CLP 52,786,176 thousand (CLP 374,576 thousand as of December 31, 2019). Those contracts covering existing items have been classified in the same category of hedged, the net amount of derivative contracts by concepts covering forecasted items have been classified in financial assets and financial liabilities. All the derivative contracts are carried at fair value in the consolidated statement of financial position.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included in level 1 that are observable for the assets and liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3: Inputs for assets and liabilities that are not based on observable market data.

During the reporting period, there were no transfers of items between fair value measurement categories; all of which were valued during the period using level 2.

Fair Value Measurement at December 31, 2020				
	Quoted prices in active markets for identical assets or liabilities (Level 1) ThCh\$	Observable market data (Level 2) ThCh\$	Unobservable market data (Level 3) ThCh\$	Total ThCh\$
<b>Assets</b>				
<b>Current assets</b>				
Other current financial assets	-	-	-	-
Other non-current financial assets	-	150,983,295	-	150,983,295
<b>Total assets</b>	-	<b>150,983,295</b>	-	<b>150,983,295</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Other current financial liabilities	-	1,217,322	-	1,217,322
Other non-current financial liabilities	-	51,568,854	-	51,568,854
<b>Total liabilities</b>	-	<b>52,786,176</b>	-	<b>52,786,176</b>

Fair Value Measurement at December 31, 2019				
	Quoted prices in active markets for identical assets or liabilities (Level 1) ThCh\$	Observable market data (Level 2) ThCh\$	Unobservable market data (Level 3) ThCh\$	Total ThCh\$
<b>Assets</b>				
<b>Current assets</b>				
Other current financial assets	-	317.205	-	317.205
Other non-current financial assets	-	98.918.457	-	98.918.457
<b>Total assets</b>	-	<b>99.235.662</b>	-	<b>99.235.662</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Other current financial liabilities	-	374.576	-	374.576
<b>Total liabilities</b>	-	<b>374.576</b>	-	<b>374.576</b>

## 23 – LITIGATION AND CONTINGENCIES

### 23.1 Lawsuits and other legal actions:

In the opinion of the Company's legal counsel, the Parent Company and its subsidiaries do not face legal or extrajudicial contingencies that might result in material or significant losses or gains, except for the following:

- 1) Embotelladora del Atlántico S.A. faces labor, tax, civil and trade lawsuits. Accounting provisions have been made for the contingency of a probable loss because of these lawsuits, totaling CLP 778,065 thousand (CLP 942,173 thousand in 2019). Management considers it unlikely that non-provisioned contingencies will affect the Company's income and equity, based on the opinion of its legal counsel. Additionally, Embotelladora del Atlántico S.A. maintains time deposits for an amount of CLP 295,856 thousand to guaranty judicial liabilities.
- 2) Rio de Janeiro Refrescos Ltda. faces labor, tax, civil and trade lawsuits. Accounting provisions have been made for the contingency of a probable loss because of these lawsuits, totaling CLP 47,945,921 thousand (CLP 66,070,162 thousand in 2019). Management considers it unlikely that non-provisioned contingencies will affect the Company's income and equity, based on the opinion of its legal counsel. As it is customary in Brazil, Rio de Janeiro Refrescos Ltda. maintains Deposit in courts and assets given in pledge to secure the compliance of certain processes, irrespective of whether these have been classified as a possible, probable or remote. The amounts deposited or pledged as legal guarantees As of December 31, 2020 and 2019 , amounted to CLP 21,054,433 thousand and CLP 32,166,823 thousand, respectively.

Part of the assets held under warranty by Rio de Janeiro Refrescos Ltda. as of December 31, 2014, are in the process of being released and others have already been released in exchange for guarantee insurance and bond letters for BRL 1,525,587,904, with different Financial Institutions and Insurance Companies in Brazil, these entities receive an annual commission fee of 0.79%. and become responsible of fulfilling obligations with the Brazilian tax authorities should any trial result against Rio de Janeiro Refrescos Ltda. Additionally, if the warranty and bail letters are executed, Rio de Janeiro Refrescos Ltda. promises to reimburse to the financial institutions and Insurance Companies any amounts disbursed by them to the Brazilian government.

Main contingencies faced by Rio de Janeiro Refrescos are as follows:

- a) Tax contingencies resulting from credits on tax on industrialized products (IPI).

Rio de Janeiro Refrescos is a party to a series of proceedings under way, in which the Brazilian federal tax authorities demand payment of value-added tax on industrialized products (*Imposto sobre Produtos Industrializados*, or IPI) totaling BRL 2,471,137,390 at December 31, 2020.

The Company does not share the position of the Brazilian tax authority in these procedures and considers that it was entitled to claim IPI tax credits in connection with purchases of certain exempt raw materials from suppliers located in the Manaus free trade zone.

Based on the opinion of its advisers, and legal outcomes to date, Management estimates that these procedures do not represent probable losses and has not recorded a provision on these matters.

Notwithstanding the above, the IFRS related to business combination in terms of distribution of the purchase price establish that contingencies must be measured one by one according to their probability of occurrence and discounted at fair value from the date on which it is deemed the loss can be generated. As a result of the acquisition of Companhia de Bebidas Ipiranga in 2013 and pursuant to this criterion and although there are contingencies listed only as possible for BRL 701,660,858 (amount includes adjustments for current lawsuits) a start provision has been generated in the accounting of the business combination for BRL 139,596,221 equivalent to CLP 19,098,159 thousand.

b) Other tax contingencies.

They refer to ICMS-SP tax administrative processes that challenge the credits derived from the acquisition of tax-exempt products acquired by the Company from a supplier located in the Manaus Free Zone. The total amount is BRL 409,075,280 being assessed by external attorneys as a remote loss, so it has no accounting provision.

The company was challenged by the federal tax authority for tax deductibility of a portion of goodwill in the 2014-2016 period arising from the acquisition of Companhia de Bebidas Ipiranga. The tax authority understands that the entity that acquired Companhia de Bebidas Ipiranga is Embotelladora Andina and not Rio de Janeiro Refrescos Ltda. In the view of external lawyers, such a statement is erroneous, classifying it as a possible loss. The value of this process is BRL 463,613,817, as of December 31, 2020.

- 3) Embotelladora Andina S.A. and its Chilean subsidiaries face labor, tax, civil and trade lawsuits. Accounting provisions have been made for the contingency of a probable loss because of these lawsuits, totaling CLP 1,300,587 thousand (CLP 2,065,496 thousand in 2019). Management considers it is unlikely that non-provisioned contingencies will affect income and equity of the Company, in the opinion of its legal advisors.
- 4) Paraguay Refrescos S.A. faces tax, trade, labor and other lawsuits. Accounting provisions have been made for the contingency of any loss because of these lawsuits amounting to CLP 34,747 thousand (CLP 3,488 thousand in 2019). Management considers it is unlikely that non-provisioned contingencies will affect income and equity of the Company, in the opinion of its legal advisors.



### 23.2 Direct guarantees and restricted assets:

Guarantees and restricted assets are detailed as follows:

Guarantees that commit assets included in the financial statements:

Guaranty creditor	Debtor name	Relationship	Committed assets		Accounting value	
			Guaranty	Type	12.31.2020 CLP (000's)	12.31.2019 CLP (000's)
Transportes San Martin	Embotelladora Andina S.A.	Parent Company	Cash	Trade accounts and other account receivable	2,907	2,805
Cooperativa Agricola Pisquera Elqui Limitada	Embotelladora Andina S.A.	Parent Company	Cash	Other non-current financial assets	1,216,865	1,216,865
Inmob. e invers. supetar Ltda.	Transportes Polar	Subsidiary	Cash	Other non-current non-financial assets	4,579	4,579
Maria Lobos Jamet	Transportes Polar	Subsidiary	Cash	Other non-current non-financial assets	2,566	2,565
Bodega San Francisco	Transportes Polar	Subsidiary	Cash	Other non-current non-financial assets	8,606	6,483
Workers Claims	Rio de Janeiro Refrescos Ltda.	Subsidiary	Judicial deposit	Other non-current non-financial assets	5,329,947	6,600,863
Civil and tax claims	Rio de Janeiro Refrescos Ltda.	Subsidiary	Judicial deposit	Other non-current non-financial assets	5,882,379	12,186,432
Governmental institutions	Rio de Janeiro Refrescos Ltda.	Subsidiary	Plant and Equipment	Property, plant & equipment	9,842,108	13,379,610
Distribuidora Baraldo S.H.	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current non-financial assets	169	250
Acuña Gomez	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current non-financial assets	253	375
Nicanor López	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current non-financial assets	181	268
Labarda	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current non-financial assets	3	5
Municipalidad Bariloche	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current non-financial assets	-	36,313
Municipalidad San Antonio Oeste	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current non-financial assets	18,650	27,598
Municipalidad Carlos Casares	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current non-financial assets	754	1,116
Municipalidad Chivilcoy	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current non-financial assets	116,641	172,602
Others	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current non-financial assets	36	53
Granada Maximiliano	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current non-financial assets	1,521	2,250
Cicsa	Embotelladora del Atlántico S.A.	Subsidiary	Cash deposit	Other current non-financial assets	2,114	3,128
Several lessors	Embotelladora del Atlántico S.A.	Subsidiary	Cash deposit	Other current non-financial assets	13,140	15,289
Aduana de EZEIZA	Embotelladora del Atlántico S.A.	Subsidiary	Cash deposit	Other current non-financial assets	286	422
Municipalidad de Junin	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current non-financial assets	243	360
Almada Jorge	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current non-financial assets	2,064	3,054
Mirgoni Marano	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current non-financial assets	51	76
Farias Matias Luis	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current non-financial assets	947	1,401
Temas Industriales SA - Embargo General de Fondos	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current non-financial assets		156,759
DBC SA C CERVECERIA ARGENTINA SA ISEMBECK	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current non-financial assets	19,009	28,129
Coto Cicsa	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current non-financial assets	3,379	5,001
Cencosud	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current non-financial assets	2,112	3,125

Mauricio J Cordero C	Paraguay Refrescos	Subsidiary	Property	Property, plant & equipment	814	917
José Ruoti Maltese	Paraguay Refrescos	Subsidiary	Property	Property, plant & equipment	655	738
Alejandro Galeano	Paraguay Refrescos	Subsidiary	Property	Property, plant & equipment	1,132	1,275
Ana Maria Mazó	Paraguay Refrescos	Subsidiary	Property	Property, plant & equipment	1,077	1,213



Guarantees provided without obligation of assets included in the financial statements:

Guaranty Creditor	Debtor name	Relationship	Committed assets		Amounts involved	
			Guaranty	Type	12.31.2020	12.31.2019
					CLP (000's)	CLP (000's)
Labor procedures	Rio de Janeiro Refrescos Ltda.	Subsidiary	Guaranty receipt	Legal proceeding	1,527,347	2,819,285
Administrative procedures	Rio de Janeiro Refrescos Ltda.	Subsidiary	Guaranty receipt	Legal proceeding	8,860,598	10,432,633
Federal Government	Rio de Janeiro Refrescos Ltda.	Subsidiary	Guaranty receipt	Legal proceeding	147,841,989	138,635,908
State Government	Rio de Janeiro Refrescos Ltda.	Subsidiary	Guaranty receipt	Legal proceeding	46,031,398	54,803,911
Sorocaba Refrescos	Rio de Janeiro Refrescos Ltda.	Subsidiary	Guaranty receipt	Guarantor	2,736,159	3,715,186
Others	Rio de Janeiro Refrescos Ltda.	Subsidiary	Guaranty receipt	Legal proceeding	1,715,099	3,757,062
Aduana de EZEIZA	Embotelladora del Atlántico S.A.	Subsidiary	Surety insurance	Faithful compliance of contract	3,150	673,854
Aduana de EZEIZA	Andina Empaques Argentina S.A.	Subsidiary	Surety insurance	Faithful compliance of contract	143,615	506,623

## 24 – FINANCIAL RISK MANAGEMENT

The Company's businesses are exposed to a variety of financial and market risks (including foreign exchange risk, interest rate risk and price risk). The Company's global risk management program focuses on the uncertainty of financial markets and seeks to minimize potential adverse effects on the performance of the Company. The Company uses derivatives to hedge certain risks. A description of the primary policies established by the Company to manage financial risks are provided below:

### Interest Rate Risk

As of the closing date of these financial statements, the Company maintains all its debt liabilities at a fixed rate as to avoid fluctuations in financial expenses resulting from tax rate increases.

The Company's greatest indebtedness corresponds to six contracts for own issued Chilean local bonds at a fixed rate for UF 15.85 million denominated in UF ("UF"), debt indexed to inflation in Chile (Company sales are correlated with the UF variation), of which five of these Local Bonds have been redenominated through Cross Currency Swaps to Chilean Pesos (CLP).

On the other hand, there is also the Company's indebtedness on the international market through two 144A/RegS Bonds at a fixed rate, one for USD 365 million, denominated in dollars, and practically 100% of which has been re-denominated to BRL through Cross Currency Swaps, and another one for USD 300 million denominated in USD, and practically 100% of which has been re-denominated to Unidades de Fomento (UF) through Cross Currency Swaps.

### Credit risk

The credit risk to which the Company is exposed comes mainly from trade accounts receivable maintained with retailers, wholesalers and supermarket chains in domestic markets; and the financial investments held with banks and financial institutions, such as time deposits, mutual funds and derivative financial instruments.

#### a) Trade accounts receivable and other current accounts receivable

Credit risk related to trade accounts receivable is managed and monitored by the area of Finance and Administration of each business unit. The Company has a wide base of more than 283 thousand clients implying a high level of atomization of accounts receivable, which are subject to policies, procedures and controls established by the Company. In accordance with such policies, credits must be based objectively, non-discretionary and uniformly granted to all clients of a same segment and channel, provided these will allow generating economic benefits to the Company. The credit limit is checked periodically considering payment behavior. Trade accounts receivable pending of payment are monitored on a monthly basis.

##### i. Sale Interruption

In accordance with Corporate Credit Policy, the interruption of sale must be within the following framework: when a customer has outstanding debts for an amount greater than USD 250,000, and over 60 days expired, sale is suspended. The General Manager in conjunction with the Finance and Administration Manager authorize exceptions to this rule, and if the outstanding debt should exceed USD 1,000,000, and in order to continue operating with that client, the authorization of the Chief Financial Officer is required. Notwithstanding the foregoing, each operation can define an amount lower than USD 250,000 according to the country's reality.

ii. Impairment

The impairment recognition policy establishes the following criteria for provisions: 30% is provisioned for 31 to 60 days overdue, 60% between 60 and 91 days, 90% between 91 and 120 days overdue and 100% for more than 120 days. Exemption of the calculation of global impairment is given to credits whose delays in the payment correspond to accounts disputed with the customer whose nature is known and where all necessary documentation for collection is available, therefore, there is no uncertainty on recovering them. However, these accounts also have an impairment provision as follows: 40% for 91 to 120 days overdue, 80% between 120 and 170, and 100% for more than 170 days.

iii. Prepayment to suppliers

The Policy establishes that USD 25,000 prepayments can only be granted to suppliers if its value is properly and fully provisioned. The Treasurer of each subsidiary must approve supplier warranties that the Company receives for prepayments before signing the respective service contract. In the case of domestic suppliers, a warranty ballot (or the instrument existing in the country) shall be required, in favor of Andina executable in the respective country, non-endorsable, payable on demand or upon presentation and its validity will depend on the term of the contract. In the case of foreign suppliers, a stand-by credit letter will be required which shall be issued by a first line bank; in the event that this document is not issued in the country where the transaction is done, a direct bank warranty will be required. Subsidiaries can define the best way of safeguarding the Company's assets for prepayments under USD 25,000.

iv. Guarantees

In Chile, we have insurance with Compañía de Seguros de Crédito Continental S.A. (AA rating –according to Fitch Chile and Humphreys rating agencies) covering the credit risk regarding trade debtors in Chile.

The rest of the operations do not have credit insurance, instead mortgage guarantees are required for volume operations of wholesalers and distributors in the case of trade accounts receivables. In the case of other debtors, different types of guarantees are required according to the nature of the credit granted.

Historically, uncollectible trade accounts have been lower than 0.5% of the Company's total sales.

**b) Financial investments**

The Company has a Policy that is applicable to all the companies of the group in order to cover credit risks for financial investments, restricting both the types of instruments as well as the institutions and degree of concentration. The companies of the group can invest in:

- i. Time deposits: only in banks or financial institutions that have a risk rating equal or higher than Level 1 (Fitch) or equivalent for deposits of less than 1 year and rated A or higher (S&P) or equivalent for deposits of more than 1 year.
- ii. Mutual funds: investments with immediate liquidity and no risk of capital (funds composed of investments at a fixed-term, current account, fixed rate Tit BCRA, negotiable obligations, Over Night, etc.) in all those counter-parties that have a rating greater than or equal to AA-(S&P) or equivalent, Type 1 Pacts and Mutual Funds, with a rating greater than or equal to AA+ (S&P) or equivalent.
- iii. Other investment alternatives must be evaluated and authorized by the office of the Chief Financial Officer.

## Exchange Rate Risk

The company is exposed to three types of risk caused by exchange rate volatility:

### a) Exposure of foreign investment

This risk originates from the translation of net investment from the functional currency of each country (Brazilian Real, Paraguayan Guaraní, and Argentine Peso) to the Parent Company's reporting currency (Chilean Peso). Appreciation or devaluation of the Chilean Peso with respect to the functional currencies of each country, originates decreases and increases in equity, respectively. The Company does not hedge this risk.

#### a.1 Investment in Argentina

As of the closing date of these financial statements, the Company maintains a net investment of CLP 145,395,883 thousand in Argentina, composed by the recognition of assets amounting to CLP 215,017,770 thousand and liabilities amounting to CLP 69,621,887 thousand. These investments accounted for 19.9% of the Company's consolidated sales revenues

As of December 31, 2020, the Argentine peso appreciated by 32.4% with respect to the Chilean peso.

If the exchange rate of the Argentine Peso devalued an additional 5% with respect to the Chilean Peso, the Company would have lower income from the operation in Argentina of CLP 239,096 thousand and a decrease in equity of CLP 5,148,794 thousand.

#### a.2 Investment in Brazil

As of the closing date of these financial statements, the Company maintains a net investment of CLP 231,787,304 thousand in Brazil, composed by the recognition of assets amounting to CLP 793,157,414 thousand and liabilities amounting to CLP 561,370,108 thousand. These investments accounted for 29.9% of the Company's consolidated sales revenues.

As of December 31, 2020, the Brazilian Real appreciated by 26.4% with respect to the Chilean peso.

If the exchange rate of the Brazilian Real devalued an additional 5% with respect to the Chilean Peso, the Company would have lower income from the operation in Brazil of CLP 2,506,240 thousand and a decrease in equity of CLP 11,495,651 thousand.

#### a.3 Investment in Paraguay

As of the closing date of these financial statements, the Company maintains a net investment of CLP 232,163,091 thousand in Paraguay, composed by the recognition of assets amounting to CLP 270,899,700 thousand and liabilities amounting to CLP 38,736,609 thousand. These investments accounted for 7.9% of the Company's consolidated sales revenues.

As of December 31, 2020, the Paraguayan Guaraní appreciated by 11.2% with respect to the Chilean peso.

If the exchange rate of the Paraguayan Guaraní devalued by 5% with respect to the Chilean Peso, the Company would have lower income from the operations in Paraguay of CLP 1,737,265 thousand and a decrease in equity of CLP 10,462,776.

**b) Net exposure of assets and liabilities in foreign currency**

This risk stems mostly from carrying liabilities in US dollar, so the volatility of the US dollar with respect to the functional currency of each country generates a variation in the valuation of these obligations, with consequent effect on results.

In order to protect the Company from the effects on income resulting from the volatility of the Brazilian Real and the Chilean Peso against the U.S. dollar, the Company maintains derivative contracts (cross currency swaps) to cover almost 100% of US dollar-denominated financial liabilities.

By designating such contracts as hedging derivatives, the effects on income for variations in the Chilean Peso and the Brazilian Real against the US dollar, are mitigated annulling its exposure to exchange rates.

**c) Exposure of assets purchased or indexed to foreign currency**

This risk originates from purchases of raw materials and investments in Property, plant and equipment, whose values are expressed in a currency other than the functional currency of the subsidiary. Changes in the value of costs or investments can be generated through time, depending on the volatility of the exchange rate.

In order to minimize this risk, the Company maintains a currency hedging policy stipulating that it is necessary to enter into foreign currency derivatives contracts to lessen the effect of the exchange rate over cash expenditures expressed in US dollars, corresponding mainly to payment to suppliers of raw materials in each of the operations. This policy stipulates a 12-month forward horizon.

**Commodities risk**

The Company is subject to a risk of price fluctuations in the international markets mainly for sugar, PET resin and aluminum, which are inputs used to produce beverages and containers, which together, account for 35% to 40% of operating costs. Procurement and anticipated purchase contracts are made frequently to minimize and/or stabilize this risk. To minimize this risk or stabilize often supply contracts and anticipated purchases are made when market conditions warrant.

**Liquidity risk**

The products we sell are mainly paid for in cash and short-term credit; therefore, the Company's main source of financing comes from the cash flow of our operations. This cash flow has historically been sufficient to cover the investments necessary for the normal course of our business, as well as the distribution of dividends approved by the General Shareholders' Meeting. Should additional funding be required for future geographic expansion or other needs, the main sources of financing to consider are: (i) debt offerings in the Chilean and foreign capital markets (ii) borrowings from commercial banks, both internationally and in the local markets where the Company operates; and (iii) public equity offerings

The following table presents an analysis of the Company's committed maturities for liability payments throughout the coming years, with interest calculated for each period:

Item	Payments on the year of maturity				
	1 year	More than 1 up to 2	More than 2 up to 3	More than 3 up to 4	More than 5
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Bank debt	775,684	849,879	81,111	81,111	4,081,333
Bonds payable (1)	72,133,209	11,977,274	12,498,126	272,549,586	628,943,928
Lease obligations	5,718,484	5,129,266	2,207,021	7,805,284	197,802
Contractual obligations	8,426,144	83,368,375	13,446,852	9,839,970	9,714,261
<b>Total</b>	<b>87,053,521</b>	<b>101,324,794</b>	<b>28,233,110</b>	<b>290,275,951</b>	<b>642,937,324</b>

(1) Includes Mark-to-Market liability valuations for bond hedge derivatives

### COVID-19-Related Risk

As a result of the impact that COVID-19 is having in different countries around the world, including its more recent outbreak in the countries where we operate, Coca-Cola Andina has taken measures necessary to protect its employees and to ensure the continuity of the Company's operations.

Among the measures it has adopted to protect its employees are the following:

- campaign to educate our employees on actions to be taken to avoid the spread of COVID-19;
- sending home any employee that has been exposed to the virus;
- implementation of additional cleaning protocols for our facilities;
- modifying certain work practices and activities, keeping customer service:
  - home office has been implemented for those employees whose work can be performed remotely
  - domestic and international traveling has been canceled
- providing personal protective equipment to all our employees who need to keep working at plants and distribution centers, as well as to truck drivers and assistants, including face masks and sanitizers.

Since mid-March, governments of the countries where the Company operates, have adopted several measures to reduce infection rates of COVID-19. Among these measures are, the closing of schools, universities, shopping centers, restaurants and bars, prohibiting social gathering events, issuing stay-at-home orders and establishing quarantine requirements, imposing additional sanitary requirements on exports and imports, and limiting international travel and closing borders. Governments in the countries where we operate have also announced economic stimulus programs for families and businesses, including in Argentina a temporary restriction on workforce reductions. To date, none of our plants has had to suspend their operations.

As a result of the COVID-19 pandemic and the restrictions imposed by the authorities in the four countries where we operate, we have seen high volatility in our sales across channels. During the fourth quarter, in consolidated terms, we continue to see a reduction in our sales volumes on the on-premise channel (albeit to a lesser extent than in previous quarters), consisting mainly of restaurants and bars, which are already able to operate, but with capacity restrictions. We have also observed that volume grows again in supermarkets, albeit slightly and that the traditional and wholesale channels are the ones that continue to drive volume growth. Because the pandemic and the actions taken by governments are changing very rapidly, we believe it is too early to draw conclusions about changes in the long-term consumption pattern, and how these may affect our results of operations and financial results in the future.

Due to uncertainties regarding the COVID-19 pandemic and the above-mentioned government restrictions, including how long these conditions may persist, and the effects they will have on our sales volumes and our business in general, we cannot accurately predict the ultimate financial impact from these new trends. In any event, we estimate that we will not face liquidity constraints, or difficulties in complying with covenants under our debt instruments. We do not anticipate any significant provisions or impairments at this time. Finally, our investment plan for 2021 will return to precrisis levels, i.e. between approximately USD\$ 160 – USD 180 million. Our investment plans are constantly monitored, and we cannot assure that we will completely fulfill it if there is a stronger flare-up of this health situation in the countries where we operate or for other unforeseen circumstance.

## 25 – EXPENSES BY NATURE

Other expenses by nature are:

Details	01.01.2020 12.31.2020	01.01.2019 12.31.2019	01.01.2018 12.31.2018
	ThCh\$	ThCh\$	ThCh\$
Direct production costs	862,383,664	877,716,948	759,229,954
Payroll and employee benefits	252,337,262	273,123,010	266,966,841
Transportation and distribution	126,683,586	138,486,337	137,428,173
Advertising	6,917,300	27,113,322	17,345,951
Depreciation and amortization	110,920,517	111,087,284	99,594,446
Repairs and maintenance	25,971,485	30,528,180	28,120,098
Other expenses	73,455,798	83,188,784	138,860,648
<b>Total (1)</b>	<b>1,458,669,612</b>	<b>1,541,243,865</b>	<b>1,447,546,111</b>

(1) Corresponds to the addition of cost of sales, administration expenses and distribution cost,

## 26 – OTHER INCOME

Other income by function is detailed as follows:

Details	01.01.2020 12.31.2020	01.01.2019 12.31.2019	01.01.2018 12.31.2018
	ThCh\$	ThCh\$	ThCh\$
Gain on disposal of Property, plant and equipment	16,005	265,514	1,984,547
Recovery AFIP claim	-	-	232,617
Recovery PIS and COFINS credits (1)	6,744,341	40,281,550	-
Others	1,595,952	400,094	392,004
<b>Total</b>	<b>8,356,298</b>	<b>40,947,158</b>	<b>2,609,168</b>

(1) See Note 6 for more information regarding recovery

## 27 – OTHER EXPENSES BY FUNCTION

Other expenses by function are detailed as follows:

Details	01.01.2020	01.01.2019	01.01.2018
	12.31.2020	12.31.2019	12.31.2018
	ThCh\$	ThCh\$	ThCh\$
Contingencies and non-operating fees	1,081,812	17,690,171	10,192,495
Tax on bank debits	3,367,615	4,356,973	4,653,929
Write-offs, disposal and loss of Property, plant and equipment	7,972,976	2,978,194	262,366
Others	5,007,853	1,157,509	948,973
<b>Total</b>	<b>17,430,256</b>	<b>26,182,847</b>	<b>16,057,763</b>

## 28 – FINANCIAL INCOME AND EXPENSES

Financial income and expenses are detailed as follows:

### a) Financial income

Detail	01.01.2020	01.01.2019	01.01.2018
	12.31.2020	12.31.2019	12.31.2018
	ThCh\$	ThCh\$	ThCh\$
Interest income	7,931,055	3,249,550	1,046,580
Guaranty restatement Ipiranga acquisition	7,674	27,219	-
Recovery PIS and COFINS credits (1)	5,124,810	39,780,620	-
Other financial income	1,882,340	2,098,402	2,893,664
<b>Total</b>	<b>14,945,879</b>	<b>45,155,791</b>	<b>3,940,244</b>

(1) See Note 6 for more information regarding recovery

### b) Financial costs

Details	01.01.2020	01.01.2019	01.01.2018
	12.31.2020	12.31.2019	12.31.2018
	ThCh\$	ThCh\$	ThCh\$
Bond interest	45,927,500	38,153,036	38,547,682
Bank loan interest	1,186,731	1,337,670	1,828,588
Other financial costs	7,658,606	6,718,314	14,638,390
<b>Total</b>	<b>54,772,837</b>	<b>46,209,020</b>	<b>55,014,660</b>

## 29 – OTHER (LOSSES) GAINS

Other (losses) gains are detailed as follows:

Details	01.01.2020	01.01.2019	01.01.2018
	12.31.2020	12.31.2019	12.31.2018
	ThCh\$	ThCh\$	ThCh\$
(Losses) gains on ineffective portion of hedge derivatives	-	-	(2,707,802)
Other income and expenses	287	2,876	(57)
<b>Total</b>	<b>287</b>	<b>2,876</b>	<b>(2,707,859)</b>





### 30 – LOCAL AND FOREIGN CURRENCY

Local and foreign currency balances are the following:

CURRENT ASSETS	12.31.2020	12.31.2019
	ThCh\$	ThCh\$
<b>Cash and cash equivalents</b>	<b>309,530,699</b>	<b>157,567,986</b>
USD	21,332,268	16,733,249
EUR	223,449	9,722
CLP	201,936,140	78,420,966
BRL	49,528,425	46,189,977
ARS	14,821,502	3,830,199
PGY	21,688,915	12,383,873
<b>Other current financial assets</b>	<b>140,304,853</b>	<b>347,278</b>
CLP	139,449,882	275,407
BRL	10,171	13,498
ARS	844,800	16,575
PGY	-	41,798
<b>Other current non-financial assets</b>	<b>13,374,381</b>	<b>16,188,965</b>
USD	1,723,989	893,571
EUR	621,516	615,636
UF	493,546	410,203
CLP	1,900,762	5,642,901
BRL	1,300,995	1,738,793
ARS	6,052,294	3,918,728
PGY	1,281,279	2,969,133
<b>Trade accounts and other accounts receivable</b>	<b>194,021,253</b>	<b>191,077,588</b>
USD	901,930	1,431,079
EUR	-	-
UF	65,250	453,469
CLP	105,340,179	83,328,449
BRL	67,423,832	79,586,461
ARS	14,928,954	19,088,164
PGY	5,361,108	7,189,966
<b>Accounts receivable related entities</b>	<b>11,875,408</b>	<b>10,835,768</b>
USD	-	45,644
CLP	6,965,894	9,157,922
BRL	41,878	-
ARS	4,867,636	1,632,202
<b>Inventories</b>	<b>127,972,650</b>	<b>147,641,224</b>
USD	-	6,027,076
CLP	54,112,760	48,320,784
BRL	31,446,180	43,820,564
ARS	32,214,119	34,262,914
PGY	10,199,591	15,209,886
<b>Current tax assets</b>	<b>218,472</b>	<b>9,815,294</b>
CLP	218,472	9,815,294
BRL	-	-
ARS	-	-
<b>Total current assets</b>	<b>797,297,716</b>	<b>533,474,103</b>
USD	23,958,187	25,129,648
EUR	844,965	625,359
UF	558,796	863,672
CLP	509,924,089	234,962,693
BRL	149,751,481	171,349,293
ARS	73,729,305	62,748,782
PGY	38,530,893	37,794,656

NON-CURRENT ASSETS	12.31.2020	12.31.2019
	ThCh\$	ThCh\$
<b>Other non-current financial assets.</b>	<b>162,013,278</b>	<b>110,784,311</b>
UF	7,515,981	1,216,865
BRL	144,684,180	98,918,457
ARS	9,813,117	10,648,989
<b>Other non-current non-financial assets</b>	<b>90,242,672</b>	<b>125,636,150</b>
UF	338,014	318,533
CLP	47,530	47,531
BRL	88,001,852	122,922,979
ARS	1,825,631	2,223,600
PGY	29,645	123,507
<b>Accounts receivable, non-current</b>	<b>73,862</b>	<b>523,769</b>
UF	32,219	465,371
ARS	1,211	636
PGY	40,432	57,762
<b>Accounts receivable related entities, non-current</b>	<b>138,346</b>	<b>283,118</b>
CLP	138,346	283,118
<b>Investments accounted for using the equity method</b>	<b>87,956,354</b>	<b>99,866,733</b>
CLP	50,628,307	49,703,673
BRL	37,328,047	50,163,060
<b>Intangible assets other than goodwill</b>	<b>604,514,165</b>	<b>675,075,375</b>
USD	3,959,421	3,959,421
CLP	306,202,181	307,324,953
BRL	139,166,117	189,240,893
ARS	2,591,026	2,708,445
PGY	152,595,420	171,841,663
<b>Goodwill</b>	<b>98,325,593</b>	<b>121,221,661</b>
CLP	9,523,767	9,523,767
BRL	54,980,669	74,653,328
ARS	27,343,642	29,750,238
PGY	6,477,515	7,294,328
<b>Property, plant and equipment</b>	<b>605,576,545</b>	<b>722,718,863</b>
CLP	255,963,912	282,861,852
BRL	179,286,945	251,080,517
ARS	103,227,548	119,784,304
PGY	67,098,140	68,992,190
<b>Deferred tax assets</b>	<b>1,925,869</b>	<b>1,364,340</b>
CLP	1,925,869	1,364,340
<b>Total non-current assets</b>	<b>1,650,766,684</b>	<b>1,857,474,320</b>
USD	3,959,421	3,959,421
UF	7,886,214	2,000,769
CLP	624,429,912	651,109,234
BRL	643,447,810	786,979,234
ARS	144,802,175	165,116,212
PGY	226,241,152	248,309,450

CURRENT LIABILITIES	12.31.2020			12.31.2019		
	Up to 90 days	90 days to 1 year	Total	Up to 90 days	90 days to 1 year	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
<b>Other financial liabilities, current</b>	<b>9,270,838</b>	<b>29,295,886</b>	<b>38,566,724</b>	<b>9,719,894</b>	<b>30,873,984</b>	<b>40,593,878</b>
USD	72,655	6,704,245	6,776,900	55,388	3,147,441	3,202,829
UF	7,799,637	5,272,547	13,072,184	7,535,228	11,836,936	19,372,164
CLP	908,790	13,489,310	14,398,100	842,221	11,700,946	12,543,167
BRL	362,854	1,245,940	1,608,794	1,153,072	2,119,141	3,272,213
ARS	70,950	1,578,082	1,649,032	75,060	704,921	779,981
PGY	55,952	1,005,762	1,061,714	58,925	1,364,599	1,423,524
<b>Trade accounts and other accounts payable, current</b>	<b>227,503,270</b>	<b>2,942,539</b>	<b>230,445,809</b>	<b>228,259,216</b>	<b>15,441,337</b>	<b>243,700,553</b>
USD	8,972,065	-	8,972,065	10,049,567	-	10,049,567
EUR	1,622,411	-	1,622,411	2,024,156	-	2,024,156
UF	-	-	-	2,044,871	-	2,044,871
CLP	108,670,085	2,942,539	111,612,624	84,602,547	15,441,337	100,043,884
BRL	58,136,480	-	58,136,480	75,051,089	-	75,051,089
ARS	33,511,747	-	33,511,747	40,826,489	-	40,826,489
PGY	15,878,527	-	15,878,527	13,660,497	-	13,660,497
Other currencies	711,955	-	711,955	-	-	-
<b>Accounts payable related entities, current</b>	<b>39,541,968</b>	<b>-</b>	<b>39,541,968</b>	<b>53,637,601</b>	<b>-</b>	<b>53,637,601</b>
CLP	23,884,687	-	23,884,687	28,471,399	-	28,471,399
BRL	10,809,085	-	10,809,085	19,279,132	-	19,279,132
ARS	4,848,196	-	4,848,196	5,887,070	-	5,887,070
<b>Other current provisions</b>	<b>805,842</b>	<b>529,495</b>	<b>1,335,337</b>	<b>1,637,799</b>	<b>431,185</b>	<b>2,068,984</b>
CLP	805,842	494,748	1,300,590	1,637,799	427,697	2,065,496
PGY	-	34,747	34,747	-	3,488	3,488
<b>Tax liabilities, current</b>	<b>4,590,876</b>	<b>4,237,723</b>	<b>8,828,599</b>	<b>3,097,223</b>	<b>3,665,044</b>	<b>6,762,267</b>
CLP	173,771	3,414,859	3,588,630	896,975	-	896,975
BRL	4,249,909	-	4,249,909	2,107,381	-	2,107,381
ARS	167,196	439,641	606,837	92,867	3,446,054	3,538,921
PGY	-	383,223	383,223	-	218,990	218,990
<b>Employee benefits current provisions</b>	<b>17,027,427</b>	<b>14,043,592</b>	<b>31,071,019</b>	<b>26,513,813</b>	<b>11,879,041</b>	<b>38,392,854</b>
CLP	1,168,973	5,799,389	6,968,362	1,241,603	5,509,351	6,750,954
BRL	15,325,256	-	15,325,256	20,681,694	-	20,681,694
ARS	533,198	6,701,756	7,234,954	4,590,516	5,260,142	9,850,658
PGY	-	1,542,447	1,542,447	-	1,109,548	1,109,548
<b>Other current non-financial liabilities</b>	<b>620,609</b>	<b>27,646,121</b>	<b>28,266,730</b>	<b>328,441</b>	<b>26,173,774</b>	<b>26,502,215</b>
CLP	598,769	27,551,000	28,149,769	327,847	26,064,658	26,392,505
ARS	21,840	-	21,840	594	5,286	5,880
PGY	-	95,121	95,121	-	103,830	103,830
<b>Total current liabilities</b>	<b>299,360,830</b>	<b>78,695,356</b>	<b>378,056,186</b>	<b>323,193,987</b>	<b>88,464,365</b>	<b>411,658,352</b>
USD	9,044,720	6,704,245	15,748,965	10,104,955	3,147,441	13,252,396
EUR	1,622,411	-	1,622,411	2,024,156	-	2,024,156
UF	7,799,637	5,272,547	13,072,184	9,580,099	11,836,936	21,417,035
CLP	136,210,917	53,691,845	189,902,762	118,020,391	59,143,989	177,164,380
BRL	88,883,584	1,245,940	90,129,524	118,272,368	2,119,141	120,391,509
ARS	39,153,127	8,719,479	47,872,606	51,472,596	9,416,403	60,888,999
PGY	15,934,479	3,061,300	18,995,779	13,719,422	2,800,455	16,519,877
Other currencies	711,955	-	711,955	-	-	-

NON-CURRENT LIABILITIES	12.31.2020				12.31.2019			
	More than 1 up to 3 years ThCh\$	More than 3 up to 5 years ThCh\$	More than 5 years ThCh\$	Total ThCh\$	More than 1 up to 3 years ThCh\$	More than 3 up to 5 years ThCh\$	More than 5 years ThCh\$	Total ThCh\$
Other non-current financial liabilities	<b>31,811,687</b>	<b>279,600,958</b>	<b>678,416,924</b>	<b>989,829,569</b>	<b>34,794,568</b>	<b>299,661,490</b>	<b>408,870,999</b>	<b>743,327,057</b>
USD	366,652	259,746,604	207,280,189	467,393,445	509,366	271,700,335	-	272,209,701
UF	24,669,188	13,214,387	414,689,041	452,572,616	22,584,954	24,627,105	400,393,581	447,605,640
CLP	4,089,001	4,000,000	51,568,854	59,657,855	7,926,056	-	-	7,926,056
BRL	2,394,281	2,639,967	4,878,840	9,913,088	3,319,514	3,334,050	8,477,418	15,130,982
ARS	128,930	-	-	128,930	55,222	-	-	55,222
PGY	163,635	-	-	163,635	399,456	-	-	399,456
Accounts payable, non-current	<b>295,279</b>	-	-	<b>295,279</b>	<b>619,587</b>	-	-	<b>619,587</b>
CLP	293,176	-	-	293,176	618,509	-	-	618,509
ARS	2,103	-	-	2,103	1,078	-	-	1,078
Accounts payable related companies	<b>10,790,089</b>	-	-	<b>10,790,089</b>	<b>19,777,812</b>	-	-	<b>19,777,812</b>
BRL	10,790,089	-	-	10,790,089	19,777,812	-	-	19,777,812
Other non-current provisions	<b>789,016</b>	<b>47,945,920</b>	-	<b>48,734,936</b>	<b>968,404</b>	<b>66,070,162</b>	-	<b>67,038,566</b>
BRL	-	47,945,920	-	47,945,920	-	66,070,162	-	66,070,162
ARS	789,016	-	-	789,016	968,404	-	-	968,404
Deferred tax liabilities	<b>10,677,151</b>	<b>38,508,424</b>	<b>104,483,972</b>	<b>153,669,547</b>	<b>12,834,788</b>	<b>49,848,536</b>	<b>106,766,423</b>	<b>169,449,747</b>
UF	-	-	-	-	-	-	1,298,050	1,298,050
CLP	1,604,289	1,070,325	90,781,152	93,455,766	1,449,404	181,418	90,271,026	91,901,848
BRL	-	37,438,099	-	37,438,099	-	49,667,118	-	49,667,118
ARS	9,072,862	-	-	9,072,862	11,385,384	-	-	11,385,384
PGY	-	-	13,702,820	13,702,820	-	-	15,197,347	15,197,347
Employee benefits non-current provisions	<b>911,873</b>	<b>145,165</b>	<b>12,578,520</b>	<b>13,635,558</b>	<b>1,114,051</b>	<b>148,954</b>	<b>8,910,349</b>	<b>10,173,354</b>
CLP	378,733	145,165	12,578,520	13,102,418	461,587	148,954	8,910,349	9,520,890
ARS	-	-	-	-	88,090	-	-	88,090
PGY	533,140	-	-	533,140	564,374	-	-	564,374
Other non-financial liabilities	<b>35,315</b>	<b>21,436,733</b>	-	<b>21,472,048</b>	-	-	-	-
BRL	-	21,436,733	-	21,436,733	-	-	-	-
ARS	35,315	-	-	35,315	-	-	-	-
Income taxes payable, non-current	<b>20,597</b>	-	-	<b>20,597</b>	-	-	-	-
CLP	20,597	-	-	20,597	-	-	-	-
Total non-current liabilities	<b>55,331,007</b>	<b>387,637,200</b>	<b>795,479,416</b>	<b>1,238,447,623</b>	<b>70,109,210</b>	<b>415,729,142</b>	<b>524,547,771</b>	<b>1,010,386,123</b>
USD	366,652	259,746,604	207,280,189	467,393,445	509,366	271,700,335	-	272,209,701
UF	24,669,188	13,214,387	414,689,041	452,572,616	22,584,954	24,627,105	401,691,631	448,903,690
CLP	6,385,796	5,215,490	154,928,526	166,529,812	10,455,556	330,372	99,181,375	109,967,303
BRL	13,184,370	109,460,719	4,878,840	127,523,929	23,097,326	119,071,330	8,477,418	150,646,074
ARS	10,028,226	-	-	10,028,226	12,498,178	-	-	12,498,178
PGY	696,775	-	13,702,820	14,399,595	963,830	-	15,197,347	16,161,177



### 31 – SUBSEQUENT EVENTS

On February 17, 2021, the subsidiary Paraguay Refrescos S.A. along with the companies INPET S.A.E.C.A and CORESA. executed the Bylaws and Shareholders' Agreement for the incorporation of a company called "CIRCULAR- PET S.A." Each of the companies will hold a 33.3% ownership interest in the company's share capital.

The subscribed share capital of CIRCULAR- PET S.A. is CLP 4,326 million (PGY 42,000,000,000), where each shareholder at the incorporation act paid a share of CLP 1,030,000 (PGY 10,000,000), totaling a paid-up share capital of CLP 3,090,000 (PGY 30,000,000).

The principal activity of CIRCULAR-PET S.A. will be the manufacture and commercialization of recycled post-consumer PET resins, from the transformation of PET flakes. Participation in the company provides the Group with a fully integrated supply chain for its growing business of commercializing products in PET bottles and will ensure the supply of recycled resin under the best conditions for the coming years.

No other events have occurred after December 31, 2020 that may significantly affect the Company's consolidated financial situation.

**EMBOTELLADORA ANDINA S.A.**  
**as Issuer**

**and**

**THE BANK OF NEW YORK MELLON**  
**as Trustee, Registrar, Paying Agent and Transfer Agent**

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**INDENTURE**

**Dated as of October 1, 2013**

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**5.000% SENIOR NOTES DUE 2023**

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INDENTURE, dated as of October 1, 2013, between Embotelladora Andina S.A., a *sociedad anónima* organized and existing under the laws of Chile (the “Company”), and The Bank of New York Mellon, a corporation organized under the laws of the State of New York and authorized to conduct a banking business, as trustee (the “Trustee”), registrar, paying agent and transfer agent.

Each party agrees as follows for the benefit of the other parties and of the Holders of the Initial Notes and any Additional Notes (in each case as defined herein):

## ARTICLE I

### DEFINITIONS AND INCORPORATION BY REFERENCE

#### Section 1.1 Definitions.

“Additional Amounts” has the meaning set forth under Section 3.11.

“Additional Note Board Resolutions” means resolutions duly adopted by the Board of Directors of the Company and delivered to the Trustee in an Officers’ Certificate providing for the issuance of Additional Notes.

“Additional Note Supplemental Indenture” means a supplement to this Indenture duly executed and delivered by the Company and the Trustee pursuant to Article IX providing for the issuance of Additional Notes.

“Additional Notes” means any additional Notes as specified in the relevant Additional Note Board Resolutions or Additional Note Supplemental Indenture issued therefor in accordance with this Indenture.

“Affiliate” means, with respect to any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, “control,” when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise. For purposes of this definition, the terms “controlling,” “controlled by” and “under common control with” have correlative meanings.

“Attributable Value” means, as to any particular lease under which the Company or any Subsidiary is at any time liable as lessee and any date as of which the amount thereof is to be determined, the lesser of (a) the fair market value of the asset subject to the lease and (b) the total net obligations of the lessee for rental payments during the remaining term of the lease (excluding amounts on account of maintenance and repairs, insurance, taxes, assessments and similar charges and contingent rents) discounted from the respective due dates thereof to such date at a rate per annum equivalent to the interest rate inherent in such lease (as determined in good faith by the Company).

“Agent Members” has the meaning assigned to it in Section 2.7(b).

“Authenticating Agent” has the meaning assigned to it in Section 2.2(d).

“Authorized Agent” has the meaning assigned to it in Section 10.6(d).

“Bankruptcy Law” means Title 11, U.S. Code or any similar U.S. federal or state law or non-U.S. law for the relief of debtors.

“Board of Directors” means, with respect to any Person, the board of directors or similar governing body of such Person or any duly authorized committee thereof.

“Board Resolution” means, with respect to any Person, a copy of a resolution certified by the Secretary or an Assistant Secretary of such Person to have been duly adopted by the Board of Directors of such Person and to be in full force and effect on the date of such certification, and delivered to the Trustee.

“Business Day” means a day other than a Saturday, Sunday or any day on which banking institutions are authorized or required by law to close in New York City, United States or in Santiago, Chile.

“Certificated Note” means any Note issued in fully-registered certificated form (other than a Global Note), which shall be substantially in the form of Exhibit A, with appropriate legends as specified in Section 2.8 and Exhibit A.

“Chile” means the Republic of Chile.

“Company” means the party named as such in the introductory paragraph to this Indenture and its successors and assigns, including any Surviving Entity.

“Company Order” has the meaning assigned to it in Section 2.2(c).

“Consolidated Tangible Assets” means, as of any date of determination, the total of all assets appearing on a consolidated balance sheet of the Company and its Subsidiaries at the end of the fiscal quarter immediately preceding such date of determination, as determined in accordance with IFRS, less goodwill and intangible assets other than goodwill of the Company and its Subsidiaries appearing on such balance sheet.

“Corporate Trust Office” means the principal office of the Trustee at which at any time its corporate trust business shall be administered, which office at the date hereof is located at 101 Barclay Street, Floor 7 East, New York, NY 10286, or such other address as the Trustee may designate from time to time by notice to the Holders and the Company, or the principal corporate trust office of any successor Trustee (or such other address as such successor Trustee may designate from time to time by notice to the Holders and the Company).

“Covenant Defeasance” has the meaning assigned to it in Section 8.1(c).

“Default” means an event or condition the occurrence of which is, or with the lapse of time or the giving of notice or both would be, an Event of Default.

“Defaulted Interest” has the meaning assigned to it in paragraph 1 of the Form of Reverse Side of Note contained in Exhibit A.

“Distribution Compliance Period” means, with respect to any Regulation S Global Note, the 40 consecutive days beginning on and including the later of (a) the day on which any Notes represented thereby are offered to persons other than distributors (as defined in Regulation S under the Securities Act) pursuant to Regulation S and (b) the issue date for such Notes, as notified by the Company to the Trustee in writing.

“DTC” means The Depository Trust Company, its nominees and their respective successors and assigns, or such other depository institution hereinafter appointed by the Company that is a clearing agency registered under the Exchange Act.

“ECOFIN” means the European Union Council of Economic and Financial Affairs.

“Event of Default” has the meaning assigned to it in Section 6.1.

“Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended, or any successor statute or statutes thereto.

“Global Note” means any Note issued in fully-registered, global, certificated form to DTC (or its nominee), as depository for the beneficial owners thereof, which shall be substantially in the form of Exhibit A, with appropriate legends as specified in Section 2.8 and Exhibit A.

“Governmental Authority” means any government, court, tribunal, arbitrator, authority, agency, commission, official or other instrumentality of any country, state, county, city or other political subdivision, having jurisdiction over the matter or matters in question.

“Holder” means the Person in whose name a Note is registered in the Note Register.

“IFRS” means International Financial Reporting Standards as issued by the International Accounting Standards Board, or other accounting standards generally accepted in Chile, as required by the SVS for Chilean public companies, in each case as in effect from time to time.

“Indebtedness” means, with respect to any Person (without duplication), (a) any liability of such Person (1) for borrowed money, (2) evidenced by a bond, note, debenture or similar instrument, (3) under any reimbursement obligation relating to a letter of credit other than letters of credit in the ordinary course of business, (4) for the payment of money relating to any obligations under any capital lease of real or personal property and (b) any liability of others described in the preceding clause (a) that the Person has guaranteed or that is otherwise its legal liability. For the purpose of determining any particular amount of Indebtedness under this definition, guarantees of (or obligations with respect to letters of credit or financial bonds supporting) Indebtedness otherwise included in the determination of such amount shall not be included.

“Indenture” means this Indenture, as amended or supplemented from time to time, including the Exhibits hereto, and any supplemental indenture hereto.

“Initial Notes” means any of the Company’s 5.000% Senior Notes due 2023 issued on the Issue Date, and any replacement Notes issued therefor in accordance with this Indenture.

“Interest Payment Date” means the stated due date of an installment of interest on the Notes as specified in the Form of Face of Note contained in Exhibit A.

“Issue Date” means the date of this Indenture (being the original issue date of Notes hereunder).

“Legal Defeasance” has the meaning assigned to it in Section 8.1(b).

“Lien” means any mortgage, pledge, lien, security interest, charge or similar encumbrance.

“Maturity Date” means, when used with respect to any Note, the date on which the principal of such Note becomes due and payable as therein or herein provided, whether at Stated Maturity or by declaration of acceleration, call for redemption, exercise of the repurchase right or otherwise.

“Non-U.S. Person” means a person who is not a U.S. person, as defined in Regulation S.

“Note Custodian” means the custodian with respect to any Global Note appointed by DTC, or any successor Person thereto, and shall initially be the Trustee.

“Note Register” has the meaning assigned to it in Section 2.3(a).

“Notes” means, collectively, the Initial Notes and any Additional Notes issued under this Indenture.

“Offering Memorandum” means the Company’s offering memorandum dated September 26, 2013, used in connection with the Original Offering of Notes.

“Officer” means, when used in connection with any action to be taken by the Company or Subsidiary, the Chairman of the Board, the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer, the Director of Corporate Finance, the Chief Legal Officer, the Chief Accounting Officer, any of their respective deputies, the Treasurer or any Assistant Treasurer and the Secretary or any Assistant Secretary (or, in each case, the officers of the Company or Subsidiary, as applicable, with similar positions).

“Officers’ Certificate” means, when used in connection with any action to be taken by the Company or Subsidiary, a certificate signed by two Officers of the Company or such Subsidiary, and delivered to the Trustee.

“Opinion of Counsel” means a written opinion of counsel, who may be an employee of or counsel for the Company (except as otherwise provided in this Indenture), obtained at the expense of the Company or a Surviving Entity.

“Original Offering of Notes” means the original private offering of the Initial Notes, which were issued on the Issue Date.

“Outstanding” means, as of the date of determination, all Notes theretofore authenticated and delivered under this Indenture, *except*:

(1) Notes theretofore canceled by the Trustee or delivered to the Trustee for cancellation;

(2) Notes for payment or redemption, which money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Company or an Affiliate of the Company) in trust or set aside and segregated in trust by the Company or an Affiliate of the Company (if the Company or such Affiliate of the Company is acting as Paying Agent) for the Holders of such Notes; *provided* that, if Notes are to be redeemed or purchased, notice of such redemption or purchase has been duly given pursuant to this Indenture or provision therefor reasonably satisfactory to the Trustee has been made;

(3) Notes which have been surrendered pursuant to Section 2.10 or in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Indenture, other than any such Notes in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Notes are held by a protected purchaser in whose hands such Notes are valid obligations of the Company; and

(4) solely to the extent provided in Article VIII, Notes which are subject to Legal Defeasance or Covenant Defeasance as provided in Article VIII;

*provided, however*, that in determining whether the Holders of the requisite aggregate principal amount of the Outstanding Notes have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Notes owned by the Company or any other obligor under the Notes or any Subsidiary of the Company or of such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Notes which a Trust Officer of the Trustee actually knows to be so owned shall be so disregarded. Notes so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee’s right so to act with respect to such Notes and that the pledgee is not the Company or any other obligor upon the Notes or any Affiliate of the Company or of such other obligor.

“Paying Agent” has the meaning assigned to it in Section 2.3(a).



“Person” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

“Private Placement Legend” has the meaning assigned to it in Section 2.8(b).

“Property” means any asset, revenue or any other property, whether tangible or intangible, real or personal, including, without limitation, any right to receive income.

“QIB” means any “qualified institutional buyer” (as defined in Rule 144A).

“Record Date” has the meaning assigned to it in the Form of Face of Note contained in Exhibit A.

“Redemption Date” means, with respect to any redemption of Notes, the date fixed for such redemption pursuant to this Indenture and the Notes.

“Registrar” has the meaning assigned to it in Section 2.3(a).

“Regulation S” means Regulation S under the Securities Act or any successor regulation.

“Regulation S Global Note” has the meaning assigned to it in Section 2.1(e).

“Relevant Date” means whichever is the later of (i) the date on which a payment on the Notes first becomes due and (ii) if the full amount payable has not been received in The City of New York, New York by the Trustee on or prior to such due date, the date on which, the full amount having been so received, notice to that effect has been given to the Holders in accordance with this Indenture.

“Relevant Jurisdiction” has the meaning assigned to it in Section 3.11(a).

“Resale Restriction Termination Date” means, for any Restricted Note (or beneficial interest therein), one year (or such other period specified in Rule 144(k)) from the Issue Date or, if any Additional Notes that are Restricted Notes have been issued before the Resale Restriction Termination Date for any Restricted Notes, from the latest such original issue date of such Additional Notes as notified by the Company to the Trustee in writing.

“Restricted Note” means any Initial Note (or beneficial interest therein) or any Additional Note (or beneficial interest therein), until such time as:

- (1) such Note is a Rule 144A Global Note and the Resale Restriction Termination Date therefor has passed;
- (2) such Note is a Regulation S Global Note and the Distribution Compliance Period therefor has terminated; or

(3) the Private Placement Legend therefor has otherwise been removed pursuant to Section 2.9(d) or, in the case of a beneficial interest in a Global Note, such beneficial interest has been exchanged for an interest in a Global Note not bearing a Private Placement Legend.

“Rule 144” means Rule 144 under the Securities Act (or any successor rule).

“Rule 144A” means Rule 144A under the Securities Act (or any successor rule).

“Rule 144A Global Note” has the meaning assigned to it in Section 2.1(d).

“Securities Act” means the U.S. Securities Act of 1933, as amended.

“Special Record Date” has the meaning assigned to it in Section 2.13(a).

“Sale and Leaseback Transaction” means any transaction or series of related transactions pursuant to which the Company or any Subsidiary sells or transfers any Property to any Person with the intention of taking back a lease of such Property pursuant to which the rental payments are calculated to amortize the purchase price of such Property substantially over the useful life thereof, and such Property is in fact so leased.

“SEC” means the U.S. Securities and Exchange Commission.

“Significant Subsidiary” means any Brazilian and Chilean Subsidiary of the Company that would be a “significant subsidiary” within the meaning of Rule 1-02 under Regulation S-X promulgated by the SEC in effect on the date of the Indenture, assuming the Company is the registrant referred to in such definition.

“Stated Maturity” means, with respect to any security, the date specified in such security as the fixed date on which the final payment of principal of such security is due and payable (excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency unless such contingency has occurred).

“Subsidiary” means any corporation or other business entity of which the Company owns or controls (either directly or through one or more other Subsidiaries) more than 50% of the issued share capital or other ownership interests, in each case having ordinary voting power to elect or appoint directors, managers or trustees of such corporation or other business entity (whether or not capital stock or other ownership interests or any other class or classes have or might have voting power upon the occurrence of any contingency).

“Surviving Entity” has the meaning set forth under Section 4.1(a).

“SVS” means the Chilean Securities Commission (*Superintendencia de Valores y Seguros*).

“Taxes” has the meaning assigned to it in Section 3.11.

“Transfer Agent” has the meaning assigned to it in Section 2.3(a).

“Trustee” means the party named as such in the introductory paragraph of this Indenture until a successor replaces it in accordance with the terms of this Indenture and, thereafter, means the successor.

“Trust Officer” means, when used with respect to the Trustee, any officer within the corporate trust department (or any successor group of the Trustee) of the Trustee, having direct responsibility for the administration of this Indenture or to whom any corporate trust matter is referred because of such person’s knowledge of and familiarity with the particular subject.

“U.S. Government Obligations” means direct obligations (or certificates representing an ownership interest in such obligations) of the United States of America (including any agency or instrumentality thereof) for the payment of which the full faith and credit of the United States of America is pledged and which are not callable or redeemable at the issuer’s option.

“U.S. Dollars” or “U.S.\$” means such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

Section 1.2 Rules of Construction. Unless the context otherwise requires:

- (1) a term has the meaning assigned to it;
- (2) an accounting term not otherwise defined has the meaning assigned to it in accordance with IFRS;
- (3) “or” is not exclusive;
- (4) “including” means including without limitation;
- (5) words in the singular include the plural and words in the plural include the singular;
- (6) references to the payment of principal of the Notes shall include applicable premium, if any;
- (7) references to payments on the Notes shall include Additional Amounts payable on the Notes, if any;
- (8) all references to Sections or Articles refer to Sections or Articles of this Indenture;
- (9) references to any law are to be construed as including all statutory and regulatory provisions or rules consolidating, amending, replacing, supplementing or implementing such law; and

(10) the term “obligor,” when used with respect to the Notes, means the Company and any other obligor as of the date of this Indenture.

## ARTICLE II

### THE NOTES

#### Section 2.1 Form and Dating.

(a) The Initial Notes are being originally issued by the Company on the Issue Date. The Notes shall be issued in fully registered certificated global form without coupon, and in minimum denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof. The Notes and the certificate of authentication shall be substantially in the form of Exhibit A.

(b) The terms and provisions of the Notes, the form of which is in Exhibit A, shall constitute, and are hereby expressly made, a part of this Indenture, and, to the extent applicable, the Company and the Trustee, by their execution and delivery of this Indenture expressly agree to such terms and provisions and to be bound thereby. Except as otherwise expressly permitted in this Indenture, all Notes shall be identical in all respects. Notwithstanding any differences among them, all Notes issued under this Indenture shall vote and consent together on all matters as one class.

(c) The Notes may have notations, legends or endorsements as specified in Section 2.8 or as otherwise required by law, stock exchange rule or DTC rule or usage. The Company and the Trustee shall approve the form of the Notes and any notation, legend or endorsement on them. Each Note shall be dated the date of its authentication.

(d) Notes originally offered and sold to QIBs in reliance on Rule 144A shall be represented by a single permanent global certificate (which may be subdivided) without interest coupons (each, a “Rule 144A Global Note”).

(e) Notes originally offered and sold outside the United States of America in reliance on Regulation S shall be represented by a single permanent global certificate (which may be subdivided) without interest coupons (each, a “Regulation S Global Note”).

#### Section 2.2 Execution and Authentication.

(a) Two Officers shall sign the Notes for the Company by manual or facsimile signature. If an Officer whose signature is on a Note no longer holds that office at the time the Trustee authenticates the Note, the Note shall be valid nevertheless.

(b) A Note shall not be valid until an authorized signatory of the Trustee manually authenticates the Note. The signature of the Trustee on the certificate of authentication on a Note shall be conclusive evidence that such Note has been duly and validly authenticated and issued under this Indenture.

(c) At any time and from time to time after the execution and delivery of this Indenture, the Trustee shall authenticate and make available for delivery Notes upon a written order of the Company signed by an Officer of the Company (the “Company Order”). A Company Order shall specify the amount of the Notes to be authenticated and the date on which such original issue of Notes is to be authenticated.

(d) The Trustee may appoint an agent (the “Authenticating Agent”) reasonably acceptable to the Company to authenticate the Notes. Unless limited by the terms of such appointment, any such Authenticating Agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by the Authenticating Agent.

(e) In case a Surviving Entity has executed an indenture supplemental hereto with the Trustee pursuant to Article IV, any of the Notes authenticated or delivered prior to such transaction may, from time to time, at the request of the Surviving Entity, be exchanged for other Notes executed in the name of the Surviving Entity with such changes in phraseology and form as may be appropriate, but otherwise identical to the Notes surrendered for such exchange and of like principal amount; and the Trustee, upon Company Order of the Surviving Entity, shall authenticate and deliver Notes as specified in such order for the purpose of such exchange. If Notes shall at any time be authenticated and delivered in any new name of a Surviving Entity pursuant to this Section 2.2 in exchange or substitution for or upon registration of transfer of any Notes, such Surviving Entity, at the option of the Holders but without expense to them, shall provide for the exchange of all Notes at the time Outstanding for Notes authenticated and delivered in such new name.

#### Section 2.3 Registrar, Transfer Agent and Paying Agent.

(a) The Company shall maintain an office or agency in the Borough of Manhattan, City of New York where Notes may be presented or surrendered for registration of transfer or for exchange (the “Registrar” and “Transfer Agent,” respectively) and where Notes may be presented for payment (the “Paying Agent”). The Registrar shall keep a register of the Notes and of their transfer and exchange (the “Note Register”). The Company may have one or more co-Registrars and one or more additional paying agents or transfer agents. The terms “Paying Agent” and “Transfer Agent” include any additional paying agent and any additional transfer agent, as the case may be.

(b) The Company shall enter into an appropriate agency agreement with any Registrar, Paying Agent, Transfer Agent or co-Registrar not a party to this Indenture. The agreement shall implement the provisions of this Indenture that relate to such agent. The Company shall notify the Trustee of the name and address of each such agent. If the Company fails to maintain a Registrar or Paying Agent, the Trustee shall act as such and shall be entitled to appropriate compensation therefor pursuant to Section 7.7. The Company or any of its Subsidiaries may act as Paying Agent, Registrar, co-Registrar or Transfer Agent.

(c) The Company initially appoints the Corporate Trust Office as Registrar, Paying Agent and Transfer Agent (and the Corporate Trust Office hereby accepts such appointment), until such time as another Person is appointed as such.

(d) In accordance with Section 10.1, the Company shall notify Holders of any change in respect to the Registrar, Paying Agent and Transfer Agent.

**Section 2.4 Paying Agent to Hold Money in Trust.** The Company shall require each Paying Agent (other than the Trustee) to agree that such Paying Agent shall hold in trust for the benefit of Holders or the Trustee all money held by such Paying Agent for the payment of principal of or interest on the Notes (whether such money has been distributed to it by the Company or any other obligor of the Notes) in accordance with the terms of this Indenture and shall notify the Trustee in writing of any Default by the Company (or any other obligor on the Notes) in making any such payment. If the Company or an Affiliate of the Company acts as Paying Agent, it shall segregate the money held by it as Paying Agent and hold it as a separate trust fund. The Company at any time may require a Paying Agent (other than the Trustee) to pay all money held by it to the Trustee and to account for any funds disbursed by such Paying Agent. Upon complying with this Section 2.4, the Paying Agent (if other than the Company) shall have no further liability for the money delivered to the Trustee. Upon any proceeding under any Bankruptcy Law with respect to the Company or any Affiliate of the Company, if the Company or such Affiliate is then acting as Paying Agent, the Trustee shall replace the Company or such Affiliate as Paying Agent.

The receipt by the Paying Agent or the Trustee from the Company of each payment of principal, interest and/or other amounts due in respect of the Notes in the manner specified herein and on the date on which such amount of principal, interest and/or other amounts are then due, shall satisfy the obligations of the Company herein and under the Notes to make such payment to the Holders on the due date thereof; *provided, however*, that the liability of any Paying Agent hereunder shall not exceed any amounts paid to it by the Company, or held by it, on behalf of the Holders under this Indenture. Notwithstanding the preceding sentence or any other provision of this Indenture to the contrary, the Company shall indemnify the Holders in the event that there is subsequent failure by the Trustee or any Paying Agent to pay any amount due in respect of the Notes in accordance with the Notes and this Indenture as shall result in the receipt by the Holders of such amounts as would have been received by them had no such failure occurred.

**Section 2.5 Common Code, CUSIP and ISIN Numbers.** In issuing the Notes, the Company may use Common Code, CUSIP and ISIN numbers (if then generally in use) and, if so, the Trustee shall use Common Code, CUSIP and ISIN numbers in notices of redemption as a convenience to Holders; *provided* that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Notes or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Notes, and any such redemption shall not be affected by any defect in or omission of such numbers. The Company shall promptly notify the Trustee in writing of any initial Common Code, CUSIP and/or ISIN numbers and any change in the Common Code, CUSIP or ISIN numbers.

**Section 2.6 Holder Lists.** The Registrar shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Holders. If the Trustee is not the Registrar, the Company shall furnish to the Trustee, in writing at least seven Business Days before each Interest Payment Date and at such other times as the Trustee

may reasonably request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Holders.

Section 2.7 Global Note Provisions.

(a) The Company shall cause each Global Note to: (i) be registered in the name of DTC or the nominee of DTC; (ii) be delivered to the Note Custodian; and (iii) bear the appropriate legend, as set forth in Section 2.8 and Exhibit A. Any Global Note may be represented by more than one certificate. The aggregate principal amount of each Global Note may from time to time be increased or decreased by adjustments made on the records of the Note Custodian, as provided in this Indenture.

(b) Members of, or participants in, DTC ("Agent Members") shall have no rights under this Indenture with respect to any Global Note held on their behalf by DTC or by the Note Custodian under such Global Note, and DTC may be treated by the Company, the Trustee, the Paying Agent, the Transfer Agent and the Registrar and any of their respective agents as the absolute owner of such Global Note for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee, the Paying Agent, the Transfer Agent or the Registrar or any of their respective agents from giving effect to any written certification, proxy or other authorization furnished by DTC. The registered Holder of a Global Note may grant proxies and otherwise authorize any person, including Agent Members and persons that may hold interests through Agent Members, to take any action that a Holder is entitled to take under this Indenture or the Notes.

(c) Except as provided below, owners of beneficial interests in Global Notes shall not be entitled to receive Certificated Notes. Global Notes shall be exchangeable for Certificated Notes only in the following limited circumstances:

(i) DTC notifies the Company that it is unwilling or unable to continue as depositary for such Global Note or DTC ceases to be a clearing agency registered under the Exchange Act, at a time when DTC is required to be so registered in order to act as depositary, and in each case a successor depositary is not appointed by the Company within 90 days of such notice;

(ii) the Company executes and delivers to the Trustee and Registrar an Officers' Certificate stating that such Global Note shall be so exchangeable; or

(iii) an Event of Default has occurred and is continuing with respect to the Notes.

In connection with the exchange of an entire Global Note for Certificated Notes pursuant to this Section 2.7(c), such Global Note shall be deemed to be surrendered to the Trustee for cancellation, and the Company shall execute, and upon Company Order the Trustee shall authenticate and deliver, to each beneficial owner identified by DTC in exchange for its beneficial interest in such Global Note, an equal aggregate principal amount of Certificated Notes of authorized denominations.

Section 2.8 Legends.

(a) Each Global Note shall bear the legend specified therefor in Exhibit A on the face thereof.

(b) Each Restricted Note shall bear the private placement legend specified therefor in Exhibit A on the face thereof (the “Private Placement Legend”).

**Section 2.9 Transfer and Exchange.**

The following provisions shall apply with respect to any proposed transfer of an interest in a Rule 144A Global Note that is a Restricted Note:

(a) If (1) the owner of a beneficial interest in a Rule 144A Global Note wishes to transfer such interest (or portion thereof) to a Non-U.S. Person pursuant to Regulation S and (2) such Non-U.S. Person wishes to hold its interest in the Notes through a beneficial interest in the Regulation S Global Note, subject to the rules and procedures of DTC, upon receipt by the Note Custodian and Registrar of:

(i) instructions from the Holder of the Rule 144A Global Note directing the Note Custodian and Registrar to credit or cause to be credited a beneficial interest in the Regulation S Global Note equal to the principal amount of the beneficial interest in the Rule 144A Global Note to be transferred; and

(ii) a certificate in the form of Exhibit C from the transferor,

the Note Custodian and Registrar shall increase the Regulation S Global Note and decrease the Rule 144A Global Note by such amount in accordance with the foregoing.

(b) If the owner of a beneficial interest in a Regulation S Global Note wishes to transfer such interest (or any portion thereof) to a QIB pursuant to Rule 144A prior to the expiration of the Distribution Compliance Period therefor, subject to the rules and procedures of DTC, upon receipt by the Note Custodian and Registrar of:

(i) instructions from the Holder of the Regulation S Global Note directing the Note Custodian and Registrar to credit or cause to be credited a beneficial interest in the Rule 144A Global Note equal to the principal amount of the beneficial interest in the Regulation S Global Note to be transferred; and

(ii) a certificate in the form of Exhibit B duly executed by the transferor,

the Note Custodian and Registrar shall increase the Rule 144A Global Note and decrease the Regulation S Global Note by such amount in accordance with the foregoing.

(c) Other Transfers. Any transfer of Restricted Notes not described in this Section 2.9 (other than a transfer of a beneficial interest in a Global Note that does not involve an exchange of such interest for a Certificated Note or a beneficial interest in another Global Note, which must be effected in accordance with applicable law and the rules and procedures of DTC, but is not subject to any procedure required by this Indenture) shall be made only upon receipt by



the Company of such Opinions of Counsel, certificates and/or other information reasonably required by and satisfactory to it in order to ensure compliance with the Securities Act or in accordance with Section 2.9(d).

(d) Use and Removal of Private Placement Legends. Upon the registration of transfer, exchange or replacement of Notes (or beneficial interests in a Global Note) not bearing (or not required to bear upon such registration of transfer, exchange or replacement) a Private Placement Legend, the Company shall direct the Note Custodian and Registrar to exchange such Notes (or beneficial interests) for beneficial interests in a Global Note (or Certificated Notes if they have been issued pursuant to Section 2.7(c)) that does not bear a Private Placement Legend. Upon the transfer, exchange or replacement of Notes (or beneficial interests in a Global Note) bearing a Private Placement Legend, the Note Custodian and Registrar shall deliver only Notes (or beneficial interests in a Global Note) that bear a Private Placement Legend unless:

(i) such Notes (or beneficial interests) are transferred pursuant to Rule 144 upon delivery to the Registrar of a certificate of the transferor in the form of Exhibit D and an Opinion of Counsel reasonably satisfactory to the Company;

(ii) such Notes (or beneficial interests) are Rule 144A Global Notes and are transferred, replaced or exchanged after the Resale Restriction Termination Date therefor or such Notes (or beneficial interests) are Regulation S Global Notes and transferred, replaced or exchanged after the termination of the Distribution Compliance Period therefor;

(iii) a transfer of such Notes is made pursuant to an effective registration statement filed pursuant to Rule 415 of the Securities Act, in which case the Private Placement Legend shall be removed from such Note so transferred at the request of the Holder; or

(iv) in connection with such registration of transfer, exchange or replacement the Registrar shall have received an Opinion of Counsel addressed to the Trustee and the Company and other evidence reasonably satisfactory to the Company to the effect that neither such Private Placement Legend nor the related restrictions on transfer are required in order to maintain compliance with the provisions of the Securities Act.

The Private Placement Legend on any Note shall be removed at the request of the Holder on or after the Resale Restriction Termination Date or termination of the Distribution Compliance Period, as applicable, therefor. The Holder of a Global Note may exchange an interest therein for an equivalent interest in a Global Note not bearing a Private Placement Legend (other than a Regulation S Global Note) upon transfer of such interest pursuant to any of clauses (i) through (iv) of this Section 2.9(d).

(e) Consolidation of Global Notes. Nothing in this Indenture shall provide for the consolidation of any Notes with any other Notes unless they constitute, as determined pursuant to an Opinion of Counsel, the same classes of securities for U.S. federal income tax purposes.

(f) Retention of Documents. The Registrar shall retain copies of all letters, notices and other written communications received pursuant to this Article II in accordance with its customary document retention policies. The Company shall have the right to inspect and make copies of all such letters, notices or other written communications at any reasonable time upon the giving of reasonable written notice to the Registrar.

(g) Execution, Authentication of Notes, etc.

(i) Subject to the other provisions of this Section 2.9 when Notes are presented to the Registrar or a co-Registrar with a request to register the transfer of such Notes or to exchange such Notes for an equal principal amount of Notes of other authorized denominations, the Registrar or co-Registrar shall register the transfer or make the exchange as requested if its requirements for such transaction are met; *provided* that any Notes presented or surrendered for registration of transfer or exchange shall be duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Company and to the Registrar or co-Registrar, duly executed by the Holder thereof or his attorney duly authorized in writing. To permit registrations of transfers and exchanges and subject to the other terms and conditions of this Article II, the Company shall execute and upon Company Order the Trustee shall authenticate Certificated Notes and Global Notes at the Registrar's or co-Registrar's request.

(ii) No service charge shall be made to a Holder for any registration of transfer or exchange, but the Company, the Registrar, the Transfer Agent or the Trustee may require payment of a sum sufficient to cover any transfer tax, assessment, or similar governmental charge payable in connection therewith.

(iii) The Registrar or co-Registrar shall not be required to register the transfer of or exchange of any Note for a period beginning: (1) 15 days before the giving of a notice of an offer to repurchase or redeem Notes and ending at the close of business on the day of such notice; or (2) 15 days before an Interest Payment Date and ending on such Interest Payment Date.

(iv) Subject to the rights of the Holders as of a Record Date to receive payments of interest on the related Interest Payment Date, prior to the due presentation for registration of transfer of any Note, the Company, the Trustee, the Paying Agent, the Transfer Agent, the Registrar or any co-Registrar may deem and treat the person in whose name a Note is registered as the absolute owner of such Note for the purpose of receiving payment of principal of and interest on such Note and for all other purposes whatsoever, (subject to Section 2.13) whether or not such Note is overdue, and none of the Company, the Trustee, the Paying Agent, the Transfer Agent, the Registrar or any co-Registrar shall be affected by notice to the contrary.

(v) All Notes issued upon any registration of transfer or exchange pursuant to the terms of this Indenture shall evidence the same debt and shall be entitled to the same benefits under this Indenture as the Notes surrendered upon such registration of transfer or exchange.

(vi) The Registrar shall be entitled to request such evidence reasonably satisfactory to it documenting the identity and/or signatures of the transferor and the transferee.

(h) No Obligation of the Trustee.

(i) None of the Trustee, the Company, or any Paying Agent, Transfer Agent or Registrar shall have any responsibility or obligation to any beneficial owner of an interest in a Global Note, a member of, or a participant in, DTC or other Person with respect to the accuracy of the records of DTC or its nominee or of any participant or member thereof, with respect to any ownership interest in the Notes or with respect to the delivery to any participant, member, beneficial owner or other Person (other than DTC) of any notice (including any notice of redemption) or the payment of any amount or delivery of any Notes (or other security or property) under or with respect to such Notes. All notices and communications to be given to the Holders and all payments to be made to Holders in respect of the Notes shall be given or made only to or upon the order of the registered Holders (which shall be DTC or its nominee in the case of a Global Note). The rights of beneficial owners in any Global Note shall be exercised only through DTC subject to the applicable rules and procedures of DTC. Each of the Trustee, the Registrar, the Transfer Agent and the Paying Agent may conclusively rely and shall be fully protected in conclusively relying upon information furnished by DTC with respect to its members, participants and any beneficial owners.

(ii) None of the Trustee, the Registrar, any Co-Registrar or any Transfer Agent shall have any obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer or exchange imposed under this Indenture or under applicable law with respect to any transfer or exchange of any interest in any Note (including any transfers between or among DTC participants, members or beneficial owners in any Global Note) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the express terms of this Indenture, to examine the same to determine if it substantially complies on its face as to form with the express requirements hereof, and to notify the party delivering the same if the certificate does not so comply.

Section 2.10 Mutilated, Destroyed, Lost or Stolen Notes.

(a) If a mutilated or defaced Note is surrendered to the Registrar or if the Holder of a Note claims that the Note has been lost, destroyed or stolen and if the Company shall certify in an Officers' Certificate that the requirements of Section 8-405 of the Uniform Commercial Code of the State of New York are met, the Company shall execute and upon Company Order the Trustee shall authenticate a replacement Note if the Holder satisfies any other reasonable requirements of the Trustee. If required by the Trustee or the Company, such Holder shall furnish satisfactory evidence of the destruction, loss or theft and security or indemnity sufficient in the judgment of the Company and the Trustee to protect the Company, the Trustee, the Paying Agent, the Registrar and any Co-Registrar or Transfer Agent from any loss that any of them may suffer if a Note is replaced, and, in the absence of notice to the Company or a Trust Officer of the Trustee that such Note has been acquired by a protected

purchaser (as defined in Section 8-303 of the Uniform Commercial Code of the State of New York), the Company shall execute and upon Company Order the Trustee shall authenticate and make available for delivery, in exchange for any such mutilated or defaced Note or in lieu of any such destroyed, lost or stolen Note, a new Note of like tenor (including the same date of issuance) and equal principal amount, registered in the same manner, and bearing interest from the date to which interest has been paid on such Note, in exchange and substitution for such Note (upon surrender and cancellation thereof in the case of a mutilated or defaced Note) or in lieu of and substitution for such Note bearing a number not contemporaneously Outstanding.

(b) Upon the issuance of any new Note under this Section 2.10, the Company, the Trustee, the Registrar and the Transfer Agent may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other fees and expenses (including the fees and expenses of the Company's counsel and each of the Trustee, the Registrar and the Transfer Agent and its respective counsel) in connection therewith.

(c) In case any mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Company may, in its discretion, pay such Notes instead of issuing a new Note in replacement thereof.

(d) Every new Note issued pursuant to this Section 2.10 in exchange for any mutilated Note, or in lieu of any destroyed, lost or stolen Note, shall constitute an original additional contractual obligation of the Company and any other obligor upon the Notes, and shall be entitled to all benefits of this Indenture equally and proportionately with any and all other Notes duly issued hereunder.

(e) The provisions of this Section 2.10 shall be exclusive and shall be in lieu of, to the fullest extent permitted by applicable law, all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

Section 2.11 Temporary Notes. Until definitive Notes are ready for delivery, the Company may execute and upon Company Order the Trustee shall authenticate temporary Notes. Temporary Notes shall be substantially in the form of definitive Notes but may have variations that the Company considers appropriate for temporary Notes. Without unreasonable delay, the Company shall prepare and execute and upon Company Order the Trustee shall authenticate definitive Notes. After the preparation of definitive Notes, the temporary Notes shall be exchangeable for definitive Notes upon surrender of the temporary Notes at any office or agency maintained by the Company for that purpose and such exchange shall be without charge to the Holder. Upon surrender for cancellation of any one or more temporary Notes, the Company shall execute and upon Company Order the Trustee shall authenticate and make available for delivery in exchange therefor one or more definitive Notes representing an equal principal amount of Notes. Until so exchanged, the Holder of temporary Notes shall in all respects be entitled to the same benefits under this Indenture as a Holder of definitive Notes.

Section 2.12 Cancellation. The Company at any time may deliver Notes to the Trustee for cancellation. The Registrar, Co-Registrar, if any, and the Paying Agent shall forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The

Trustee and no one else shall cancel and dispose of cancelled Notes in accordance with its customary procedures or return to the Company all Notes surrendered for registration of transfer, exchange, payment or cancellation. Subject to Section 2.10, the Company may not issue new Notes to replace Notes it has paid or delivered to the Trustee for cancellation for any reason other than in connection with a transfer or exchange upon Company Order.

Section 2.13 Defaulted Interest. When any installment of interest becomes Defaulted Interest, such installment shall forthwith cease to be payable to the Holders in whose names the Notes were registered on the Record Date applicable to such installment of interest. Defaulted Interest (including any interest on such Defaulted Interest) may be paid by the Company, at its election, as provided in Section 2.13(a) or Section 2.13(b).

(a) The Company may elect to make payment of any Defaulted Interest (including any interest on such Defaulted Interest) to the Holders in whose names the Notes are registered at the close of business on a special record date for the payment of such Defaulted Interest (a "Special Record Date"), which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid and the date of the proposed payment, and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Holders entitled to such Defaulted Interest as provided in this Section 2.13(a). Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest, which shall be not more than 15 calendar days and not less than ten calendar days prior to the date of the proposed payment and not less than ten calendar days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be given to each Holder in accordance with Section 10.1, not less than ten calendar days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been given as aforesaid, such Defaulted Interest shall be paid to the Holders in whose names the Notes are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to Section 2.13(b).

(b) Alternatively, the Company may make payment of any Defaulted Interest (including any interest on such Defaulted Interest) in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Notes may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this Section 2.13(b) such manner of payment shall be deemed practicable by the Trustee.

Section 2.14 Additional Notes. The Company may, from time to time, subject to compliance with any other applicable provisions of this Indenture, without notice to or the consent of the Holders, create and issue pursuant to this Indenture Additional Notes by delivering an Additional Note Board Resolution or Additional Note Supplemental Indenture. Such Additional Notes shall have terms and conditions set forth in Exhibit A identical to those of the Initial Notes, except that Additional Notes:

(a) may have a different issue price, issue date and, if applicable, date from which the interest shall accrue from the Initial Notes;

(b) may have a different amount of interest payable on the first Interest Payment Date after issuance than is payable on the Initial Notes;

(c) may have terms specified in the Additional Note Board Resolution or Additional Note Supplemental Indenture for such Additional Notes making appropriate adjustments to this Article II and Exhibit A (and related definitions) applicable to such Additional Notes in order to conform to and ensure compliance with the Securities Act (or other applicable securities laws); and

(d) unless such Additional Notes are issued under a separate CUSIP number, such Additional Notes must be fungible with the Notes for U.S. federal income tax purposes.

#### Section 2.15 Open Market Purchases

(a) The Company may at any time purchase Notes in the open market or otherwise at any agreed upon price. All such purchased Notes shall not be resold, except in accordance with applicable requirements or exemptions under the relevant securities laws.

### ARTICLE III

### COVENANTS

#### Section 3.1 Payment of Notes.

(a) The Company shall pay the principal of and interest (including Defaulted Interest) and all other amounts in respect of the Notes and/or this Indenture in U.S. Dollars on the dates and in the manner provided in the Notes and in this Indenture. Payments on Global Notes shall be made in accordance with the applicable procedures of DTC. Payments on Certificated Notes may be made at the Corporate Trust Office of the Trustee. Prior to 12:00 noon (New York City time) on the Business Day immediately preceding each Interest Payment Date, the Maturity Date and any other payment date, the Company shall deposit with the Paying Agent in immediately available funds U.S. Dollars sufficient to make cash payments due on such Interest Payment Date, Maturity Date or such other payment date, as the case may be. If the Company or an Affiliate of the Company is acting as Paying Agent, the Company or such Affiliate shall, prior to 12:00 noon (New York City time) on the Business Day immediately preceding each Interest Payment Date, the Maturity Date, and any other payment date, segregate and hold in trust U.S. Dollars sufficient to make cash payments due on such Interest Payment Date, Maturity Date or such other payment date, as the case may be. Principal and interest shall be considered paid on the date due if on such date the Trustee or the Paying Agent (other than the Company or an Affiliate of the Company) holds in accordance with this Indenture U.S. Dollars designated for and sufficient to pay all principal and interest then due and the Trustee or the Paying Agent, as the case may be, is not prohibited from paying such money to the Holders on that date pursuant to the terms of this Indenture. Notwithstanding the foregoing, the



Company may elect to make the payments of interest on Certificated Notes by check mailed to the registered Holders at their registered addresses.

(b) If a Holder of Certificated Notes in an aggregate principal amount of at least U.S.\$1,000,000 has given wire transfer instructions to the Trustee or the Paying Agent at least 15 (fifteen) days prior to the relevant payment date, the Trustee or the Paying Agent shall make all principal and interest payments on those Notes in accordance with such instructions. Payments in respect of Global Notes shall be made by wire transfer.

(c) Notwithstanding anything to the contrary contained in this Indenture, the Company or any Paying Agent may, to the extent it is required to do so by law, deduct or withhold income or other similar taxes imposed by the United States of America from principal or interest payments hereunder.

Section 3.2 Maintenance of Office or Agency.

(a) The Company shall maintain each office or agency required under Section 2.3 where Notes may be presented or surrendered for registration of transfer or for exchange and where notices and demands to or upon the Company in respect of the Notes and this Indenture (other than the type contemplated by Section 10.6) may be served. The Company shall give prompt written notice to the Trustee of the location, and any change in the location, of any such office or agency.

(b) The Company may also from time to time designate one or more other offices or agencies (in or outside of The City of New York) where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind any such designation; *provided, however*, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in The City of New York for such purposes. The Company shall give prompt written notice to the Trustee of any such designation or rescission and any change in the location of any such other office or agency.

Section 3.3 Corporate Existence. Except for transactions not prohibited by Article IV, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence.

Section 3.4 Intentionally Omitted.

Section 3.5 Intentionally Omitted.

Section 3.6 Waiver of Stay, Extension or Usury Laws. The Company covenants (to the fullest extent permitted by applicable law) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law or any usury law or other law that would prohibit or forgive the Company from paying all or any portion of the principal of or interest on the Notes as contemplated herein, wherever enacted, now or at any time hereafter in force, or which may affect the covenants or the performance of this Indenture. The Company hereby expressly waives (to the fullest extent permitted by applicable law) all benefit or advantage of any such law, and covenants that it shall not hinder,

delay or impede the execution of any power herein granted to the Trustee, but shall suffer and permit the execution of every such power as though no such law had been enacted.

Section 3.7 Limitation on Liens.

(a) The Company shall not, nor shall it permit any Significant Subsidiary to, issue, assume or guarantee any Indebtedness, if such Indebtedness is secured by a Lien upon any Property now owned or hereafter acquired by the Company or any such Subsidiary, unless, concurrently with the issuance, assumption or guarantee of such Indebtedness, the Notes shall be secured equally and ratably with (or prior to) such Indebtedness; *provided* that the foregoing restriction shall not apply to:

(i) any Lien on any Property acquired, constructed, developed, extended, repaired or improved by the Company or any Subsidiary (individually or together with other Persons) which is created, incurred or assumed contemporaneously with, or within 360 days after, such acquisition (or in the case of any such Property constructed, repaired or improved, contemporaneously with, or within 360 days after, the completion or commencement of commercial operation of such Property, whichever is later) to secure or provide for the payment of any part of the purchase price of such Property or the costs of such acquisition, construction, development, extension repair or improvement (including costs such as escalation, interest during construction and financing and refinancing costs);

(ii) any Lien on any Property existing at the time of acquisition thereof or arising after such acquisition pursuant to contractual commitments entered into prior to such acquisition and, in either such case, which is not created in contemplation of such acquisition (unless such Lien was created to secure or provide for payment of any part of the purchase price of such Property and is otherwise permitted by clause (a)(i) above);

(iii) any Lien on any Property of a Person which is merged with or into the Company or a Subsidiary or any Lien existing on Property of a Person which existed at the time such Person becomes a Subsidiary or arose after such time under contractual commitments entered into prior to that event and, in all such cases, which is not created in contemplation of any such transaction (unless such Lien was created to secure or provide for the payment of any part of the purchase price of such Person and is otherwise permitted by clause (a)(i) above);

(iv) any Lien existing on the Issue Date;

(v) any Lien which secures only Indebtedness owing by a Subsidiary only to the Company, to one or more Subsidiaries or to the Company and one or more Subsidiaries;

(vi) any Lien resulting from the deposit of funds or evidences of Indebtedness in trust for the purpose of defeasing Indebtedness of the Company or any Subsidiary;

(vii) any Lien arising solely by operation of law;



(viii) any Lien created for the sole purpose of securing Indebtedness that, when incurred, will be applied to repay all (but not only part) of the Notes and all other amounts payable under the Notes; provided that the Notes and all other such amounts are fully satisfied within 30 days after the incurrence of such Indebtedness;

(ix) any Lien for taxes, assessments and other governmental charges or levies if such taxes, assessments, governmental charges or levies are not at the time due and payable, or for which such reserves or other appropriate provision, if any, as may be required by IFRS shall have been made;

(x) any attachment or judgment Lien not giving rise to an Event of Default; and

(xi) any extension, refinancing, renewal or replacement (or successive extensions, renewals, or replacements) in whole or in part, of any Lien referred to in the foregoing clauses; provided that the principal amount of Indebtedness secured thereby shall not exceed the principal amount of Indebtedness so secured at the time of such extension, refinancing, renewal or replacement, and that such extension, refinancing, renewal or replacement shall be limited to all or a part of the Property which secured the Lien so extended, refinanced, renewed or replaced (except for Property affixed or appurtenant thereto).

(b) Notwithstanding Section 3.7(a), the Company or any Subsidiary may issue, assume or guarantee Indebtedness secured by a Lien which would otherwise be prohibited under Section 3.7(a) or enter into Sale and Leaseback Transactions that would otherwise be prohibited by Section 3.8; provided that the aggregate amount of such Indebtedness of the Company and its Significant Subsidiaries together with the aggregate Attributable Value of all such Sale and Leaseback Transactions of the Company and its Significant Subsidiaries outstanding at such time that were previously incurred pursuant to this Section 3.7(b) shall not exceed 20% of Consolidated Tangible Assets at the time any such Indebtedness is issued, assumed or guaranteed by the Company or any Significant Subsidiary or at the time any such Sale and Leaseback Transaction is entered into.

#### Section 3.8 Limitation on Sale and Leaseback Transactions.

(a) For so long as any of the Notes are Outstanding, the Company shall not, and shall not permit any Significant Subsidiary to, enter into any Sale and Leaseback Transaction with respect to any of their Property, unless either (x) the Company or such Significant Subsidiary would be entitled pursuant to Section 3.7 to issue, assume or guarantee Indebtedness (in an amount equal to the Attributable Value with respect to such Sale and Leaseback Transaction) secured by a Lien on such Property without equally and ratably securing the Notes or (y) the Company or such Significant Subsidiary shall apply or cause to be applied, in the case of a sale or transfer for cash, an amount equal to the net proceeds thereof and, in the case of a sale or transfer otherwise than for cash, an amount equal to the fair market value (as determined in good faith by the Board of Directors) of the Property so leased, (A) to the retirement, within 360 days after the effective date of such Sale and Leaseback Transaction, of (i) Indebtedness of the Company ranking at least on a parity with the Notes or (ii) Indebtedness of any Subsidiary, in

each case and owing to a Person other than the Company or any Affiliate of the Company or (B) to the acquisition, construction, development, extension or improvement of any property or assets used or to be used by or on behalf of the Company or any Subsidiary in the ordinary course of business or (z) the Company or such Significant Subsidiary equally and ratably secures the Notes. None of the restrictions set forth in this Section 3.8 shall apply to (i) transactions providing for a lease for a term, including any renewal thereof, of not more than three years, (ii) transactions that were or will be sold by the Company or any Subsidiary to a lender or investor for a sale price equal to or less than U.S.\$5,000,000 or its equivalent in other currencies and (iii) transactions between the Company and a Subsidiary or between Subsidiaries.

(b) Notwithstanding Section 3.8(a), the Company and/or any Subsidiary may enter into any Sale and Leaseback Transaction that solely refinances, extends, renews or refunds a Sale and Leaseback Transaction permitted under Section 3.8(a) and the restrictions described in Section 3.8(a) will not apply to such Sale and Leaseback Transaction.

Section 3.9 Intentionally Omitted.

Section 3.10 Reports to Holders.

(a) To the extent the Company shall not have notified the Trustee in writing that the same have been or will be made publicly available by filing with the SEC or on the Company's website, and so long as the Notes are Outstanding, the Company will furnish (or in lieu of furnishing, make accessible electronically with written notice to the Trustee) to the Trustee:

(i) as soon as they are available, but in any event within 105 calendar days after the end of each fiscal year of the Company (ending December 31), copies of its audited financial statements (on a consolidated basis) in respect of such fiscal year (including a profit and loss account, balance sheet and cash flow statement), in English, prepared in accordance with IFRS and audited by a member firm of an internationally recognized firm of independent accountants;

(ii) as soon as they are available, but in any event within 75 calendar days after the end of each of the first and third fiscal quarters of each fiscal year of the Company, and within 90 calendar days after the end of the second fiscal quarter of each fiscal year of the Company, copies of its unaudited financial statements (on a consolidated basis) in respect of the relevant period (including a profit and loss account, balance sheet and cash flow statement), in English, prepared on a basis consistent with the audited financial statements of the Company and in accordance with IFRS, together with a certificate signed by the person then authorized to sign financial statements on behalf of the Company to the effect that such financial statements present fairly in all material respects the financial position of the Company as at the end of, and the results of its operations for, the relevant quarterly period;

(iii) to the extent not included in clauses (a)(i) and (a)(ii) above, the Company shall provide the Trustee copies (including English translations or summaries of documents prepared in another language) of all material public filings made with any

securities exchange or securities regulatory agency or authority within fifteen (15) days of such filing to the extent the content of such filings has not been made publicly available by filing with the SEC or on the Company's website; *provided, however*, that the Trustee shall have no obligation to determine if and when any such filings are deliverable or if the Company has provided the Trustee with copies of such filings within the time period specified in this clause (a)(iii); and

(iv) in case the Company is not subject to Section 13 or 15(d) of the Exchange Act or exempt from reporting pursuant to Rule 12g3-2(b) of the Exchange Act, the Company shall make available, upon request, to any Holder and any prospective purchaser of Notes designated by any Holder, the information required pursuant to Rule 144A(d)(4) under the Securities Act.

(b) Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute actual or constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely conclusively on Officers' Certificates).

#### Section 3.11 Payment of Additional Amounts.

(a) The Company shall make all payments of principal, premium, if any, and interest in respect of the Notes free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Chile or by or within any political subdivision thereof or any authority therein or thereof having power to tax or any other jurisdiction through which payments are made in respect of the Notes (including, for the avoidance of doubt, any successor jurisdiction pursuant to Section 4.1) (each a "Relevant Jurisdiction") ("Taxes"), unless such withholding or deduction is required by law or by the interpretation or administration thereof. In the event of any such withholding or deduction of Taxes, the Company will pay to Holders such additional amounts ("Additional Amounts") as will result in the receipt by each Holder of the net amount that would otherwise have been receivable by such Holder in the absence of such withholding or deduction, except that no such Additional Amounts will be payable:

(i) in respect of any Taxes that would not have been so withheld or deducted but for the existence of any present or former connection (including, without limitation, a permanent establishment in a Relevant Jurisdiction) between the Holder (or, if the Holder is an estate, nominee, trust, partnership, corporation or other business entity, between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over, the Holder, applicable recipient of a payment or beneficial owner) and an authority with the power to levy or otherwise impose or assess a Tax, other than the mere receipt of such payment or the mere holding or ownership of such Note or beneficial interest or the enforcement of rights thereunder;

(ii) in respect of any Taxes that would not have been so withheld or deducted if the Note had been presented for payment within 15 days after the Relevant

Date to the extent presentation is required (except to the extent that the Holder would have been entitled to Additional Amounts had the Note been presented for payment on the last day of such 15-day period);

(iii) in respect of any Taxes that would not have been so withheld or deducted but for the failure by the Holder, applicable recipient of payment or the beneficial owner of the Note or any payment in respect of such Note to (i) make a declaration of non-residence, or any other claim or filing for exemption, to which it is entitled or (ii) comply with any certification, identification, information, documentation or other reporting requirement concerning its nationality, residence, identity or connection with a Relevant Jurisdiction; *provided that* such declaration or compliance was required as a precondition to exemption from all or part of such Taxes and the Company has given the Holders at least 30 days prior notice that they will be required to comply with such requirements;

(iv) in respect of any estate, inheritance, gift, value added, sales, use, excise, transfer, personal property or similar taxes, duties, assessments or other governmental charges;

(v) in respect of any Taxes that are payable otherwise than by deduction or withholding from payments on the Notes;

(vi) in respect of any Taxes that would not have been so imposed if the Holder had presented the Note for payment (where presentation is required) to another paying agent;

(vii) in respect of any payment to a Holder of a Note that is a fiduciary or partnership (including an entity treated as a partnership for tax purposes) or any Person other than the sole beneficial owner of such payment or Note, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such partnership or the beneficial owner of such payment or Note would not have been entitled to the Additional Amounts had such beneficiary, settlor, member or beneficial owner been the actual Holder of such Note;

(viii) in respect of any withholding or deduction imposed on a payment required to be made pursuant to European Council Directive 2003/48/EC or any other European Union directive implementing the conclusions of the ECOFIN Council meeting of November 26–27, 2022 on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such a directive; or

(ix) in respect of any combination of the items listed above.

Notwithstanding the foregoing, the limitations on the Company's obligation to pay Additional Amounts set forth in clause (a)(iii) above shall not apply if the provision of any certification, identification, information, documentation or other reporting requirement described in such clause (a)(iii) would be materially more onerous, in form, in procedure or in the substance of information disclosed, to a Holder, applicable recipient of payment or beneficial

owner of a Note than comparable information or other reporting requirements imposed under U.S. tax law, regulations and administrative practice (such as IRS Forms W-8BEN and W-9).

(b) The Company shall furnish to the Trustee, within 60 days after the date the payment of any Taxes so deducted or withheld is due pursuant to applicable law, either certified copies of tax receipts evidencing such payment by the Company, or, if such receipts are not obtainable, other evidence of such payments by the Company reasonably satisfactory to the Trustee.

(c) Upon written request, the Company shall provide the Holders with documentation reasonably satisfactory to the Holders evidencing the payment of Taxes.

(d) Any reference in this Indenture or the Notes to principal, premium, if any, interest or any other amount payable in respect of the Notes by the Company will be deemed also to refer to any Additional Amount that may be payable with respect to that amount under the obligations referred to in this Section 3.11.

In the event that Additional Amounts actually paid with respect to the Notes pursuant to this Section 3.11 are based on rates of deduction or withholding of withholding taxes in excess of the appropriate rate applicable to the Holder of such Notes, and as a result thereof such Holder is entitled to make a claim for a refund or credit of such excess from the authority imposing such withholding tax, then such Holder shall, by accepting such Notes, be deemed to have assigned and transferred all right, title and interest to any such claim for a refund or credit of such excess to the Company. However, by making such assignment, the Holder makes no representation or warranty that the Company will be entitled to receive such claim for a refund or credit and incurs no other obligation with respect thereto.

The Company shall promptly pay when due any present or future stamp, court or similar documentary taxes or any other excise or property taxes, charges or similar levies that arise in any jurisdiction from the execution, delivery or registration of each Note or any other document or instrument referred to herein or therein, excluding any such taxes, charges or similar levies imposed by any jurisdiction outside of Chile and except, in certain cases, for taxes, charges or similar levies resulting from certain registration of transfer or exchange of Notes.

Section 3.12 Intentionally Omitted.

Section 3.13 Compliance Certificates.

(a) The Company shall deliver to the Trustee within 120 days after the end of each fiscal year of the Company an Officers' Certificate stating whether or not the signer knows of any Event of Default that occurred during such period and is continuing. If it does, the certificate shall describe the Event of Default, its status and what action the Company is taking or proposes to take with respect thereto.

(b) The Trustee shall not be obligated to monitor or confirm, on a continuing basis or otherwise, the Company's or any other Person's compliance with the covenants described above or with respect to any reports or other documents filed under this Indenture.

Section 3.14 Notice of Exchange Listing. The Company agrees to promptly notify the Trustee whenever the Notes become listed on any stock exchange and of any delisting thereof.

#### ARTICLE IV

##### LIMITATION ON CONSOLIDATION, MERGER, SALE OR CONVEYANCE

Section 4.1 Consolidation, Merger, Sale or Conveyance.

(a) For so long as any Notes are Outstanding, the Company shall not consolidate with or merge into any other Person or convey or transfer its properties and assets substantially as an entirety to any Person, unless:

(i) the successor Person (the “Surviving Entity”) (if not the Company) by a supplemental indenture shall expressly assume the due and punctual payment of the principal of and interest on all the outstanding Notes and the performance of every covenant in this Indenture to be performed on the part of the Company;

(ii) immediately after giving effect to such transaction, no Event of Default shall have happened and be continuing; and

(iii) the Company shall have delivered to the Trustee an Officer’s Certificate and an Opinion of Counsel each stating that such consolidation, merger, conveyance or transfer and such supplemental indenture (if any) comply with this Section 4.1 relating to such transaction.

(b) In case of any consolidation, merger, conveyance or transfer that complies with Section 4.1(a), the Surviving Entity will succeed to and be substituted for the Company as obligor under the Indenture and the Notes, with the same effect as if it had been named in this Indenture as the Company.

#### ARTICLE V

##### REDEMPTION OF NOTES

Section 5.1 Redemption. The Company may redeem the Notes subject to the conditions and at the redemption prices specified in the form of Notes in Exhibit A.

Section 5.2 Election to Redeem. In the case of redemption, the Company shall evidence its election to redeem any Notes pursuant to Section 5.1 by a Board Resolution delivered at least 5 Business Days prior to the date notice of redemption is deliverable to the Holders.

Section 5.3 Notice of Redemption.

(a) The Company shall give or cause the Trustee to give notice of redemption, in the manner provided for in Section 10.1, not less than 30 nor more than 60 days prior to the

Redemption Date, to each Holder of Notes to be redeemed. If the Company itself gives the notice, it shall also deliver a copy to the Trustee.

(b) If the Company elects to have the Trustee give notice of redemption, then the Company shall deliver to the Trustee, at least 45 days prior to the Redemption Date (unless the Trustee is satisfied with a shorter period), an Officers' Certificate requesting that the Trustee give notice of redemption and setting forth the information required by Section 5.3(c). If the Company elects to have the Trustee give notice of redemption, the Trustee shall give the notice in the name of the Company and at the Company's expense.

(c) All notices of redemption shall state:

- (i) the Redemption Date;
- (ii) the redemption price and the amount of any accrued interest payable as provided in Section 5.6;
- (iii) that on the Redemption Date the redemption price and any accrued interest payable to the Redemption Date as provided in Section 5.6 shall become due and payable in respect of each Note and, unless the Company defaults in making the redemption payment, that interest on each Note to be redeemed shall cease to accrue on and after the Redemption Date;
- (iv) the place or places where a Holder must surrender the Holder's Notes for payment of the redemption price; and
- (v) the Common Code, CUSIP or ISIN number, if any, listed in the notice or printed on the Notes, and that no representation is made as to the accuracy or correctness of such Common Code, CUSIP or ISIN number.

**Section 5.4** Intentionally Omitted.

**Section 5.5** Deposit of Redemption Price. Prior to 12:00 noon New York City time on the Business Day prior to the relevant Redemption Date, the Company shall deposit with the Trustee or with a Paying Agent (or, if the Company is acting as Paying Agent, segregate and hold in trust as provided in Section 2.4) an amount of money in immediately available funds sufficient to pay the redemption price of, and accrued interest on, all the Notes that the Company is redeeming on that date.

**Section 5.6** Notes Payable on Redemption Date. If the Company, or the Trustee on behalf of the Company, gives notice of redemption in accordance with this Article V, the Notes, called for redemption, shall, on the Redemption Date, become due and payable at the redemption price specified in the notice (together with accrued interest, if any, to the Redemption Date), and from and after the Redemption Date (unless the Company shall default in the payment of the redemption price and accrued interest) the Notes shall cease to bear interest. Upon surrender of any Note for redemption in accordance with the notice, the Company shall pay the Notes at the redemption price, together with accrued interest, if any, to the Redemption Date. If the



Company shall fail to pay any Note called for redemption upon its surrender for redemption, the principal shall, until paid, bear interest from the Redemption Date at the rate borne by the Notes.

## ARTICLE VI

### DEFAULTS AND REMEDIES

#### Section 6.1 Events of Default.

(a) Each of the following is an “Event of Default” whatever the reason for any such Event of Default and whether it is voluntary or involuntary or is effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body:

(i) the Company defaults in the payment of any principal of the Notes, when due and payable, whether at maturity, upon redemption or otherwise;

(ii) the Company defaults in the payment of any interest or any Additional Amount when due and payable on any Note and the continuance of such default for a period of 30 days;

(iii) the Company fails to perform or observe any other covenant or agreement in the Notes or this Indenture, not otherwise expressly included as an Event of Default in (i) or (ii) above, and the continuance of such default for more than 90 days after written notice of such default has been given to the Company by the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then Outstanding (with a copy to the Trustee if given by the Holders) specifying such default or breach and requiring it to be remedied and stating that such notice is a “Notice of Default”;

(iv) a default in the payment of the principal of, or interest on, Indebtedness of the Company or any of its Significant Subsidiaries, whether such Indebtedness exists on the date of this Indenture or shall thereafter be created, having an aggregate principal amount exceeding U.S.\$100,000,000 (or its equivalent in any other currency or currencies), other than the Notes, if such default shall continue for more than the period of grace, if any, applicable thereto and all such Indebtedness having an aggregate principal amount exceeding U.S.\$100,000,000 (or its equivalent in any other currency or currencies) shall have been declared due and payable;

(v) one or more final and non-appealable judgments or decrees for the payment of money in excess of U.S.\$100,000,000 in the aggregate or the equivalent thereof in other currencies (to the extent not covered by insurance) are rendered against the Company or any of its Significant Subsidiaries and are not paid (whether in full or in installments in accordance with the terms of the judgment) or otherwise discharged and, in the case of each such judgment or decree, there is a period of 90 days following such judgment during which such judgment or decree is not discharged, waived or the execution thereof stayed, for 10 days after written notice of such default has been given to the Company by the Trustee or the Holders of at least 25% in aggregate principal



amount of the Notes then Outstanding (with a copy to the Trustee if given by the Holders) specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default";

(vi) a decree or order by a court having jurisdiction has been entered adjudging the Company or any of its Significant Subsidiaries as bankrupt or insolvent, and such decree or order continues undischarged or unstayed for a period of 90 days; or a decree or order of a court having jurisdiction has been entered for the appointment of a receiver or liquidator or for the liquidation or dissolution of the Company or any of its Significant Subsidiaries pursuant to bankruptcy or insolvency laws, and such decree or order continues undischarged and unstayed for a period of 90 days; *provided* that any Significant Subsidiary may be liquidated or dissolved if, pursuant to such liquidation or dissolution, all or substantially all of its assets are transferred to the Company or another Significant Subsidiary of the Company, and such liquidation or dissolution shall not constitute an Event of Default; or

(vii) the Company or any of its Significant Subsidiaries institutes any proceeding to be adjudicated as voluntary bankrupt, or consents to the filing of a bankruptcy proceeding against it, or files a petition or consent seeking reorganization pursuant to bankruptcy or insolvency laws, or consents to the filing of any such petition, or consents to the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of it or its property.

#### Section 6.2 Acceleration.

(a) (i) If an Event of Default (other than an Event of Default specified in Section 6.1(a)(vi) or Section 6.1(a)(vii)), shall have occurred and be continuing with respect to the Notes, either the Trustee or the Holders of not less than 25% in aggregate principal amount of the Notes then Outstanding may declare the principal amount of all Outstanding Notes and all accrued interest thereon, if any, to be due and payable immediately and (ii) if an Event of Default specified in Section 6.1(a)(vi) or Section 6.1(a)(vii) shall have occurred, the principal amount of all Outstanding Notes and all accrued interest thereon shall become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder of Notes. A default under Section 6.1(a)(iv) above shall be deemed to be continuing under this Indenture only if and for so long as the payment default in question shall not have been waived, cured or shall not have otherwise ceased to exist. Notes owned by the Company shall be deemed not to be Outstanding for, among other purposes, declaring the acceleration of the maturity of the Notes.

(b) At any time after a declaration of acceleration with respect to the Notes as described in Section 6.2(a), the Holders of a majority in aggregate principal amount of the then Outstanding Notes may by written notice rescind and annul such declaration and its consequences:

(i) if all existing Events of Default have been cured or waived, except nonpayment of principal or interest that has become due solely because of the acceleration;

(ii) to the extent the payment of such interest is lawful, interest on overdue installments of interest and overdue principal, which has become due otherwise than by such declaration of acceleration, has been paid; and

(iii) if the Company has paid the Trustee its compensation and reimbursed the Trustee for its expenses, indemnities, disbursements and advances outstanding at that time.

No rescission shall affect any subsequent Default or impair any rights relating thereto.

Section 6.3 Other Remedies.

(a) If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal of and interest on the Notes or to enforce the performance of any provision of the Notes or this Indenture.

(b) The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative to the extent permitted by law.

Section 6.4 Waiver of Past Defaults. Subject to Section 6.2, the Holders of a majority in aggregate principal amount of the then Outstanding Notes may waive any existing Default or Event of Default hereunder, and its consequences, except (i) a Default in the payment of the principal of, or interest on any Notes or (ii) a Default in respect of a provision that under Section 9.2 cannot be amended without the consent of each Note Holder affected. When a Default or Event of Default is waived, it is deemed cured, but no such waiver shall extend to any subsequent or other Default or impair any consequent right.

Section 6.5 Control by Majority. Subject to the provisions of this Indenture and applicable law, the Holders of a majority in aggregate principal amount of the then Outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee.

Section 6.6 Limitation on Suits.

(a) No Holder of any Notes may institute any action under this Indenture, unless:

(i) such Holder shall have given the Trustee written notice of a continuing Event of Default with respect to the Notes;

(ii) Holders of not less than 25% in aggregate principal amount of the then Outstanding Notes shall have made written request to the Trustee to institute proceedings in respect of such Event of Default;

(iii) such Holder or Holders of the Notes shall have offered the Trustee such indemnity or security as the Trustee may require;

(iv) the Trustee shall have failed to institute an action for 60 days thereafter; and

(v) no direction inconsistent with such written request shall have been given to the Trustee during such 60 day period by the Holders of a majority in aggregate principal amount of the then Outstanding Notes;

*provided* that a Holder of a Note may institute suit for enforcement of payment of the principal of and any interest on such Note on or after the respective due dates expressed in such Note. Notwithstanding any provision of this Indenture to the contrary, no one or more of such Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb, or prejudice the rights of any other of such Holders (it being understood that the Trustee does not have an affirmative duty to ascertain whether or not such actions or forbearances are unduly prejudicial to such Holders). Notwithstanding any provision of this Indenture to the contrary, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any Holders of the Notes, unless such Holders shall have offered to the Trustee indemnity or security satisfactory to the Trustee.

Section 6.7 Rights of Holders to Receive Payment. Notwithstanding any other provision hereof (including, without limitation, Section 6.6), the right of any Holder to receive payment of principal of, premium, if any, or interest on the Notes held by such Holder, on or after the respective due dates, Redemption Dates or repurchase date expressed herein or the Notes, or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

Section 6.8 Collection Suit by Trustee. If an Event of Default specified in Section 6.1(a)(i) and Section 6.1(a)(ii) occurs and is continuing, the Trustee may recover judgment in its own name and as trustee of an express trust against the Company for the whole amount then due and owing (together with applicable interest on any overdue principal and, to the extent lawful, interest on overdue interest) and the amounts provided for in Section 7.7.

Section 6.9 Trustee May File Proofs of Claim, etc.

(a) In case of any judicial proceeding relative to the Company (or any other obligor upon the Notes), its property or its creditors, the Trustee shall be entitled and empowered, by intervention in such proceeding or otherwise, to take any and all actions authorized under applicable law in order to have claims of the Holders and the Trustee allowed in any such proceeding. In particular, the Trustee may (irrespective of whether the principal of the Notes is then due):

(i) file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and the Holders under this Indenture and the Notes allowed in any bankruptcy, insolvency, liquidation or other

judicial proceedings relative to the Company or any Subsidiary of the Company or their respective creditors or properties; and

(ii) collect and receive any moneys or other property payable or deliverable in respect of any such claims and distribute them in accordance with this Indenture.

Any receiver, trustee, liquidator, sequestrator (or other similar official) in any such proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, taxes, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due to the Trustee pursuant to Section 7.7.

(b) Nothing in this Indenture shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 6.10 Priorities. If the Trustee collects any money or property pursuant to this Article VI, it shall pay out the money or property in the following order:

FIRST: to the Trustee for amounts due under Section 7.7;

SECOND: to Holders for amounts due and unpaid on the Notes for principal and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal and interest, respectively; and

THIRD: to the Company.

The Trustee may, upon notice to the Company, fix a record date and payment date for any payment to Holders pursuant to this Section 6.10.

Section 6.11 Undertaking for Costs. All parties agree, and each Holder by its acceptance of its Notes shall be deemed to have agreed, that in any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by the Company, a suit by a Holder pursuant to Section 6.7 or a suit by Holders of more than 10% in principal amount of Outstanding Notes.

## ARTICLE VII

### TRUSTEE

#### Section 7.1 Duties of Trustee.

(a) If a Default or an Event of Default has occurred and is continuing, the Trustee shall exercise the rights and powers vested in it by this Indenture and use the same degree of care and skill in its exercise thereof as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of a Default or an Event of Default:

(i) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, in the case of any such certificates or opinions, which by any provisions hereof are specifically required to be furnished to the Trustee, the Trustee shall examine such certificates and opinions to determine whether or not they conform to the requirements of this Indenture (it being understood that the Trustee need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

(c) The Trustee may not be relieved from liability for its own gross negligent action, its own gross negligent failure to act or its own willful misconduct, except that:

(i) this Section 7.1(c) does not limit the effect of Section 7.1(b);

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Trust Officer unless it is proved that the Trustee was grossly negligent in ascertaining the pertinent facts; and

(iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.2, Section 6.5 or Section 6.8 or any other provision of this Indenture.

(d) The Trustee shall hold all funds uninvested and shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Company.

(e) Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

(f) No provision hereof shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds to believe that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(g) Every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article VII.

(h) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Company shall be sufficient if signed by an Officer of the Company.

(i) Notwithstanding any provision herein to the contrary, the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Holders unless such Holders shall have offered to the Trustee security or indemnity satisfactory to it against the costs, expenses (including reasonable attorneys' fees and expenses) and liabilities that might be incurred by it in compliance with such request or direction.

#### Section 7.2 Rights of Trustee.

Subject to Section 7.1:

(a) The Trustee may conclusively rely and shall be fully protected in acting or refraining from acting upon any document, instrument, opinion, direction, order, notice, certificate or request reasonably believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in such document, instrument, opinion, direction, order, notice, certificate or request.

(b) Before the Trustee acts or refrains from acting at the direction of the Company, it may require an Officers' Certificate, advice of counsel and/or an Opinion of Counsel, and such Officers' Certificate, advice and/or Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken or omitted to be taken by it hereunder. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on an Officers' Certificate, advice of counsel and/or Opinion of Counsel.

(c) The Trustee may act through its attorneys and agents and shall not be responsible for the misconduct or negligence of any attorney or agent appointed with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers.

(e) The Trustee may consult with counsel of its selection, and the advice or opinion of counsel with respect to legal matters relating to this Indenture and the Notes shall be full and complete authorization and protection from liability in respect to any action taken,

omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

(f) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled, upon notice to the Company, to examine the books, records and premises of the Company, personally or by agent or attorney at the sole cost of the Company and shall incur no liability or additional liability of any kind by reason of such inquiry or investigation.

(g) The Trustee shall not be deemed to have notice of any Default or Event of Default (other than payment default under Section 6.1(a)(i) or Section 6.1(a)(ii)) unless a Trust Officer of the Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a Default or Event of Default is received by the Trustee at the Corporate Trust Office of the Trustee, and such notice references the Notes and this Indenture. For purposes of determining the Trustee's responsibility and liability hereunder, whenever reference is made in this Indenture to a Default or Event of Default, such reference shall be construed to refer only to such Default or Event of Default for which the Trustee is deemed to have notice pursuant to this Section 7.2(g).

(h) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, to each Paying Agent, Transfer Agent and Registrar and to each other agent, custodian and other Person employed to act hereunder.

(i) In no event shall the Trustee be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, without limitation, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(j) The Trustee may request that the Company deliver an Officers' Certificate setting forth the names of individuals and/or titles of Officers authorized at such time to take specified actions pursuant to this Indenture, which Officers' Certificate may be signed by any person authorized to sign an Officers' Certificate, including any person specified as so authorized in any such certificate previously delivered and not superseded.

(k) The permissive rights of the Trustee enumerated herein shall not be construed as duties.

(l) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including without limitation, acts of God; earthquakes; fires; floods; wars; civil or military disturbances; sabotage; epidemics; riots;



interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications service, accidents; labor disputes; acts of civil or military authority or governmental actions (it being understood that the Trustee shall use its best efforts to resume performance as soon as practicable under the circumstances).

(m) To the extent permitted by applicable law, the Trustee shall not be required to give any bond or surety in respect of the execution of this Indenture or otherwise.

(n) To help fight the funding of terrorism and money laundering activities, the Trustee will obtain, verify, and record information that identifies individuals or entities that establish a relationship or open an account with the Trustee. The Trustee will ask for the name, address, tax identification number and other information that will allow the Trustee to identify the individual or entity who is establishing the relationship or opening the account. The Trustee may also ask for formation documents such as articles of incorporation, an offering memorandum, or other identifying documents to be provided.

(o) In respect of this Indenture, the Trustee shall not have any duty or obligation to verify or confirm that the Person sending instructions, directions, reports, notices or other communications or information by electronic transmission is, in fact, a Person authorized to give such instructions, directions, reports, notices or other communications or information on behalf of the party purporting to send such electronic transmission; and the Trustee shall not have any liability for any losses, liabilities, costs or expenses incurred or sustained by any party as a result of such reliance upon or compliance with such instructions, directions, reports, notices or other communications or information. Each other party agrees to assume all risks arising out of the use of electronic methods to submit instructions, directions, reports, notices or other communications or information to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, notices, reports or other communications or information, and the risk of interception and misuse by third parties.

(p) To secure the obligations owed to the Trustee hereunder, the Trustee shall have a lien prior on all money or property held or collected by it in its capacity as Trustee, and may withhold or set-off any amounts due and owing to it under this Indenture from any money or property held or collected by it in its capacity as Trustee.

(q) The Trustee shall have no obligation or duty to ensure compliance with the securities laws of any country or state except to request such certificates or other documents required to be obtained by the Trustee or any Registrar hereunder in connection with any exchange or transfer pursuant to the terms hereof.

**Section 7.3 Individual Rights of Trustee.** The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Company or any of its Affiliates with the same rights it would have if it were not Trustee. Any Paying Agent, Transfer Agent, Registrar or co-Registrar may do the same with like rights. However, the Trustee must comply with Section 7.10.

**Section 7.4 Trustee's Disclaimer.** The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Notes, it shall not be



accountable for the Company's use of the proceeds from the Notes, and it shall not be responsible for any statement of the Company in this Indenture or in the Offering Memorandum or in any document issued in connection with the sale of the Notes or in the Notes other than the Trustee's certificate of authentication, except that the Trustee represents that it is duly authorized to execute and deliver this Indenture, authenticate the Notes and perform its obligations hereunder.

Section 7.5 Notice of Defaults. The Trustee must give to the Holders of Notes notice of all Defaults or Events of Default of which a Trust Officer of the Trustee has knowledge in accordance with Section 7.2(g) within 30 days after a Trust Officer of the Trustee receives written notice of such a Default or Event of Default; *provided* that, except in the case of Default in the payment of principal of or any interest on, any of the Notes, the Trustee shall be protected in withholding such notice if it in good faith determines that the withholding of such notice is in the interest of the Holders of the Notes.

Section 7.6 Intentionally Omitted.

Section 7.7 Compensation and Indemnity.

(a) The Company shall pay to the Trustee from time to time such compensation for its acceptance of this Indenture and services hereunder as the Company and the Trustee shall from time to time agree in writing. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company shall reimburse the Trustee upon request for all reasonable out-of-pocket expenses incurred or made by it in connection with the performance of its duties and/or the exercise of its rights under this Indenture, except for any such expense as may arise from the Trustee's gross negligence, willful misconduct or bad faith. Such expenses shall include the reasonable fees and expenses of the Trustee's agents and counsel.

(b) The Company shall indemnify the Trustee and its officers, directors, employees and agents and hold the Trustee harmless for, from and against any and all loss, damage, claim, liability, cost or expense (including reasonable attorneys' fees and expenses) incurred by it without gross negligence, willful misconduct or bad faith on its part in connection with the acceptance or administration of this trust, the performance of its duties and/or the exercise of its rights hereunder, including the costs and expenses of defending themselves (including reasonable attorney's fees and costs) against any claim or liability related to the exercise or performance of any of its powers, rights or duties hereunder and under any other agreement or instrument related thereto. The Trustee shall notify the Company promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify the Company shall not relieve the Company of its obligations hereunder. The Company need not pay for any settlement made without its written consent.

(c) To secure the Company's payment obligations in this Section 7.7, the Trustee shall have a lien prior to the Notes on all money or property held or collected by the Trustee other than money or property held in trust to pay principal of and interest on particular Notes. The Trustee's right to receive payment of any amounts due under this Section 7.7 shall not be subordinate to any other liability or Indebtedness of the Company.

(d) The Company's payment obligations pursuant to this Section 7.7 shall survive the discharge of this Indenture, payment of the Notes and the resignation or removal of the Trustee. When the Trustee incurs expenses after the occurrence of an Event of Default under Section 6.1(a)(vi) or Section 6.1(a)(vii), the expenses are intended to constitute expenses of administration under any Bankruptcy Law; *provided, however*, that this shall not affect the Trustee's rights as set forth in this Section 7.7 or Section 6.10.

Section 7.8 Replacement of Trustee.

(a) The Trustee may resign at any time by so notifying the Company. In addition, the Holders of a majority in aggregate principal amount of the then Outstanding Notes may remove the Trustee by so notifying the Trustee and may appoint a successor Trustee. Moreover, if the Trustee is no longer eligible pursuant to Section 7.10 to act as such, or does not have a corporate trust office in the City of New York, New York, any Holder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee. The Company shall remove the Trustee if:

- (i) the Trustee fails to comply with Section 7.10;
- (ii) the Trustee is adjudged bankrupt or insolvent;
- (iii) a receiver or other public officer takes charge of the Trustee or its property; or
- (iv) the Trustee otherwise becomes incapable of acting.

(b) If the Trustee resigns or is removed by the Company or by the Holders of a majority in principal amount of the then Outstanding Notes and such Holders do not reasonably promptly appoint a successor Trustee, or if a vacancy exists in the office of the Trustee for any reason (the Trustee in such event being referred to herein as the retiring Trustee), the Company shall promptly appoint a successor Trustee.

(c) A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall give a notice of its succession to Holders. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, subject to the lien provided for in Section 7.7.

(d) If a successor Trustee does not take office within 30 days after the retiring Trustee resigns or is removed, the retiring Trustee or the Holders of 10% in principal amount of the Outstanding Notes may itself or themselves appoint a successor Trustee or may petition, at the Company's expense, any court of competent jurisdiction for the appointment of a successor Trustee.

(e) Notwithstanding the replacement of the Trustee pursuant to this Section 7.8, the Company's obligations under Section 7.7 shall continue for the benefit of the retiring Trustee.

Section 7.9 Successor Trustee by Merger.

(a) If the Trustee consolidates with, merges or converts into, or transfers all or substantially all its corporate trust business (including its obligations under this Indenture) or assets to, another corporation or national banking association, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee; *provided* that such Person shall be otherwise qualified and eligible under this Article VII.

(b) In case at the time such successor or successors by merger or consolidation to the Trustee shall succeed to the trusts created by this Indenture, any of the Notes shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor trustee, and deliver such Notes so authenticated; and in case at that time any of the Notes shall not have been authenticated, any successor to the Trustee may authenticate such Notes either in the name of any predecessor hereunder or in the name of the successor to the Trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Notes or in this Indenture.

Section 7.10 Eligibility.

The Trustee shall have a combined capital and surplus of at least U.S.\$50,000,000 as set forth in its most recent published annual report of condition.

Section 7.11 Paying Agent and Registrar. The rights, protections, immunities and indemnities granted to the Trustee under this Article VII shall apply *mutatis mutandis* to any Paying Agent, Registrar, any Authenticating Agent and any Transfer Agent

ARTICLE VIII

DEFEASANCE; DISCHARGE OF INDENTURE

Section 8.1 Legal Defeasance and Covenant Defeasance.

(a) The Company may, at its option, at any time, upon compliance with the conditions set forth in Section 8.2, elect to have either Section 8.1(b) or Section 8.1(c) be applied to its obligations with respect to all Outstanding Notes.

(b) Upon the Company's exercise under Section 8.1(a) of the option applicable to this Section 8.1(b), the Company shall, subject to the satisfaction of the conditions set forth in Section 8.2, be deemed to have paid and discharged the entire indebtedness represented by the Outstanding Notes after the deposit specified in Section 8.2(a) (hereinafter, "Legal Defeasance"). For this purpose, Legal Defeasance means that the Company shall be deemed to have paid and discharged the entire Indebtedness represented by the Outstanding Notes, which shall thereafter be deemed to be Outstanding only for the purposes of the sections of this Indenture referred to in clause (i) or (ii) of this Section 8.1(b), and the Company shall have been deemed to have satisfied all their other obligations under such Notes and this Indenture (and the Trustee, on demand of and at the expense of the Company, shall execute instruments acknowledging the same), except for the following provisions, which shall survive until otherwise terminated or discharged hereunder:

- (i) the rights of Holders to receive payments in respect of the principal of, premium, if any, and interest on the Notes when such payments are due,
- (ii) the Company's obligations with respect to such Notes concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payments,
- (iii) the rights, powers, trusts, duties, indemnities and immunities of the Trustee under this Indenture and hereunder and the Company's obligations in connection therewith, and
- (iv) this Article VIII.

Subject to compliance with this Article VIII, the Company may exercise its option under this Section 8.1(b) notwithstanding the prior exercise of its option under Section 8.1(c).

(c) Upon the Company's exercise under Section 8.1(a) of the option applicable to this Section 8.1(c), the Company shall be, subject to the satisfaction of the applicable conditions set forth in Section 8.2, released and discharged from each of its obligations under the covenants contained in Section 3.7, Section 3.8 and Section 3.10 with respect to the Outstanding Notes, on and after the date the conditions set forth below are satisfied (hereinafter, "Covenant Defeasance"), and the Notes shall thereafter be deemed not Outstanding for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be Outstanding for all other purposes hereunder (it being understood that such Notes shall not be deemed Outstanding for accounting purposes). For this purpose, such Covenant Defeasance means that, with respect to the Outstanding Notes, the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event or Default under Section 6.1 hereof, but, except as specified above, the remainder of this Indenture and such Notes shall be unaffected thereby. In addition, upon the Company's exercise under Section 8.1 hereof of the option applicable to this Section 8.1(c), subject to the satisfaction of the conditions set forth in Section 8.2 hereof, Section 6.1(a)(iii), Section 6.1(a)(iv) and Section 6.1(a)(v) hereof will not constitute Events of Default.

Section 8.2 Conditions to Defeasance. The Company may exercise its Legal Defeasance option or its Covenant Defeasance option only if:

- (a) the Company has irrevocably deposited with the Trustee, in trust, for the benefit of the Holders cash in U.S. Dollars, U.S. Government Obligations, or a combination thereof, in such amounts as shall be sufficient without reinvestment, in the opinion of an internationally recognized investment bank, appraisal firm or firm of independent public accountants delivered to the Trustee, to pay the principal of, and premium, if any, and interest on the Notes (including Additional Amounts) on the stated date for payment thereof or Redemption Date, as the case may be;

(b) in the case of Legal Defeasance, the Company has delivered to the Trustee an Opinion of Counsel from counsel in the United States to the effect that (subject to customary exceptions and exclusions):

(i) the Company has received from, or there has been published by, the U.S. Internal Revenue Service a ruling; or

(ii) since the Issue Date, there has been a change in the applicable U.S. federal income tax law;

and in either case to the effect that, the Holders and beneficial owners of the Notes shall not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and shall be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(c) in the case of Covenant Defeasance, the Company has delivered to the Trustee an Opinion of Counsel from counsel in the United States to the effect that (subject to customary exceptions and exclusions) the Holders and beneficial owners of the Notes shall not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and shall be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(d) in the case of Legal Defeasance or Covenant Defeasance, the Company has delivered to the Trustee an Opinion of Counsel from counsel in Chile to the effect that (subject to customary exceptions and exclusions) based upon Chilean law then in effect, Holders and beneficial owners of the Notes will not recognize income, gain or loss for Chilean tax purposes, including withholding tax except for withholding tax then payable on interest payments due, as a result of Legal Defeasance or Covenant Defeasance, as the case may be, and will be subject to Chilean taxes on the same amounts and in the same manner and at the same time as would have been the case if such Legal Defeasance or Covenant Defeasance, as the case may be, had not occurred;

(e) no Default or Event of Default has occurred and is continuing on the date of the deposit pursuant to Section 8.2(a) (except any Default or Event of Default resulting from any failure to comply with Section 3.7 as a result of the borrowing of the funds required to effect such deposit);

(f) the Company has delivered to the Trustee an Officers' Certificate stating that the deposit was not made by the Company with the intent of preferring the Holders over any other creditors of the Company or any Subsidiary of the Company or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Company or others;

(g) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel from U.S. counsel, each stating (subject to customary exceptions and exclusions) that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance have been complied with; and

(h) the Company has delivered to the Trustee Opinions of Counsel from U.S. and Chilean counsel to the effect that (subject to customary exceptions and exclusions and to assumptions as to factual matters, including the absence of an intervening bankruptcy, insolvency or reorganization during the applicable preference period following the date of such deposit and that no Holder or the Trustee is deemed to be an “insider” of the Company under the United States Bankruptcy Code and any equivalent law of Chile) the transfer of trust funds pursuant to such deposit will not be subject to avoidance as a preferential transfer pursuant to the applicable provisions of the United States Bankruptcy Code or any successor statute and any equivalent law of Chile.

Section 8.3 Application of Trust Money. The Trustee shall hold in trust U.S. Dollars or U.S. Government Obligations deposited with it pursuant to this Article VIII. It shall apply the deposited money and the U.S. Dollars from U.S. Government Obligations, together with earnings thereon, through the Paying Agent and in accordance with this Indenture to the payment of principal of and interest on the Notes. Anything in this Article VIII to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon the Company’s request any U.S. Dollars or U.S. Government Obligations held by it as provided in this Section 8.3 which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

Section 8.4 Repayment to Company.

(a) The Trustee and the Paying Agent shall promptly turn over to the Company upon request any excess money or securities held by them upon payment of all the obligations under this Indenture.

(b) Subject to any applicable abandoned property law, the Trustee and the Paying Agent shall pay to the Company upon request any money held by them for the payment of principal of or interest on the Notes that remains unclaimed for two years, and, thereafter, Holders entitled to the money must look to the Company for payment as general creditors.

Section 8.5 Indemnity for U.S. Government Obligations. The Company shall pay and shall indemnify the Trustee against any tax, fee or other charge imposed on or assessed against U.S. Government Obligations or the principal and interest received on such U.S. Government Obligations deposited with the Trustee pursuant to this Article VIII.

Section 8.6 Reinstatement. If the Trustee or Paying Agent is unable to apply any U.S. Dollars or U.S. Government Obligations in accordance with this Article VIII by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the obligations of the Company under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to this Article VIII until such time as the Trustee or Paying Agent is permitted to apply all such U.S. Dollars or U.S. Government Obligations in accordance with this Article VIII; *provided, however* that if the Company has made any payment of principal of or interest on any Notes because of the reinstatement of its obligations, the Company shall be subrogated to the

rights of the Holders of such Notes to receive such payment from the U.S. Dollars or U.S. Government Obligations held by the Trustee or Paying Agent.

Section 8.7 Satisfaction and Discharge. This Indenture shall be discharged and shall cease to be of further effect (except as to surviving rights or registration of transfer or exchange of the Notes and the rights, powers, trust and immunities of the Trustee and the Company's obligations in connection therewith, as expressly provided for herein) as to all Outstanding Notes, and the Trustee, on written demand of and at the expense of the Company, shall execute instruments acknowledging satisfaction and discharge of this Indenture, when:

(a) either:

(i) all the Notes theretofore authenticated and delivered (except lost, stolen or destroyed Notes which have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust) have been delivered to the Trustee for cancellation; or

(ii) all Notes not theretofore delivered to the Trustee for cancellation have become due and payable and the Company has irrevocably deposited or caused to be deposited with the Trustee U.S. Dollars in such amounts as will be sufficient without reinvestment to pay and discharge the entire Indebtedness on the Notes not theretofore delivered to the Trustee for cancellation, for principal of, premium, if any, and interest on the Notes to the date of deposit (in the case of Notes that have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be, together with irrevocable instructions from the Company directing the Trustee to apply such funds to the payment;

(b) the Company has paid all other sums payable under this Indenture and the Notes by the Company; and

(c) the Company has delivered to the Trustee an Officers' Certificate and Opinion of Counsel (which opinion of counsel may be subject to customary exceptions and exclusions) stating that all conditions precedent under this Indenture relating to the satisfaction and discharge of this Indenture have been complied with.

## ARTICLE IX

### AMENDMENTS

#### Section 9.1 Without Consent of Holders.

(a) The Company and the Trustee may amend, modify or supplement this Indenture and the Notes without notice to or consent of any Holder:

(i) to cure any ambiguity, omission, defect or inconsistency contained in this Indenture or the Notes; or



(ii) to make any other changes which do not adversely affect the rights of the Holders in any material respect.

(b) In connection with the foregoing, the Trustee shall be entitled to rely on such evidence as it deems appropriate, including, without limitation, solely on an Opinion of Counsel and an Officers' Certificate.

(c) After an amendment under this Section 9.1 becomes effective, the Company shall give to Holders a notice briefly describing such amendment. The failure to give such notice to all Holders, or any defect therein, shall not impair or affect the validity of an amendment under this Section 9.1.

Section 9.2 With Consent of Holders.

(a) Modifications to, amendments of, and supplements to, this Indenture or the Notes not set forth under Section 9.1 may also be made, and future compliance therewith or past default by the Company (other than a default in the payment of any principal of and any interest on the Notes due on or after the respective due dates expressed in such Notes which cannot be modified and amended without the consent of the Holders of all Notes so affected) may be waived, either with the written consent (including consents obtained in connection with a tender offer or exchange offer for the Notes) of the Holders of at least a majority in aggregate principal amount of Outstanding Notes or by adoption of resolutions at a meeting of Holders of the Notes by, or the consent of, the Holders of at least a majority of the Outstanding Notes; *provided that* no such modification or amendment to this Indenture or to the terms and conditions of the Notes may, without the consent or the affirmative vote of each Holder so affected:

(i) reduce the stated interest rate with respect to any Notes or reduce the principal amount of any Notes, or extend the scheduled time for such payments;

(ii) modify the obligation to pay Additional Amounts;

(iii) change the prices at which the Notes may be redeemed by the Company, or change the time at which any Note may be redeemed;

(iv) change the currency in which, or change the required place at which, payment on principal, premium, if any, and interest with respect to the Notes is payable;

(v) impair the right to institute suit for the enforcement of any payment obligation on or with respect to any Note; or

(vi) reduce the above-stated percentage of principal amount of Outstanding Notes whose Holders are required to consent to modify or amend this Indenture or the terms or conditions of the Notes or to waive any future compliance or past default.



*Provided, further,* that in connection with any modification, amendment or supplement pursuant to this Section 9.2, or Section 9.1 above, the Company has delivered to the Trustee an Opinion of Counsel and an Officers' Certificate, each stating that such modification, amendment or supplement complies with the applicable provisions of this Indenture.

**Section 9.3    Revocation and Effect of Consents and Waivers.**

(a)    A consent to an amendment, supplement or waiver by a Holder of a Note shall bind the Holder and every subsequent Holder of that Note or portion of the Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent or waiver is not made on the Note. However, any such Holder or subsequent Holder may revoke the consent or waiver as to such Holder's Note or portion of the Note if the Trustee receives the notice of revocation before the date the amendment, supplement or waiver becomes effective. After an amendment, supplement or waiver becomes effective, it shall bind every Holder, except as otherwise provided in this Article IX. An amendment, supplement or waiver under Section 9.2 shall become effective upon receipt by the Trustee of the requisite number of written consents under Section 9.2.

(b)    The Company may, but shall not be obligated to, fix a record date for the purpose of determining the Holders entitled to give their consent or take any other action described above or required or permitted to be taken pursuant to this Indenture. If a record date is fixed, then notwithstanding the immediately preceding paragraph, those Persons who were Holders at such record date (or their duly designated proxies), and only those Persons, shall be entitled to give such consent or to revoke any consent previously given or to take any such action, whether or not such Persons continue to be Holders after such record date. No such consent shall be valid or effective for more than 90 days after such record date.

**Section 9.4    Notation on or Exchange of Notes.** If an amendment or supplement changes the terms of a Note, the Company may place an appropriate notation on each Outstanding Note surrendered to it for such purpose regarding the changed terms and return it to the Holder. Alternatively, if the Company so determines, the Company in exchange for the Note shall execute and upon Company Order the Trustee shall authenticate a new Note that reflects the changed terms. Failure to make the appropriate notation or to issue a new Note shall not affect the validity of such amendment or supplement.

**Section 9.5    Trustee to Sign Amendments and Supplements.** The Trustee shall sign any amendment or supplement authorized pursuant to this Article IX if the amendment or supplement does not adversely affect the rights, duties, liabilities, protections, benefits, indemnities or immunities of the Trustee. If it does, the Trustee may but need not sign it. In signing such amendment or supplement the Trustee shall be entitled to receive indemnity reasonably satisfactory to it and to receive, and be fully protected in conclusively relying upon, such evidence as it deems appropriate, including, without limitation, the documents required by Section 10.2 and solely on an Opinion of Counsel and Officers' Certificate, each stating that such amendment or supplement is authorized or permitted hereby.

## ARTICLE X

### MISCELLANEOUS

#### Section 10.1 Notices.

(a) Any notice or communication shall be in English and in writing and delivered in Person, by facsimile, electronic transmission, mailed by first-class mail, postage prepaid or by overnight courier, addressed as follows:

if to the Company:

Avenida Miraflores 9153  
Edificio Corporativo, Piso 7  
Renca, Santiago, Chile  
Attention: Andrés Wainer – Chief Financial Officer / Jaime Cohen – Chief  
Legal Officer  
Fax No.: +56 2 2338 0510

if to the Trustee:

The Bank of New York Mellon  
101 Barclay Street, Floor 7 East, New York, NY 10286  
Attention: Global Finance Americas  
Fax No.: +1 212-815-5875/5877

The Company or the Trustee by notice to the other may designate additional or different addresses for subsequent notices or communications.

(b) Notices to the Company shall be deemed to have been given on the day of transmission, if by delivered by facsimile or electronic transmission; when delivered by hand, if personally delivered; two Business Days after being timely delivered to a next-day air courier of international repute. Notices to the Trustee shall be deemed to have been given upon receipt thereof by the Trustee.

(c) Any notice or communication deliverable to a Holder of a Certificated Note shall be mailed first class mail, postage prepaid, to the Holder at the Holder's address as it appears on the Note Register of the Registrar and shall be sufficiently given if so mailed within the time prescribed. Any notice to Holders of Global Notes shall be sufficiently given upon delivery of such notices to the depositary for the Global Notes in accordance with such depositary's applicable procedures.

(d) Failure to give a notice or communication to a Holder of Notes or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is given in the manner provided above, it is duly given, whether or not the addressee receives it.

Section 10.2 Certificate and Opinion as to Conditions Precedent. Upon any request or application by the Company to the Trustee to take or refrain from taking any action under this Indenture, the Company shall furnish to the Trustee:

(a) an Officers' Certificate in form and substance reasonably satisfactory to the Trustee stating that, in the opinion of the signers, all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with; and

(b) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee stating that, in the opinion of such counsel, all such conditions precedent have been complied with in all material respects.

Section 10.3 Statements Required in Officers' Certificate. Each certificate, including each Officers' Certificate with respect to compliance with a covenant or condition provided for in this Indenture shall include:

(a) a statement substantially to the effect that the individual making such certificate or opinion has read such covenant or condition;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement substantially to the effect that, in the opinion of such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether or not, in the opinion of such individual, such covenant or condition has been complied with.

In giving an Opinion of Counsel, counsel may rely as to factual matters on an Officers' Certificate or on certificates of public officials.

Section 10.4 Rules by Trustee, Paying Agents, Transfer Agents and Registrar. The Trustee may make reasonable rules for action by, or a meeting of, Holders. The Registrar, the Paying Agent and the Transfer Agents may make reasonable rules for their functions.

Section 10.5 Legal Holidays. If a payment date is not a Business Day, payment shall be made on the next succeeding day that is a Business Day, and no interest shall accrue for the intervening period. If a regular Record Date is not a Business Day, the Record Date shall not be affected.

Section 10.6 Governing Law, etc.

(a) THIS INDENTURE AND THE NOTES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(b) EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE OR THE NOTES OR THE TRANSACTIONS CONTEMPLATED HEREBY.

(c) Each of the parties hereto:

(i) agrees that any suit, action or proceeding against it arising out of or relating to this Indenture or the Notes, as the case may be, may be instituted in any state court of the State of New York located in the City and County of New York or in the United States District Court for the Southern District of New York,

(ii) irrevocably submits to the non-exclusive jurisdiction of such courts in any suit, action or proceeding,

(iii) waives, to the fullest extent permitted by applicable law, any objection which it may now or hereafter have to the laying of venue of any such suit, action or proceeding, any claim that any suit, action or proceeding in such a court has been brought in an inconvenient forum and any right to the jurisdiction of any other courts to which it may be entitled on account of place of residence or domicile, and

(iv) agrees that final judgment in any such suit, action or proceeding brought in such a court shall be conclusive and binding and may be enforced in the courts of the jurisdiction of which it is subject by a suit upon judgment.

(d) The Company has appointed CT Corporation with offices currently at 111 Eighth Avenue, 13th floor, New York, NY 10011, as its authorized agent (the "Authorized Agent") upon whom all writs, process and summonses may be served in any suit, action or proceeding arising out of or based upon this Indenture or the Notes which may be instituted in any New York state or U.S. federal court in The City of New York, New York. The Company represents and warrants that the Authorized Agent has accepted such appointment and has agreed to act as said agent for service of process, and the Company agrees to take any and all action, including the filing of any and all documents, that may be necessary to continue each such appointment in full force and effect as aforesaid so long as the Notes remain Outstanding. The Company agrees that the appointment of the Authorized Agent shall be irrevocable so long as any of the Notes remain Outstanding or until the irrevocable appointment by the Company of a successor agent in The City of New York, New York as their authorized agent for such purpose and the acceptance of such appointment by such successor. Service of process upon the Authorized Agent shall be deemed, in every respect, effective service of process upon the Company.

(e) To the extent that the Company or any of its Properties, assets or revenues may have or may hereafter become entitled to, or have attributed to the Company, any right of immunity, on the grounds of sovereignty or otherwise, from any legal action, suit or proceeding, from the giving of any relief in any such legal action, suit or proceeding, from setoff or from counterclaim from the jurisdiction of any Chilean, New York State or U.S. federal court, from

service of process, from attachment upon or prior to judgment, from attachment in aid of execution of judgment, or from execution of judgment, or other legal process or proceeding for the giving of any relief or for the enforcement of any judgment, in any such court in which proceedings may at any time be commenced, with respect to the obligations and liabilities of the Company, or any other matter under or arising out of or in connection with, the Notes or this Indenture, the Company irrevocably and unconditionally waives or shall waive such right, and agrees not to plead or claim any such immunity and consents to such relief and enforcement.

(f) Nothing in this Section 10.6 shall affect the right of the Trustee, any Holder of the Notes or any other Person to serve process in any other manner permitted by law.

Section 10.7 No Recourse Against Others. No past, present or future incorporator, director, officer, employee, shareholder or controlling Person, as such, of the Company shall have any liability for any obligations of the Company under the Notes or this Indenture or for any claims based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder shall waive and release all such liability. The waiver and release shall be part of the consideration for issuance of the Notes.

Section 10.8 Successors. All agreements of the Company in this Indenture and the Notes shall bind its respective successors. All agreements of the Trustee in this Indenture shall bind its successors.

Section 10.9 Duplicate and Counterpart Originals. The parties may sign any number of copies of this Indenture. One signed copy is enough to prove this Indenture. This Indenture may be executed in any number of counterparts, each of which so executed shall be an original, but all of them together represent the same agreement.

Section 10.10 Severability. In case any provision in this Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 10.11 Currency Indemnity.

(a) U.S. Dollars is the sole currency of account and payment for all sums payable by the Company, under or in connection with the Notes or this Indenture. If for the purpose of obtaining judgment in any court it is necessary to convert a sum due hereunder or pursuant to the Notes to the Trustee or a Holder of a Note from U.S. Dollars into another currency, the Company agrees, and each Holder by holding such Note agrees, and the Trustee agrees, to the fullest extent that the Company and they may effectively do so, that the rate of exchange used will be that at which in accordance with normal banking procedures such payee could purchase U.S. Dollars with such other currency in New York City, New York on the day two Business Days preceding the day on which final judgment is given.

(b) The Company's obligation in respect of any sum payable by it to any payee shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than U.S. Dollars, be discharged only to the extent that on the Business Day following receipt by such payee of any sum adjudged to be so due in the Judgment Currency, such payee may in accordance with normal banking procedures purchase U.S. Dollars with the Judgment Currency;

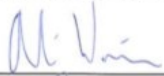
if the amount of the U.S. Dollars so purchased is less than the sum originally due to such payee in the Judgment Currency (determined in the manner set forth in the preceding paragraph), the Company agrees, as a separate obligation and notwithstanding any such judgment, to indemnify such payee against such loss, and if the amount of the U.S. Dollars so purchased exceeds the sum originally due to such payee, such payee agrees to remit to the Company such excess, provided that such payee will have no obligation to remit any such excess as long as the Company has failed to pay such payee any obligations due and payable under this Indenture or such Note, in which case such excess may be applied to the Company's obligations under this Indenture or such Note in accordance with the terms thereof.


(c) The indemnities of the Company contained in this Section 10.11, to the extent permitted by law: (i) constitute a separate and independent obligation from the other obligations of the Company under this Indenture and the Notes; (ii) shall give rise to a separate and independent cause of action against the Company; (iii) shall apply irrespective of any indulgence granted by the Trustee or any Holder of the Notes from time to time; (iv) shall continue in full force and effect notwithstanding any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under this Indenture or the Notes; and (v) shall survive the termination of this Indenture.

Section 10.12 Table of Contents; Headings. The table of contents and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not intended to be considered a part hereof and shall not modify or restrict any of the terms or provisions hereof.

IN WITNESS WHEREOF, the parties have caused this Indenture to be duly executed as of the date first written above.

EMBOTELLADORA ANDINA S.A.

By:   
Name: Andrus Ugine  
Title: Chief Financial Officer

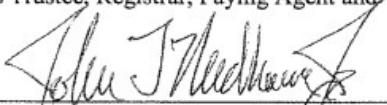
By:   
Name: Miguel Angel Pano  
Title: Chief Executive Officer

[Signature page to the Indenture]

\_\_\_\_\_

\_\_\_\_\_

THE BANK OF NEW YORK MELLON  
as Trustee, Registrar, Paying Agent and Transfer Agent

By:   
Name: **John T. Needham, Jr.**  
Title: **Vice President**

[Signature page to the Indenture]

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**EXHIBIT A**

FORM OF NOTE

THIS IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE REFERRED TO HEREINAFTER.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), NEW YORK, NEW YORK, TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.

*Include the following Private Placement Legend on all Rule 144A Global Notes that are Restricted Notes:*

"THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY STATE SECURITIES LAW. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT (A) IT AND ANY ACCOUNT FOR WHICH IT IS ACTING IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A")) AND THAT IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT OR (B) IT IS A NON-U.S. PERSON OUTSIDE THE UNITED STATES WITHIN THE MEANING OF (OR AN ACCOUNT SATISFYING THE REQUIREMENTS OF PARAGRAPH (k)(2)(i) OF RULE 902 UNDER) REGULATION S UNDER THE SECURITIES ACT, (2) AGREES THAT IT WILL NOT, OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER SUCH NOTES EXCEPT IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION AND ONLY (A) TO THE COMPANY OR A SUBSIDIARY THEREOF, (B) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, (C) SO

Exhibit A-1

LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT OR (E) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF APPLICABLE). PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH (E) ABOVE, THE COMPANY RESERVES THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY RULE 144 EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THIS NOTE IS SUBJECT TO THE RESTRICTIONS ON TRANSFER SET FORTH IN THE REVERSE HEREOF.

THE FOREGOING LEGEND MAY BE REMOVED FROM THIS NOTE ON SATISFACTION OF THE CONDITIONS SPECIFIED IN THE INDENTURE REFERRED TO HEREIN.”

*Include the following Private Placement Legend on all Regulation S Global Notes that are Restricted Notes:*

“THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR WITH ANY SECURITIES REGULATORY AGENCY IN ANY JURISDICTION, AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS, EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR IN A TRANSACTION NOT SUBJECT TO THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THIS NOTE IS SUBJECT TO THE RESTRICTIONS ON TRANSFER SET FORTH IN THE REVERSE HEREOF. PRIOR TO THE EXPIRATION OF A RESTRICTED PERIOD ENDING ON NOVEMBER 11, 2013 OR SUCH LATER DATE AS THE COMPANY MAY NOTIFY TO THE TRUSTEE PRIOR TO NOVEMBER 11, 2013, THIS NOTE, OR ANY BENEFICIAL INTEREST HEREIN, MAY NOT BE RESOLD OR OTHERWISE TRANSFERRED EXCEPT (A)(1) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT OR (2) TO A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT IN COMPLIANCE WITH RULE 144A, AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION.

Exhibit A-2

THE FOREGOING LEGEND MAY BE REMOVED FROM THIS NOTE AFTER 40 DAYS BEGINNING ON AND INCLUDING THE LATER OF (A) THE DATE ON WHICH THE NOTES ARE OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) AND (B) THE ORIGINAL ISSUE DATE OF THE NOTES.”

Exhibit A-3

(NY) 27921/279/INDENTURE/Andina Indenture.doc

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**FORM OF FACE OF NOTE**  
**EMBOTELLADORA ANDINA S.A.**  
**5.000% SENIOR NOTES DUE 2023**

No. [ ]

Principal Amount U.S.\$[ ]

*[If the Note is a Global Note include the following two lines:  
as revised by the Schedule of Increases and  
Decreases in Global Note attached hereto]*

*[If the Note is a Rule 144A  
Global Note, insert:  
CUSIP NO. 29081P AE5  
ISIN NO. US29081PAE51  
COMMON CODE: 092890104]*

*[If the Note is a Regulation S  
Global Note, insert:  
CUSIP NO. P3697U AD0  
ISIN NO. USP3697UAD02  
COMMON CODE: 092890180]*

Embotelladora Andina S.A., a corporation (*sociedad anónima*) organized under the laws of the Republic of Chile, promises to pay to *[If the Note is a Global Note, add the following: Cede & Co., the nominee for The Depository Trust Company]*, or registered assigns, the principal sum of [ ] U.S. Dollars (U.S.\$[ ]) *[If the Note is a Global Note, add the following, as revised by the Schedule of Increases and Decreases in Global Note attached hereto]*, on October 1, 2023.

Interest Rate:	5.000%
Interest Payment Dates:	October 1 and April 1 of each year, commencing on April 1, 2014
Record Dates:	September 15 and March 15 (whether or not a Business Day)

Exhibit A-4

Additional provisions of this Note are set forth on the other side of this Note.

EMBOTELLADORA ANDINA S.A.

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

TRUSTEE'S CERTIFICATE OF  
AUTHENTICATION

The Bank of New York Mellon,  
as Trustee, certifies  
that this is one of  
the Notes referred  
to in the Indenture.

By: \_\_\_\_\_  
Authorized Signatory

Date: \_\_\_\_\_

Exhibit A-5

## FORM OF REVERSE SIDE OF NOTE

### 1. Interest

Embotelladora Andina S.A., a corporation (*sociedad anónima*) organized under the laws of the Republic of Chile (and its successors and assigns under the Indenture hereinafter referred to, the “Company”), promises to pay interest on the principal amount of this Note at the rate per annum shown above.

The Company shall pay interest semi-annually in arrears on each Interest Payment Date of each year, commencing on April 1, 2014. Interest on the Notes shall accrue from the most recent date to which interest has been paid on the Notes or, if no interest has been paid, from October 1, 2013. The Company shall pay interest on overdue principal and, to the extent such payments are lawful, interest on overdue installments of interest (“Defaulted Interest”) without regard to any applicable grace periods at the interest rate shown on this Note, as provided in the Indenture. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

### 2. Method of Payment

Prior to 12:00 noon (New York City time) at least one Business Day prior to the date on which any principal of or interest on any Note is due and payable, the Company shall irrevocably deposit with the Trustee or the Paying Agent money sufficient to pay such principal and/or interest. The Company shall pay interest (except Defaulted Interest) to the Persons who are registered Holders of Notes at the close of business on the Record Date preceding the Interest Payment Date even if Notes are canceled, repurchased or redeemed after the Record Date and on or before the relevant Interest Payment Date. If any payment date is not a Business Day, payment shall be made on the next succeeding day that is a Business Day, and no interest shall accrue for the intervening period. If a regular Record Date is not a Business Day, the Record Date shall not be affected. Holders must surrender Notes to a Paying Agent to collect principal payments. The Company shall pay principal and interest in U.S. Dollars.

Payments in respect of Notes represented by a Global Note (including principal and interest) shall be made by the transfer of immediately available funds to the accounts specified by DTC. The Company shall make all payments in respect of a Certificated Note (including principal and interest) by mailing a check to the registered address of each Holder thereof; *provided*, that payments on the Notes may also be made, in the case of a Holder of at least U.S.\$1,000,000 aggregate principal amount of Notes, by wire transfer to a U.S. dollar account maintained by the payee with a bank in the United States if such Holder elects payment by wire transfer by giving written notice to the Trustee or the Paying Agent to such effect designating such account at least 15 (fifteen) days prior to the relevant payment date.

### 3. Paying Agent, Registrar and Transfer Agent

Initially, The Bank of New York Mellon (the “Trustee”), shall act as Trustee, Paying Agent, Registrar and Transfer Agent. The Company may appoint and change any Paying Agent, Registrar, co-Registrar or Transfer Agent without prior notice to any Holder. The Company or any of its Subsidiaries may act as Paying Agent, Registrar or co-Registrar.

#### 4. Indenture

The Company originally issued the Notes under an Indenture, dated as of October 1, 2013 (as it may be amended or supplemented from time to time in accordance with the terms thereof, the “Indenture”), between the Company and the Trustee. The terms of the Notes include those stated in the Indenture. Capitalized terms used herein and not defined herein have the meanings ascribed thereto in the Indenture. The Notes are subject to all such terms, and Holders are referred to the Indenture for a statement of those terms. Each Holder by accepting a Note, agrees to be bound by all of the terms and provisions of the Indenture, as amended or supplemented from time to time.

The Notes are unsecured and unsubordinated obligations of the Company. Subject to the conditions set forth in the Indenture and without the consent of the Holders, the Company may issue Additional Notes. All Notes shall be treated as a single class of securities under the Indenture.

The Indenture imposes certain limitations, subject to certain exceptions, on, among other things, the ability of the Company and its Subsidiaries to incur Liens, enter into Sale and Leaseback Transactions, or consolidate or merge or transfer or convey all or substantially all of the Company’s and its Subsidiaries’ assets.

In the event of any inconsistency between the terms and conditions of this Note, on the one hand, and those in the Indenture on the other hand, the terms and conditions in the Indenture shall prevail.

#### 5. Optional Redemption

(a) *Optional Redemption with a Make-Whole Premium.* The Company may redeem the Notes, in whole but not in part, at any time, at its option, at a redemption price equal to the greater of (1) 100% of the outstanding principal amount of the Notes, and (2) the sum of the present values of the remaining scheduled payments of principal and interest on the Notes to be redeemed discounted to the Redemption Date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Rate plus 35 basis points, in each case plus accrued and unpaid interest to the Redemption Date.

“*Comparable Treasury Issue*” means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Notes.

“*Comparable Treasury Price*” means, with respect to the Redemption Date, (1) the average of four Reference Treasury Dealer Quotations for the Redemption Date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

“*Independent Investment Banker*” means one of the Reference Treasury Dealers.

“*Reference Treasury Dealer*” means J.P. Morgan Securities LLC or its affiliates which are primary United States government securities dealers and not less than three other leading primary United States government securities dealers in New York City reasonably designated by the Company; *provided* that if any of the foregoing cease to be a primary United States government securities dealer in New York City (a “*Primary Treasury Dealer*”), the Company will substitute therefor another Primary Treasury Dealer.

“*Reference Treasury Dealer Quotations*” means, with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at or about 3:30 p.m., New York City time, on the third Business Day preceding such Redemption Date.

“*Treasury Rate*” means, with respect to any Redemption Date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date.

(b) *Optional Redemption 90 Days Prior to Maturity Date.* The Company may redeem the Notes, in whole or in part, at any time and from time to time, beginning on the date that is 90 days prior to the Stated Maturity of the Notes, at its option at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest on the principal amount of the Notes being redeemed to the Redemption Date.

(c) *Optional Redemption Upon Tax Event.* The Notes may be redeemed, in whole but not in part, at the Company’s option, subject to applicable Chilean laws, at a redemption price equal to 100% of the outstanding principal amount of the Notes, plus accrued and unpaid interest to but excluding the Redemption Date and any Additional Amounts, if, (i) as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Jurisdiction, or any change in the official application, administration or interpretation of such laws, regulations or rulings (including a holding by a court of competent jurisdiction) in a Relevant Jurisdiction, the Company has or will become obligated to pay Additional Amounts in respect of interest received on the Notes at a rate of withholding or deduction in excess of 4.0% (“*Excess Additional Amounts*”) and (ii) such change or amendment is announced or occurs on or after the date of the Indenture (or on or after the date a successor assumes the obligations under the Notes pursuant to Article IV of the Indenture) and such obligation cannot be avoided by the Company taking reasonable measures available to it; *provided* that for this purpose, reasonable measures shall not include any change in the Company’s jurisdiction of organization or location of its principal executive office. The Redemption Date and the applicable redemption price will be specified in the notice of tax redemption, which will be given in accordance with Section 10.1 of the Indenture; *provided* that such notice of redemption will not be given earlier than 60 days prior to the earliest date on which the Company would be obligated to pay such Excess Additional Amounts, were a payment in respect of the Notes then due.



Prior to giving any notice of redemption pursuant to this paragraph (c), the Company will deliver to the Trustee:

(i) an Officers' Certificate stating that the Company is or at the time of the redemption will be entitled to effect the redemption pursuant to the Indenture, and setting forth in reasonable detail the circumstances giving rise to such right of redemption, and

(ii) an Opinion of Counsel from legal counsel in a Relevant Jurisdiction to the effect that the Company is, or is expected to become, obligated to pay such Excess Additional Amounts as a result of a change or amendment, as described above.

Notice of redemption, once delivered by the Company to the Trustee, will be irrevocable.

(d) Payments of interest on the Notes that are due and payable on or prior to a Redemption Date of Notes will be payable to the Holders of those Notes registered as such at the close of business on the relevant Record Dates according to the terms and provisions of the Indenture.

(e) *Optional Redemption Procedures.* The Company shall give notice of any redemption at least 30 days but not more than 60 days before the Redemption Date to Holders of Notes in accordance with the Indenture. Once notice of redemption is given to the Holders, Notes called for redemption become due and payable at the redemption price on the Redemption Date, and, commencing on the Redemption Date, Notes redeemed will cease to accrue interest (unless the Company defaults in the payment of the redemption price). The Company shall pay the redemption price for any Note together with accrued and unpaid interest thereon to but excluding the Redemption Date. Upon redemption of any Notes by the Company, such redeemed Notes shall be cancelled.

6. Denominations; Transfer; Exchange

The Notes are in fully registered form without coupons, and only in a minimum denomination of U.S.\$200,000 and denominations which are integral multiples of U.S.\$1,000 in excess thereof. A Holder may transfer or exchange Notes in accordance with the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements or transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Registrar shall be entitled to request such evidence reasonably satisfactory to it documenting the identity and/or signatures of the transferor and the transferee. The Registrar need not register the transfer of or exchange (i) any Notes selected for redemption for a period beginning 15 days before the giving of a notice of Notes to be redeemed and ending on the date of such notice or (ii) any Notes for a period beginning 15 days before an Interest Payment Date and ending on such Interest Payment Date.

7. Persons Deemed Owners

The registered holder of this Note shall be treated as the owner of it for all purposes.

8. Unclaimed Money

If money for the payment of principal or interest remains unclaimed for two years, the Trustee or Paying Agent shall pay the money back to the Company at its request unless an abandoned property law designates another Person. After any such payment, Holders entitled to the money must look only to the Company and not to the Trustee for payment.

9. Discharge Prior to Redemption or Maturity

Subject to certain conditions set forth in the Indenture, the Company at any time may terminate some or all of its obligations under the Notes and the Indenture if the Company deposits with the Trustee U.S. Dollars, U.S. Government Obligations or a combination thereof for the payment of principal of and interest on the Notes to redemption or maturity, as the case may be.

10. Amendment, Waiver

(a) Subject to certain exceptions set forth in the Indenture, without the consent of any Holder, the Company and the Trustee may, among other things, amend or supplement the Indenture or the Notes to cure any ambiguity, omission, defect or inconsistency therein or in any other manner which does not adversely affect the rights of Holders of the Notes in any material respect.

(b) Subject to certain exceptions set forth in the Indenture, (i) the Indenture or the Notes may be amended or supplemented with the written consent of the Holders of at least a majority in principal amount of the then Outstanding Notes or by adoption of resolutions at a meeting of Holders of at least a majority of the Outstanding Notes and (ii) any Default or Event of Default under the Indenture (except a Default in the payment of the principal of and any interest on the Notes due on or after the respective due dates expressed in such Notes) may be waived with the written consent of the Holders of a majority in aggregate principal amount of the then Outstanding Notes or by adoption of resolutions at a meeting of Holders of the Notes by, or the consent of, the Holders of at least a majority of the Outstanding Notes. *However*, without the consent or affirmative vote of each Holder affected thereby, no amendment may, among other things, reduce the stated interest rate with respect to any Notes or reduce the principal amount of any Notes, or extend the scheduled time for such payments; modify the obligation to pay Additional Amounts; change the prices at which the Notes may be redeemed by the Company, or change the time at which any Note may be redeemed; change the currency in which, or change the required place at which, payment on principal, premium, if any, and interest with respect to the Notes is payable; impair the right to institute suit for the enforcement of any payment obligation on or with respect to any Note; or reduce the above-stated percentage of principal amount of Outstanding Notes whose Holders are required to consent to modify or amend the Indenture or the terms or conditions of the Notes or to waive any future compliance or past default.

11. Defaults and Remedies

Subject to certain exceptions set forth in the Indenture, if an Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in aggregate principal amount of the then Outstanding Notes may declare all the Notes to be due and payable immediately. Certain events of bankruptcy or insolvency are Events of Default, which shall result in the Notes being due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce the Indenture or the Notes except as provided in the Indenture. The Trustee may refuse to enforce the Indenture or the Notes unless it receives indemnity or security reasonably satisfactory to it. Subject to certain limitations, Holders of a majority in aggregate principal amount of the Outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders notice of any continuing Default or Event of Default (except a Default or Event of Default in payment of principal or interest) if it determines that withholding notice is in their interest.

12. Trustee Dealings with the Company

Subject to certain limitations set forth in the Indenture, the Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee.

13. No Recourse Against Others

No past, present or future incorporator, director, officer, employee, shareholder or controlling person, as such, of the Company shall have any liability for any obligations of the Company under the Notes or the Indenture or for any claims based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

14. Authentication

This Note shall not be valid until an authorized signatory of the Trustee (or an authenticating agent acting on its behalf) manually signs the certificate of authentication on the other side of this Note.

15. Abbreviations

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entirety), JT TEN (=joint tenants with rights of survivorship and not as tenants in common), CUST (=custodian) and U/G/M/A (=Uniform Gift to Minors Act).

16. Common Code, CUSIP or ISIN Numbers

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures the Company has caused Common Code, CUSIP or ISIN numbers to be printed on the Notes and has directed the Trustee to use Common Code, CUSIP or ISIN numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

17. Governing Law

This Note shall be governed by, and construed in accordance with, the laws of the State of New York.

18. Currency of Account; Conversion of Currency.

U.S. Dollars is the sole currency of account and payment for all sums payable by the Company under or in connection with the Notes or the Indenture. The Company shall indemnify the Trustee and the Holders as provided in the Indenture in respect of the conversion of currency relating to the Notes and the Indenture.

19. Agent for Service; Submission to Jurisdiction; Waiver of Immunities.

The Company has agreed that any suit, action or proceeding arising out of or based upon the Indenture or the Notes may be instituted in any New York state or U.S. federal court in The City of New York, New York. The Company has irrevocably submitted to the non-exclusive jurisdiction of such courts for such purpose and waived, to the fullest extent permitted by law, trial by jury, any objection it may now or hereafter have to the laying of venue of any such proceeding, and any claim they may now or hereafter have that any proceeding in any such court is brought in an inconvenient forum and any right to the jurisdiction of any other courts to which it may be entitled, on account of place of residence or domicile. The Company has appointed CT Corporation with offices currently at 111 Eighth Avenue, 13th floor, New York, NY 10011, as its authorized agent upon whom all writs, process and summonses may be served in any suit, action or proceeding arising out of or based upon the Indenture or the Notes which may be instituted in any New York state or U.S. federal court in The City of New York, New York. To the extent that the Company has or hereafter may acquire any immunity (sovereign or otherwise) from any legal action, suit or proceeding, from jurisdiction of any court or from set-off or any legal process (whether service or notice, attachment in aid or otherwise) with respect to it or any of their property, the Company has irrevocably waived and agreed not to plead or claim such immunity in respect of its obligations under the Indenture or the Notes.

Nothing in the preceding paragraph shall affect the right of the Trustee, any Holder of the Notes or any other Person to serve process in any other manner permitted by law.

The Company shall furnish to any Holder upon written request and without charge to the Holder a copy of the Indenture which has in it the text of this Note in larger type. Requests may be made to:

Embotelladora Andina S.A.  
Avenida Miraflores 9153  
Edificio Corporativo, Piso 7  
Renca, Santiago, Chile  
Attention: Andrés Wainer – Chief Financial Officer / Jaime Cohen – Chief  
Legal Officer  
Fax No.: +56 2 2338 0510

## ASSIGNMENT FORM

To assign this Note, fill in the form below:

(I) or (we) assign and transfer this Note to:

(Print or type assignee's name, address and zip code)

(Insert assignee's Social Security or Tax I.D. Number)

and irrevocably appoint \_\_\_\_\_ to transfer this Note on the books of the Company. The agent may substitute another to act for him.

Date: \_\_\_\_\_

Your Signature: \_\_\_\_\_  
(Sign exactly as your name appears on the other side of this Note.)

Signature Guarantee: \_\_\_\_\_  
(Signature must be guaranteed)

The signature(s) should be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions with membership in an approved signature guarantee medallion program), pursuant to Exchange Act Rule 17Ad-15.

*[To be attached to Global Notes only]*

SCHEDULE OF INCREASES OR DECREASES IN GLOBAL NOTE

The following increases or decreases in this Global Note have been made:

Date of Increase or Decrease	Amount of decrease in Principal Amount of this Global Note	Amount of increase in Principal Amount of this Global Note	Principal Amount of this Global Note following such decrease or increase	Signature of authorized signatory of Trustee or Note Custodian
_____	_____	_____	_____	_____

**EXHIBIT B**

**FORM OF CERTIFICATE FOR TRANSFER TO QIB**

[Date]

The Bank of New York Mellon  
101 Barclay Street, Floor 7 East  
New York, New York, 10286  
Attention: Corporate Trust Administration

Re: 5.000% Senior Notes due 2023  
of Embotelladora Andina S.A. (the "Company")

Ladies and Gentlemen:

Reference is hereby made to the Indenture, dated as of October 1, 2013 (as amended and supplemented from time to time, the "Indenture"), between the Company and The Bank of New York Mellon, as Trustee. Capitalized terms used but not defined herein shall have the meanings given them in the Indenture.

This letter relates to U.S.\$ \_\_\_\_\_ aggregate principal amount of the Company's 5.000% Senior Notes due 2023 (the "Notes") [*in the case of a transfer of an interest in a Regulation S Global Note: which represents an interest in a Regulation S Global Note (CUSIP: P3697U AD0/ISIN: USP3697UAD02/COMMON CODE: 92890180)*] beneficially owned by the undersigned (the "Transferor") in connection with the request to effect the transfer of such Notes in exchange for an equivalent beneficial interest in the Rule 144A Global Note (CUSIP: 29081P AE5/ISIN: US29081PAE51/COMMON CODE: 92890104).

In connection with such request, and with respect to such Notes, the Transferor does hereby certify that such Notes are being transferred in accordance with Rule 144A under the U.S. Securities Act of 1933, as amended ("Rule 144A"), to a transferee that the Transferor reasonably believes is purchasing the Notes for its own account or an account with respect to which the transferee exercises sole investment discretion, and the transferee, as well as any such account, is a "qualified institutional buyer" within the meaning of Rule 144A, in a transaction meeting the requirements of Rule 144A and in accordance with applicable securities laws of any state of the United States or any other jurisdiction.



You and the Company are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby.

Very truly yours,

[Name of Transferor]

By: \_\_\_\_\_

\_\_\_\_\_  
Authorized Signature

FORM OF CERTIFICATE FOR TRANSFER  
PURSUANT TO REGULATION S

[Date]

The Bank of New York Mellon  
101 Barclay Street, Floor 7 East  
New York, New York, 10286  
Attention: Corporate Trust Administration

Re: 5.000% Senior Notes due 2023  
of Embotelladora Andina S.A. (the "Company")

Ladies and Gentlemen:

Reference is hereby made to the Indenture, dated as of October 1, 2013 (as amended and supplemented from time to time, the "Indenture"), between the Company and The Bank of New York Mellon, as Trustee. Capitalized terms used but not defined herein shall have the meanings given them in the Indenture.

This letter relates to U.S.\$ \_\_\_\_\_ aggregate principal amount of the Company's 5.000% Senior Notes due 2023 (the "Notes") [*in the case of a transfer of an interest in a Rule 144A Global Note*], which represent an interest in a Rule 144A Global Note (CUSIP: 29081P AE5/ISIN: US29081PAE51/COMMON CODE: 92890104)] beneficially owned by the undersigned (the "Transferor") in connection with the request to effect the transfer of such Notes in exchange for an equivalent beneficial interest in the Regulation S Global Note (CUSIP: P3697U AD0/ISIN: USP3697UAD02/COMMON CODE: 92890180).

In connection with such request, the Transferor confirms that such sale has been effected pursuant to and in accordance with Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and, accordingly, the Transferor represents that:

- (a) the offer of the Notes was not made to a person in the United States;
- (b) either (i) at the time the buy order was originated, the transferee was outside the United States or the Transferor and any person acting on the Transferor's behalf reasonably believed that the transferee was outside the United States or (ii) the transaction was executed in, on or through the facilities of a designated off-shore securities market and neither the Transferor nor any person acting on the Transferor's behalf knows that the transaction has been pre-arranged with a buyer in the United States;

(c) no directed selling efforts have been made in the United States in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S, as applicable;

(d) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act; and

(e) the Transferor is the beneficial owner of the principal amount of Notes being transferred.

In addition, if the sale is made during a Distribution Compliance Period and the provisions of Rule 904(b)(1) or Rule 904(b)(2) of Regulation S are applicable thereto, the Transferor confirms that such sale has been made in accordance with the applicable provisions of Rule 904(b)(1) or Rule 904(b)(2), as the case may be.

You and the Company are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby.

Very truly yours,

[Name of Transferor]

By: \_\_\_\_\_

\_\_\_\_\_  
Authorized Signature

FORM OF CERTIFICATE FOR TRANSFER  
PURSUANT TO RULE 144

[Date]

The Bank of New York Mellon  
101 Barclay Street, Floor 7 East  
New York, New York, 10286  
Attention: Corporate Trust Administration

Re: 5.000% Senior Notes due 2023  
of Embotelladora Andina S.A. (the "Company")

Ladies and Gentlemen:

Reference is hereby made to the Indenture, dated as of October 1, 2013 (as amended and supplemented from time to time, the "Indenture"), between the Company and The Bank of New York Mellon, as Trustee. Capitalized terms used but not defined herein shall have the meanings given them in the Indenture.

This letter relates to U.S.\$ \_\_\_\_\_ aggregate principal amount of the Company's 5.000% Senior Notes due 2023 (the "Notes") [*in the case of a transfer of an interest in a Rule 144A Global Note*: , which represents an interest in a Rule 144A Global Note (CUSIP: 29081P AE5/ISIN: US29081PAE51/COMMON CODE: 92890104)] beneficially owned by the undersigned (the "Transferor") in connection with the request to effect the transfer of such Notes in exchange for an equivalent beneficial interest in the [ ] Global Note (CUSIP: [ ]/ISIN: [ ]/COMMON CODE: [ ]).

In connection with such request, the Transferor confirms that such sale has been effected pursuant to and in accordance with Rule 144 under the U.S. Securities Act of 1933, as amended.

You and the Company are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby.

Very truly yours,

[Name of Transferor]

By: \_\_\_\_\_

\_\_\_\_\_  
Authorized Signature



COCA-COLA PLAZA ATLANTA, GEORGIA

ADDRESS REPLY TO

P.O. BOX 1734  
ATLANTA, GA 30301  
404-676-2121

March 1, 2021

PARAGUAY REFRESCOS S.A.  
Ruta a Ñemby Km. 3,5, Barcequillo, San Lorenzo  
Asunción  
Sudan

Greetings:

Reference is made to the Bottler's Agreement effective September 1, 2015, by and between THE COCA-COLA COMPANY (hereinafter the "Company") and PARAGUAY REFRESCOS S.A. (hereinafter the "Bottler"), authorizing the Bottler to prepare and package the Beverage COCA-COLA and any ancillary authorizations for other Company Beverages for sale and distribution under the Trade Marks in the specified Territory granted by the Company to the Bottler (hereinafter collectively referred to as the "Bottler's Agreements"). The terms used herein have the same meaning assigned to them as in the Bottler's Agreements unless otherwise specifically stated.

The terms of the Bottler's Agreements are hereby extended from March 1, 2021, the date of expiration thereof, to

March 1, 2022

Except as herein modified, said Bottler's Agreements and all of its stipulations, covenants, agreements, terms, conditions and provisions, shall continue in full force and effect, provided they shall finally terminate on March 1, 2022, without the right of a tacit renewal being claimed by you.

Please indicate your agreement by signing and returning the enclosed two duplicates hereof.

Sincerely,  
THE COCA-COLA COMPANY

Accepted:  
PARAGUAY REFRESCOS S.A.

By:

*Larry M. Mark*

By:

\_\_\_\_\_  
Authorized Representative

\_\_\_\_\_  
Authorized Representative

Classified - Confidential

**Schweppes Holdings Limited** Southgate,  
Dublin Road, Drogheda, Co. Meath, A92YK7W, Ireland **Tel: +353-**  
**41 9849322** **Fax: +353-41 9846434**

January 29, 2021

PARAGUAY REFRESCOS S.A.  
Ruta a Ñemby Km. 3,5, Barcequillo, San Lorenzo  
Asunción  
Sudan

Greetings:

Reference is made to the Bottler's Agreement effective September 1, 2015, by and between SCHWEPPEES HOLDINGS LIMITED (hereinafter the "Company") and PARAGUAY REFRESCOS S.A. (hereinafter the "Bottler"), authorizing the Bottler to prepare and package the Beverage SCHWEPPEES and any ancillary authorizations for other Company Beverages for sale and distribution under the Trade Marks in the specified Territory granted by the Company to the Bottler (hereinafter collectively referred to as the "Bottler's Agreements"). The terms used herein have the same meaning assigned to them as in the Bottler's Agreements unless otherwise specifically stated.

The terms of the Bottler's Agreements are hereby extended from March 1, 2021, the date of expiration thereof, to

March 1, 2022

Except as herein modified, said Bottler's Agreements and all of its stipulations, covenants, agreements, terms, conditions and provisions, shall continue in full force and effect, provided they shall finally terminate on March 1, 2022, without the right of a tacit renewal being claimed by you.

Please indicate your agreement by signing and returning the enclosed two duplicates hereof.

Sincerely,  
**SCHWEPPEES HOLDINGS LIMITED**

Accepted:  
**PARAGUAY REFRESCOS S.A.**

By:

*Larry M. Mark*

By:

\_\_\_\_\_  
Authorized Representative

\_\_\_\_\_  
Authorized Representative

**Registered Office: Southgate, Dublin Road, Drogheda, Co. Meath, A92YK7W, Ireland**  
**A limited liability company registered in the Republic of Ireland: 128999**

An up-to-date list of names of every company director, containing the particulars indicated in paragraphs (a), (b) and (c) of Section 151 (1) of the Companies Act 2014, is available on application from the company's registered office

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LIST OF SUBSIDIARIES

Subsidiaries	Jurisdiction
Embotelladora Andina Chile S.A.	Chile
Andina Inversiones Societarias S.A.	Chile
Andina Bottling Investments Dos S.A.	Chile
Andina Bottling Investments S.A.	Chile
Red de Transportes Comerciales Ltda.	Chile
Servicios Multivending Ltda.	Chile
Transportes Andina Refrescos Ltda.	Chile
VJ S.A.	Chile
Vital Aguas S.A.	Chile
Transportes Polar S.A.	Chile
Envases Central S.A.	Chile
Rio de Janeiro Refrescos Ltda.	Brazil
Embotelladora del Atlántico S.A.	Argentina
Andina Empaques Argentina S.A.	Argentina
Paraguay Refrescos S.A.	Paraguay
Abisa Corp.	British Virgin Islands
Aconcagua Investment Ltd.	British Virgin Islands

## CERTIFICATION

I, Miguel Ángel Peirano, certify that:

1. I have reviewed this annual report on Form 20-F of Embotelladora Andina S.A.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors:
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

April 28, 2021

/s/ Miguel Ángel Peirano  
Miguel Ángel Peirano  
Chief Executive Officer

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## CERTIFICATION

I, Andrés Wainer, certify that:

1. I have reviewed this annual report on Form 20-F of Embotelladora Andina S.A.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors:
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

April 28, 2021

/s/ Andrés Wainer

Andrés Wainer

Chief Financial Officer

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350, AS  
ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Embotelladora Andina S.A (the “Company”) on Form 20-F for the fiscal year ended December 31, 2020, as filed with the U.S. Securities and Exchange Commission on the date hereof (the “Report”), I, Miguel Ángel Peirano, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ MIGUEL ÁNGEL PEIRANO

Miguel Ángel Peirano

Chief Executive Officer

Embotelladora Andina S.A.

Dated: April 28, 2021

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT  
TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Embotelladora Andina S.A. (the “Company”) on Form 20-F for the fiscal year ended December 31, 2020, as filed with the U.S. Securities and Exchange Commission on the date hereof (the “Report”), I, Andrés Wainer, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ ANDRÉS WAINER

Andrés Wainer

Chief Financial Officer

Embotelladora Andina S.A.

Dated: April 28, 2021

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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