TOGETHER, TOWARD THE FUTURE

Vitro **2020** Integrated Annual Report

VITRO 2020 INTEGRATED ANNUAL REPORT

Throughout its history, Vitro has faced a series of difficulties, successes and setbacks, but it has not weakened; in fact, it has grown stronger and redoubled its efforts to stay the course, to be a successful, profitable company with sustainable growth. A company that is not just a prosperous business but one whose business philosophy and values foster its employees' sense of belonging, its clients' and suppliers' loyalty, and the trust of its partners, shareholders and the community at large.

In 2020, the Vitro family—because that is how we refer to all of our stakeholders together—faced a situation never seen before, the outbreak of a worldwide health crisis, the COVID-19 pandemic. The damage is incalculable, in some cases irreparable. Today, we manifest our solidarity and commitment with our stakeholders. We are convinced that our more than eleven decades of history will sustain us as we continue **together, toward the future**.

CON-

WE ARE VITRO

Vitro is one of the leading glass manufacturers in North America and one of the largest in the world, with more than 110 years of experience in the industry.

OUR STORY

1883

The company Pittsburgh Plate Glass (PPG) opened the first glass factory in the United States.

1909

Vidriera Monterrey, the first glass container plant, starts up operations in Monterrey, Nuevo León

1920

PPG becomes one of the first companies to successfully mass-produce glass with a patented process.

1929

Vitro opens its first flat glass plant in Nuevo León.

1934

PPG creates Solex, the first tinted, heat-absorbing environmental glass

1960

Vitro begins making automotive glass.

1963

PPG becomes the first glass producer in the US to use the float glass process.

1968

The first float glass line starts up operation in Mexico.

OUR STORY

1991

The Glass Museum opens its doors, with the aim of recording, preserving and promoting the history of glass.

1996

Vitro Colombia is created to produce and distribute automotive and architectural glass.

2007

One of the largest glass container plants in the world begins serving the needs of the CFT market.

2008

Vitro obtains "Socially Responsible Company" distinction for the first time

2016

Vitro, S.A.B. de C.V. acquires PPG Flat Glass, retaining the products, plants, people and proven processes that made the company an industry leader.

2017

Vitro completes the purchase of Pittsburgh Glass Works from LKQ Corporation, strengthening the company's automotive glass portfolio with cutting-edge technology and an automotive float glass plant in Meadville, Pennsylvania.

2019

Vitro celebrates 110 years as leader in the glass industry through its state-of-the-art products and processes, always striving for sustainable development for itself as a company, for its people and the communities where it operates.

OUR COMPANY

GRI: 102-1, 102-3, 102-5, 102-11, 102-16.

Vitro is one of the largest glass manufacturing companies in North America and one of the largest in the world, with more than 100 years of experience in this industry. Founded in 1909 In Monterrey, Mexico, the company has subsidiaries around the world, through which it offers quality products and reliable services to serve two segments of the market: glass containers and flat glass. Vitro's companies produce, process, distribute and market a wide range of glass articles that are part of the daily lives of thousands of people. Vitro offers solutions to multiple markets like cosmetics, fragrances and pharmaceuticals, as well as architectural and automotive glass. It also supplies chemicals and raw materials, machinery and equipment for industrial use. As a socially responsible company, Vitro works on various initiatives within the framework of its Sustainability Model, in order to positively influence economic, social and environmental aspects that affect or involve its stakeholders, through responsible corporate management.

Mission:
We redefine the power of cooperation to generate value and bring innovative glass solutions to our clients and communities.

Vision:
Together we will discover the full potential of glass to improve how we move, build and live in the future.

Our values:

Focus on the customer: Our customers are at the heart of everything we do.

Operating excellence: Always going beyond what is expected of us, with greater efficiency, confidence and quality.

Innovation: Bringing new ideas to processes and operations in order to continuously improve our results.

Our people: Bringing together our talent to grow and work together as a single entity.

Integrity: Always acting honestly and in keeping with our principles.

Sustainability: Creating the conditions to operate and grow in harmony with our environment and communities we serve.

14,588
employees

VITRO BRANDS

Vitro
Vidrio Arquitectónico

Vitromart
Distribuidor Vidriero LAN

SOLARBAN
Solar Control Low-E Glass

Solarban ™
Solarban ™ 60
Solarban ™ 67
Solarban ™ 70 XL
Solarban ™ 72
Solarban ™ 90
Solarban ™ R100
Solarban ™ z50
Solarban ™ z75
Solarban ™
Solarban ™ Pacifica
Solarban ™ Solarblue
Solarban ™ Azuria

Solarcool ™ Solargray
Solarcool ™ Solarbronze
Vistacool ™
Vistacool ™ Pacifica
Vistacool ™ Azuria

CLARO
Klare ™
Aquity ™
Starphire ™
Filtrasol ™
Filtraplus ™
Tintex ™

Tintex Plus ™
Solarblue ™
Vitrosol ™
Optigray ™
Azuria ™
Pacifica ™
Optiblue ™
Platia ™
Reflectasol ™
Blindex ™
Pyrosol ™
Pavia ™
Kolore ™

Vitro
Vidrio Automotriz

Vitrocar

VPM

vit
VITEMCO S.A.

CRINAMEX S.A. DE C.V.
Seguridad

Vitro
Envases

Various Industries

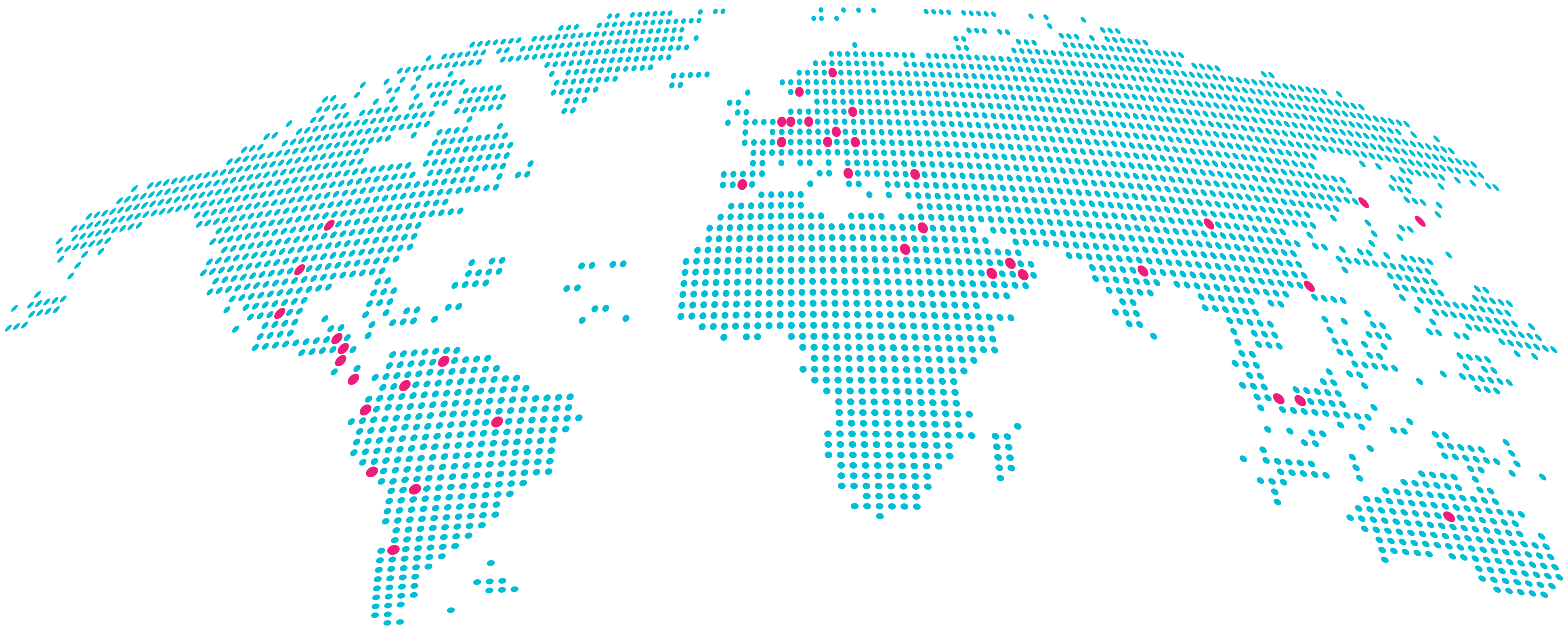
FAMA by Vitro

ALCALI

Sal Hada
Desde 1965

GLOBAL PRESENCE

GRI: 102-4, 102-6



OUR FACILITIES

- Mexico
- United States
- Germany
- China
- Poland
- Canada
- Spain
- Panama
- Colombia
- Brazil
- Ecuador
- Peru
- Luxembourg

WHERE OUR PRODUCTS ARE FOUND

- Germany
- Saudi Arabia
- Argentina
- Australia
- Austria
- Belgium
- Brazil
- Canada
- Chile
- China
- Colombia
- South Korea
- Costa Rica
- Denmark
- Ecuador
- Egypt
- United Arab Emirates
- Slovakia
- Spain
- United States
- France
- Guatemala
- Hong Kong
- Hungary
- India
- Israel
- Italy
- Japan
- Malaysia
- Netherlands
- Panama
- Peru
- Poland
- Puerto Rico
- Qatar
- Singapore
- Switzerland
- Trinidad and Tobago
- Turkey
- Venezuela

OUR COMPANIES

VITRO, S.A.B. DE C.V.

Business	Location
Arch USA CA	Carlisle, Pennsylvania
Arch USA CA	Wichita Falls, Texas
Arch USA CA	Meadville, Pennsylvania
Arch USA CA	Fresno, California
Arch USA CA	Salem, Oregon
Arch MX	García, Nuevo León
Arch MX	Mexicali, Baja California
Auto MX	García, Nuevo León
Auto MX	Ciudad de México
Auto MX	Ciudad de México
Auto MX	García, Nuevo León
Auto MX	García, Nuevo León
Auto MX	Tepeji del Río, Hidalgo
Auto MX	Tepeji del Río, Hidalgo
Auto MX	Aguascalientes, Aguascalientes
Auto USA	Elkin, North Carolina
Auto USA	Crestline, Ohio
Auto USA	Tipton, Pennsylvania
Auto USA	O'Fallon, Illinois
Auto USA	Mid Ohio
Auto USA	Berea, Kentucky
Auto USA	Westland, Michigan
Auto USA	Rochester Hills, Michigan
Auto EUR	Sroda Slaska, Polonia
Auto COL	Chía, Colombia
Industrias del Alcali	García, Nuevo León
Containers	Toluca, Estado de México
FAMA	Monterrey, Nuevo León
	Madrid, España
Arch MX	Panama, Panama

Glass Containers
- Vitro Packaging, LLC (2)
- Servicios Integrales de Acabados

Machinery and Molds
- Fabricación de Máquinas

Architectural Glass
- Vitro Flat Glass, LLC (2)
- Vitro Flat Glass, Inc. (3)
- Viméxico
- Vidrio Plano de Mexicali
- Vidrio Plano de México
- Vidrio Plano de México LAN
- Vitro Flotado Cubiertas
- Productos de Valor Agregado en Cristal

Automotive Glass
- Vitro Automotive Glass, LLC (2) antes Vitro Flat Glass Holdings
- PGW Holdings, LLC (2)
- Pittsburg Glass Works, LLC (2)
- Pittsburgh Glass Works GmbH (4)
- PGW Technik GmbH (3)
- Pittsburgh Glass Works Hong Kong Limited (5)
- Pittsburgh Glass Works, Sp.z o.o. (6)
- Pittsburgh Glass Works, S.à.r.l (7)
- Shandong PGW Jinjing Automotive Glass Co. (8)
- Vitro Automotriz
- Vitrocar
- Cristales Automotrices
- VVP Autoglass
- Vitro Colombia (1)
- Vitro Do Brasil Industria E Comercio
- Cristal Laminado Templado

Chemicals and Raw Materials
- Distribuidora Álcali
- Industria del Álcali
- Comercializadora Álcali
- Vitro Chemicals (2)

(1) Operating in Colombia.
(2) Operating in USA.
(3) Operating in Canada.
(4) Operating in Germany.
(5) Operating in Hong Kong.
(6) Operating in Poland.
(7) Operating in Luxembourg.
(8) Operating in China.

LETTER TO OUR

GRI: 102-10, 102-14, 102-15, 102-46,

Dear stakeholders:

This past year presented an unprecedented challenge to Vitro and indeed to all the world: the COVID-19 virus that quickly became a pandemic had far-reaching effects on the company and changed how we does business in many ways.

Faced with this situation, and convinced, as always, that our employees are our top priority, we took the measures necessary to protect the health and well-being of our people and their families, as well as clients and visitors to all our facilities.

Our committees made sure that health and safety measures were implemented properly and promptly in all plants and offices, while we complied with all recommendations of the health authorities and applied a variety of safety, cleanliness and screening protocols. At the same time, our business leaders and corporate departments set up a committee in charge of ensuring that essential operations and production activities could go forward, in order to guarantee our operating and financial viability.

Despite this uncertain climate, Vitro's financial situation remains stable. For more than eleven decades this company has faced challenges and obstacles that, rather than problems, have served as a stimulus for us to continue on, to move ahead and to earn the leadership position we hold in the industry today as a strong, sustainable company.

To contend with the negative repercussions of the public health crisis, we undertook a set of strict austerity measures early on: scaling back capex, prioritizing a solid cash balance, and using financial resources sensibly and prudently as we awaited a more certain outlook on the evolution of the markets where we are present.

Amid the instability prevailing in all our markets, in addition to cost- and expense-cutting initiatives, we worked to remain in optimum operating condition, focusing commercial efforts on being there for our clients through the use of digital media, responding quickly to their needs, moving proactively and relying on the added value of our products and services to stand apart from the competition.

Despite this uncertain climate, Vitro's financial situation remains stable.

Market conditions

For obvious reasons, our business results were not what we hoped in 2020; a number of the markets where we operate shut down operations temporarily, as did most of our plants, which resulted in a drop in our sales in 2020.

In the automotive industry, the COVID-19 pandemic caused a broad-based shutdown of industries classified by the government as non-essential, which included automotive manufacturers. This forced us to shut down automotive glass production in March, April and May of 2020.

The construction and architectural industries were affected as well. In Mexico, the construction industry was initially excluded from the list of essential industries, causing a sharp contraction in this business and obligating us to scale back activities in our architectural glass plants in the same months.

The fragrance, cosmetics and toiletry industries, served by our glass container division, were not immune to the crisis—our clients trimmed inventories and reduced orders, because many of their end consumers shifted their spending priorities to basic needs. All of this negatively affected sales.

The Company's financial position is stable: As of December 31, 2020, it had USD483.9 million in cash and cash equivalents.

Financial Position

Thanks to our business strategies and timely resource administration and control measures starting in the first quarter, the Company has been able to defend its solid financial structure.

On January 30, 2020, Vitro rolled over USD170 million in debt through a bilateral loan agreement with The Bank of Nova Scotia, giving it more financial flexibility by making advanced payment on a syndicated loan. Additionally, keeping leverage to prudent amounts, we drew on short-term credits in order to ensure our operating liquidity during the crisis caused by the pandemic. We are grateful to our financial partners for their support in these difficult times.

To make sure we had the liquidity to cover the potential risks of the pandemic, the Company drew USD102.1 million on its short-term lines of credit.

On December 30, 2020, Vitro announced that its subsidiaries in the United States had placed an issuance of notes with the Prudential Insurance Company of America, the proceeds of which were used to refinance part of the consolidated debt owed under a Syndicated Loan agreement. The refinancing brought better rates and payment terms, which will improve the company's finances. The Notes were issued in two tranches: (i) USD130 million which come due on December 30, 2026, and (ii) USD50 million expiring on December 30, 2030.

On January 4, 2021, Vitro made a voluntary partial prepayment of USD180 million on the Syndicated Loan in order to reduce interest payments and preserve its solid financial position. The funds for the prepayment came from the aforementioned placement of notes with The Prudential Insurance Company of America, as announced on December 30, 2020.
The Company's financial position is stable: As of December 31, 2020, it had USD483.9 million in cash and cash equivalents. Its debt net of cash totaled USD438.8 million—leading to a net debt/EBITDA ratio of 1.93 times.

BUSINESS PERFORMANCE

Vitro Architectural Glass

It is safe to say that no one was immune to the afflictions and insecurity of 2020, and our architectural glass division was no exception. Sales collapsed in the first half of the year, but we reacted immediately with solutions to mitigate the impact. After making sure our people were safe, we turned our attention to dealing with the pandemic's effects on the company, and in the end, this business closed the year on a positive note.

Because of the nature of the float glass process, our furnaces cannot be fully shut down, but we scaled back production to preserve cash flow while complying with government provisions. We also reinforced our cost- and expense-cutting plan, intensified our collections and reduced inventories.

The horizons began to lift in the third quarter of 2020: in Mexico, the construction industry, which had been virtually at a standstill, came back to life and surpassed its 2019 levels, while the markets in the United States and Canada also improved, particularly in housing construction. In the rest of the world a broad-based slump in demand was followed by a brisk recovery.

Domestic operations have grown stronger, and in North America our coated large-dimension glass is recognized as the industry benchmark, while we also offer a wide array of coated glass.

The high-speed glass tempering line in Mexico saw excellent performance in 2020. With this infrastructure we will be able to supply makers of glass doors for homes and glass panes for household appliances.

Finally, after a detailed technical assessment, we put off plans for major repairs on one of our furnaces in an effort to preserve our cash flow to the extent possible, and have covered demand with our current production capacity.

Automotive Glass

The performance of the automotive glass business was hampered by the effects of the pandemic not only on human health but on other aspects, like the global economy, which obligated many companies—among them our clients—to halt operations for a time.

Our automotive glass division shut down its plants in the Americas, Europe and Asia for three months, which posed considerable challenges to the company. It did give us the opportunity to speed up our plant reorganization plan, moving up the closing of the Evart plant in Michigan and the Evansville facility in Indiana, initially programmed for the first quarter of 2021, and thus completing this plan in advance. But a rapid recovery of automotive markets late in 2020 brought a significant challenge in stabilizing the plants that took on the platforms from those that had closed. These challenges remained with us in the early months of 2021. In December 2019, one of our plants in Mexico had experienced damages to the manufacturing process which took six months to normalize, increasing the cost and time of production. As of the present, the company is back to working a normal schedule.

The steep drop in sales and forced three-month shutdown of operations, together with the plant reconfiguration process, were the main reasons for the negative performance of the automotive glass business in 2020, but an aggressive cost reduction plan served to mitigate some of these effects.

The plant in Poland is proof of our unceasing drive to improve productivity. At this facility, which turns out high-technology windshields for the original equipment market, efficiency levels in 2020 were markedly better than in 2019.

After operating disruptions of the first part of the year, the automotive industry came back strongly. Original Equipment Manufacturers (OEMs) assigned new projects, encouraged by the certainty this business has always offered them, our status as reliable suppliers, and our response capacity.

We obtained 11 certifications, earned the trust of eight new clients, and our client Diageo presented us with the Supplier Award for Value Creation, recognizing our contributions to its culture of continuous improvement and value creation.

Vitro Containers

The situation at our container division was not much different from the others. Although operating and administrative results were good, sales and profits were both dampened by the global consequences of the pandemic. Productivity levels improved as personnel focused on optimizing resources by cutting costs and expenses while preserving efficiency standards and continuously improving all processes.

Like many of its clients, the container plant interrupted its activities partially in March and April, as some of its product lines were classified by the government as non-essential.

Besides the IS machines and equipment acquired in 2019, last year we performed scheduled maintenance on the number 1 furnace at our Toluca plant in Mexico and began installing the finishing area in Brazil, which will help us strengthen the commercial strategies our employees who serve this region have so proficiently applied.

As we mentioned above, markets were irregular during the year. In the United States, activity was sluggish for the first few months but the second half saw a strong improvement in the skincare, treatments and scent diffuser segments, while in Mexico the strongest recovery was in pharmaceutical containers.

Exploring new market niches has borne fruit in segments like housewares, candles, scent diffusers and premium liquors. This last category has strong potential for development, and in 2020 we finalized a number of projects where we will apply our creative capacities to making highly sophisticated bottles with exclusive designs and impeccable quality.

The evaluations and certifications we have earned from clients, specialized organizations and the industry attest to the operating excellence and quality of our processes, products and services. In 2020 we obtained 11 certifications, earned the trust of eight new clients, and our client Diageo presented us with the Supplier Award for Value Creation, recognizing our contributions to its culture of continuous improvement and value creation.

Machine manufacturing (FAMA)

The machinery and equipment business had a difficult year with economic activity at a virtual standstill due to the public health emergency, thwarting hopes that the growth seen in 2019 would continue.

Among the initiatives the company began to deal with the effects on its finances was a cost- and expense-cutting plan, eliminating some services supplied by external vendors, cutting back on travel expenses and the downsizing the work force.

The machinery area was the hardest hit of the branches we serve: sales fell sharply, and we had to reconsider our commercial strategies. Although these remain essentially unchanged, we have targeted them more specifically to the needs of the industry and our clients, offering alternative solutions for spare parts and maintenance to prolong the useful life of their machines.

Following the closure of the Mold area in 2019, FAMA has focused its efforts on the Automation area. In 2020 we explored the situation in various industries and signed our first outside client.

FAMA also carried out automation projects to improve the process efficiency of automotive industry partners, building confidence and experience in this branch with prospects of further progress in 2021.

The markets served by our sodium bicarbonate plant improved enough to offset some of the decline in other segments.

Industria del Álcali

Although the chemical industry was classified as an essential activity during the pandemic, and our inorganic chemicals business, Industria del Álcali, was thus able to remain open, it could not meet our original growth expectations. A number of its clients did have to shut down temporarily, which caused a 10% reduction in its sales, while its operating balance deteriorated by 11% (both compared to 2019).

Export sales of calcium chloride declined, both because of broad-based weakness in the oil and gas industry caused by a persistent price slump, and lower demand for road deicing. To mitigate the impact of lower production, the decision was made to operate the plant intermittently, adapting to the needs of our clients, in order to lower costs.

In sodium carbonate, lower demand from the distribution market and some glass manufacturing clients had a negative impact on the business, and at the same time sales of sodium chloride were lower in the food segment.

The markets served by our sodium bicarbonate plant improved enough to offset some of the decline in other segments.

The decision to operate the calcium chloride plant intermittently, combined with strict budget control and last but not least, the efforts and commitment of our people, were determining factors in our success at keeping EBITDA to levels similar to those of the year before.

2020 Results

The year 2020 will go down in Vitro history and one of the toughest this company has ever faced. The sudden and unexpected effect of the pandemic posed daunting challenges in protecting Vitro's people, operations and finances. In the first half of the year, almost all of our companies and the industries to which our clients belong had to suspend operations, causing widespread weakness in all the economies of the world. Although there were signs of a gradual improvement in the third quarter of 2020, it was not enough to bring our results up to expectations.

Consolidated net sales for Vitro declined by 18.9% from 2019, totaling USD1.77 billion. Among the variables that influenced this result were the downturn in economic activity due to COVID-19, market uncertainty and our clients' response in winding down inventories or being very conservative with their orders.

EBITDA totaled USD227 million in 2020, a 24.5% reduction from the 2019 figure, due to lower sales in most businesses, a less favorable price mix, inefficiencies caused by temporary plant closures, which in the case of our Automotive business entailed a shutdown for nearly three months of the year, and a rise in shipping costs to meet on-time delivery to our OEM clients in the automotive segment, responding to the demand generated by the market's unusual recovery.

These results were offset in part by an ambitious savings program that reduced expenses by USD79 million. Considering the particularly difficult circumstances we were facing, Vitro is proud to say that we came out well, thanks to our financial strength and our swift, aggressive reaction in order to cut costs to the greatest extent possible and prioritizing cash flow preservation and generation. Although 2020 saw lower sales and EBITDA, cash flow generation remained stable compared to 2019, helped by expense savings, reduction in fixed asset investment and optimization of working capital.

Sustainable Development

A company's sustainability is measured by the actions and initiatives it deploys to achieve a balance between social development, economic growth and environmental care. Since its origins, our Company has devoted itself to creating value in all respects and behaving responsibly toward its stakeholders.

Vitro is aware of its responsibility to operate according to the highest standards of business ethics and transparency. It pursues this aim through the Sustainability Model and its guiding axes.

The health and wellness of our employees and their families is of primary importance to Vitro, so in 2020, facing a worldwide public health emergency, we set about defining plans to prevent and control the spread of the virus and provide protection and safety to our human team and facilities.

In addition to following recommendations from government authorities, we created our own complementary health and hygiene protocols, assembled committees to monitor implementation of the programs and make improvements where necessary. We established call centers where employees could ask questions by phone, and followed up on cases suspected or confirmed as being COVID-19.

The Saving Lives Fund was created to support people whose need for medical support exceeded the capacities of public medical institutions.

As part of the plan to prevent the spread of contagion and ensure early detection of COVID-19, we strengthened communication with all our personnel, publishing information and awareness-building videos and conducting random rapid testing.

The results of our effort to protect our employee's lives clearly paid off. Out of those who tested positive for COVID-19 during the year, 99% of them recovered fully. This compares to a figure for 90% in Mexico overall, and 97% in the United States.

In 2020, we discovered new ways of doing things, took advantage of remote work systems, held work meetings, presentations and reporting sessions with our staff which included brainstorming, question and answer sessions, stayed in close communication with our clients through electronic media and remained attentive to the needs of neighboring communities in order to support them in any way we could.

This report provides more details on our progress and achievements last year in the area of sustainability.

The health and wellness of our employees and their families is of primary importance, so we set about defining prevention and control plans.

The Saving Lives Fund was created to support people whose need for medical support exceeded the capacities of public medical institutions.

TOGETHER, TOWARD THE FUTURE

Expert analysts predict that the global economy will take some time to recover. The public health crisis, which to date has not been completely resolved, caused an irremediable recession across the planet.

It is our own opinion that the return to normal will be slow and staggered country by country as each begins to control the pandemic through vaccination and better medical treatment, reviving market confidence and dissipating concerns over the course of the economy.

The health and wellness of our employees will remain our highest priority, but we also intend to continue our business plan: we have proven strategies, a solid financial position, deeply-rooted Vitro Values and the commitment of our people, quality and operating excellence in our processes and products, and the clear conviction that our clients are our reason for being, which means that all of our efforts will go to meeting and exceeding their needs.

The economic horizons remain uncertain, so we expect industries to apply a cautious, selective approach to their investment. Over-supply will persist in certain segments, which will invite greater competition and heighten the price war, in addition to the diminished purchasing power that many have experienced, all of which makes 2021 a year fraught with challenges as we transition toward a return to normal in our markets.

We reiterate our pledge to turn challenges into opportunities.

which may recover more quickly than others, but we are confident that all will see some improvement. Vitro has weathered hard times in the past and endured for more than eleven decades. We know we have everything we need to move forward. But we must be extremely proactive, and continually search for new ways to earn the trust of new clients and retain that of our current ones.

We will continue our strategies, endeavor to strictly manage costs and expenses to remain in top financial condition, while continuing to invest as necessary to grow in an orderly and selective manner and thus ensure that our products and processes continue to incorporate cutting-edge technology.
Dear stakeholders, on behalf of the Board of Directors, the Executive Committee and every one of the 14,500 members of the Vitro team, we reiterate our pledge to turn challenges into opportunities, to continue working as a team and to fulfill our mission of generating value and innovative solutions for our clients and communities. We are confident that the efforts of this Company, its solid relationship with clients and their loyalty, and especially the support and confidence of our shareholders, will carry us successfully forward toward the creation of value.

Sincerely,

Adrián Sada González
Chairman of the Board of Directors

Adrián Sada Cueva
Executive CEO

February 19, 2021
In line with our Ethics axis, we endeavor to apply the highest

DATA HIGHLIGHTS

GRI: 102-45, 201-1,

Vitro, S.A.B. de C.V. and Subsidiaries

Financial data highlights

(Figures in millions of U.S. dollars under IFRS unless otherwise indicated)

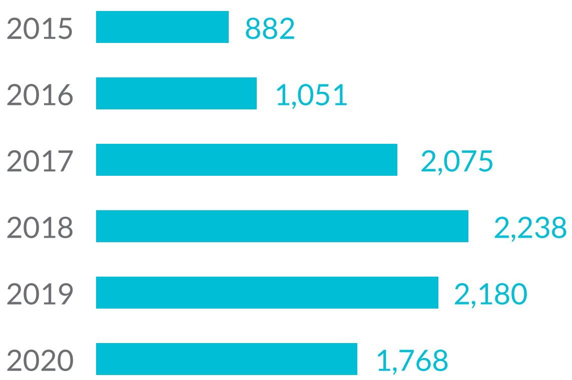
	Dollars [1]		
	2020	2019	% Change [2]
CONSOLIDATED NET SALES	**$1,768**	$2,180	(18.9)
Domestic	**559**	626	(10.8)
Export	**257**	401	(36.0)
Offshore subsidiaries	**953**	1,153	(17.4)
Earnings before others (EBIT)	**76**	155	(51.0)
Net earnings	**(45)**	64	
Majority net earning	**(45)**	64	
Majority net earings per share [3]	**(0.10)**	0.13	
EBITDA [4]	**227**	300	(24.5)
BALANCE SHEET			
Total assets	**2,893**	2,794	3.5
Total liabilities	**1,588**	1,364	16.5
Total shareholders' equity	**1,305**	1,430	(8.8)
Majority shareholders' equity	**1,304**	1,429	(8.8)
FINANCIAL INDICATORS			
Debt [5] EBITDA (times)	**4.1**	2.4	
Net debt [5] EBITDA (times) [6]	**1.9**	1.6	
Interest coverage (times)	**5.8**	4.5	
(EBITDA / total net interest expense)			
EBIT margin (%)	**4%**	7%	
EBITDA margin (%)	**13%**	14%	
Number of employees	**14,588**	15,036	(3.0)
Capex [5]	**96**	160	(40.2)

[1] The functional currency for the company in 2020 was the U.S. dollar.
[2] Change from 2017 to 2018.
[3] Based on the weighted average number of shares outstanding.
[4] EBITDA = operating income before others, plus depreciation, amortization and employee pension fund obligations.
[5] Represents investment in fixed asset during the fiscal year, and therefore differs from investments presented under
[6] Debt net of cash and equivalents.

The financial figures are presented in accordance with International Financial Reporting Standards (IFRS)

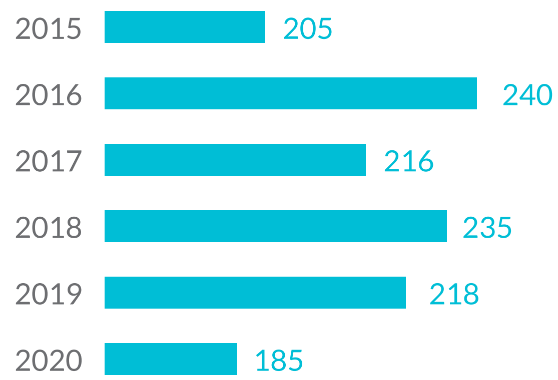
CONSOLIDATED NET SALES

Figures in millions of U.S. dollars



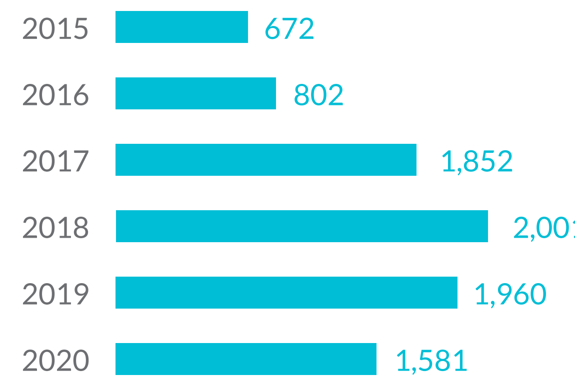
NET SALES CONTAINERS

Figures in millions of U.S. dollars



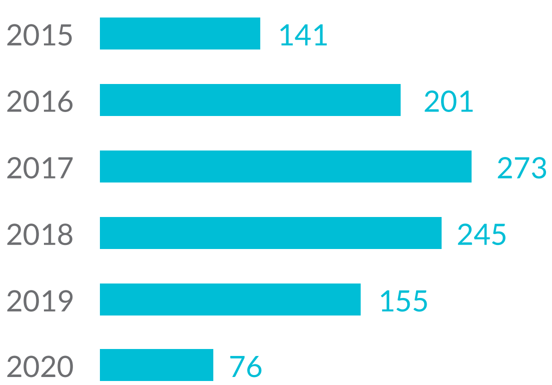
NET SALES FLAT GLASS

Figures in millions of U.S. dollars



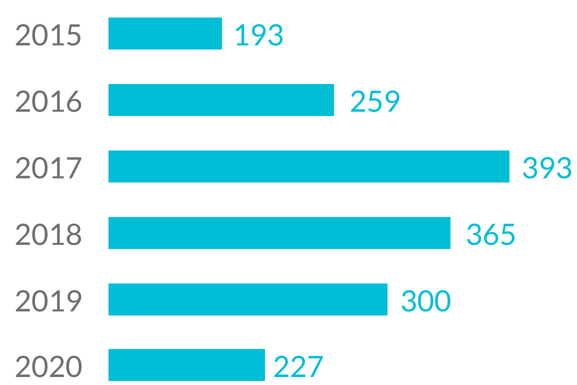
OPERATING INCOME (BEFORE OTHER INCOME AND EXPENSE)

Figures in millions of U.S. dollars



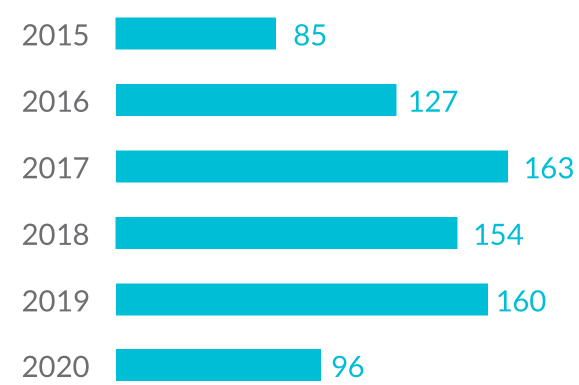
CONSOLIDATED EBITDA

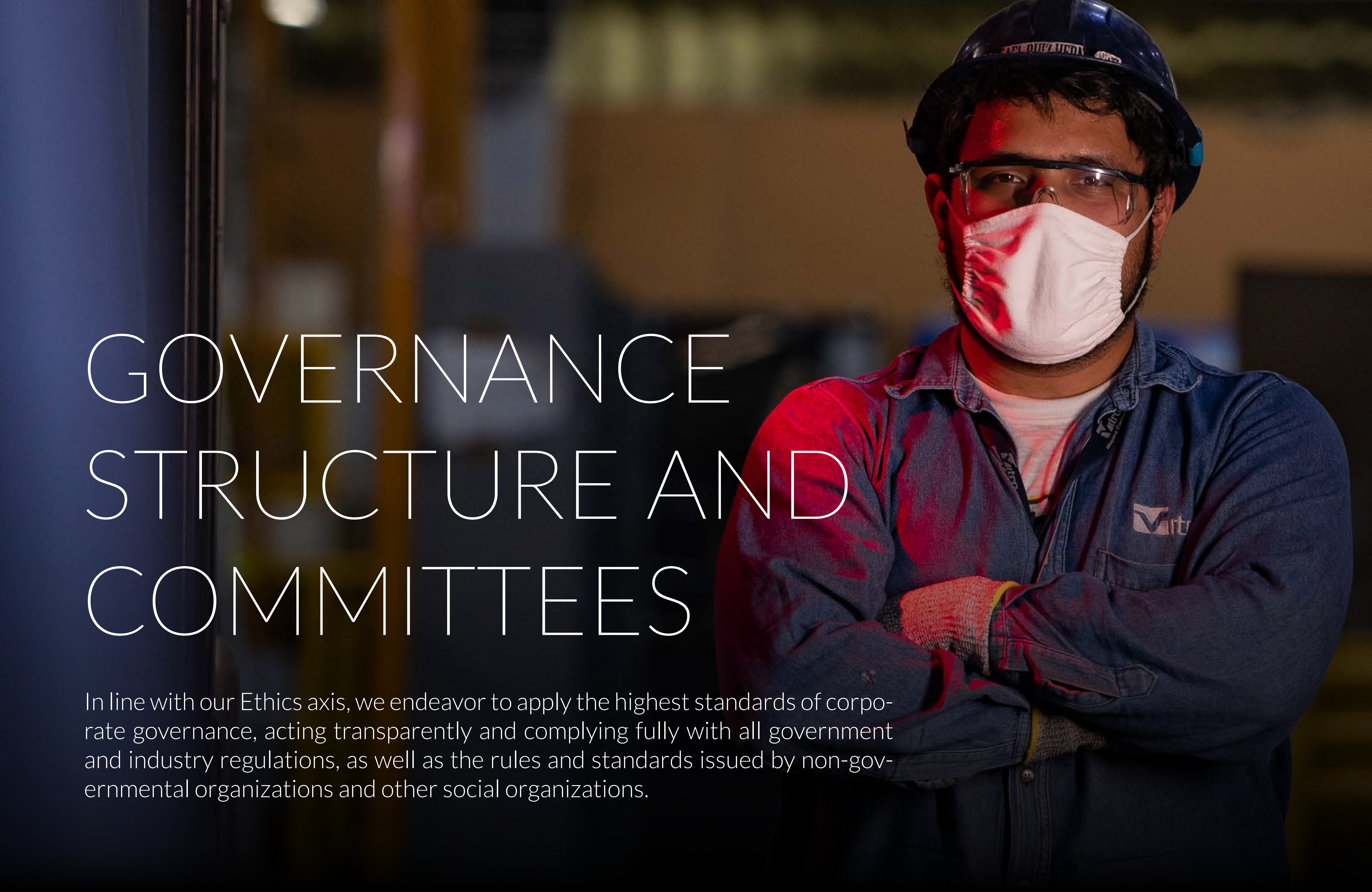
Figures in millions of U.S. dollars



INVESTMENT IN FIXED ASSETS

Figures in millions of U.S. dollars





GOVERNANCE STRUCTURE AND COMMITTEES

In line with our Ethics axis, we endeavor to apply the highest standards of corporate governance, acting transparently and complying fully with all government and industry regulations, as well as the rules and standards issued by non-governmental organizations and other social organizations.

CORPORATE GOVERNANCE

GRI: 102-18, 102-22, 102-33, 102-34, 405-1,

standards of corporate governance, acting transparently and complying fully with all government and industry regulations, as well as the rules and standards issued by non-governmental organizations and other social organizations.

The Board of Directors of Vitro, S.A.B. de C.V. has 12 members, 41.66 percent of which are independent, higher than the percentage required by the Mexican Securities Market Law.

The Board of Directors is responsible for establishing and executing strategies, policies and guidelines for the proper management of the group and the companies it controls, and for ensuring that all activities are carried out according to the principles of responsible corporate management.
One of these best corporate practices was the decision in July 2020 to abide by the recommendation of the Audit Committee and replace the external auditing firm of Galaz, Yamazaki, Ruiz Urquiza S.C. (Deloitte) in strict accordance with the principle of rotating the partners we work with. The Board of Directors, Audit Committee and company management express their gratitude and recognition of the commitment, effort and professionalism of the firm Galaz, Yamazaki, Ruiz Urquiza S.C. , which has provided services to Vitro for many years.

At the same time, the Board agreed to engage and appoint the auditing firm of KPMG Cárdenas Dosal, S.C. (KPMG) as independent external auditor for fiscal years 2020, 2021 and 2022. We welcome KPMG to this new cycle we are beginning.

2020 Summary

The Board of Directors of Vitro, S.A.B. de C.V. has 12 members, 41.66 percent of which are independent.

GOVERNANCE STRUCTURE

GRI: 102-22

ADRIÁN SADA GONZÁLEZ (1944)
Member since 1984
Chairman of the Board of Directors
Chairman of the Chairmanship Committee. Board Member of ALFA, Cydsa, Consejo Mexicano de Negocios (CMN) and Grupo de Industriales de Nuevo León.

ÁLVARO FERNÁNDEZ GARZA (1968)
Member since 2011
Chief Executive Officer of ALFA and member of the boards of directors of Cydsa, Grupo Aeroportuario del Pacífico, Grupo Citibanamex, and President of the University of Monterrey.

TOMÁS GONZÁLEZ SADA (1943)
Member since 1980
Chairman of the Board and Chief Executive Officer of Cydsa; Vice President of the Mexican Institute for Competitiveness (IMCO), Honorary Consul of Japan in Monterrey, Mexico. Additionally, he is a member of the Regional Council of the Bank of Mexico (Central Bank), the Business Round Table (CMN), Grupo de Empresarios of Nuevo León and member of the Board of Trustees of Cáritas de Monterrey and Treasurer of the Fundación Martínez Sada, an organization that grants academic scholarships.

MARIO LABORÍN GÓMEZ (1952)
Member since 2010
President of ABC Holding and ABC Capital. Has been managing director of Bancomext, CEO of Nacional Financiera, CEO of Bancomer and President of its Brokerage Firm, and founding President of Mexder, as well as co-founder and general director of Grupo Vector. He has served as a member of the boards of directors of TV Azteca, Cervecería Cuauhtémoc, Transportación Marítima Mexicana, Bancomer, the Mexican Stock Exchange, Mexder, Indeval, Xignux, Megacable, Cydsa, Astrum México, Banco de México Nuevo León, Gruma, AXA Seguros, Goldman Sachs, Avanzia and Fly Across.

DAVID MARTÍNEZ GUZMÁN (1957)
Member since 2013
Chairman and Special Counsel for Fintech Advisory, Inc. and Board Member of ALFA, CEMEX, ICA Tenedora and Sabadell Banc (Spain).

RICARDO GUAJARDO TOUCHÉ (1948)
Member since 2013
Board Member of BBVA Bancomer, Bimbo, Liverpool, ALFA, Grupo Aeroportuario del Sureste, and Coca-Cola FEMSA.

He was a Member of the International Advisory Committee of the Federal Reserve Bank of New York. He has served in various executive positions in companies such as BBVA Bancomer, Valores de Monterrey, FEMSA and Grupo AXA.

GUILLERMO ORTIZ MARTÍNEZ (1948)
Member since 2010
Partner and Board Member of BTG Pactual, Chairman of the Fundación Per Jacobsson and Founder of Guillermo Ortiz y Asociados. Member of the Group of Thirty and of the Boards of Directors of Bombardier, Grupo Aeroportuario del Sureste, and Orbia.
Has served as Chairman of the Board of the Bank for International Settlements, Governor of Banco de México and Minister of Finance and Public Credit for the Mexican federal government. At the International Monetary Fund, he chaired the External Panel for the Review of the Fund's Risk Management Framework and also served as Managing Director.

RICARDO MARTÍN BRINGAS (1960)
Member since 2007
Chairman of the Corporate Practices Committee.
Chief Executive Officer and Vice President of the Board of Directors of Soriana. Board Member of Teléfonos de México, Grupo Financiero Banamex, Consejo Mexicano de Negocios, Grupo de Empresarios of Nuevo Leon and Asociación Nacional de Tiendas de Autoservicio y Departamentales (ANTAD). Chairman of the Endowment for the Hospital Regional Materno Infantil.

JAIME RICO GARZA (1957)
Member since 2008
Chief Executive Officer and Chairman of the Board of Vitro Europa and Vitro Global, as well as Board Member of Vitro Cristalglass and Chief Executive Officer of Vitro Cristalglass (2007-2012).

ADRIÁN SADA CUEVA (1975)
Member since 2010
Executive Chief Executive Officer of Vitro, S.A.B. de C.V. Board Member of Grupo Financiero Banorte, the Dallas Museum of Art, and Nemak; Chairman of the Board of Cámara de la Industria de

Transformación (CAINTRA) Nuevo León since March 2019.

JAIME SERRA PUCHE (1951)

Member since 1998

Chairman of SAI Consultores, Founder of Aklara (Electronic Auctions), and Centro de Arbitraje de México (CAM). Chairman of the Board of BBVA Bancomer and publicly-traded companies Fondo México, Tenaris, and Vitro. He held several positions in the Mexican federal government (1986-1994), as Undersecretary of Revenue, Minister of Trade, and Minister of Finance. Currently, he is a member of the President's Council on International Activities of Yale University and is a Trustee for the Trilateral Commission.

JOAQUÍN VARGAS GUAJARDO (1954)

Member since 2000

Chairman of the Audit Committee. Chairman of the Board of Grupo MVS; Chairman of the Board of Grupo CMR. Board Member of Grupo Financiero Santander, Grupo Costamex, El Universal, Grupo Aeroportuario del Pacífico and Médica Sur. He has served as Chairman of National Chamber of Radio and Television Industry (2000-2001), Chairman of Mexican Restaurant Association (1985-1987) and Chairman of the Association of Restaurant Chain Directors (1989).

ALEJANDRO F. SÁNCHEZ MÚJICA (1954)

Secretary of the Board since 2007 (Non Board Member)

He has been Legal Manager for Indeval, Chief Legal Officer for a division of Grupo Kuo, Legal Counsel of Grupo Pulsar/Savia, Vice President and Chief Legal Officer of Vitro, and is currently Senior Partner of the law firm Thompson & Knight. He has served on the board of various Mexican and foreign corporations and is currently a member of the Private Charitable Board for the State of Nuevo León. He has a law degree from the Escuela Libre de Derecho and Master's Degrees from the University of Texas at Austin.

VITRO BOARD OF DIRECTORS

Adrián G. Sada González
Chairman

Joaquín Vargas Guajardo
Independent member

Álvaro Fernández Garza

Tomás Roberto González Sada

Ricardo Guajardo Touché

Mario Martín Laborín Gómez
Independent member

Ricardo Martín Bringas
Independent member

David M. Martínez
Guillermo Ortiz Martínez
Independent member

Jaime Rico Garza

Adrián G. Sada Cueva

Jaime José Serra Puche
Independent member

Alejandro Francisco Sánchez Mújica
Non-member Secretary

VITRO AUDIT COMMITTEE

Joaquín Vargas Guajardo
Chairman

Guillermo Ortiz Martínez
Independent member

Jaime José Serra Puche
Independent member

Jonathan Davis Arzac
Non-member financial expert

Claudio Luis Del Valle Cabello
Non-member Secretary

VITRO CORPORATE PRACTICES COMMITTEE

Ricardo Martín Bringas
Chairman

Joaquín Vargas Guajardo
Independent member

Guillermo Ortiz Martínez
Independent member

Mario Martín Laborín Gómez
Independent member

Alejandro Francisco Sánchez Mújica
Non-member Secretary

CHAIRMANSHIP COMMITTEE

Adrián Sada González
Chairman

Adrián Sada Cueva

Claudio L. Del Valle Cabello
Secretary

FLAT GLASS

The Flat Glass business unit is a worldwide leader in the manufacture and processing of float glass for the construction and automotive industries, for the latter in both the original equipment and spare parts segments. In addition to making, processing, marketing, distributing and installing glass, the division leads the industry in developing added-value products through its technological research center, enabling it to meet the exacting demands of every client.

It also produces sodium carbonate, sodium bicarbonate, sodium chloride and calcium chloride for use in glassmaking, detergents, water treatment, pharmaceuticals, food, oil and gas industry operations, road deicing, and livestock farming, among other applications.

FLAT GLASS

USD$173

million in EBITDA from the architectural glass business

Widespread uncertainty, a global public health crisis and an economy in recession marked the climate for this business unit last year, combined with rising competition and excess capacity in the architectural and automotive glass industries, all of which made it impossible to achieve the expected results.

Our companies suspended operations for an average of 75 days during the year, as did our clients, which were not among the industries classified by the government as essential. These measures were taken to protect the health and safety of our employees.

Even in this challenging context, the Vitro team found ways to stay in touch with clients, prospecting projects, meeting their needs and giving them the assurance that they could continue to enjoy safe, high-quality products and services, manufactured with the highest technology in accordance with their specifications.

Vitro Architectural Glass

Although 2020 brought numerous challenges, in general it can be considered a good year for this division, given that after the period of suspended activity caused by COVID-19, operating activity began to recover in the second half of the year and returned to near pre-pandemic levels. In addition to the profitability generated, the business optimized its capital expenditures (or capex), recovering working capital with better performance in collections and reduced inventories consistent with the new level of demand. At the close of the year the architectural glass business had generated EBITDA of USD173 million.

Weathering the COVID-19 emergency was the biggest challenge which not only affected public health but had global economic effects. For Vitro Architectural Glass it caused an unprecedented temporary plunge of up to 90% in demand for its products in certain segments like automotive (one of the main industries we serve with float glass) as well as added-value or specialty glass used in the architectural branch.

Another challenge was keeping our float glass furnaces running at minimum capacity levels, in some cases at the cost of having to destroy glass. This is because an unplanned shutdown of these furnaces can damage their structure. The result was that we could not absorb all the overhead for these plants, and this had a severe impact on business profitability in the second quarter of the year. The markets' return from paralysis was erratic: in Mexico, after a very sluggish second quarter they came back strongly, and by the fourth quarter had returned to levels higher than in 2019.

Markets in the United States and Canada recovered gradually in the second half of the year, particularly housing construction, which saw excellent performance in the fourth quarter.
In the rest of the world, the architectural glass segment was affected by declining sales volume and excess supply in the first half of the year.

From the operating standpoint, we have grown stronger. The jumbo coater line has become the industry standard for large-expanse glass in North America, and today turns out the widest range of coated products. The jumbo coater line has been working at full capacity since the second half of 2020.

The Carlisle, Pennsylvania plant operated both production lines throughout the year, making clear and ultra-clear glass, starting up green-tinted glass for the automotive market and two coaters to serve the commercial and residential segments.

Also during the year, we started a high-speed glass tempering line at our Garcia, Nuevo León plant in Mexico, to serve clients in the residential door segment in the United States, and refrigerator manufacturers.

Vitro Automotive Glass

The COVID-19 pandemic was clearly the most influential factor in the results of this business. Vitro Automotive Glass has been reconfiguring and relocating platforms with the aim of maximizing capacity and productivity, which meant some costs and efficiency problems that we expect will be resolved in the short term.

In 2020, with the temporary shutdown of original equipment manufacturers (OEMs) and our own plants, which were classified as non-essential activities, the scenario was a very difficult one, but one of Vitro's strategies was to apply a strict savings and cost- and expense-reduction plan to allow the business to continue operating and be prepared when the economy returned to activity. Part of this plan included the early closure of our plants in Evart, Michigan and Evansville, Illinois in July 2020 and February 2021, respectively, originally scheduled to take place in the first half of 2021.

This decision required moving capacity to other plants and reorganizing production, which entailed some expenses, but we are confident that ultimately it allows us to better leverage our overhead.

In December 2019 there was an equipment failure at one of our Mexico City plants that required suspending operations there temporarily, affecting the volume of glass sold for the spare parts market. The plant reopened a few weeks later with the support of provisional equipment from an outside supplier. Replacing the damaged equipment took six months, but with the help of another affiliate production continued, and today the plant is back to normal operations.
Recent investments in our plant at García, Nuevo León in Mexico have resulted in improved performance. The new windshield line, called "Línea Regio" (after the capital city) exceeded its 2019 productivity and volume levels and we expect it to reach optimum

Recent investments in our plant at García, Nuevo León in Mexico have resulted in improved performance.

efficiency in 2021. This line incorporates controls for making complex, value-added windshields.

Our plant in Poland is another example of the commitment Vitro's team has to continuous improvement. It hit record production levels and yield in 2020 compared to 2019. This factory uses cutting-edge technology to turn out windshields for the OEM market in luxury automobiles.

Our 50-50 joint venture in China is in the process of resolving some problems with filling capacity, and has been quoting with clients in the region. The market trend toward electric cars is increasing, so we are focusing on serving the high-end segment in Asia and Europe.

After resuming operations around mid-year, the industry was very active. Vitro's Automotive Glass business has the aptitude and the attitude to keep this reactivation going: its production capacity, total sense of commitment and product and process quality were all determining factors in its ability to earn our clients' trust and sign contracts for USD161 million in new platforms over the next six years.
With rapidly growing demand for glass in original equipment, we were forced to prioritize this segment, which meant reducing supply to the spare parts market. To avoid under-serving these clients we channeled third-party products to them, but supply disruptions led to sales below budget for the spare parts business last year.

Industria del Álcali

Because Industria del Álcali is part of the chemical industry, it was allowed to remain open as an essential activity during the period in which the government imposed shutdowns in other areas due to the health crisis. Like most companies, however, its sales were affected, and declined by 10% from the previous year, primarily in export markets aimed at the oil and gas industry and the road deicing business. However, the inorganic chemicals business managed to keep EBITDA at levels similar to 2019, which is commendable given the difficult climate it faced.

Like all the other Vitro companies, Industria del Álcali implemented procedures to protect the health and safety of employees and outside visitors during the COVID-19 pandemic. Furthermore, for the purposes of protection and as recommended by the public health authorities, employees with pre-existing vulnerabilities were asked to stay home. Although this reduced our workforce and required a greater effort, we had the full commitment and support of all of our team.
Bearing in mind that this company serves a wide range of industries, many of which had to suspend operations in accordance with official provisions, we sought out alternatives to maximize sales in the sectors we serve.

USD$161

million in contracts for new platforms over the next six years.

We are intent on building the organization's future with a focus on innovation.

In the comparison against 2019, market performance varied. In Mexico, the market shrank by 3.87%, and the glass segment was the hardest hit with a 22.2% reduction, offset in part by the detergents sector, which grew 12.9%. For 2020, the rest of the markets performed in line with the previous year.

In the export area, sales were down 26.2% from 2019, most notably in the oil and gas segment, which declined by 29.6%. Other sectors were stable with a growth in markets for sodium bicarbonate.

Production (creo que esto es a lo que se refiere? Dice "operación") by the four Industria del Álcali plants dropped by 11% compared to 2019, the result of the decision to operate our calcium plants intermittently.

STRATEGIES FOR A NEW REALITY

Vitro Architectural Glass

The short-term strategy of the architectural glass business last year was to contain the damage and focus on preserving cash. Cost-reduction measures were begun, along with disciplined working capital management, lower inventories, and cuts in programmed capital expenditures, limiting these only to those that were strictly necessary. The most important initiative, however, was the solidarity of employees in helping our company to weather this situation.

To safeguard cash flow, we chose to table repairs on one of the two furnaces at our plant in Meadville, Pennsylvania indefinitely, and delayed major repairs on one of the two furnaces at the García, Nuevo León plant in Mexico.

We are now intent on building the organization's future with a focus on innovation; the commercial area is working to generate value and continue to dominate the glass specification channel with architects and designers, and we are also expanding our channels for influencing the various industry players with virtual education forums.

In 2020, we ventured into the acquisition of emerging technology with the purchase of a company that makes solar facades. At the same time, we restructured our organization with a more intense focus on innovation projects. Today we have a considerable number of products and projects under development that we plan to launch on the market in the coming years.

Vitro Automotive Glass

This business has various commercial and operating tactics to deal with the challenges that the industry and market conditions will pose in coming years.

Our strategy is to continue building state-of-the-art infrastructure with that can provide top-quality, safe automotive glass products to our clients, meeting the demands imposed by the latest trends.

To this end, we started up operations of a new integrated high-tech windshield manufacturing line at the Vitro Flex plant in García, Nuevo León, Mexico in the fourth quarter of 2020. We expect it to hit full capacity by mid-2021.

We will widely communicate and strengthen a culture of quality in all our processes. Through our Operating Excellence Model we propose to simplify opportunities for improvement, cut down on dead time, further improve productivity and quality and abide by the quality guidelines of our clients.

Last year we put further effort into working hand-in-hand with clients to ensure that we meet every one of their requirements, from design and components, special features like thermal glass, windshields with embedded antennas or front-facing screens, connected technology vehicles, and many others, to creation of packaging for assembly on the line.

Industria del Álcali

One of the strategies this business developed to mitigate the impact on its revenues was strict budget control, and intermittent operation of the calcium chloride plants, which saved a considerable amount of money.

Among other noteworthy initiatives were budget discipline and balancing operations according to market needs and, most importantly, the involvement of the entire team of employees to keep up performance under the current circumstances.

CERTIFIED QUALITY, ASSURED CONFIDENCE

The pandemic did not prevent our plants from applying for and obtaining recertification in industry standards and regulations, as well as others that our clients require. In addition to our proven experience and solid commercial relations, these certifications give clients the confidence that our processes and products are of excellent quality and meet the requirements of industry, government, and their own standards.

Vitro Architectural Glass

Vitro's commitment to environmental sustainability is reflected in its products, processes, services and people; the Company's architectural glass complies with increasingly strict standards, and we were the first company to obtain Cradle-to-Cradle® certification, a globally recognized standard that measures the impact of a product's lifecycle on humans and on the environment, certifying them as safer and more sustainable products manufactured under the concept of circular economy.

For the second year in a row, in 2020 we received the Energy Star recognition from the Environmental Protection Agency (EPA) of the United States, for the energy efficiency of operating a furnace with proprietary oxy fuel technology, which burns much less gas than a conventional furnace.

In 2020, we sold 15.9 million square meters of solar control glass, the properties of which led to savings on heating and air conditioning in residential and commercial structures. The year's main launches were our Solarban R77® glass, a coating with reflecting properties and neutral tone, and a line of specific coated glass with solar control and high visibility under the Lumax® brand, the first of this type to be launched on the Mexican market by Vitro.

Vitro Automotive Glass

Three of our plants—one in the United States and two in Mexico—received the Supplier Quality Excellence Award from General Motors, in recognition of the exceptional yield of Vitro Automotive Glass thanks to its products and services.

In 2020, we sold

15.9

million square meters of solar control glass.

USD$1.581

billion in consolidated net sales for the Flat Glass business unit in 2020

This division's operating excellence, solid strategies, and the efforts and commitment of its people enabled it to close 2020 by delivering automotive glass for new models made by clients like Ford, General Motors, Mercedes-Benz, Nissan, Volkswagen, and others.

Additionally, Vitro Automotive Glass signed sales contracts for platforms we will be serving in the next two years, particularly those requiring specialty glasses that provide not only safety but comfort, privacy, UV radiation protection, and many other advantages.

Industria del Álcali

Among the audits and certifications that Álcali applied for voluntarily and at the request of its clients was an evaluation of 100% compliance by our client Industria Nacional de Detergentes S.A. (INDESA), received on January 16, 2021.

2020 Results

Consolidated net sales in 2020 for the Flat Glass business unit dropped 19.3%, ending at USD1.58 billion, compared to USD1.96 billion in 2019.

EBITDA in the Flat Glass business stood at USD171 million at the close of December 31, 2020.

A number of factors prevented us from achieving the budgeted results: a contraction in the automotive industry that had already been going on in previous years and weak growth in the construction and architectural market already posed a threat, and the public health emergency that broke out just after the start of the year, prompting the temporary suspension of work, was the final factor in these poor results.

In the United States, the architectural glass business saw lower volume in the residential and specialty industrial segments in the first six months, which was offset in part by the commercial segment in the third quarter, and, in the last quarter, a shortage in the residential and specialty industry brought some benefits. The recovery of the Mexican construction industry in the second half of the year added further strength to the business's results.

Vitro Automotive Glass had a weak start to the year, and it was not until the third quarter that the industry began to reactivate, as distributors and dealerships began replenishing inventories; still, growth was moderate, demand was lower in Mexico, production in certain platforms slowed, and although there were some new contracts for the OEM market, other platforms concluded their production cycle.

The inorganic chemical business was also affected by the provisional shutdown of companies and stagnation of the economy, as well as low international prices that depressed the oil and gas industry, one of the industries to which we supply calcium chloride, among other segments.

EBITDA in the Flat Glass business stood at USD171 million at the close of December 31, 2020, 27% lower than the year before. This can be attributed to lower sales volume, higher distribution expenses in the automotive business, and the expense of starting up the new windshield line, combined with an impact on the yield and efficiency of some plants.

On the positive side, lower transportation costs and shipping expenses in the United States—the result of rate negotiations as well as lower volume, because our furnaces were functioning at reduced capacity due to the pandemic—and lower general business expenses in the architectural glass business, contributed in part to these results.

The inorganic chemical business kept its EBITDA at stable levels, despite lower sales, because it was able to offset this effect with a cost and expense reduction program in addition to savings on raw materials, energy and other indirect costs.

TOGETHER, TOWARD THE FUTURE

It seems clear that economic conditions will not return to normal in 2021. The effects of the pandemic remain present, and COVID-19 has not yet been fully controlled. But we are optimistic that the markets in which we participate will recover gradual-

ly, and that we have the operating capacity and the skill to stay on the course we have charted.

In the Flat Glass business unit, our human assets remain the most valuable to us, so we will maintain care and prevention procedures aimed at preserving the health and well-being of all our employees, while striving to maintain excellence in every one of our actions.

Vitro Architectural Glass

Despite lingering uncertainty, we see a more encouraging 2021. The residential segment in the United States is still growing and there are interesting projects in sight for the commercial branch. Mexico's construction industry meanwhile continues to lag; delays in the design of new buildings in 2020 generated some concern about how robust the markets will be in coming years.

Generally speaking, we are looking ahead to growth in all segments, and we will be strengthening current markets while keeping an eye out for opportunities to export to other regions, and to form partnerships with other players.

We will continue the work begun in 2019 on structuring our commercial teams by segment, and we will pursue more projects and contracts, influencing every branch of the architectural market and continually fine-tuning our strategy.

We will keep on investing in innovation, developing glass that is not only safe and beautiful, but which brings sustainable benefits to buildings, users, and most importantly, the environment. In 2021 we expect to start up production of glass for solar facades that can capture solar energy and transform it into electricity.

Vitro Automotive Glass

The automotive industry contraction that begun in 2018 and continued in the following years worsened in 2020, causing a growing glut of product on the market; at the same time, growing competition means sacrificing margins by slashing prices, while economies remain weak or stagnant due to the suspension of industrial and commercial activity and lockdowns—these are just some of the challenges we faced in 2020 and we expect to continue dealing with their repercussions in 2021.

Our plant restructuring plan is complete. Early in 2021 we will finish stabilizing the plants that absorbed the platforms from others that were closed, so we can gradually achieve the expected returns in this business segment.
Investment will be aimed at projects with the best technology, those that offer competitive advantages considering trends in the automotive industry and consumer preferences, and which meet the goal of growing in harmony with the environment and the communities we serve; one example of this is the new lat-

est-generation windshield production line that we started up in the last quarter of 2020.

We will continue our cost- and expense-cutting program, with very selective outlays in areas that benefit employees and the business. In this challenging climate, our priority will be making sure we have the capacity to respond and act in advance of our clients' needs.

We will be broadening our client base through closer engagement, being proactive and on-target with our commercial propositions. In 2020, we signed contracts for an average of six years, and we incorporate two new clients to our portfolio. This is proof of the confidence that our industry has in Vitro's prestige, quality and innovation.

Industria del Álcali

This division, made up of our calcium chloride, sodium chloride, sodium bicarbonate and sodium carbonate facilities, is expected to see a gradual recovery in its markets, particularly in the oil and gas industry in the United States, projected to grow 25%, with lower demand in the second half of the year. Furthermore, we anticipate a modest 2-4% growth in the sectors we cover in Mexico, like glass, detergents, industry, food, livestock farming, agribusiness and distribution, among others.

We will work on optimizing the value of our products, enhancing productivity and efficiency in each process. The goal is to become more competitive while continuing to evaluate strategic business projects that can bolster client loyalty and help improve Vitro's cash flow position.

In Flat Glass, we will remain true to our mission of redefining the power of collaboration to generate value; we will endeavor to work as a team with each and every one of the areas involved, to obtain results that will keep us moving forward.

2020 SUMMARY

Vitro Containers

CONTAINERS

Vitro containers are backed by quality and service excellence accumulated over more than 110 years of experience. Relying on cutting-edge technology and strict quality, safety and hygiene controls, the Containers business unit produces highly sophisticated and aesthetic containers that are used in the cosmetics, fragrance and toiletry industries as well as the pharmaceutical segment. It also makes machinery and equipment for the glass container industry and offers engineering services, equipment and automation for various industries.

CONTAINERS

One of the competitive advantages of our business is flexibility

Because of the COVID-19 pandemic, 2020 was a year of volatility and uncertainty, but thanks to the focus and dedication of all of our employees, in close collaboration with our clients, and the measures we took over the year, it can be considered a good year for Vitro Containers.

From a financial standpoint, sales declined by 9% from 2019. Operations were stable, however—productivity levels were maintained in both smooth and finished glass, the latter with significant progress in the year.

The repercussions of the public health crisis are the greatest challenge we faced last year, but once again our people proved their capacity to respond and adapt to the changes. We applied absolute discipline in protecting our employees, clients and the company. In keeping with instructions from the authorities, we reduced the number of people working on the premises and enforced safe-distancing protocols in all our facilities.
To minimize the impact on sales, we sought out savings and trimmed spending, reducing outlays to the bare minimum necessary to continue operations. One of the competitive advantages of our business is the flexibility that allows us to react quickly to sudden changes in requirements. We strengthened our commercial strategy by being more proactive, and boosted the development and launch of new products as required by our clients.

Trends in the cosmetic market varied in the different regions where we operate: in the United States it weakened from April to June and came back strongly in the second half of the year. The skincare, treatments and scent diffuser segments all saw substantial growth.

In Mexico, the fragrance and beverage segments sagged due to a soft market and clients' efforts to scale down inventories. But containers for the pharmaceutical industry grew by 13% in 2020. (recuadro).

For some of the countries where we are present, like Colombia, Peru, Argentina, Chile and Ecuador, economies were hit hard and industries remained closed for an extended period of time, affecting sales in the fragrance business; in Brazil, volume was sig-

The automation area saw a year-over-year growth of

8.6%

Sales of containers for the pharmaceutical industry grew by 13% in 2020.

nificantly stronger starting in July, although billing in that country is in local currency, which lost 31% of its value against the US dollar in 2020 compared to 2019.

As could be expected, purchasing habits shifted as social contact diminished; the use of fragrances and cosmetics declined sharply but air fresheners and scent diffusers saw vigorous growth. Skin care products were stable, but the duty-free store channel was heavily affected.

Machine Manufacturing

2020 was also a complex year for FAMA, our machine manufacturing division, and despite its solid growth strategies, this business was unable to fulfill expectations. The conditions in the global economy caused by the COVID-19 pandemic hurt its financial results, and the efforts and difficult decisions made by the company to reduce costs and expenses were not enough to offset all of this impact.

Although the results do not compare well against those of 2019, the automation area saw a year-over-year growth of 8.6%, which gives us a solid basis on which to continue exploring new clients, looking to capitalize on the opportunities to be found in this industry.

The biggest challenge was dealing with the effects of the public health crisis. The extra effort of adapting to work from home and the reduction in our workforce due to contagion affected our operating efficiency, in addition to external factors that had an impact on sales. With all of this, FAMA worked to develop mitigation tactics.

Financially, one of the most important initiatives we undertook was a plan to reduce costs and expenses. Among the targeted savings were travel expenses, maintenance of company equipment, limiting spending on outside services, and others. Additionally, after the appropriate analysis, we cut back on staffing at the F2 shop in order to transition this process to outside suppliers.

In 2019 we had announced the closing of our molds area. Following this decision, we refocused our commercial approach and will turn our attention to developing the Automation area, whose sales accounted for 14% of the total, while the Machinery segment, concentrated in IS machines, spare parts and maintenance, accounted for 38% of the business. The rest of our operations are segmented into machine metal, engineering services and the sale of the remaining inventory from the molds area.

Even under these challenging conditions, we brought in new clients and projects, the result of efforts and initiatives aimed at offering solutions to overcome the negative effects of the COVID-19 crisis.

The Automation area explored new opportunities in the machine metal, mining, automotive and pharmaceutical industries, and inked its first deal with an outside client. The institutionalized business, a leader in the global automation community, developed various projects that helped improve productive and finan-

In recent years we have begun to explore the premium liquors market niche, where we have excellent prospects.

cial efficiency for our automotive industry affiliates. The confidence gained in this experience leads us to expect that we may be able to replicate the performance in 2021.

Machinery was the hardest-hit of the division's businesses in 2020, with a 76% drop in sales from 2019. Its strategy shifted from selling IS machines to prospecting replacement pieces, maintenance kits and technical services that can extend the useful life of our clients' equipment, giving them the option of continuing operations without the need to invest heavily in new machinery.

As a result of these efforts, we forged new relationships with major industry players for whom we performed installation, repair and maintenance work, leaving open the possibility of building and strengthening future business ties.

STRATEGIES FOR A NEW REALITY

Vitro Containers

We began a Molding 2025 strategy, based on six pillars that will help strengthen the division

- Geographic growth: Strengthening our presence in the regions where we are present and exploring new opportunities in zones where strong potential is identified.
- Competitiveness: Leveraging and maintaining the operating excellence of our business.
- Innovation: Developing new ideas for products, services and processes.
- Added value: Features that give our products unique competitive advantages.
- Premium liquors: Seizing opportunities in this segment.
- Sustainability: operating entirely within a framework of sustainability and responsibility, caring for the environment and neighboring communities.

In 2020, we focused on stabilizing our operations, prioritizing employee and client health and well-being and concentrating our efforts on serving clients.
In recent years we have begun to explore the premium liquors market niche, where we have excellent prospects. The similarities between the sophisticated, exclusive designs of the fragrance segment—where we are already well established—as well as the skills and equipment we have developed, promise growth oppor-

The new products we launched in 2020 accounted for

37%

of total sales in the fragrance business.

tunities we intend to exploit. In 2020 we began formulating projects and sealing deals that encourage us to continue on this path.

Another segment we have ventured into since 2019 is housewares, bathroom soaps, candles and scent diffusers, where we made significant progress.

Despite the situation, our commercial office in Brazil fared very well during the year and is poised for further improvement, because in 2020 we completed installation of the finishing operation, which includes a painting line, decorating and hot stamping machines, so that we can expeditiously meet clients' needs with the added advantage of shorter logistical times.

Greater efficiency, confidence and quality are attributes that this company demands of itself on a daily basis, in order to achieve operating excellence. With this in mind, we performed scheduled repairs on our number 1 furnace, and acquired an IS shaping machine with cutting-edge technology. The investments and improvements of 2020, together with those of 2019, enable us to keep our operations and processes in optimum condition and have the infrastructure needed to meet our clients' needs.

With eye to industry and market trends, the new products we launched in 2020 accounted for 37% of total sales in the fragrance business.

Machine Manufacturing

The core strategies of the machinery and equipment business remain the same, but given the commitments, challenges and situations faced in 2020, these were adapted, redefined and enriched to keep up with changes in the market in 2021.

Commercial: With the aim of diversifying our client portfolio and our range of products and services, we expanded our scope beyond the container market, looking for more opportunities in the machine metal market including smelting, machining and tooling, as well as comprehensive automation solutions. After careful analysis the new commercial strategy was structured along three axes.

- **I.** **Strengthening the Automation area**. Positioning FAMA as a trusted integrator in the automation industry and supporting exponential growth of the business.
- **II.** **FAMA Machine Services.** Adapting FAMA to the needs of the container industry, offering repair and maintenance services and spare parts for the IS Machine market.
- **III.** **Domestic tooling supply**. Identifying opportunities in onshore markets as a supplier of tooling for the Mexican machine metal industry.

These changes were made in order to ensure that efforts were directed toward the commercial goals of the business and the opportunities that the markets present to us.

Transformation: In 2016 we began a strategy of transforming FAMA to reposition the business with a new image and something new to offer the market. Today, as a client-centric organization with a workforce that strives to constantly improve the client experience, we are moving into a new phase, which will strengthen our financial position based on the following tactics:

Vitro Containers was able to earn recognitions and certifications from clients and independent institutions

I. **Financial health**. Guaranteeing the stability of the business through well-defined plans and close budget tracking.

II. **Inventory liquidation**. Ensuring that inventories are optimized, and that unused assets are liquidated in convenient and profitable transactions.

Safeguarding operations: Formerly termed "Operating Excellence," the purpose of this strategic component is to continue efforts to keep our business competitive through a unified workforce that applies best practices in projects for continuous improvement, cost reduction and operating efficiency, in pursuit of increasing competitiveness.

Resilient Sourcing: Formerly called "Supply Chain," this component aims to be part of operations in negotiations with suppliers, handling supply and logistics processes and make prompt delivery to both external and internal clients. Today's market dynamic requires us to have a more agile, effective and flexible supply chain, developing suppliers and strategic inventories.
Research and development: Although this strategy formally culminated with the completion of development of the NextGen 4.0 machine and testing under constant container production conditions, we are now renewing the strategy with the objective of **IS Machine Technology Independence**, in order to support the continuity of FAMA Technology by strengthening proprietary equipment for the industry and protecting the operations of internal clients.

CERTIFIED QUALITY, ASSURED CONFIDENCE

Despite the adversities brought by the public health crisis, Vitro Containers was able to earn recognitions and certifications from clients and independent institutions, a sign of the confidence our products and services inspire.

Last year, Diageo, a leading manufacturer of alcoholic beverages, distinguished us with the Diageo 2020 Supplier Award: Value Creation, which recognizes our company's deep commitment to a culture of continuous improvement with our clients, and our efforts to generate and maintain value creation through reliable performance, understanding of commercial needs, and dedication to driving shared value.

Vitro Containers earned 11 certifications in 2020, confirming our compliance with quality management system standards, supply chain safety (C-TPAT), and certifying our compliance with social responsibility aspects like non-discrimination, quality of life at work, and other aspects.

The vast experience, solid commercial strategies, product and service quality, and commitment of the company and its employees earned us the trust of eight new clients in 2020.

2020 Results

As of the close of December 31, 2020, consolidated net sales for Vitro Containers totaled USD185 million, a decline of 15.5% from the USD218 million reported in 2019.

The pronounced slowdown in these results was caused by the

EBITDA totaled
USD$44
million in 2020

As of the close of December 31, 2020, consolidated net sales for Vitro Containers totaled USD185 million.

economic and social disruptions of the COVID-19 pandemic which began in the first quarter of last year. Among the variables that underlie the figures are our clients' efforts to adjust and wind down inventories in the fragrance and cosmetics industry and a combination of less favorable prices and weakness in the currencies of in Mexico and Brazil—where we actually saw a light upturn in sales of the pharmaceutical and CFT sectors, respectively—against the US dollar. The machinery and equipment business reported a 64% decline from 2019.

EBITDA totaled USD44 million, 20% less than the USD55 million of 2019. Lower sales in the fragrance, color cosmetics (makeup and nail polish) and machinery and equipment business (FAMA), a lower absorption of overhead, reduction of inventory in the glass container business and a mix of less favorable prices and lower sales volume in the value-added segment, were among the factors that influenced these results.

TOGETHER, TOWARD THE FUTURE

Vitro Containers

For Vitro's Container business, 2021 looks to be another challenging year. The pandemic lingers in much of the world, which means ongoing instability, uncertain horizons and supply chain

We will continue to bet on development of the Automation area, which we view as the future of the manufacturing industry, with very attractive prospects for FAMA.

disruptions.

But more than eleven decades of experience stand behind us. We intend to continue protecting our most valuable resource, which is our people; while we remain highly flexible and respond quickly to alterations in the business climate, to our clients' needs and to changes in their demands.

We are skilled at leveraging the competitive advantages of our industry and our state-of-the-art equipment. This and the experience and ability of our employees, and the pillars of the 2025 Molding strategy, will be the basis supporting our day-to-day activities.

We see 2021 as a time for recovery, for continuing our operations and for resuming the path of growth hand-in-hand with all the stakeholders involved in this win-win process. We intend to work together for the same purpose, to move toward the future.

Machine Manufacturing

At FAMA we will channel the changes we made to our operating and commercial strategies and make the best of our new business focus. We are determined to become our clients' strongest ally by offering solutions that lengthen the life of their equipment, producing more spare parts and offering maintenance services.

We will continue to bet on development of the Automation area, which we view as the future of the manufacturing industry, with very attractive prospects for FAMA.

We are looking forward to a reactivation of our clients' operations and a continuation of their investments in capex. We aim for better results in 2021, continuing our cost reduction and resource optimization efforts.

Our strategies have been modified, but our basic purpose remains the same. We are convinced that we must be the best option, and to this end we are determined to be increasingly efficient, and to supply products and services that prove to our clients that we are there for them and that we are committed to a mutually beneficial relationship in which we can all advance together.

SUSTAINABILITY

Vitro's commitment to environmental care, social impact and transparency, goes beyond offering high quality products and services that create value and offer confidence and safety to stakeholders; with its actions, programs, and Sustainability strategy, the Company is looking forward to a better future for all.

KEY FIGURES 2020

13 years
as a Socially Responsible Enterprise

100%
of our OEM plants have ISO 14001:2015 certification

14,588 employees

2,189
new hires

77
people with disabilities hired at Vitro

MXN $1,769,358
invested in scholarships for employee children

MXN $63,231,407
invested in social and community development

MXN $355,163,400
invested in health and safety

90%
of non-hazardous waste is reused or recycled

740,297
tonnes of glass recycled in our operations, 4% more than in 2019.

26%
reduction in number of accidents

20%
reduction in accident rate

- 1,302
species protected in conservation spaces
- 79,393
hectares under conservation

SUSTAINABILITY

GRI: 103-2, 102-2, 102-40, 102-47, 103-1

Strategy and SDG

Vitro's commitment to environmental care, social impact and transparency, goes beyond offering high quality products and services that create value and offer confidence and safety to stakeholders; with its actions, programs, and Sustainability strategy, the Company is looking forward to a better future for all.

One of Vitro's six core values is Sustainability: seeking to create conditions for operating and growing in harmony with the environment and the communities we serve. In this respect our actions are aligned with the United Nations Sustainable Development Goals (SDG).

Vitro Sustainability Model

Based on our 2019 Materiality Study, we identified a set of issues that were found to be most relevant to our stakeholders in economic, environmental and social areas, which have a significant impact on our operations and on the decisions others make about this company.

This analysis provided the groundwork for a reconsideration and update of our sustainability strategy, as well as the focus and design of our Sustainability Model. Starting in 2020 we are adopting six basic axes that underpin our company's business philosophy.

Vitro contributes to the following SDG:

ETHICS

For more than eleven decades, we have worked to ensure that our decisions and the way we do our jobs are consistent with our sense of business ethics, and comply with the laws, regulations and principles of each of the countries where we operate. We strive continually to ensure that our actions promote sustainable development and improve quality of life for all our stakeholders.

ETHICS

GRI: 102-33, 205-1, 205-2, 205-3, 206-1, 307-1, 411-1, 416-2, 419-1.

The Alert! Whistleblower Hotline is available for 100% of our operations.

VITRO CODE OF ETHICS AND CONDUCT

GRI: 205-2

The Code of Ethics and Conduct describes the responsibilities the company assumes with regard to the human rights of its employees, including issues like occupational safety and health, non-discrimination and labor inclusion, a harassment-free workplace, and others.

It provides guidelines on doing business with integrity, with an eye to fair dealings and unbiased selection of clients, markets and suppliers and absolute respect for the terms of our contracts, laws and regulations. It also establishes our policies on anti-bribery and anti-money laundering and obligates every one of our employees to comply with anti-monopoly and fair competition laws.

To grow in balance with our environment, the Code also defines how we interact with and in neighboring communities, and our dealings with governments authorities, as well as responsible political participation.

Learn more about our Code of Ethics and Conduct

WHISTLEBLOWER SYSTEM

Alert! Whistleblower system

GRI: 102-33, 102-34, 205-3, 406-1, 418-1

To guarantee that our Code of Ethics and Conduct is strictly followed, the company has a whistleblower system called the Alert! Hotline, by which anyone—whether employee, client, supplier or interested third party—can anonymously report any issue or action that goes against the company's business ethics and values, in any of our operations.

The system is administered by an independent firm certified to supply anonymous and trustworthy service. It is managed by the Ethics Committee through the Internal Audit area, which diligently manages every one of the reports from the time they are received until the matter is closed.

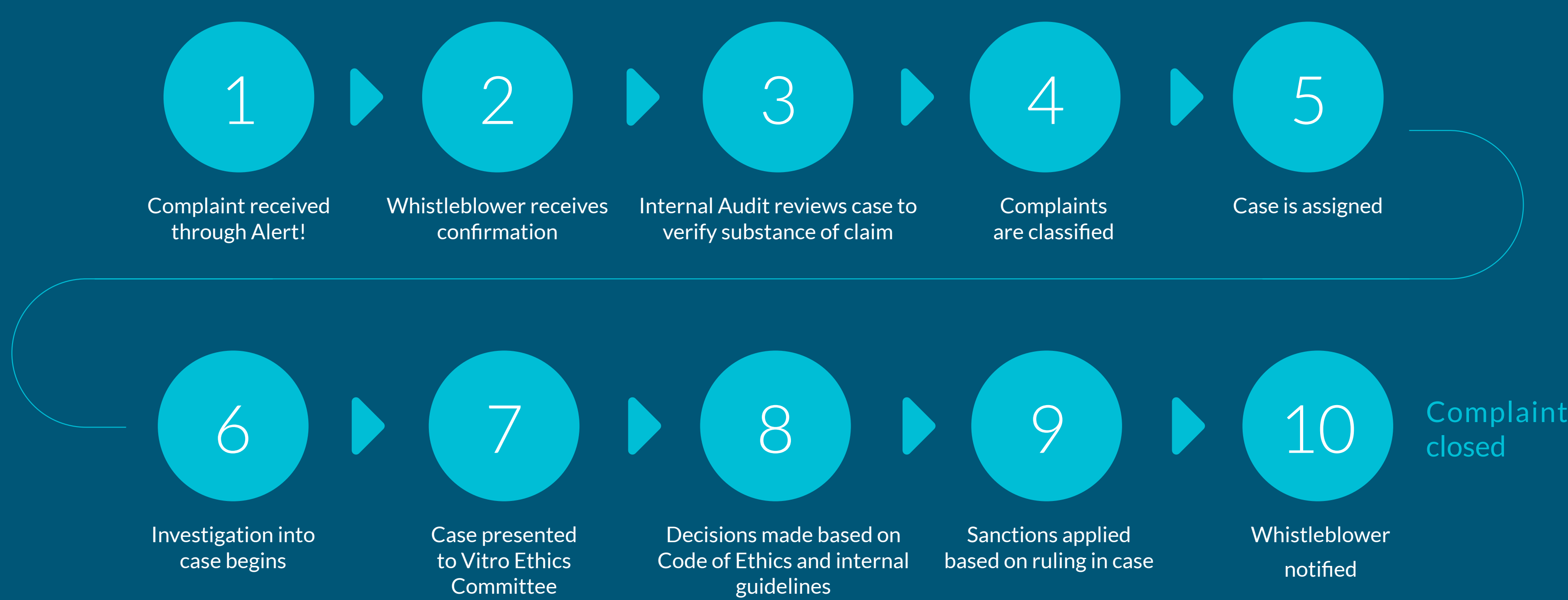
It can be accessed by phone or internet, in the language of the countries where Vitro operates, 24 hours a day, 365 days a year.

REPORTS BY CHANNEL

REPORTS BY TYPE

www.watcher.alertline.com

In 2020 there were no material or significant fines for economic, environmental or social issues.



REGULATORY COMPLIANCE

GRI: 205-1, 206-1, 307-1, 411-1, 412-1, 416-2, 417-2, 417-3, 419-1

Aware that there are threats and opportunities in every human activity, Vitro is concerned with identifying and channeling these to minimize, prevent and offset the threats and to exploit and magnify the opportunities, in order to generate value in all respects. We have employees whose job it is to identify changes in regulations or standards issued by the industry, government and non-governmental organizations (NGOs) that might affect our operations.

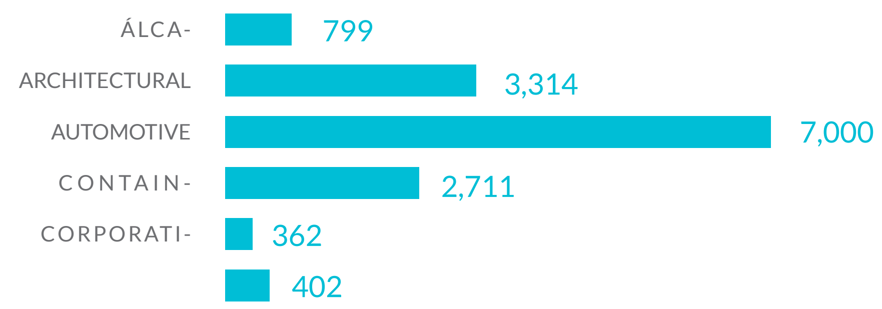
OUR PEOPLE

We at Vitro understand that our most valuable asset is our people, and that their safety and welfare must be our highest property. For this reason, we assume our responsibility for providing optimum conditions for their overall advancement, so that all of the links in the chain of success are continuously moving forward together.

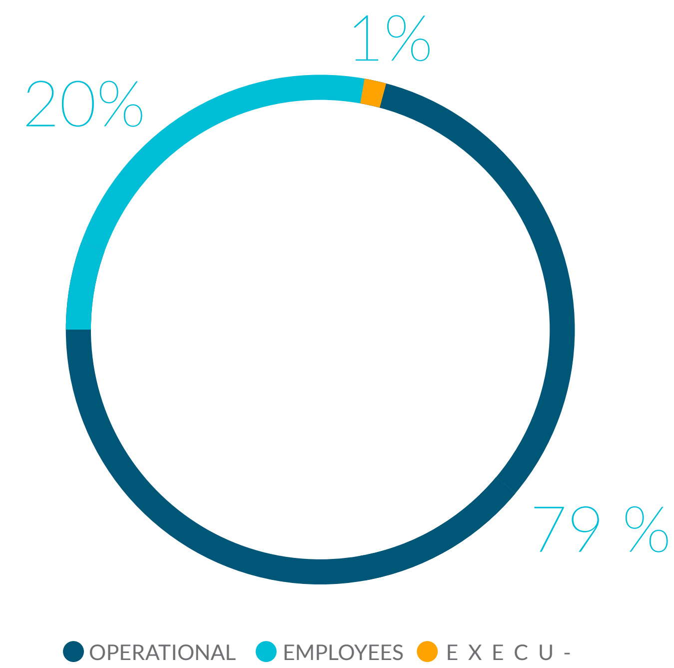
OUR PEO-

GRI: 102-41, 201-3, 401-2, 401-3, 403-1, 403-4, 407-1, 408-1, 409-1, 412-1

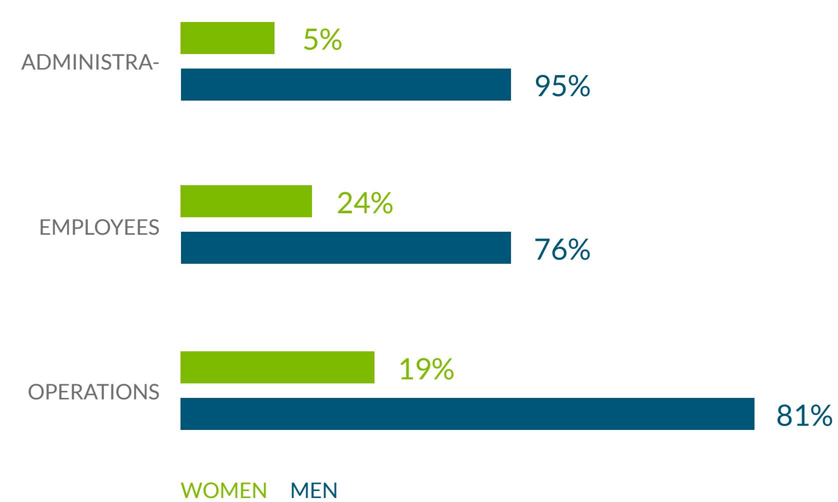
EMPLOYEES BY BUSINESS UNIT



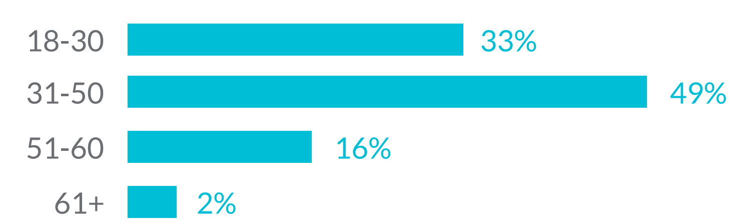
EMPLOYEES BY JOB LEV-



EMPLOYEES BY GENDER



EMPLOYEES BY AGE GROUP



HEALTH AND SAFETY

Comprehensive Health and Safety System (CHSS)

Since our founding in 1909 we at Vitro have endeavored to provide a safe and healthy working environment for employees. The Comprehensive Health and Safety System (CHSS) was created to ensure the highest standards of health and safety within the company, through policies and procedures to monitor, regulate and control indicators that attest to the physical safety and health of our employees and workspaces.

One of the indicators we track is the Accident Rate, which measures the number of days lost and workplace accidents, in order to determine where action needs to be taken to reduce the frequency and severity of accidents. Through risk analysis methodologies, research and accident analysis, observations and planned inspections, among other measures, we evaluate the level of risk present in our material resources, equipment and environment, so that we can detect situations that present a hazard and introduce solutions or preventive actions that minimize the possibility of personal harm.

Beginning in March 2020, COVID-19 was officially declared a pandemic by the World Health Organization (WHO). At the first sign of alert, Vitro took on the task of developing health and hygiene measures not only to protect everyone working in our facilities but also our clients, suppliers and visitors.

26% reduction in the total number of accidents.

20% reduction in accident rate.

43% reduction in the index of days lost due to general illness per 100 employees.

In 2020, **+70,000** calls were made to our medical attention call center.

+5,000 diagnostic tests taken of our employees for free, to ensure early detection of the virus.

Supported care for **+1,000** employees at top-quality hospitals

There are four phases to the strategy:

1. Reducing risk based on clear guidelines, including sanitary protocols, social distancing, screening at entrances to our facilities, and others, as well as training for our personnel on how to apply them.
2. Checking implementation of protocols and improving their application, incorporating auditing equipment and guidelines, detecting opportunities and deciding on actions for improvement.
3. Ensuring specialized medical support by setting up a support call center for personnel, creating the "Saving Lives Fund" for medical and hospital support and partnering with specialized medical attentions to care for our personnel.
4. Focusing on early detection and support for confirmed cases. Strengthened communication with recommendations on healthy habits through training and the "don't let down your guard" campaign, consisting of messages and videos promoting preventive protection, and rapid testing for identification of suspicious cases involving external or internal personnel.

Some of the actions taken were:

- Setting up a COVID-19 Response Team at every facility, headed by the plant or office manager, in charge of general implementation of the Corporate COVID-19 Protocol.
- Personal and Material Protection Team Leaders were appointed to ensure the basic supplies for prevention and detection of COVID-19.
- Human Resources and Communication department teams coordinated to manage all communications and information relating to COVID-19 preparedness and response.
- Leaders were identified and people put in charge of checking and ensuring safe distancing at entry checkpoints.
- Monitors were appointed to ensure the protocol was properly applied in all our facilities.
- Call centers were set up to monitor and prevent risks to vulnerable people and ensure those with suspected contact or contagion were quarantined.

These measures will remain in effect in 2021 until the spread of the virus no longer poses a risk to our employees' health.

INITIATIVES BY BUSINESS

Risk analysis

Among our Comprehensive Health and Safety System protocols are risk analysis and detection of situations that might jeopardize employees' health or safety.

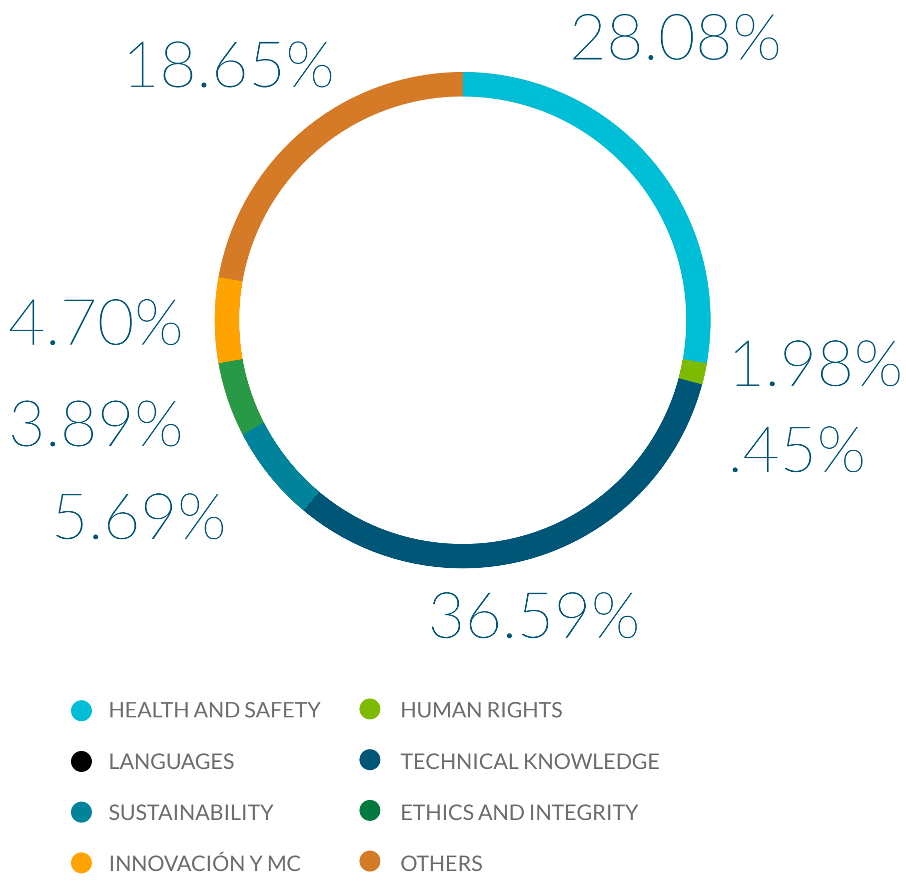
Flat Glass

At each of our plants we identify risks in processes involving machinery—fork lifts, trucks and others—and installed devices to automate product handling where possible, using sensors and proximity lights to control internal transit between pedestrians and moving vehicles.

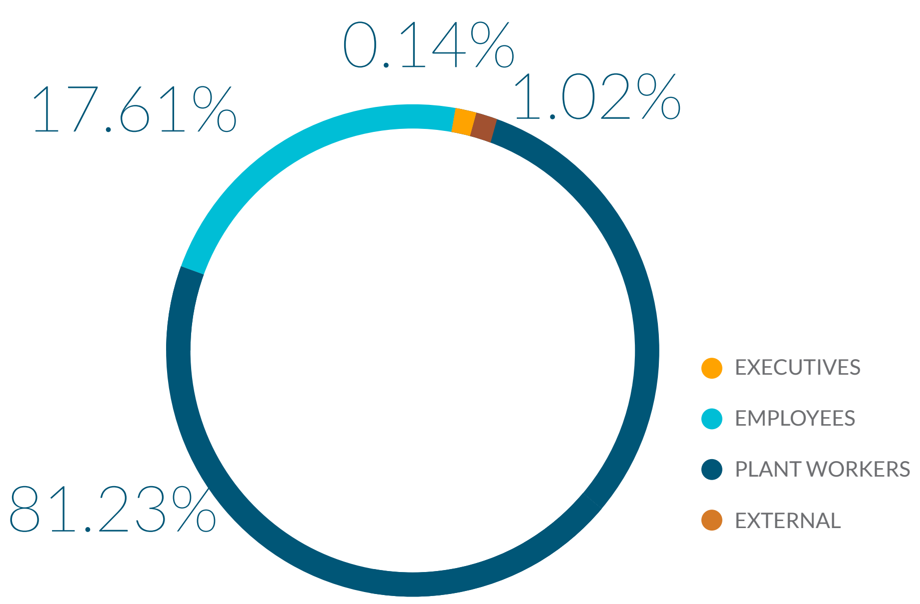
We also adjusted procedures for licensing those who handle this equipment, including:

1. A switch to automated equipment for product handling, eliminating risk to our workers.
2. Changing the method for training fork lift operators to include material explained by the safety area.
3. Visual aids with light reflectors for people working areas where moving vehicles are operating.

TRAINING BY TOPIC



HOURS OF TRAINING BY JOB LEVEL



In 2020, the Platform offered more than 4,800 courses, and 100% of our employees took at least one of them.

An average of 26.85 hours of training per employee, with +5,200 courses given in our plants and an investment of **MXN9,168,319.**

TRAINING AND DEVELOPMENT

GRI: 404-1, 404-3, 412-2

Training

The comprehensive advancement of Vitro's people is one of our priorities, because we are confident that training, education and specialization plans are the way to ensure personal and professional growth. Based on their job descriptions and the duties each employee is responsible for, we design programs to meet their needs and build the required skills.

One of the tools we have is the Vitro Talent Platform, which gives employees free access to online tools for improving their performance and strengthening their professional careers.

Operating training

In 2020 we created a system to standardize training processes throughout Vitro, consisting of the following:

1. Design of training programs by job in current processes.
2. Certification of internal instructors.
3. Technical training for each job in current processes.
4. Evaluation of training effectiveness.
5. Functional process mapping.
6. Inventory of process manuals.
7. Creation of standardized training manuals.
8. Design of an internal and external training plan.
9. Technical training for each job.
10. Process certification.

Special courses

A set of courses were developed with the help of our experts in order to promote care and prevention of COVID-19 contagion. These courses were made mandatory for all our employees. At the completion of training, they were given a certificate that was incorporated into a record of compliance with our Corporate COVID-19 Protocol.

We also held training sessions by our Information Technology teams in order to maximize the use and benefits of systems like Teams, Sharepoint, Intranet and internal digital platforms in order to work optimally in a remote setting and minimize the need for employees to come to the office.

70% of employees received a performance evaluation through IPPA

Development
Aware that a company's success is closely linked to the growth of its people, Vitro promotes its employees' development and evaluates their performance based on individual goals consistent with the company's strategy.

The Individual Performance Planning and Analysis (IPPA) system is a method for measuring performance that assesses progress against individual goals set at the start of each year by the employee, in conjunction with their immediate superior. The purpose is to establish targets aligned with the business strategy and ensure excellent results for both the employee and the Company.

**Note: Performance evaluations through IPPA are applied only to administrative staff. Operating employees are evaluated through operating efficiency and business metrics.*

LABOR PRACTICES

GRI: 102-41, 201-3, 401-2, 401-3, 403-1, 403-4, 407-1, 408-1, 409-1, 412-1

Physical conditions and the working environment at all Vitro companies conform strictly to the Declaration of the International Labor Organization (ILO) and the United Nations' Universal Declaration of Human Rights.

We ensure equal opportunities to our employees in training and professional growth based on their job experience, aptitudes for the position and extent to which they share our values, as well as the achievements that demonstrate this. We prohibit any kind of discrimination in hiring or in the workplace on the basis of gender, color, race, age, language, religion, sexual preference or any other characteristic that might be taken as a pretext for marginalization.

Vitro employees are covered by collective bargaining agreements and other pacts or agreements in countries where such a legal concept exists.

The company conforms to all applicable labor laws including those governing wages and benefits, and also has controls in place to prevent slavery, forced labor, child labor or human trafficking.

Quality of life at work

We are signatories of the United Nations initiative that establishes the Women's Empowerment Principles (WEP).

The year 2020 provided clear evidence of the value the company places on the quality of life of its employees and their families.

77

people with disabilities were hired at Vitro

The year 2020 provided clear evidence of the value the company places on the quality of life of its employees and their families. The way we live was irrevocably altered by the COVID-19 pandemic, and our working life was no exception, but Vitro swiftly allocated the resources necessary to reduce the level of contagion in all our facilities.

Screening checkpoints were set up at every workplace, basic hygiene routines and protocols were applied like the use of anti-bacterial gel, taking of body temperature, mandatory use of face masks and/or shields, disinfectant arches, recommendations on frequent hand-washing and social distancing.

Remote work

- We provided computer equipment to employees that required it and offered virtual assistance to help them adapt to and understand the remote work tools.
- Courses and presentations were given on topics like COVID-19 myths and realities, handling emotions in times of crisis, etc.
- An emergency hotline staffed by psychologists was set up to support employees who were coping with loss, anxiety, stress or other emotional aspects.

Commitment to the job

Based on the results of surveys on the level of engagement, every year, together with the leaders of each business, we define a plan that includes family activities, sporting events, health and wellness. In 2021 the plan will focus on seven main areas:

1. Compensation
2. Belonging
3. Recognition
4. Effective supervision
5. Diversity and inclusion
6. Teamwork
7. Tools and resources

Diversity and inclusion

One of Vitro's commitments is defending respect and equal treatment, and it has inclusion programs to ensure these aims. In 2020, 77 people with disabilities were hired to work at Vitro.

Each of our businesses took the measures necessary to preserve the health and welfare of employees with specific vulnerabilities or those with problems of comorbidities, assigning them to work from home or otherwise to take the necessary time off to reduce the risk of contagion from COVID-19.

INITIATIVES BY BUSINESS

Besides promoting COVID-19 health and prevention measures, last year we held activities to help our people maintain their quality of life.

Besides promoting COVID-19 health and prevention measures, last year we held activities to help our people maintain their quality of life, and sought out ways for them to feel together as a team, even when apart.

Flat Glass

ACES Program: Recognition for employees who demonstrate their embodiment of Vitro Values. Rewards were given in the form of cards that could later be exchanged for thermoses, jackets and other promotional items.

Mindfulness lectures: A cycle of monthly lectures on various issues like COVID, better eating to boost the immune system, self-care techniques and stress management, among others.

Remote photo contest: Employees participated in photo challenges on themes like ecological awareness, Father's Day, Mother's Day, and protecting yourself against COVID-19, through contests in which the best photos were selected by "likes" and the winners received gift cards.

Last day for 2020 Retirees: Celebrations were planned for the last day of retiring employees, which included a plant tour, a video of their time with the company and a recognition given with their families present (following COVID-19 prevention protocols in a disinfected room with a maximum of four people present).

Containers

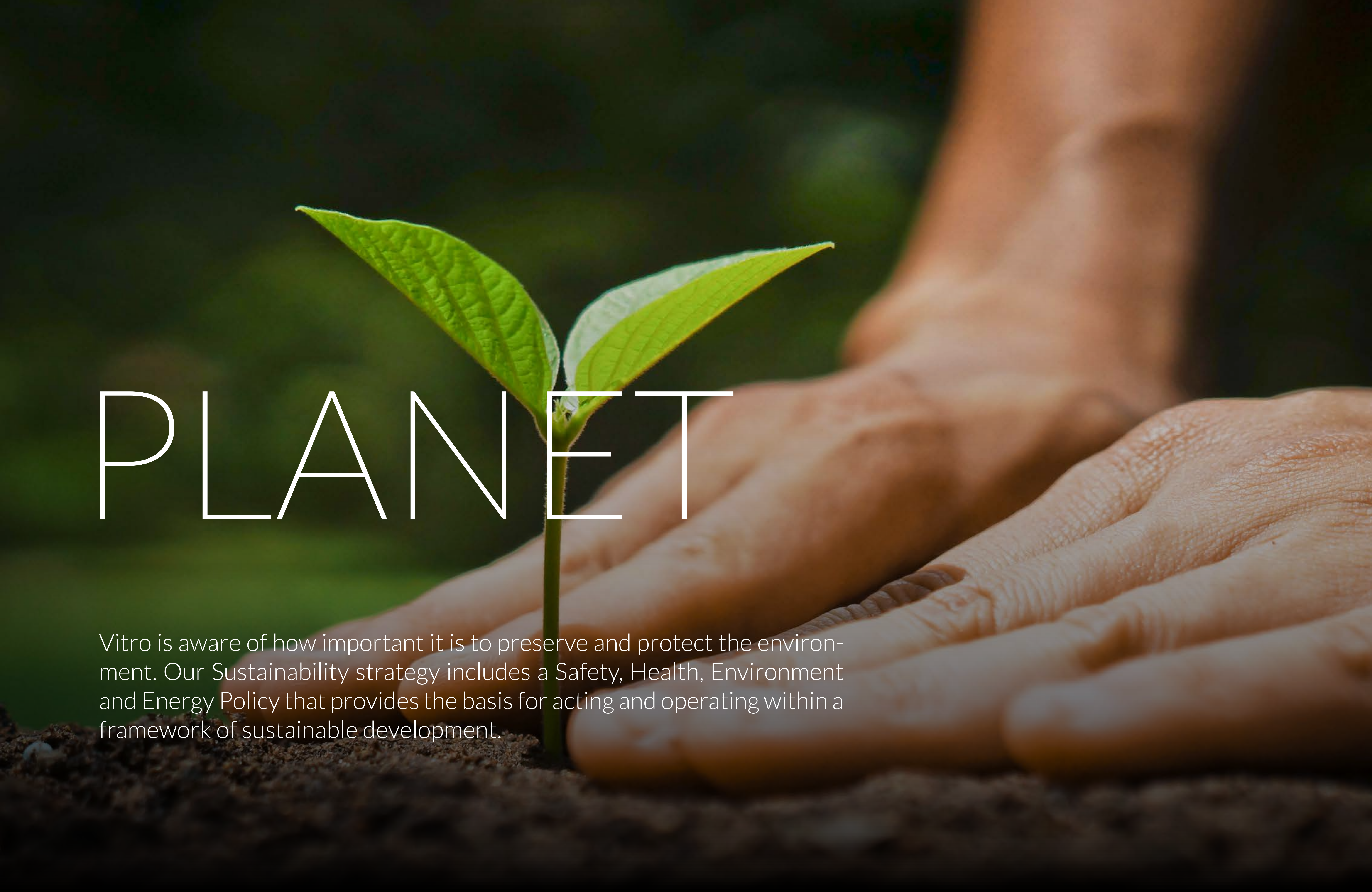
Wellness days: A program of talks and workshops combined with professional psychological counseling to support employees in areas of emotional wellness. This is a standing program at the company but became particularly important in 2020 in light of the stresses and emotional difficulties posed by the pandemic.

Recognition in management meetings: To create a cordial working relationship among colleagues and contribute to their "emotional salary," once a week during daily work meetings special recognition is given to people whose performance has contributed to results.

Inclusive environment:
Vitro's Container division earned the Gilberto Rincón Gallardo prize for incorporating people from vulnerable groups into its work force.

The company has an agreement with the Mexico State family services department in Toluca (DIF), under which it gives classes in Mexican sign language to employees who wish it; to date, more than 30 people have taken the course.

The vast majority of social, sports, leisure and recreational activities that Vitro organizes, in both closed and open spaces, were suspended in keeping with the recommendations and restrictions of the public health authorities during the pandemic.



PLANET

Vitro is aware of how important it is to preserve and protect the environment. Our Sustainability strategy includes a Safety, Health, Environment and Energy Policy that provides the basis for acting and operating within a framework of sustainable development.

PLANET

On average, for every metric ton of glass produced, 40% comes from recycled glass.

CIRCULAR ECONOMY

GRI 102-41, 301-2, 306-2

We understand the vital importance of protecting and optimizing all the resources we use in our operations, so we have an environmental management system that strictly abides by all current laws and endeavors to respect the natural environment. We strive for sustainability in all our practices and to contribute to a circular economy by using all resources in the best way possible.

Glass recycling

Glass is the main component in the wide range of products our company makes. It is also 100% recyclable, possesses numerous qualities and by nature is considered an environmentally-friendly product.

Since its origins, Vitro has taken advantage of the recyclable quality of glass, making use of broken and waste class (cullet) from our internal processes as well as externally sourced cullet.

One of the advantages of reusing glass is that less raw materials are used going in to the smelting furnace. It also makes for more efficient processes, saves on energy and reduces costs.

Aside from recycling internal glass, our permanent glass recycling program receives glass from the community at our plants, which serve as collection centers. This creates a value chain benefiting the local economy and raising awareness among various stakeholder groups about the importance of recycling.

Comprehensive Waste Management

The Comprehensive Waste Management Program focuses on correct separation of waste through evaluations, processes and trainings that help detect areas of opportunity in the process and take advantage of recyclable materials. The waste we handle is classified into hazardous and non-hazardous.

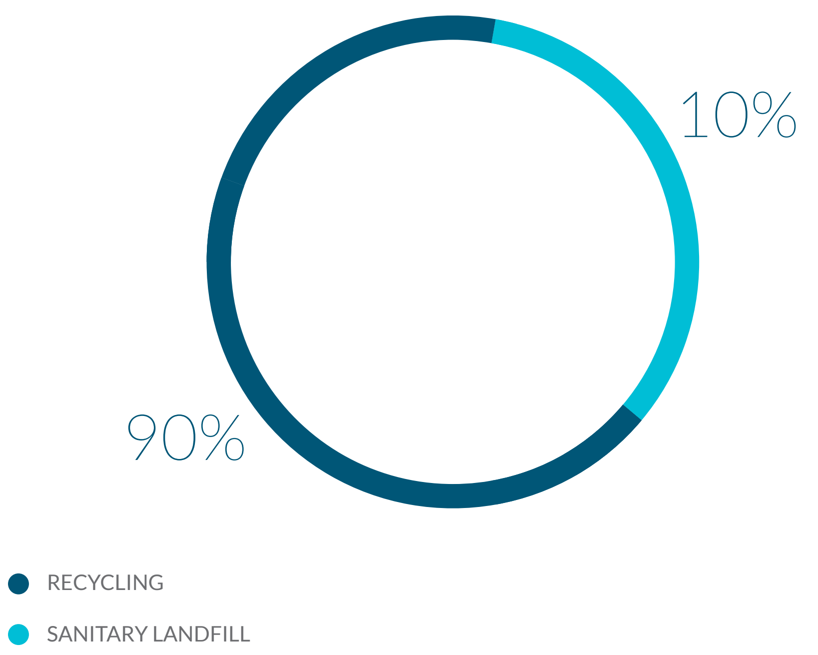
13% comes from outside sources (PCR).

In 2020, 738,942 metric tons of glass were recycled, 4% more than in 2019.

We reduced hazardous waste generation by 72% from 2019.

90% of our non-hazardous waste is sent for recycling.

NON-HAZARDOUS WASTE MANAGEMENT



One of our plants received Energy Star® certification for the second year in a row for its energy performance.

INITIATIVES BY BUSINESS

Flat Glass

One of our plants improved the glass recycling process by reducing mixed cullet and properly separating waste in order to maintain the quality and color of the final product; it also increased the purchase of clean cullet from external sources by recycling glass from the community, this allowed us to recycle 681,872.40 t of glass

Vitro Containers

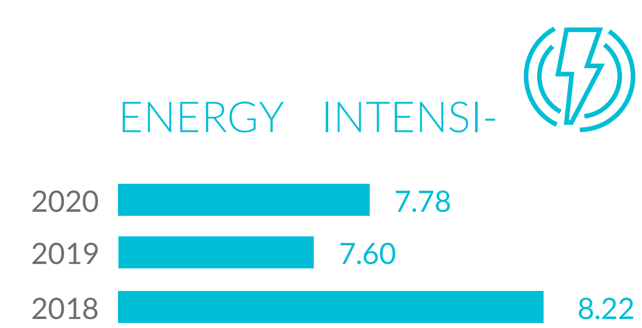
Our process for using Post-Consumer Recycled (PCR) glass relies on an established formula for calculating the percentage of post-consumer glass incorporated into our processes while ensuring product quality, depending on the purity and color of the glass. With these efforts, in 2020 we recycled 57,069 metric tons of cullet and avoided emitting 11,213 metric tons of CO_2e into the atmosphere.

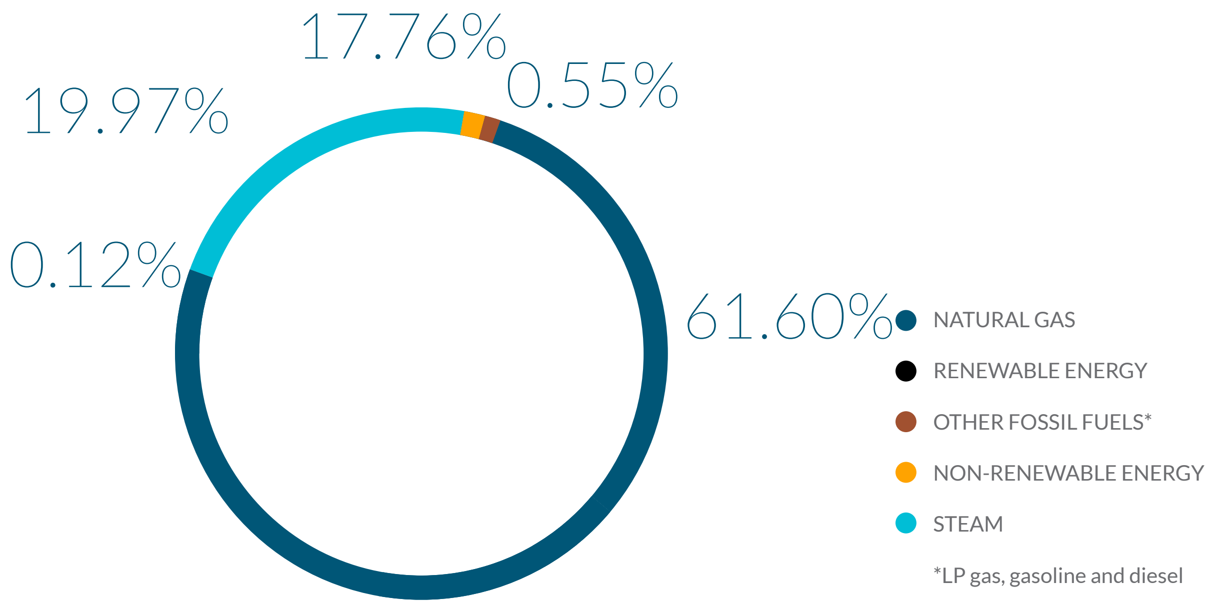
ENERGY EFFICIENCY

GRI: 302-1, 302-3, 305-4

In line with the SDG "Affordable and Clean Energy" and "Responsible Production and Consumption," we have a system for managing energy that incorporates energy savings projects and initiatives to reduce the impact of our operations.

Because of the nature of the products we manufacture, we use various types of fuel, so we developed a plan to use renewable energy: for example, two of our plants in Mexico are supplied to 90% with renewable energy from a wind farm in Juchitán, Oaxaca.





ENERGY CONSUMPTION BY TYPE OF FUEL (GJ)

CDP Score of B-, outstanding for our industry

INITIATIVES BY BUSINESS

Flat Glass

We conducted an analysis to identify the principal areas of opportunity for energy savings in our plants, and created a plan to reduce consumption through measures such as a change in lighting fixtures and heating equipment. This saved us 805,935 kWh of electricity, equivalent to 400 tCO2e.

Vitro Containers

- We conducted an energy diagnosis to identify areas of opportunity and developed two projects to optimize our electricity use.
- Upgraded to more efficient compressors.
- Speed control in the fan motors of our cooling towers, feeder combustion turbines and vacuum pumps, and thus optimized energy consumption in this equipment.
- These measures reduce our consumption by 420,000 kWh, equivalent to 210 tCo2e.

EMISSIONS AND CLIMATE CHANGE

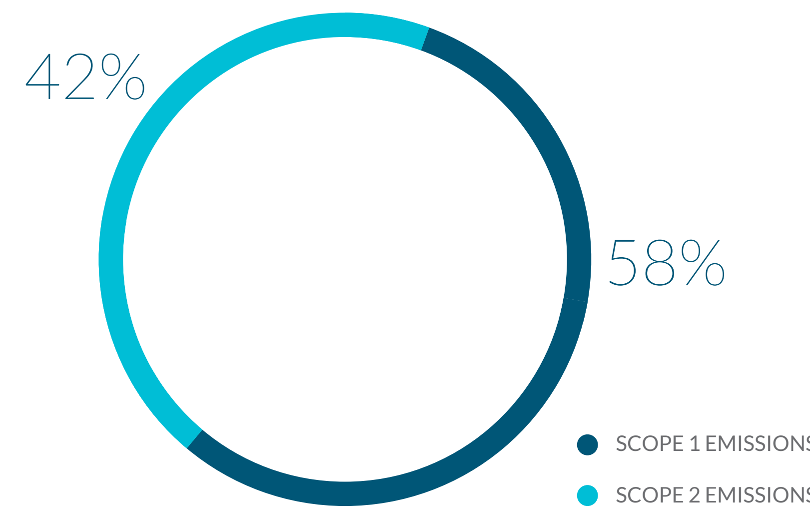
GRI: 305-1, 305-2, 305-5

One of the ways we contribute to the SDG is by submitting to all the evaluations and maintaining the certifications that apply to us voluntarily and on a regular basis, in keeping with the requirements of our industry and our clients, as well as governments and independent organizations. These evaluations enable us to measure and diagnose areas where we are strong, and those where there are threats or opportunities to improve.

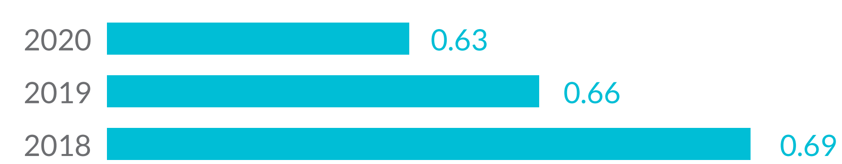
We have management processes in place that ensure we abide by all environmental laws and continually improve our process efficiency, environmental performance and competitiveness, ensuring that the cities and human communities around us are inclusive, safe, resilient and sustainable.

These processes have earned us certifications like Clean Energy, ISO 14001, Energy Star, and others, and we also report our progress to the Carbon Disclosure Program (CDP), which identifies threats and opportunities relating to climate change and assesses the transparency of our initiatives to address them.

EMISSIONS BY SCOPE



EMISSION INTENSITY



3.7% reduction in carbon emission intensity achieved through efficiency projects.

INITIATIVES BY BUSINESS

Flat Glass

One of our plants embarked on a project to reduce the use of ammonia and thus avoid emitting NOx into the atmosphere. The project involved operating changes in the furnace—reduction of case, fuel cuts, change in the shapes produced, and others—and succeeded in lowering consumption of ammonia compared to 2019, while keeping our NOx emissions below the legal limit.

Vitro Containers

In the glass container business, we renovated insulation on the furnace walls to maintain the high temperatures needed for the process, and installed more efficient burners, which modified the geometry of the flame and optimized energy use. This reduced our consumption of natural gas and avoided emissions of 3,653 tCO_2e into the atmosphere.

Additionally, at our Industria del Álcali plant, we focused on specific projects involving steam condensation and water recovery, as well as reforestation in the surrounding area.

INNOVATION

One of our core values is Innovation: making our processes and operations increasingly efficient in the constant pursuit of new ideas for achieving more and better results. It is also an axis of Vitro's Sustainability Model.

INNOVATION

INNOVATION CULTURE

“Innspire” Program
The “Innspire” program has provided an incentive for company employees to pursue innovation by coming up with creative ideas or new processes to improve our operations.

During the project, employees receive training and education to structure their projects and build a business case. At the end of the program, a results event is held recognizing and rewarding those who developed the projects selected for implementation.

This year, training was held virtually and covered topics such as:
1. How to detect areas of opportunity
2. Brainstorming to find ways to solve them
3. How to transform the idea into a business case for implementation.

PRODUCT INNOVATION

The markets we serve are constantly changing. Technological advance, along with the increasingly exacting needs of clients and consumers require that we stay on a course of constant innovation and upgrading to offer cutting-edge technology and services to meet their expectations, all the while following our Sustainability Strategy.

104
employees rewarded

339
projects proposed as of 2020

33
projects implemented

322
employees participating in the program

MXN
25,000,000
in estimated savings from innovation projects in 2020

Flat Glass

Architectural Glass

Specialty glass production is one of Vitro's competitive advantages. Among these are what are called low-e glass (low emissivity for solar control), double-walled glass, ultra-clear, low-iron, colored glass, and others. Low-e glass is more energy-efficient because it reduces the use of air conditioning and ventilation systems and requires less electricity in the spaces where it is installed, which means lower emissions of greenhouse gases.

In 2020 a product was developed using patented materials and processes with low iron content that is 65% less green than standard clear glass, with a similar-to-market cost. This gives the industry an accessible option of comparable esthetic and luminous qualities, optimizing cost, clarity and environmental performance.

Automotive Glass

Vitro produces automotive glass using cutting-edge technology and innovation with the highest industry standards of quality and resilience.

To fill customers' needs and meet consumers' expectations, the automotive glass business uses state-of-the-art modeling and predictive optics software in order to ensure the best optical properties and conform to the exacting parameters for design the industry's evolution requires.

We have eco-efficient windshields that reduce energy consumption. One of them has a special coating that serves as thermal insulation that helps maintain the internal temperature of the vehicle even in a hot environment. Another of our products is an ultra-light glass that contributes to a lighter vehicle and thus lower fuel consumption.

Vitro Containers

The glass containers we make for the cosmetics, perfume and premium liquor industries are not only attractive and sophisticated, but are manufactured and certified under the strictest international standards, guaranteeing quality, innovation and process sustainability.

On our design site, we offer comprehensive services for product development, providing consultancy and technical support from the conceptual phase through market launch.

In our specialized new product workshop, we make test molds for highly complex containers using the most modern equipment and the most advanced manufacturing techniques in the industry.

EXCELLENCE MODEL

We do not limit our concept of innovation to technology, new product development or our creative departments. We believe it is something every one of us do from the time we are able to think and come up with new ways of doing things, improve processes and products continually, to achieve better results.

We launched our Model of Excellence in 2019 with the idea of turning all our operations into excellence centers through best practices and tools, so that we could remain a highly competitive company that responds swiftly to market demand, a high-yield organization that is a leader in all the segments we serve, underpinned by strong cost-management mindset.

This model reaffirms our commitment to being a sustainable company with comprehensive, standardized processes which empower everyone involved and strengthen a sense of belonging through employee recognition and advancement.

The phases in this process include identifying opportunities and defining a strategy for continuous improvement, introducing world-class systems and tools for continuous improvement, having change facilitators, and establishing change management strategies that include engagement, commitment, ownership and recognition.

We will promote robust leadership at every level of the organization, encourage effective evaluations and ensure proactive feedback to facilitate training and recognition and to create and implement a culture of continuous improvement guided by the model.

This model is aligned with and designed on the basis of our business philosophy and the company's mission, vision and values. It evokes the conduct expected of the entire Vitro human team: a value generation mindset, effective communication, swift and effective execution, greater proactivity, an understanding of the sense of urgency and a sense of recognition.

COMMUNITY

Because we are not an isolated entity but are in fact directly involved in the communities where we are present, we have a responsibility to operate and grow in harmony with and caring for the environment. We try to expand our influence and magnify our positive impacts through projects that support the development of our stakeholders. At Vitro we are certain that the only way to move forward is by working together, and by recognizing our shared responsibility.

COMMUNITY

GRI: 102-12, 413-1

MXN63,231,407

invested in social and community development

COMMUNITY DEVELOPMENT

Donations to the community

We are part of the “Unir y Dar” (Uniting and Giving) movement, which through an independent foundation in Nuevo León, Mexico, channeled support from Vitro in the form of:

- 1,253 medical supply kits for doctors
- Gift cards to 571 families for MXN3,000 each
- 70 supported loans for eligible beneficiaries, averaging MXN15,000 per loan

In 2020, we donated to social development and community causes as well as environmental issues through allies like Vitro Parque Manzano, gave scholarships to employee children, and covered the cost of hospitalization and medical support for people fighting the COVID-19 virus.

INITIATIVES BY BUSINESS:

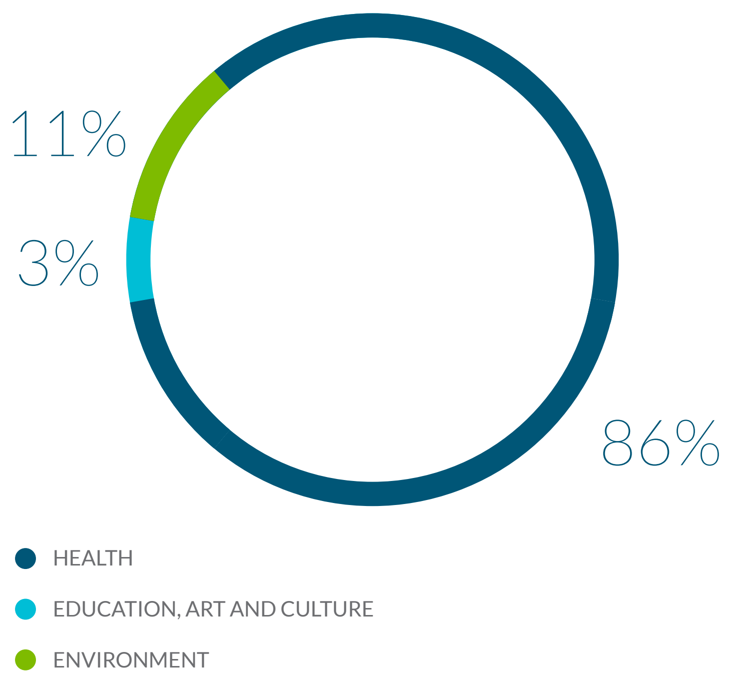
Flat Glass

- Fundraising campaign to support coworkers from the Villahermosa distribution center in Tabasco and one in Los Cabos, Baja California, helping them to rebuild their homes after natural disasters in Mexico.
- Contribution to “Toys for Tots,” a program that donates toys to disadvantaged families during the year-end holidays.
- Basic food supply packages for families in Colombia.
- “12 Days of Giving,” where employees had choices for donations and online community support for 12 days.

Vitro Containers

- Disinfecting kits for homeless people in the Toluca valley in Mexico State.
- Donation of provisions in the Mexican states of Chiapas and Tabasco.
- Donation of toys to Mexican military families and the municipal Family Services Department of García, Nuevo León, Mexico.
- Donation to the Mexican Red Cross and a collection of plastic bottle caps in containers placed at specific sites throughout the company, to finance medical attention for patients with cancer.

INVESTMENT IN COMMUNITY DEVELOPMENT



MXN1,719,358 in scholastic support during 2020

+MXN48 millon

in donations for medical care, COVID-19 testing and hospitalization

VITRO FAMILY

Among Vitro's stakeholders, employees and their family are particularly important. In a year as difficult as 2020, our priority was to ensure they had the resources needed to be happy and healthy.

Every year, we extend academic scholarships to employee children so they can continue their education at various academic levels. We also give toys to children at Christmas.

Fondo Salvando Vidas

Vitro's people once again expressed their capacity for solidarity during the year. Company executives donated a part of their salary as seed money for the Fondo Salvando Vidas (Saving Lives Fund). The main purpose was to help employees in critical situations where medical services were very limited in their area, and they were unable to receive care. The Fund forged alliances with private medical facilities that could support our employees in these areas.

INITIATIVES BY BUSINESS

Flat Glass

In 2020 we created programs for employee children that included online English classes and "Knowledge Olympics."

Because of the pressure on medical care facilities during the height of the COVID-19 crisis, we sponsored medical visits for people to help them manage other illnesses likes diabetes, high blood pressure and obesity.

Vitro Containers

We have agreements with various retail chains and companies that offer special prices to support employees' household budgets.

Support groups were created to donate blood and antibodies to coworkers or family members who needed them. The company facilitated their transportation and gave them time off from work to donate.

46,694

people visited Vitro Parque el Manzano

STRATEGIC PARTNERS

For more than 110 years, Vitro has been concerned with operating in a sustainable environment, favoring both its business and its stakeholders through comprehensive activities and plans, to have a positive influence and strengthen the social fabric.

Vitro has strategic partners that serve as advisors, benchmarks or allies in the value chain who are interested in the same goal: community development.

Formación Educativa, A.C. (FEAC)

The schools of Formación Educativa, A.C. (FEAC) were founded to provide an alternative source of primary education for employee children. Today the four campuses of this system are open to the public, and provide an excellent option through a holistic education: in addition to academic activities, students take part in sporting and cultural events, civic activities and volunteering, where they have earned recognition in all these areas.

Among the FEAC schools' initiatives have been:

- Recycling programs to raise awareness about the importance of reducing, reusing and recycling.
- Environmental campaigns to protect and value our ecological wealth by encouraging responsible use of energy and water in our facilities.
- Fundraising drives where students go out to collect money in tins to support the Monterrey Fire Department and Red Cross, as well as plastic cap drives for supporting the battle against cancer.
- Food drive to donate essential supplies to people in economic need.

Prizes and recognitions won by FEAC students:

- 1st place in the state FEP Mathematics Contest
- 1st place in the regional school color guard competition
- 1st place in the state archery championships (children's recurve bow category) (Luca Silva)
- 1st place in the regional children's public speaking tournament (Oratory)
- 2nd place in the state volleyball tournament
- 1st place in the regional National Anthem competition

During the 2019-2020 school year, the 1,290 students and 70 teachers of the FEAC system completed their program online, in keeping with the government order to prevent the spread of COVID-19.

Vitro Parque el Manzano

Founded in 1972, Vitro Parque El Manzano is a 585-hectare natural protected woodland area. It is home to various species of fauna—white-tailed deer, grey squirrel, black bear, gray-breasted jay, acorn woodpecker, and wild turkey. It also has flora species like the Mexican pine, white and dark oak and other types of bushes that populate this recreational space, which provide an ideal place for Vitro employees and their families and the general public to enjoy themselves in the company of others and with nature.

Vitro's care of this space is a further example of its interest in preserving the environment, and it also reinforces its commitment through brochures on ecology offered to visitors.

The park remained open throughout the pandemic, respecting safety measures and offering disinfection checkpoints in all the spaces open to visitors.

Glass Museum

The Glass Museum was the first of its kind in Latin America, and Vitro is proud of its role in reviving, preserving and disseminating the history of glass in Mexico.

The Museum is situated in a 1909 building that held the general offices of Mexico's first glass factory. It has three floors of exhibition space. On the first floor, examples of 16th to 19th century European glass are on display as well as some pieces of what is called Mexican *pulquero* glass (named for the traditional fermented Mexican drink).

Samples of artisanal and industrial glass are shown on the second floor, along with a traditional 19th-century druggist's shop and examples of pharmaceutical items. The section also includes three halls dedicated to industrial glass.

The museum's top floor contains the company's permanent collection of glass art, made up of works by local, national and international artists.

The museum regularly offers guided tours to school groups and the general public. In 2020 this was one of many cultural spaces across the nation that had to close its doors as a precautionary measure in April. It remains closed until local authorities consider it safe to reopen.

During the time it was open in 2020, the Glass Museum received 4,627 visitors.

HABITAT

The term “habitat” refers to a place with conditions appropriate for an organism, species or animal or vegetal community to live. As a concept, it is of core importance to this Company, and we have incorporated it as one of the axes of our Sustainability Model.

ORGANIZACIÓN VIDA SILVESTRE, A.C.

Vitro has a number of initiatives aimed at stewardship of species and ecosystems, through natural resources management and environmental education.

One of the pillars on which these goals is founded is our close involvement in Organización Vida Silvestre, A.C. (OVIS), as active members and founders of this organization, which was created to ensure the future and conservation of ecosystems and wildlife species.

OVIS has a number of programs and projects for conserving flora and fauna, including:

- Multinational projects for protecting pollinizing species like the monarch butterfly.
- Protecting endangered species like the golden eagle, bighorn sheep, white-tailed deer, black bear, Mexican grey wolf, and others.
- Restoration of mangroves and wetlands.

OVIS is also a benchmark in the environmental field, offering a variety of consulting services on matters of forestry and restoration. Among its services are consulting on environmental responsibility and regulations, wildlife, use and conservation of wild flora and fauna, and environmental workshops.

Over the past year, the company organized a series of online talks together with OVIS covering topics like backyard vegetable gardens and the importance of green areas in our cities; pollinizing species and their role in ecosystems; agriculture and where our food comes from; among others. These webinars were given by experts in each topic and were attended by more than 350 employees and family members.

OVIS

protects more than 1,300 species of flora and fauna in conservation spaces.

1,302

protected species in conservation spaces

79,393

hectares under conservation

FINANCIAL AND OPERATING ANALYSIS

FINANCIAL AND OPERATING ANALYSIS

In 2020, we watched as global economies slowed to a near-halt amid the rapid spread of the COVID-19 virus, affecting many businesses and industries. The number of new cases embarked on a sharp upward track starting in the first quarter and governments around the world took action to impose restrictions that ultimately slowed the pace of economic growth overall.

Market volatility, uncertainty and the dramatic reduction in demand for products during the global COVID-19 crisis prompted the partial or total shutdown of many businesses and the temporary or definitive suspension of operation of plants around the world, which meant lower investment and weaker consumption in all the markets in which we participate.

In the first quarter of the year, Mexico, some of the United States and Europe declared many of the industries in which we participate as non-essential activities. This had its greatest impact at Vitro on the architectural and automotive glass segments. In 2020, these were once again returned to "essential" status with respect to the global economic recovery, and operations returned to normal in the third quarter. Even so, demand for architectural glass products in the US construction industry remained low, offset by the swift recovery of the automotive segment as the leading OEMs of Mexico and the United States began rebuilding their inventories.

Mexican government authorities released construction permits that had been temporarily suspended and began issuing new licenses to build, helping the economy to recover its pace.

GDP GROWTH	2015	2016	2017	2018	2019	2020
Mexico	3.3%	2.6%	2.1%	2.2%	-0.1%	-8.2%
United States	3.1%	1.7%	2.3%	3.0%	2.2%	-3.5%
Global	3.5%	3.3%	3.8%	3.6%	2.8%	-3.3%

In 2020, growth prospects for various sectors of the global economy dimmed, causing many companies to downsize their workforces, others to shut down outright as economies remained stagnant, and still others to take drastic measures to stay afloat. Most markets were sluggish and the industrial sector deteriorated worldwide, restricting the flow of investment to the countries where we are active.

INFLATION	2015	2016	2017	2018	2019	2020
Mexico (MX)	2.1%	3.4%	6.8%	4.8%	2.8%	3.2%
United States (USA)	0.7%	2.1%	2.1%	1.9%	2.4%	1.4%
Average MXN/USD exchange rate	16	18.7	18.9	19.3	19.3	21.6

The peso-dollar exchange rate closed December 31, 2020 at MXN19.91, compared to MXN18.86 at the close of 2019.

In 2020, the exchange rate remained in a range of MXN18.57-MXN25.12 per dollar, reaching its highest point in March 2020. The average exchange rate of MXN21.49 in 2020 was higher than the MXN19.25 recorded in 2019.

Consolidated net sales for the fiscal year ended December 31, 2020 totaled USD 1.77 billion.

CONSOLIDATED OPERATING RESULTS

The amounts presented in this section are expressed in nominal U.S. dollars. In 2018 the company changed its functional currency to the dollar in keeping with regulatory provisions contained in International Accounting Standard 21 (IAS 21), "The Effects of Changes in Foreign Exchange Rates," because this currency better reflects the current economic climate and way Vitro operates.

SALES

Consolidated net sales for the fiscal year ended December 31, 2020 totaled USD 1.77 billion, compared to USD 2.18 billion in 2019, an 18.9% reduction.

CONSOLIDATED NET SALES

YEAR	MILLIONS OF DOLLARS
2014	836
2015	882
2016	1,051
2017	2,075
2018	2,238
2019	2,180
2020	1,768

FLAT GLASS

The past year was a difficult one for the Flat Glass business as we navigated the public health crisis. From March to June, the COVID-19 pandemic obligated us to temporarily suspend operations in the automotive glass plants that serve global OEMs, because production of cars and light trucks had stopped as part of the pause in non-essential industries in countries throughout the world. This situation also prompted the permanent shutdown of a float glass furnace in the United States due to lower demand for glass in the automotive industry, and also the permanent closure of two automotive glass plants in the United States.

Sales for the Flat Glass division in 2020 sank to USD 1.58 billion from USD 1.96 billion in 2019, a decline of 19.3%.

Sales of architectural glass also shrank, losing 13.6% between 2019 and 2020, due to sluggish demand from the construction industry and for specialty glass in the first and second quarters of the year, in turn because of the economic slowdown caused by the COVID-19 pandemic in the United States, Europe and Mexico, government orders on temporary business closures and limitations on production and retail activities to contain the spread of the virus.

In the first part of the year, although the construction industry in the United States was not officially declared non-essential by the government, some states issued their own restrictions in this regard, which hurt the results of the architectural glass segment in that country. The reduction was partly offset starting in the third quarter of the year when the Mexican construction industry was allowed by the government to resume in June, temporarily suspended permits were restored and the industry classified as strategic for the economic recovery.

Furthermore, the architectural segment in Mexico benefited from a temporary shortage of glass, and with our new tempered glass line in Mexico we were able to attract new clients for the glass door and window market, which gave a boost to our sales.

Sales in the automotive glass business tumbled sharply from 2019 to 2020 with a 26.7% reduction, due to lower production volume for the OEM and ARG (Auto Replacement Glass) markets, also because of the effects of COVID-19 on economic and retail activities. Although this affected all the company's clients and regions, it was most keenly felt, for Vitro, in the United States, Mexico and Europe. During the year the automotive glass business won new contracts fro the OEM market, including new platforms, but it also faced the end of the production cycle for others, which had a negative impact on sales.

The pandemic also hurt a number of markets served by the Inorganic Chemical Products business. This was most evident beginning in June, and became more critical as the second half of the year advanced.

Sodium carbonate was one product particularly hard hit in the glass and smelting segment, as these were classified as non-essential in the early months of the year; and, to a lesser extent, in the distribution segment, offset in part by higher sales in the detergent industry. Sodium bicarbonate was stable compared to 2019 despite the effects of the pandemic and a less favorable peso-dollar exchange rate. Calcium chloride was the most heavily affected market in terms of sales: the pandemic and the slump in hydrocarbon prices (our main market is Oil & Gas, where it is used in drilling for oil and gas wells in Mexico and the United States) were the main reasons for this reduction. Winter on the east coast of the United States was also unusually mild, so the amount of calcium chloride used for road deicing was not enough to offset the drop in demand from other sectors.

FLAT GLASS SALES

YEAR	USD MILLIONS
2014	649
2015	672
2016	802
2017	1,852
2018	2,001
2019	1,960
2020	1,581

VITRO CONTAINERS

The Container division, which includes the cosmetics, fragrances, toiletries and liquor (CFT) segments, and the machinery and equipment business (FAMA) reported a 15.4% drop in sales, with revenues of USD 185 million in 2020, compared to USD 218 million in 2019.

Sales in the CFT segment were down 9% in 2020 compared to 2019, due to lower sales in the premium liquor, pharmaceutical, perfume and fragrance segments of the domestic market. The main reason for the weakness in the Container division sales was the closure or temporary shutdown of the main channels for distribution of our products to the end consumer, like shopping centers, department stores or specialty retailers, duty-free stores, ports and cruises, retailers and home delivery, because of government restrictions and limitations on retail activities in most regions where our clients operate and sell their products.

Sales in Mexico and Brazil were affected by the weakness of local currencies against the U.S. dollar in 2020, compared to 2019. The Brazilian real began depreciating at the start of the year, reflecting the impact of COVID-19. Given that country's close trade relationship with China, it was one of the firsts to feel the impact of the pandemic that first erupted there in December 2019. The Mexican peso began showing the effects in mid-March of 2020.

At FAMA, 2020 sales were 64% lower than those of 2019, mainly because of our clients' deferral of Capex for expansion, maintenance and repair—activities they reprogrammed for coming years in an effort to curtail spending during the COVID-19 pan-

CONTAINER SALES

YEAR	USD MILLIONS
2014	182
2015	205
2016	240
2017	216
2018	235
2019	218
2020	185

demic.

EARNINGS BEFORE OTHER INCOME AND TAXES (EBIT) AND EBITDA

Vitro reported EBITDA 24.5% lower in 2020 than in 2019, primarily due to lower sales in all the segments in which we participate caused by the effects of the global public health crisis.

The ratio of EBITDA to sales was 12.8%, 1.0 percentage point below the 2019 margin, attributable chiefly to the architectural and automotive segments of the Flat Glass division.

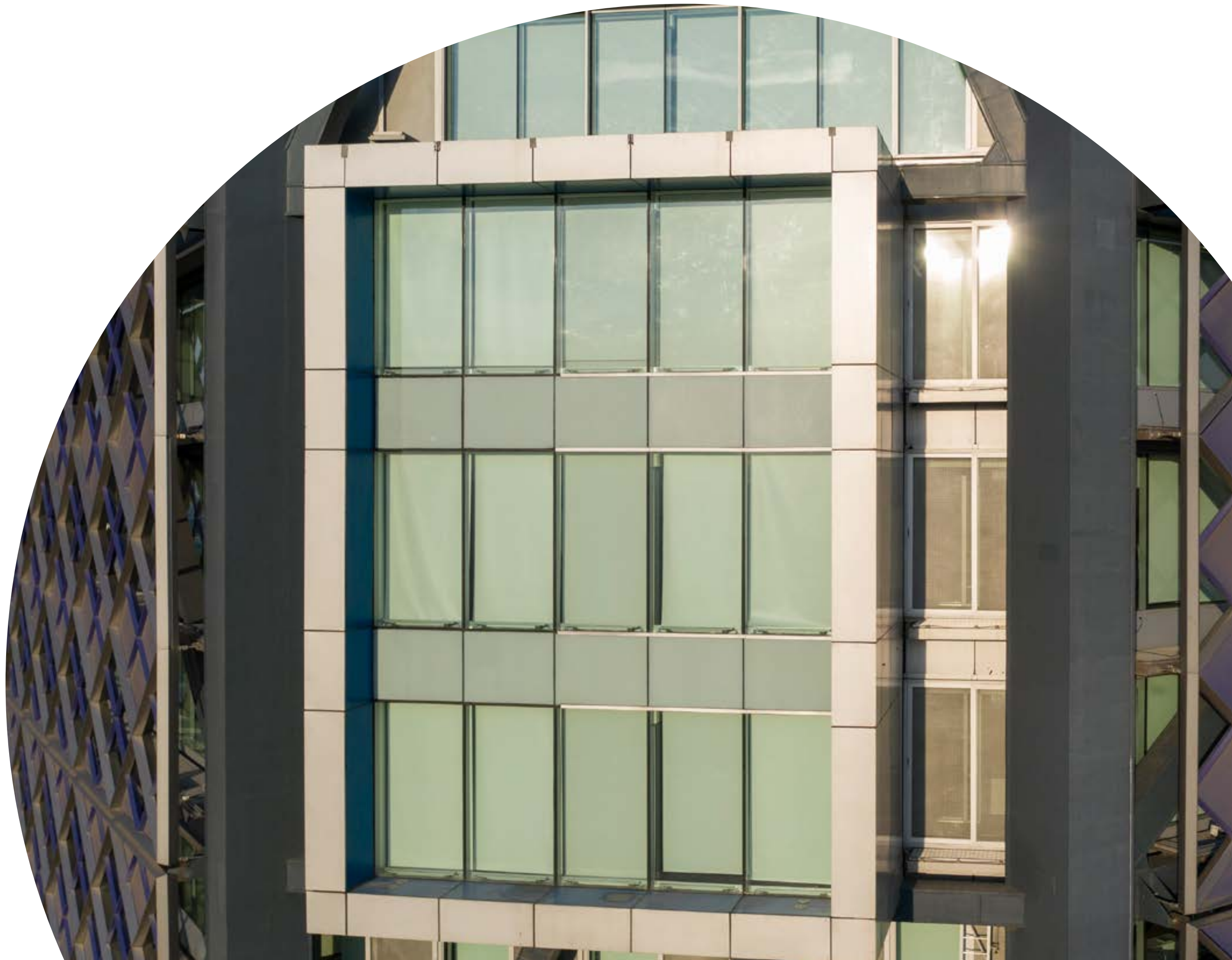
The architectural glass segment weakened due to lower sales volume in Mexico and the United States, a less favorable price mix, offset to some extent by savings on plant and general expenditures, greater production efficiency, lower gas and electricity costs, and reduced shipping and transport costs. EBITDA for the architectural segment was affected by a combination of reduced pricing to compete in a much tighter market, offset partially by having to keep our furnaces running at 100% of capacity, which enabled us to assign output depending on our clients' location.

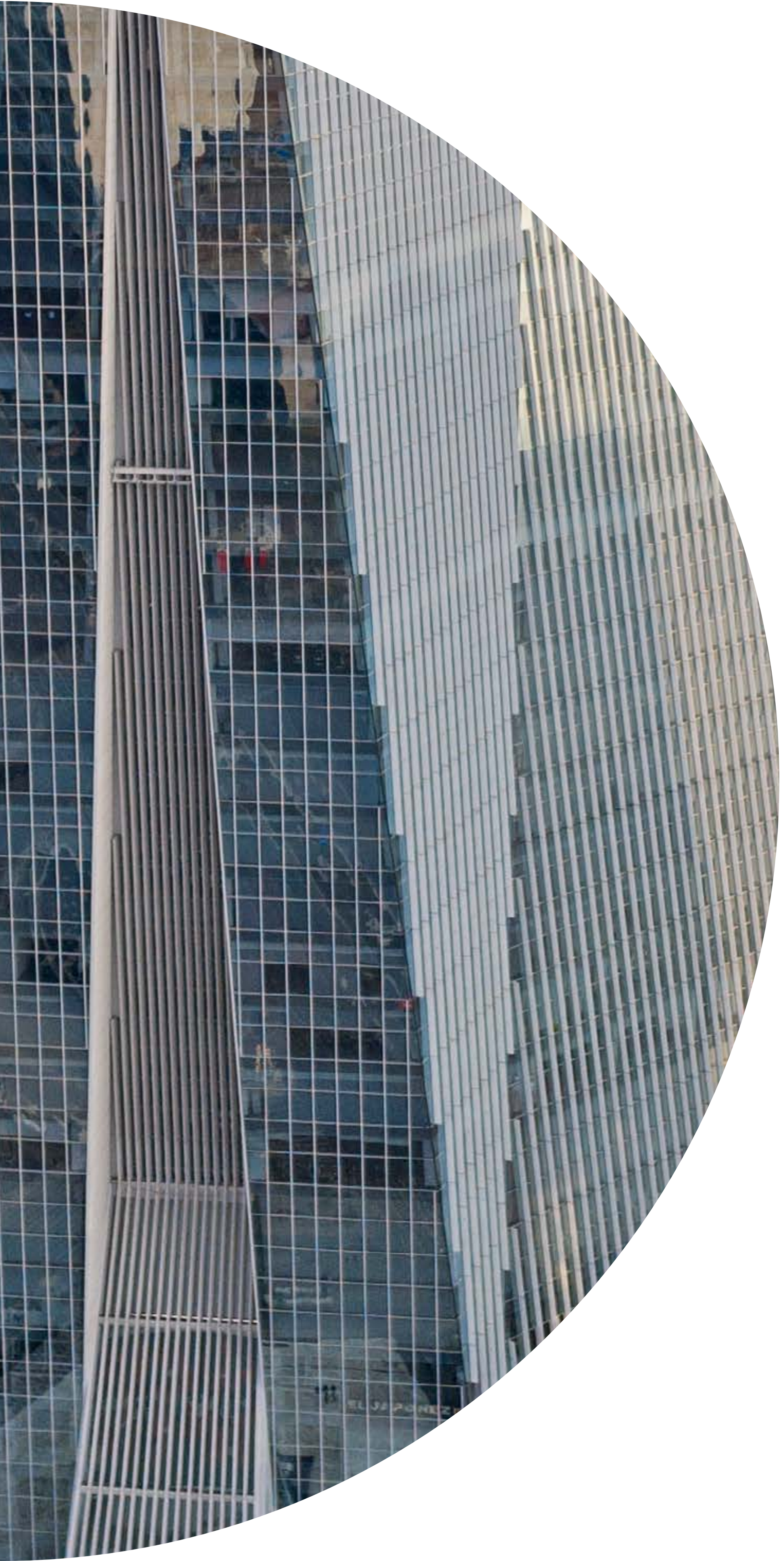
In the automotive glass business EBITDA declined due to a drop in sales caused by the broad-based shutdown of both OEMs and spare parts market suppliers in all of the Company's locations, and because of manufacturing issues relating to the process of improving efficiency rates and process realignment. An accident at Crinamex in December 2019 also affected the plant's yield and efficiency during the year, because it meant higher autoclave costs, additional transport and shipping costs, and investments to restore productivity.

For the Inorganic Chemical Products business, EBITDA in 2020 declined 3% from the 2019 level due to lower sales. To offset the effect of sales weakness and heavy pressure on international oil prices, the division began a program of cost and expense reduction in the second half of 2020 and carried out strategic production cuts on various lines to optimize resources and adapt to clients' needs. This brought additional savings on raw materials, energy, and other indirect costs and expenses.

The Container business unit, which includes the CFT segment and FAMA, reported a 200% drop in EBITDA due chiefly to lower sales volume in both segments, a lower absorption of overhead, reduced inventories in the CFT business and a less favorable

	OPERATING INCOME BEFORE OTHER INCOME AND EXPENSES (EBIT)	EBITDA	
YEAR	USD MILLIONS	USD MILLIONS	% OF SALES
2014	60	134	16%
2015	141	193	22%
2016	201	259	25%
2017	273	393	19%
2018	245	365	16%
2019	155	300	14%
2020	76	227	13%





price mix due to a reduction in sales of value-added products.

NET FINANCIAL COST

The Company reported a net financial cost of USD 39 million in 2020, down from USD 67 million in 2019.

This decline in net financial cost in 2020 was due primarily to foreign-exchange gains, and the effects of bank debt and leasing liabilities on net interest expense.

TAXES

In 2020, Vitro paid income tax of USD 49 million, higher than in 2019, due primarily to the amortization of previous tax year losses and its impact on deferred taxes.

NET FISCAL-YEAR EARNINGS

Consolidated net income for Vitro in 2020 totaled USD 45 million, compared to USD 64 million in 2019.

CASH FLOW

Free cash flow totaled USD 130 million in 2020, compared to USD 65 million the year before, representing a brisk 98.5% year-over-year increase in cash flow generation.

The increase is a reflection of our lower investment in Capex, suspension of dividend payments and working capital optimization.

CAPITAL EXPENDITURES

The company invested a total of USD 95.3 million in Capex in 2020.

The Flat Glass business invested USD 35.6 million in the Architectural Glass segment, as well as USD 14 million in the Automotive Business, which includes part of the investment in a new windshield line in Mexico, and USD 6.1 million in Inorganic Chemical Products. The Container division invested USD 8.2 million in the CFT business and USD 0.8 million in FAMA. The remaining USD 0.89 million went to various corporate investments.

CONSOLIDATED FINANCIAL POSITION

As of December 31, 2020, the Company's had a cash balance of USD 483.9 million compared to USD 230 million at the close of 2019.

Total debt was USD923 million, made up of long-term debt denominated in US dollars which included a syndicated loan for USD 224 million, a bilateral credit of USD 170 million, a note of USD 180 million and USD 70.7 million in leases and right-of-use assets (IFRS 16); and short-term debt which included the reclassification of USD180 million in debt from long to short term as requested by our independent auditors, and the balance of outstanding renewable lines of credit denominated in USD dollars and Mexican pesos (USD 102 million).

The debt/EBITDA ratio at the close of 2020 stood at 4.1x, and net debt/ EBITDA was 1.9x.

On December 30, 2020, Vitro and certain of its subsidiaries issued a USD 180 million note for the purpose of funding a voluntary payment of the same amount against its syndicated loan, which was done on January 4, 2021, reducing the financial cost and extending the average life of the debt.

The debt/EBITDA ratio at the close of 2020 stood at 4.1x, and net debt/EBITDA was 1.9x.

STOCK PERFORMANCE (MXN PER SHARE)

The value of shares representing the Company's capital stock on the Mexican Stock Exchange (ticker symbol VITROA) closed 2020 at MXN31.81 per share, compared to MXN42.14 per share at the close of 2019.

QUARTER	LOW	HIGH
I	26.50	42.25
II	21.50	28.00
III	22.24	25.00
IV	23.00	33.14

MATERIAL EVENTS

Final ruling on commercial arbitration procedure

On January 21, 2020, Vitro announced that it had received a payment in connection with the final ruling of a commercial arbitration suit brought before the international Chamber of Commerce (ICC). Early in 2018, Vitro submitted a dispute to this international body in order to settle differences it had as a distributor under an exclusive glass distribution contract for the architectural market. As a result of this ruling, Vitro received a payment of USD39.2 million and the exclusive distribution contract was terminated.

Vitro refinances part of its debt

On January 30, 2020, Vitro and certain subsidiaries signed a five-year bilateral loan from the Bank of Nova Scotia for USD 170 million, in order to refinance part of its existing debt. The purpose of the transaction is to reduce Vitro's financial costs and extend the average life of the debt, giving it more financial flexibility.

Notice to shareholders and the general public

On March 18, 2020, Vitro announced that the day before, a group of shareholders which together represented more than 70% of the outstanding common shares of Vitro, including the Chairman of the Board, had informed the Company secretary that as a precautionary measure in light of the COVID-19 pandemic, they would not attend the General Ordinary Shareholders' Meeting to be held on March 23 of that same year.

Temporary suspension of operations by our main automotive clients

On March 18, 2020, Vitro announced that it had received notices from its principal automotive industry clients informing the Company of their collective decision to temporarily suspend automobile manufacturing operations. The reason given was that each of them was taking measures to protect the health of their employees from COVID-19. Vitro conducted a detailed assessment of the impact this would have on its automotive glass operations throughout the world, including the partial or full temporary suspension of its automotive glass plants that serve original equipment manufacturers, and introduced a series of initiatives to temper the effects, which are detailed below.

Actions to mitigate the negative impact of COVID-19 on Vitro

On March 27, 2020, Vitro announced that among the actions that had been taken to control the spread of COVID-19 in the countries where it operates, some of its clients had significantly scaled back their operations, most notably in the automotive industry, which negatively affected our company.

To mitigate these effects, Vitro decided to take a series of actions, including, among others, adopting a highly selective approach to Capex investment, limiting discretional spending in general, and temporarily laying off personnel.

In response to this announcement, a group of shareholders, led by chairman of the Board Adrián Sada González and Executive CEO Adrián Sada Cueva, who collectively own more than 70% of the Company's shares, informed the Company Secretary that in order to shield Vitro's liquidity and help maintain a solid financial position in these times of uncertainty, they would vote against the proposed dividend payment included on the agenda of the upcoming General Shareholders' Meeting once the Second General Shareholders' meeting was announced.

Notice to Shareholders

On April 30, 2020, Vitro announced that the Board of Directors had agreed on April 28, 2020 to revoke the terms and cancel the publication of the second or subsequent notice of the Vitro General Ordinary Shareholders' Meeting, originally scheduled for March 23, 2020; the meeting could not be held because of a lack of the quorum needed to call it to order.

The Board of Directors approved a new agenda for the meeting which included withdrawal of the original proposal on a dividend payment and delegation to the Chairman to decide when to issue the first and subsequent notices of the General Ordinary Shareholders' Meeting that must be held by the agenda agreed upon for that purpose, and which would be published at that time through the channels and under the terms provided for in the applicable laws and bylaws.

Definitive closure of Vitro plants in Evansville, Indiana and Evart, Michigan, in the United States

On June 2, 2020, the Company announced its decision to permanently close operations at two automotive glass plants in the United States, located in Evansville, Indiana and Evart, Michigan. This process was expected to be complete by December 31, 2020. As mentioned in the past, the company had been working on a way to reorganize its automotive glass production and make it more efficient. Vitro had decided to close these plants in order to resolve the problem of excess capacity caused by the impact of COVID-19 on the automotive industry. The measures will help reduce overhead and mitigate the impact of the crisis by using more of the capacity of other plants in the system which are better equipped technologically.

New external auditor appointed

On July 24, 2020, Vitro announced that a resolution passed in the Board of Directors' meeting of July 23, 2020, following the recommendation of the Audit Committee, to hire and appoint the auditing firm KPMG Cárdenas Dosal, S.D. ("KPMG") as independent external auditor for the fiscal years 2020, 2021 and 2022. The decision was made in keeping with best corporate practices.

The Board of Directors, Audit Committee and company management express their gratitude and recognition of the commitment, effort and professionalism of the firm Galaz, Yamazaki, Ruiz Urquiza S.D. ("Deloitte") for the years of service as independent external auditor.

Vitro refinances part of its debt

On December 30, 2020, Vitro announced that its subsidiaries in the United States had placed an issuance of notes with the Prudential Insurance Company of America, the proceeds of which were used to refinance part of the USD 404 million in consolidated debt it owed under a Syndicated Loan agreement. The refinancing brought better rates and payment terms, which will improve the company's finances.

The Notes were issued in two tranches: (i) US$130 million which come due on December 30, 2026, and (ii) U$50 million expiring on December 30, 2030.

With the proceeds of these Notes, the company will shortly make a partial prepayment of its existing debt in the amount of USD 180 million.

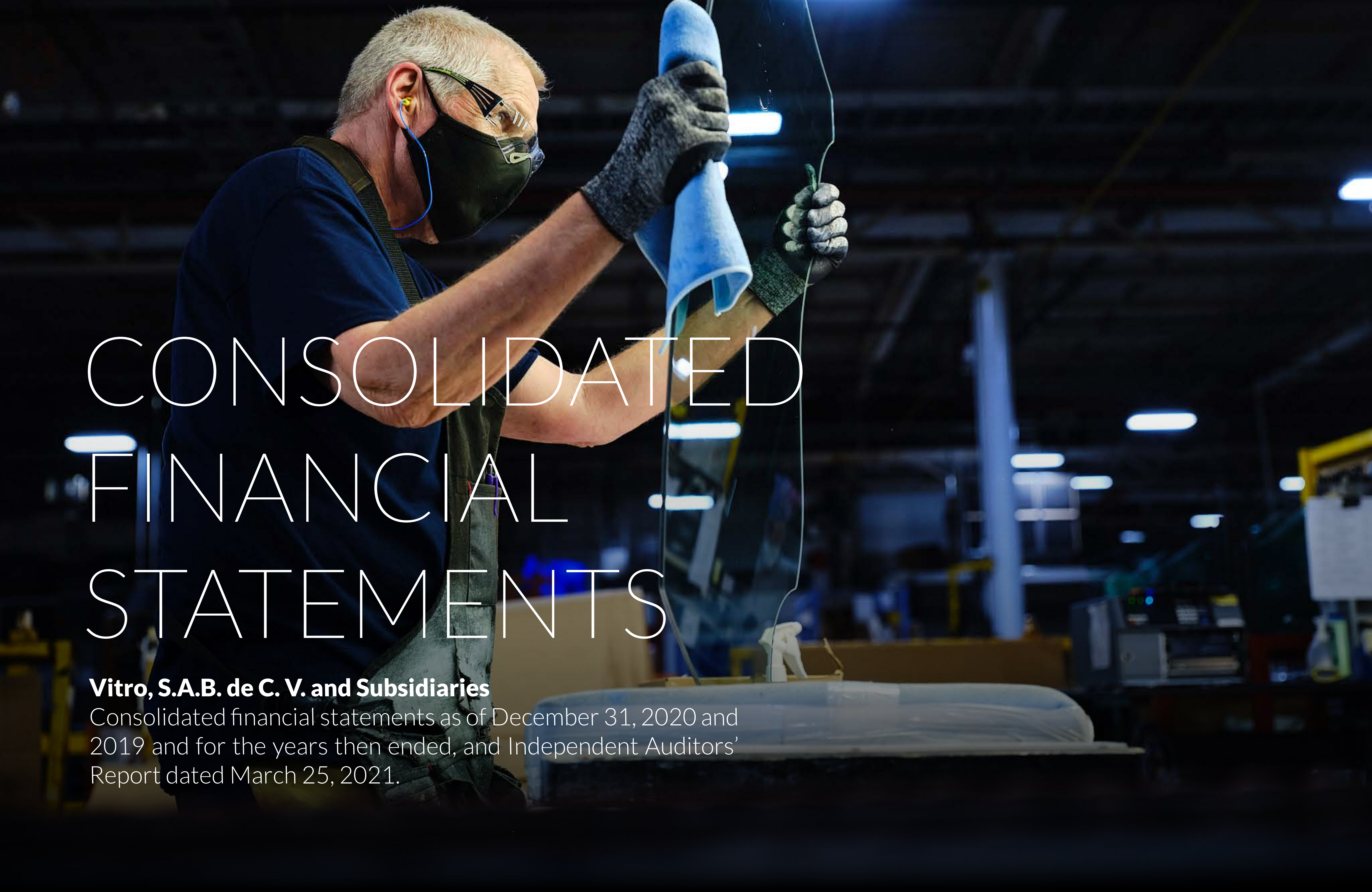
MEMBERSHIP IN ORGANIZATIONS AND ASSOCIATIONS

GRI: 102-13, 102-6

Mexico:
- CONACYT - Consejo Nacional de Ciencia y Tecnología
- Clúster Automotriz
- AIEM - Asociación de Industriales del Estado de México UNIDEM - Unión Industrial del Estado de México
- UNIDEM - Unión Industrial del Estado de México
- CANACINTRA - Cámara Nacional de la Industria y de Transformación
- CONCANACO - Confederación de Cámaras Nacionales de Comercio, Industria y Transformación
- FIDE – Fideicomiso para el Ahorro de la Energía Eléctrica
- COPARMEX – Confederación Patronal de la República Mexicana
- AEAEE – Asociación de Empresas de Ahorro de Energía en la Edificación
- Asociación de Vidrieros de Nuevo León
- FTSA-Federación de Trabajadores de Sindicatos Autónomos
- CLÚSTER de Vivienda y Desarrollo Urbano Sustentable
- Asociación Nacional de la Industria Química
- Asociación Mexicana de la Industria Salinera
- Industriales Regiomontanos del Poniente, A. C.
- Asociación de Representación Industrial y de Servicio

United States:
- Fresno Chamber of Commerce
- Strategic Energy Management
- Berea Chamber of Commerce
- Richmond Chamber of Commerce
- Bluegrass Business Consortium
- Wichita Co. Local Emergency Planning Committee
- Chamber of Commerce
- Oregon Manufacturing Extension Partnership (OMEP)
- Richland Crawford Area 10 Workforce Development
- Friends of Evart
- MOCC
- Michigan Works
- Society for Human Resource Management (SHRM)
- Cascade Employers Association
- Strategic Economic Development Corporation
- Willamette Workforce Partnership
- Fred Pryor Learning Solutions

Latin America and Europe:
- ACRIP - Asociación Colombiana de Relaciones Industriales y Personales
- Cámara y Comercio
- Asociación de Empresarios de Chía
- Blair County Chamber of Commerce
- Tyrone Chamber of Commerce
- SENA – Servicio Nacional de Aprendizaje



CONSOLIDATED FINANCIAL STATEMENTS

Vitro, S.A.B. de C. V. and Subsidiaries

Consolidated financial statements as of December 31, 2020 and 2019 and for the years then ended, and Independent Auditors' Report dated March 25, 2021.

Vitro, S.A.B. de C.V. and Subsidiaries

Independent Auditors' Report and Consolidated Financial Statements for 2020 and 2019.

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS AND STOCKHOLDERS VITRO, S.A.B. DE C.V.:

(Thousands of U.S. dollars)

OPINION

We have audited the consolidated financial statements of Vitro, S.A.B. de C.V. and subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2020, the consolidated statements of profit or loss and other comprehensive income, changes in stockholders´ equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of Vitro, S.A.B. de C.V. and subsidiaries, as at December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Mexico, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

IMPAIRMENT TESTING OF LONG-LIVED ASSETS

See notes 9, 12 and 13 to the consolidated financial statements.

Key audit matter

Property, machinery and equipment, intangible assets and other assets with a defined useful life in addition to goodwill (long-lived assets) for $1,546,513 which represent 53% of total consolidated assets, include $585,773 corresponding to the Architectural Business in the U.S. Cash-Generating Unit and $551,000 of the Automotive Business Cash-Generating Unit.

Management tests long-lived assets for impairment when there are triggering events that the carrying amounts of such assets may not be recoverable or in case of goodwill at least once a year. Several key assumptions are used in the determination of estimated fair value, including estimates of future sales amounts and prices, operating costs and weighted-average cost of capital (discount rate).

We have identified the impairment testing of long-lived assets of the Architectural Business in the U.S. Cash- Generating Unit and the Automotive Business Cash- Generating Unit as a key audit matter due to the complexity and the significant judgment required in determining the estimated fair value.

How the key audit matter was addressed in our audit

Our audit procedures for this key audit matter included the following, among others:

- Involving our own valuation specialists to assist in evaluating the appropriateness of the discount rates applied and comparing it to available public information of comparable companies.

- Evaluating the assumptions applied to key inputs such as long-term growth rates expected for the Architectural Business in the U.S. Cash-Generating Unit and the Automotive Business Cash-Generating Unit determined by the Group.

- Performing our own sensitivity analysis, which included assessing the effect of reasonably-likely reductions in forecast cash flows, to evaluate the estimated impact on the estimated fair value of the Architectural Business in the U.S. Cash-Generating Unit and the Automotive Business Cash- Generating Unit .

OTHER MATTER

The consolidated financial statements of the Group as of and for the year ended December 31, 2019 were audited by other auditors who expressed an unqualified opinion thereon on February 2, 2020.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended December 31, 2020, to be filed with the National Banking and Securities Commission (Comision Nacional Bancaria y de Valores) and the Mexican Stock Exchange (Bolsa Mexicana de Valores), (the "Annual Report") but does not include the consolidated financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

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

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

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

AUDITORS´ RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.
- If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

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

KPMG Cárdenas Dosal S. C.

C.P.C. R. Sergio López Lara

Monterrey, N.L., México, March 25, 2021.

Consolidated Statements of Financial Position

As of December 31, 2020 and 2019

(Thousands of U.S. dollar)

	Notes	2020	2019
Assets			
Cash and cash equivalents	17	$ 483,909	$ 230,165
Trade accounts receivable, net	6 y 17	178,228	221,021
Recoverable income taxes		7,304	9,611
Other recoverable taxes		16,193	15,069
Other current assets	5	61,981	47,359
Inventories, net	7	386,412	420,431
Current assets		1,134,027	943,656
Equity accounted investees	8	10,587	10,587
Investment properties	10	18,533	20,344
Property, plant and equipment, net	9	1,208,924	1,271,616
Right of use assets, net	11	68,009	66,772
Deferred income taxes	23	115,363	140,230
Goodwill	12	62,139	61,653
Intangible and other assets, net	13	275,450	278,975
Long term assets		1,759,005	1,850,177
Total assets		**$ 2,893,032**	**$ 2,793,833**

See accompanying notes to consolidated financial statements.

Adrián Sada Cueva
Chief Executive Officer

Claudio L. Del Valle Cabello
Chief Financial Officer

Vitro, S.A.B. de C.V. and Subsidiaries

Consolidated Statements of Financial Position

As of December 31, 2020 and 2019

(Thousands of U.S. dollar)

	Notes		2020		2019
Liabilities					
Short-term debt	14	$	102,138	$	-
Short-term maturity of long-term debt	14 y 17		186,974		2,017
Interest payable	17		1,678		2,293
Short-term maturity of lease liability	11		18,715		13,820
Trade accounts payable	17		240,781		235,353
Accrued expenses and provisions	15 y 17		33,754		50,268
Other short-term liabilities	5 y 17		123,115		114,591
Short-term liabilities			707,155		418,342
Long-term debt	14		575,502		659,163
Long term lease liability	11		39,344		40,943
Deconsolidation income tax	23		27,582		63,535
Deferred income taxes	23		40,648		47,187
Other long-term liabilities	5		11,300		12,972
Derivative financial instruments	17		33,210		21,583
Employee benefits	16		153,378		99,832
Long-term liabilities			880,964		945,215
Total liabilities			1,588,119		1,363,557
Stockholders' equity					
Capital stock	19		378,860		378,860
Repurchased shares	19		(27,549)		(27,529)
Additional paid-in capital			344,037		344,037
Other comprehensive (loss) income	19		(44,153)		35,726
Retained earnings	19		652,774		698,150
Controlling interest			1,303,969		1,429,244
Non-controlling interest	19		944		1,032
Stockholders' equity			1,304,913		1,430,276
Total liabilities and stockholders' equity		**$**	**2,893,032**	**$**	**2,793,833**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Profit or Loss and Other Comprehensive Income

For the years ended December 31, 2020 and 2019

(Thousands of U.S. dollars, except the amounts (loss) earnings per share)

	Notes		2020		2019
Net sales	25	$	1,768,299	$	2,180,256
Cost of sales	24		1,401,589		1,655,433
Gross profit			366,710		524,823
Administrative expenses	24		100,215		145,540
Distribution and sale expenses	24		190,619		224,522
Income before other expenses, net			75,876		154,761
Other income	21 a)		(4,758)		(3,320)
Other expenses	21 b)		37,229		13,954
Operating income			43,405		144,127
Financial cost, net:					
Financial income	22 a)		(13,088)		(3,841)
Financial cost	22 b)		52,517		71,060
Total financial cost			39,429		67,219
Profit before income taxes			3,976		76,908
Income taxes	23		49,468		12,705
(Loss) profit of the year		**$**	**(45,492)**	**$**	**64,203**
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Actuarial remeasurements of the defined benefit obligation, net of deferred taxes	16 y 19	$	(48,461)	$	(67,878)
Total items that will not be reclassified to profit or loss		$	(48,461)	$	(67,878)

Consolidated Statements of Profit or Loss and Other Comprehensive Income

For the years ended December 31, 2020 and 2019

(Thousands of U.S. dollars, except the amounts (loss) earnings per share)

	Notes		2020		2019
Items that can be reclassified to profit or loss:					
Profit (loss) in fair value of hedging financial instruments, net of deferred taxes	17	$	(7,763)	$	(10,121)
Effect of foreign currency translation	19		(23,627)		38,393
Total items that can be reclassified to profit or loss			(31,390)		28,272
Total other comprehensive income			(79,851)		(39,606)
Total (loss) comprehensive income of the year		**$**	**(125,343)**	**$**	**24,597**
Total (loss) income of the year attributable to:					
Controlling interest	19	$	(45,376)	$	64,113
Non‑controlling interest	19		(116)		90
Total (loss) income of the year		**$**	**(45,492)**	**$**	**64,203**
Total comprehensive income of the year attributable to:					
Controlling interest	19	$	(125,255)	$	24,549
Non‑controlling interest	19		(88)		48
Total (loss) comprehensive income of the year		**$**	**(125,343)**	**$**	**24,597**
Earnings per common share:					
Basic and diluted (loss) earnings per share	19	$	(0.0957)	$	0.1346

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows
For the years ended December 31, 2020 and 2019
(Thousands of U.S. dollar)

	Notes		2020		2019
Cash flows in operating activities:					
Net (loss) profit		$	(45,492)	$	64,203
Adjustments for:					
Depreciation and amortization	9,11 y 13		144,941		137,456
(Gain) loss on sale of assets	9		(4,758)		12,754
Income taxes			49,468		12,705
Plant closing	9		14,128		-
Investment retirement cost			5,024		-
Inventory obsolescense reserve	7		5,281		6,655
Financial income	22 a)		(5,903)		(3,841)
Derivative financial instruments	17 y 22 b)		2,852		3,408
Effect of foreing exchange rates and others			(8,878)		16,142
Financial costs	22		49,665		44,207
			206,328		**293,689**
Changes in working capital:					
Trade accounts receivable, net			36,111		82,279
Inventories			11,715		(35,244)
Trade accounts payable			(7,239)		26,029
Other operating assets			14,427		10,929
Other operating liabilities			12,946		(23,669)
Employee benefits			(6,790)		(12,016)
Income taxes paid			(43,803)		(52,628)
Net cash flows generated by operating activities		**$**	**223,695**	**$**	**289,369**

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019
(Thousands of U.S. dollar)

	Notes	2020	2019
Cash flows from investing activities:			
Purchase of property, plant and equipment		$ (95,973)	$ (160,424)
Proceeds from sale of property, plant and equipment and investment properties		4,723	-
Investment in joint venture		(2,624)	(2,400)
Purchase of intangible assets		(8,322)	(7,430)
Other assets		(3,991)	(9,314)
Interest received		5,998	2,527
Net cash flows used in investing activities		(100,189)	(177,041)
Cash flows from financing activities:			
Acquisition of new debt	14	438,977	-
Payment of loans	14	(249,205)	(52,965)
Lease payments	11	(15,913)	(16,121)
Interest paid		(41,886)	(40,019)
Dividends paid	19	-	(50,000)
Repurchase of own shares	19	(20)	(12,584)
Debt acquisition cost	14	(2,145)	(271)
Derivative financial instruments		(1,408)	(2,456)
Net cash flows generated by (used in) financing activities		128,400	(174,416)
Net increase (decrease) in cash and cash equivalents:		251,906	(62,088)
Cash and cash equivalents as of January 1		230,165	290,974
Effect of movements in exchange rates		1,838	1,279
Cash and cash equivalents as of December 31,		**$ 483,909**	**$ 230,165**

See accompanying notes to consolidated financial statements.

Vitro, S.A.B. de C.V. and Subsidiaries

Consolidated Statements of Changes in Stockholders' Equity

For the years ended December 31, 2020 and 2019
(Thousands of U.S. dollars)

	Capital stock	Repurchased shares and additional paid‑in capital	Other compre-hensive income	Retained earnings	Controlling interest	Non-controlling interest	Total stoc-kholders' equity
Balances as of December 31, 2018	**$ 378,860**	**$ 329,092**	**$ 75,290**	**$ 684,037**	**$ 1,467,279**	**$ 984**	**$ 1,468,263**
Transactions with Company's stockholders:							
Dividends paid (Note 19d)	-	-	-	(50,000)	(50,000)	-	(50,000)
Repurchased shares (Note 19e)	-	(12,584)	-	-	(12,584)	-	(12,584)
Comprehensive income:							
Other comprehensive loss (Note 19h)	-	-	(39,564)	-	(39,564)	(42)	(39,606)
Net profit	-	-	-	64,113	64,113	90	64,203
Comprehensive income	-	-	(39,564)	64,113	24,549	48	24,597
Balances as of December 31, 2019	**$ 378,860**	**$ 316,508**	**$ 35,726**	**$ 698,150**	**$ 1,429,244**	**$ 1,032**	**$ 1,430,276**
Transactions with Company's stockholders:							
Repurchase of shares (Note 19e)	-	(20)	-	-	(20)	-	(20)
Comprehensive income:							
Other comprehensive loss (Note 19h)	-	-	(79,879)	-	(79,879)	28	(79,851)
Net loss	-	-	-	(45,376)	(45,376)	(116)	(45,492)
Comprehensive loss	-	-	(79,879)	(45,376)	(125,255)	(88)	(125,343)
Balances as of December 31, 2020	**$ 378,860**	**$ 316,488**	**$ (44,153)**	**$ 652,774**	**$ 1,303,969**	**$ 944**	**$ 1,304,913**

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2020 and 2019
(Thousands of U.S. dollar)

These financial statements have been translated from the Spanish language original and for the convenience of foreign/English-speaking readers.

1. THE COMPANY'S ACTIVITY

Vitro, S.A.B. de C.V. ("Vitro", together with its subsidiaries or the "Company") is a holding and operating company whose subsidiaries are engaged in serving diverse markets, including flat glass for the construction and automotive industries, as well as glass containers for the cosmetics, fragrances, pharmaceutical and liquor markets. In addition, Vitro and its subsidiaries are engaged in the manufacture of machinery, equipment and capital goods for industrial use, as well as the manufacture of inorganic chemical products. Vitro's corporate offices are located at Avenida Ricardo Margain Zozaya No. 400, Colonia Valle del Campestre, San Pedro Garza Garcia, Nuevo León, Mexico.

2. SIGNIFICANT EVENTS

2020

a) Commercial arbitration resolution

On January 21, 2020, Vitro received payment of $39,200 (see note 24) as a final resolution of an arbitration brought before the International Chamber of Commerce (ICC). This arbitration was initiated in 2018 to resolve the differences it had over the glass distribution contract for the architectural market. The costs incurred amounted to $6,066, which were recorded in the operating expenses.

b) Debt refinancing

On January 20, 2020, Vitro and certain subsidiaries signed a bilateral loan agreement with The Bank of Nova Scotia for $170,000 to refinance part of its debt.

c) Debt prepayment

On February 4, 2020, Vitro made a voluntary prepayment of $76,000 to its syndicated loan, in order to maintain a solid financial structure by improving its financial structure, as well as reducing interest payments with the resources obtained from the portfolio sale program.

d) Definitive closure of the Evansville, Indiana and Evart, Michigan plants in the United States of America.

On June 2, 2020, Vitro informed that it made the decision to close permanently the operations of two plants where it manufactures automotive glass in the United States, located in Evart, Michigan and Evansville, Indiana. This was done in order to reorganize its automotive glass production and make the business more efficient. This decision does not affect customers nor other stakeholders of the automotive glass business since other Vitro plants have the capacity to produce the parts at the Evansville, IN and Evart, MI plants (See note 9).

e) Refinancing of a portion of debt

On December 30, 2020, the operating subsidiaries of four business units in the United States of America entered into a Note Purchase Agreement with The Prudential Insurance Company of America, in order to refinance part of their existing consolidated debt under the Syndicated Credit Facility. The Notes were issued in two tranches: (i) $130,000 due December 30, 2026, and (ii) $50,000 due December 30, 2030.

2019

a) Dividends paid

At the Ordinary General Stockholders' Meeting held on February 19, 2019, the stockholders agreed to decree and pay a dividend at a rate of $0.1043 per share (see Note 19d). The payment was made on February 28, 2019.

b) Debt prepayment

On March 1, 2019, Vitro made an advance payment of $ 50,000 to the syndicated loan, in order to improve its financial structure, as well as to reduce the interest payment (see Note 14).

c) Merger of companies

On April 11, 2019, at an Extraordinary General Stockholders� Meeting, it was approved the merger by incorporation of Vitro S.A.B. de C.V. as the merging company with ADN Jet, S.A.P.I. de C.V., Comercializadora Álcali, S.A. de C.V., Desarrollo Personal y Familiar, S.A. de C.V., Exco Integral Services, S.A. de C.V., Fundación Vitro, S.A. de C.V., Trabajo de Administración y Servicios, S.A. de C.V., Distribuidora de Vidrio y Cristal, S.A. de C.V., Productos de Valor Agregado en Cristal del Sureste, S.A. de C.V., Productos de Valor Agregado en Cristal, S.A. de C.V., Vidrio Plano de Mexicali, S.A. de C.V., Vidrio Plano de México LAN, S.A. de C.V., ViMéxico, S.A. de C.V., Fabricación de Máquinas, S.A. de C.V., Servicios Industria del Álcali, S.A. de C.V. and Vidriera Guadalajara, S.A. de C.V. (the �Merged Companies�), effective August 1, 2019.

3. BASIS OF PREPARATION AND CONSOLIDATION

a) Basis of preparation

The consolidated financial statements as of December 31, 2020 and 2019, and for the years then ended, have been prepared in accordance with International Financial Reporting Standards (�IFRS�) as issued by the International Accounting Standards Board (�IASB�).

The accompanying consolidated financial statements have been prepared on the historical cost basis, which includes the revaluation of the assumed cost, except for certain financial instruments which are recorded at fair value and investment properties which are recorded at fair value. Generally, historical cost is based on the fair value of the consideration given in exchange for the assets.

i. New IFRS's adopted in 2020

The Company has initially adopted *Definition of Business* (*amendment to IFRS 3*) and the reform of the benchmark interest rate (*amendments to IFRS 9, IAS 39 and IFRS 7*) as of January 1, 2020. Other new standards were also effective as of January 1, 2020, but do not have a material impact on the Company’s consolidated financial statements.

The Company applied *Definition of Business* (amendment to IFRS 3) to business combinations whose acquisition dates are on or after January 1, 2020 when assessing whether a business or group of assets has been acquired.

The Company applied the amendments of the *Benchmark Interest Rate Reform* for hedging relationships that existed as of January 1, 2020 or were subsequently designated and are directly affected by the *Benchmark Interest Rate Reform*.

The adoption of these new standards and amendments did not have a material impact on the Company’s consolidated financial statements.

ii. New IFRS's issued but not yet adopted

As of the date of these consolidated financial statements, the Company has not adopted the following new and revised IFRS Standards that have been issued but are not yet effective:

- Reference rate reform – phase 2 (*Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16*) [1]
- Onerous contracts – Cost of compliance with contract (*Amendments to IAS 37*) [2]
- Property, plant and equipment: prior to the intended use (*Amendments to IAS 16*) [2]
- Reference to the conceptual framework (*Amendments to IFRS 3*) [2]
- Classification of a liability as current and non-current (*Amendments to IAS 1*) [3]
- IFRS 17 – Insurance contracts [3]

[1] *Effective for annual periods beginning on or after January 1, 2021.*
[2] *Effective for annual periods beginning on or after January 1, 2022.*
[3] *Effective for annual periods beginning on or after January 1, 2023.*

Management does not expect the adoption of the new standards and amendments mentioned above to have a material impact on the Company’s consolidated financial statements in future periods.

b) Basis of consolidation of financial statements

The consolidated financial statements include those of Vitro, S.A.B. de C. V. and its subsidiaries on which it has control. Control is achieved when the Company: 1) has the power over the entity; 2) it is exposed or has rights to variable returns from its involvement with the investee; and 3) has the ability to use its power to affect its returns. Power is the actual ability to direct relevant activities of an entity. Intercompany balances and transactions have been eliminated in these consolidated financial statements. Investments in unconsolidated associates where there is material influence are accounted for using the equity method (Note 8).

As of December 31, 2020 and 2019, the main entities controlled by Vitro and its shareholding are as follows:

FLAT GLASS	Vitro Flat Glass, LLC. [1]	100.00%	Pittsburgh Glass Works, LLC [1]	100.00%
	Vitro Flat Glass Canadá, Inc. [2]	100.00%	Pittsburgh Glass Works, Spzoo [4]	100.00%
	Vidrio Plano de México, S.A. de C.V.	100.00%	Vitro Automotriz, S.A. de C.V.	100.00%
	Industria del Álcali, S.A. de C.V.	100.00%	Vitro Colombia, S.A.S. [3]	100.00%
	Distribuidora Álcali, S.A. de C.V.	100.00%	Cristales Automotrices, S.A. de C.V.	51.00%
CONTAINERS	Vidriera Monterrey, S.A. de C.V.	100.00%	Vidriera Toluca, S.A. de C.V.	100.00%
	Vidriera Los Reyes, S.A. de C.V.	100.00%		
CORPORATE	Aerovitro, S.A. de C.V.	100.00%	Vitro Assets Corp. [2]	100.00%

[1] Companies with operations in USA.
[2] Companies with operations in Canada.
[3] Company with operations in Colombia.
[4] Company with operations in Poland.

The Company’s proportion of voting rights in entities on which it has control is similar to its shareholding.

c) Functional and reporting currency

The functional and recording currencies of the main countries in which Vitro has operations are as follows:

Country	Recording currency	Functional currency	Closing exchange rate as of December 31, 2020	Closing exchange rate as of December 31, 2019	Average exchange rate as of December 31, 2020	Average exchange rate as of December 31, 2019
USA	Dollar	Dollar	$ 1.0000	$ 1.0000	$ 1.0000	$ 1.0000
Mexico	Peso	Dollar/Peso	$ 0.0502	$ 0.0530	$ 0.0501	$ 0.0524
Canada	Canadian Dollar	Canadian Dollar	$ 0.7850	$ 0.7634	$ 0.7784	$ 0.7620
Colombia	Colombian Peso	Colombian Peso	$ 0.0003	$ 0.0003	$ 0.0003	$ 0.0003
Polonia	Polish Zloty	Polish Zloty	$ 0.2683	$ 0.2633	$ 0.2676	$ 0.2596

The presentation currency is the U.S. dollar. In these consolidated financial statements and their notes, when referring to dollars or “$”, refers to amounts rounded to thousands of dollars, likewise, when referring to “$ Ps.”, they correspond to Mexican pesos.

d) Use of estimates and judgments

The accompanying consolidated financial statements have been prepared in conformity with IFRS, which require that management make certain estimates and use certain assumptions that affect the amounts reported in the consolidated financial statements and their related disclosures. The Company’s management, upon applying professional judgment, considers that estimates made, and assumptions used were adequate under the circumstances; however, actual results may differ from such estimates.

The related estimates and assumptions are reviewed continuously. Changes to accounting estimates are recognized in the period in which the estimate is changed if the change affects solely that period, or the current period and future periods if the review affects both current and future periods.

Critical accounting judgments and key uncertainty sources when applying the estimates performed as of the date of the consolidated financial statements, and that have a significant risk of resulting in an adjustment to the carrying amount of assets and liabilities during the following financial period are as follows:

A. Judgments

i. Going concern

As a result of the world outbreak of COVID19, the World Health Organization classified the outbreak as a pandemic on March 11, 2020. Vitro has taken sanitary measures in Mexico and in the countries where the Company has operations to mitigate the spread of this virus, which include, among others, social isolation, support to employees who have tested positive, restrictions on visits to its places of business, including surveillance and monitoring of personnel.

To counteract the economic impacts of this pandemic, during 2020 the Company reduced its fixed asset investments, suspened dividend payments, implemented expense reduction plans, as well as optimization of working capital. The following is a more detailed list of the main impacts of COVID19 and the mitigation measures taken by the Company:

a) On March 27, 2020, it was reported that as a result of the impacts of COVID19 , some of the Company's customers had significantly reduced operations, mainly in the automotive sector, negatively affecting its operations. As a result, the Company took a series of actions to mitigate these impacts, which included among others, reductions in investments in fixed assets, reductions in discretionary expenses in general, as well as temporary reductions in personnel. As a result of the foregoing, the payment of dividends was also suspended in order to solidify its financial position that would allow the Company to overcome moments of uncertainty in the markets it operates.

b) At the end of 2020, consolidated sales were $1,768,299, lower than $2,180,256 in 2019. Sales were affected mainly by a weak economic environment as a result of the COVID19 pandemic, primarily in the Flat Glass segment. To offset the foregoing, the Company implemented a disciplined cost and expense reduction program to minimize the effects of the COVID19 pandemic.

c) The Company's 2020 operating expenses amounted to $1,401,589, which decreased by 15.3% from $1,655,433 compared to 2019. The decrease is due to the effect of the reduction in sales, in addition to successful efforts to reduce cost of sales and general and administrative expenses.

d) Investment in fixed assets decreased in 2020 to $95,973 compared to $160,424 in 2019, as part of the measures taken by the Company to counteract the drop in sales caused by COVID19.

e) As of December 31, 2020, the Company has total debt amounting to $960,015. According to the Companys projections to date, it expects to comply with the financial ratios in its loan agreements. At the date of authorization of the financial statements, the Company has sufficient capacity regarding its ratios with respect to its creditors.

f) The Company suspended operations at all automotive glass plants as a result of actions taken by all of its OEM customers during the second quarter of 2020 due to COVID19. Its customers gradually began to operate again in June as governments declared the automotive industry as a strategic industry to help the economy recover. The temporary closure of OEM customers resulted in sales falling 53% versus budget during March through June in the automotive business. These measures forced the Company to close its automotive business plants for a period of 2 months in 2020, which had a negative impact on its financial performance.

g) Sales of the Inorganic Chemicals business in 2020 declined 11%, as all product lines were negatively impacted by COVID19. It should be noted that Calcium Chloride was impacted by low international prices of the oil and gas idustry prior to the pandemic.

h) Packaging sales decreased 10.2% during the year, mainly impacted by the effects of COVID19, which forced the temporary closure of the main distribution channels of the Company's products to end consumers.

i) Sales of the Architectural business in Mexico decreased 6.5% year over year compared to the same period of the previous year, mainly due to lower sales to the construction and specialty industries declared by the Federal Government as noncriticial business as a consequence of the rapid expansion of the COVID19 pandemic throughout the country.

j) The Company has $483,909 in resources comprised of cash and cash equivalents and other highly liquid assets. This strong liquidity position allows the Company to capture value as the economies of the countries in which it operates continue to recover.

ii. Functional currency

In order to determine the functional currency of the subsidiaries, Management evaluates the economic environment in which it primarily generates and expends cash. Therefore, factors related to sales, costs, funding sources and cash flows generated from operations are considered.

B. Estimates

iii. Evaluations to determine the recoverability of accounts receivable.

The Company performs an allowance for doubtful accounts, based on the expected credit losses required by IFRS 9; in addition, it considers key factors such as the customers' financial and operating situation, conditions of expired accounts and the economic conditions of the country.

iv. Evaluations to determine obsolete and slow-moving inventories

The Company performs a reserve for obsolete and/or slowmoving inventories, considering its internal control process and operating and market factors of its products. This reserve is reviewed periodically and is determined considering the turnover and consumption of raw materials, workinprocess and finished goods, which are affected by changes in production process and by changes in the market conditions in which the Company operates.

v. Evaluations to determine recoverability of deferred tax assets

As part of the tax analysis carried out by the Company, the projected tax result is determined annually based on the judgments and estimates of future transactions to conclude on the likelihood of recoverability of deferred tax assets.

vi. Useful lives of intangible assets and of property, plant and equipment

Useful lives of both intangible assets and property, plant and equipment are used to determine the amortization and depreciation of assets and are defined according to the analysis by internal and external specialists. Useful lives are periodically reviewed, at least once a year, and are based on the current conditions of assets and the estimate of the period during which they will continue to generate economic benefits to the Company. If there are changes in the estimate of useful lives, the carrying amount of assets is affected prospectively, as well as the amortization or depreciation expense, as applicable.

vii. Impairment of long-lived assets

The carrying amount of long‑lived assets is reviewed for impairment in case that situations or changes in the circumstances indicate that it is not recoverable. If there are impairment indicators, a review is carried out to determine whether the carrying amount exceeds its recoverability value and whether it is impaired.

viii. Employee benefits from retirement

The Company uses assumptions to determine the best estimate for these benefits. Assumptions and estimates are established in conjunction with independent actuaries. These assumptions include demographic hypothesis, discount rates and expected increases in remunerations and future permanence, among others. Although the assumptions are deemed appropriate, a change in such assumptions could affect the value of the employee benefit liability and the results of the period in which it occurs.

ix. Estimation of the discount rate to calculate the lease liability

The Company estimates the discount rate to be used in the determination of the lease liability, based on the incremental loan rate ("IBR") using a three‑level model: (i) reference rate, (ii) credit risk component and (iii) adjustment for characteristics of the underlying asset. In this model, management also considers its policies and practices to obtain financing, considering types of assets, currency in which the contract is agreed upon and the term of the contract, mainly.

x. Estimate of the lease term

The Company participates in lease contracts that do not have a definite forced term, a defined renewal period (if it contains a renewal clause), or automatic annual renewals; therefore, to measure the lease liability, it estimates the term of the contracts considering their contractual rights and limitations, their business plan, as well as the management's intentions for the use of the underlying asset. In addition, the Company considers the early termination clauses of its contracts and the probability of exercising them, as part of its estimate of the lease term.

xi. Contingencies

Due to their nature, contingencies relate to the conclusion of certain future events that are not entirely controlled by the Company that migh or might not occur. The evaluation of such contingencies significantly requires judgments and estimates on the possible result of such future events. The Company evaluates the potential outcomes of lawsuits and contingencies according to estimates carried out by its legal advisors. These estimates are reviewed periodically.

e) Classification of costs and expenses

Costs and expenses presented in the consolidated statement of profit or loss and other comprehensive income were classified according to their function.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the Company are as follows:

a) Foreign currency

The individual financial statements of each of the Company's subsidiary are prepared in the currency of the primary economic environment in which the Company operates (its functional currency). To consolidate the financial statements of foreign subsidiaries, they are translated from the functional currency into the reporting currency. The financial statements are translated into U.S. dollars (the reporting currency), considering the following methodology:

- The transactions where the recording and functional currency is the same, translate their financial statements using the following exchange rates: (i) the closing exchange rate for assets and liabilities and (ii) the weighted average for revenues, costs and expenses, as they are deemed representative of the existing conditions at the transaction date. Translation adjustments resulting from this process are recorded in other comprehensive income (loss). The adjustments related to goodwill and fair value generated from the acquisition of a foreign transaction are deemed assets and liabilities of such transaction and are translated at the exchange rate in effect at yearend.
- Foreign currency transactions are recorded at the exchange rate in effect at the applicable translation date. Monetary assets and liabilities denominated in foreign currency are stated at the exchange rate in effect at the balance sheet date. Exchange fluctuations are recorded in the consolidated statements of profit or loss and other comprehensive income.

b) Cash and cash equivalents

Cash and cash equivalents consist mainly of bank deposits in checking accounts and short‑term investments in securities, highly liquid and easily convertible into cash in a period no longer than three months. Cash is stated at nominal value and cash equivalents are valued at fair value. Any cash equivalent which liquidity is longer than three months is presented in the other current assets line item. Any cash equivalent whose use has been restricted is classified as restricted cash.

c) Financial instruments

Financial assets and liabilities are initially measured at fair value. The costs of the transaction that are directly attributable to the acquisition or issuance of a financial asset or liability (different from financial assets and liabilities recognized at fair value through profit or loss) are added to or deducted from the fair value of the financial assets and liabilities at their initial recognition. The costs of the transaction directly attributable to the acquisition of financial assets or liabilities that are recognized at fair value through profit or loss are recognized immediately in the income or loss of the year.

Financial assets

The Company subsequently classifies and measures its financial assets based on the Company's business model to manage its financial assets, as well as the characteristics of the contractual cash flows of those assets. In this way, financial assets can be classified at amortized cost and effective interest method, at fair value through other comprehensive income, and at fair value through profit or loss.

All financial assets are recognized and written off at the trade date, whereby a purchase or sale of a financial asset is under an agreement with terms thar require the delivery of the asset within a period that is generally established by the corresponding market, and is initially valued at fair value, plus the transaction costs, except for those financial assets classified as at fair value with changes through profit or loss, which are initially valued at fair value, without including the transaction costs.

Financial assets and liabilities are offset and the net balance is presented in the consolidated statement of financial position when, and only when, the Company has a legal right to offset the corresponding balances and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

i. Financial assets at amortized cost

Financial assets at amortized cost are those that i) are kept within a business model whose objective is to maintain said assets to obtain the contractual cash flows and ii) the contractual conditions of the financial asset give rise, on specified dates, to cash flows that are only payments of the principal and interest on the amount of the outstanding principal.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition less principal reimbursements, plus accumulated amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting any allowance for losses.

ii. Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are those whose business model is based on obtaining contractual cash flows and selling financial assets, in addition to their contractual conditions giving rise, on specified dates, to cash flows, which are only payments of the principal and interest on the amount of outstanding principal.

iii. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are those that do not comply with the characteristics to be measured at amortized cost or at fair value through other comprehensive income, since: i) they have a business model different from those that seek to obtain contractual cash flows or obtain contractual cash flows and sell the financial assets, or, ii) the cash flows they generate are not only payments of the principal and interest on the amount of the outstanding principal.

Company´s business model is to maintain financial assets to obtain the contractual cash flows. There is a segment of accounts receivable that are subject to a transfer of collection rights (withoutno recourse) through the use of financial factoring. The purpose of these operations is to accelerate the collection of the nominal amount documented in certain accounts receivable generated by the supply of goods and in some clients chosen by the financial counterparty ("see note 6") and thus optimizing the Company�s cash flows. The scheme is that of a financial factoring without recourse and under the delegated collection modality (it is Vitro who receives the flows associated with this collection and immediately pays to the financial counterparty), through which the collection rights of certain invoices to clients chosen by financial counterparty, who, once it accepts them, the collection rights are contractually transferred under the Financial Factoring contract, thus replacing the issuer (Vitro�s operating subsidiaries) of the billing and receiving the nominal amount of accepted invoices, less a financial discount. It should be noted that the risks (mainly that of non�collection) and benefits of these operations are transferred from Vitro to Santander, with Vitro remaining as a free commission agent to receive payments of these accounts receivable and immediately transfer such payments to financial counterparty. For accounting purposes, these particular operations and for the eligible portfolio, follow a business model of the original type to sell and therefore they are recognized at the nominal value at wich the invoices were generated and, due to the recovery periods are short, its nominal value is similar to the fair value at the begining and the moment that elapses, between the issuance of the eligible invoices and the acceptance by financial counterparty. It is until the moment in which the acceptance by financial counterparty is perfected under the Financial Factoring contract, when Vitro temporarily recognizes a collection right towards this (settlement account) and simultaneously affects as financial expense, the amount that Santander adjusts by providing liquidity prior to collection, until it recognizes the settlement of the account receivable at its adjusted value for financial cost, proceeding to remove the collection right towards financial conterparty from the Company's financial position.
Although subsequently, Vitro and in order to maintain the commercial relationship with these clients, whose invoices were subject to the Financial Factoring scheme, continues to act as the collector, when these nominal funds arrive, they are immediately turned over to financial counterparty to satisfy what is required regarding subsequent involvement of the service under IFRS 9. IFRS 9 requirements for derecognition or removal from the balance sheet of those assets eligible for Financial Factoring by financial counterparty are present to account for the transaction, and the associated administrative management and recovery costs that Vitro incurs without any remuneration, are already in place as costs and expenses in the income statement.

Derecognition of financial assets

The Company derecognizes a financial asset when:

- the contractual rights to the cash flows of the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction where:
  –all the risks and rewards of ownership of the financial asset are substantially transferred; or
  –the Company does not substantially transfer or retain all the risks and rewards of ownership and does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets previously recognized in its statement of financial position; in these cases, the transferred assets are derecognized.

Impairment of financial assets

As of December 31, 2020 and 2019, the Company recognizes an allowance for impairment of financial assets on an expected credit loss approach, such as trade receivables and sundry debtors. The credit losses expected in these financial assets are estimated using a calculation model based on the historical experience of credit losses of the Company, adjusted to the factors that are specific to the debtors, the general economic conditions and an evaluation of both of the current management and the conditions existing at the date of the report, including the time value of the money, when appropriate.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward�looking information as described above. For exposure at default, for financial assets, this is represented by the gross carrying amount of the assets at the reporting date; for financial guarantee contracts, the exposure includes the amount stated at the reporting date, together with any additional amounts expected to be obtained in the future per default date determined based on historical trend, the Company�s understanding of the specific financial needs of the debtors, and other relevant forward�looking information.

The Company adopted a simplified model for calculating expected losses, through which it recognizes the expected credit losses during the lifetime of the account receivable. The model consists of determining the average write�off of accounts receivable for each customer, which is defined as the default threshold. The Company then determines the average value of accounts receivable for the last twelve months that have exceeded the default threshold, which is used as the basis for the calculation. The percentage to be applied to this base amount is the percentage that represents the average of the accounts receivable that exceeds the default threshold divided by the average sales of the last twelve months. This methodology imposes a provision on the initial recognition of the accounts receivable in order to determine the impairment of accounts receivable. For certain categories of financial assets such as trade accounts receivable, assets that have been subjected to impairment tests and that have not suffered individually, are included in such assessment on a collective basis. Before the objective evidence that an accounts receivable portfolio could be impaired, the Company�s past experience with regards to collection, an increase in the number of overdue payments in the portfolio that exceed the average credit period, as well as observable changes in international and local economic conditions that correlate with the default in payments could be included.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control over the financial assets.

For financial assets recorded at amortized cost, the amount of impairment loss recognized is the difference between the carrying amount of the asset and the present value of future collections, discounted at the original effective interest rate of the financial asset. The carrying amount of the financial asset is reduced for the impairment loss directly for all financial assets, except for trade accounts receivable, where the carrying amount is reduced through an account for allowance doubtful accounts. When a doubtful account is deemed uncollectible, it is eliminated against the allowance. The subsequent recovery of the previously eliminated amounts is converted to credits against the allowance. Changes in the carrying amount of the allowance account are recognized in profit or loss.

A financial asset is credit�impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit�

impaired includes observable data about the following events:

For all other financial assets, objective evidence of impairment could include:
- Significant financial difficulty of the issuer or the borrower.
- A breach of contract such as a default or past due event.
- The lenders of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, grant the borrower a concession that the lender would not otherwise consider.
- It is increasingly likely that the debtor will go into bankruptcy or some other financial reorganization.
- The extinction of a functional market for the financial asset due to its financial difficulties.

Financial liabilities

Financial liabilities at fair value with changes through profit or loss.
Financial liabilities are classified at fair value through profit or loss when the financial liability is (i) contingent consideration from an acquirer in a business combination, (ii) held for trading or (iii) designated as fair value through profit or loss.

A financial liability is classified as held for trading purposes if:
- It is acquired mainly in order to repurchase it in the near future; or
- It is part of an identified financial instrument portfolio managed jointly, and for which there is evidence of a recent pattern of taking short‑term profits; or
- It is a derivative that has not been designated as a hedging instrument or does not meet the conditions to be effective

A financial liability that is not held for trading purchasing or contingent consideration of an acquirer in a business combination may be designated as fair value through profit or loss on initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability is part of a company of financial assets or liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It is part of an agreement that includes one or more embedded derivative instruments, and IFRS 9 allows the entire combined contract to be designated as fair value through profit or loss.

Financial liabilities at fair value through profit or loss are recorded at fair value, with any gain or loss arising on remeasurement recognized in the statement of comprehensive income.

Financial liabilities measured at amortized cost
Other financial liabilities, including loans, are initially valued at fair value, net of costs of the transaction, and are subsequently valued at amortized cost using the effective interest rate method, and interest expenses are recognized on an effective return base.

The effective interest rate method is a method for the calculation of the amortized cost of a financial liability and of the assignment of the financial expense along the period concerned. The effective interest rate is the rate that exactly discounts the estimated cash payments along the expected life of the financial liability (or, where adequate, in a shorter period), which represents the net amount in books of the financial liability at its initial recognition.

Derecognition of financial liabilities

The Company writes off financial liabilities if, and solely if, the obligations are met, cancelled or expired. The difference between the carrying amount of the financial liability written off and the consideration paid and payable is recognized in profit or loss.

When the Company exchanges with the existing lender one debt instrument for another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability prior to the modification; and (2) the present value of the cash flows subsequent to the modification should be recognized in profit or loss as an extinguishment gain or loss, within other income or expenses.

The costs for obtaining and issuing a new debt are capitalized within the consolidated statement of financial position, except for those costs associated with debt settlement, provided that both debts are with the same creditor.

If a debt is settled, the capitalized costs associated with said debt are canceled by recording them in profit or loss on the settlement date.

d) Inventories
Inventories are valued at the average purchase price or average production cost, provided they do not exceed the net realizable value. Cost of sales is determined applying these averages upon sale.

Net realizable value is the selling price estimated during the regular course of business, less estimated termination costs and selling costs.

The Company uses the absorption cost system to determine the cost of inventories of production‑in‑progress and finished goods, which includes both direct costs and those indirect costs and expenses related to production processes.

e) Assets held for sale
Long‑term assets are classified as held for sale if their carrying amount will be recovered through a sale transaction and not though their continuous use. This condition is deemed met solely when the sale is highly probable and the asset (or group of assets for sale) is available for immediate sale in its current condition, once classified as assets held for sale, these assets are no longer depreciated. They are presented in the consolidated statements of financial position in the short term, according to the realization plans, and they are recorded at the lesser of their carrying amount or fair value less costs of sale.

f) Equity accounted investees
An associated is a entity over which the Company has significant influence. Significant influence is the power to participate in the definition of financial and operating policies of an entity, but it does not have control or joint control on such policies.

The results, assets and liabilities of the associated companies are included in the Company's consolidated financial statements at acquisition cost. Under this method, an investment in an associated company is recognized in the consolidated statements of financial position at cost. When the comprehensive loss of an investment in an associated company exceeds the Company's equity in its capital, the Company discontinues the recognition of such losses. Additional losses are recognized up to the amount of the Company's obligations and legal commitments for its equity in the associated company.
Any excess of acquisition cost of the Company's equity in an associated company on the net fair value

of identifiable assets, liabilities and contingent liabilities of such associated company is recognized as goodwill, which is included at the carrying amount of such investment. Any excess of net fair value of the identifiable assets, liabilities and contingent liabilities on the acquisition cost of an associated company is recognized in current earnings.

g) Property, plant and equipment

Land and buildings, machinery and equipment held for use in production for rendering services or for administrative purposes are recognized in the consolidated statement of financial position at historical costs, less accumulated depreciation or accumulated impairment losses.

Depreciation is recorded in earnings and is calculated using the straight-line method based on the remaining useful lives of the assets, which are reviewed annually with the residual values, and the effect of any change in the recorded estimate is recognized on a prospective basis. The assets related to finance leases are depreciated in the shorter period between the lease and their useful lives, unless it is reasonably certain that the Company will obtain the ownership at the end of the lease period.

The estimated useful lives for the main classes of fixed assets that correspond to current and comparative periods are as follows:

	Years
Buildings	15 to 50
Machinery and equipment	3 to 30

When components of building, machinery and equipment have different useful lives, they are recorded as separate items (significant components) of buildings, machinery and equipment.

Gains and losses on the sale of land and buildings, machinery and equipment are determined by comparing the proceeds from the sale with the carrying amount of the item and are recognized net within other (income) and expenses, in profit or loss.

Investments in progress are recorded at cost less any impairment loss recognized. The cost of assets constructed by the Company include cost for constructing the asset, as well as the cost for dismantling, removing items, restoring the place where they are located, and the costs for capitalized loans, according to the Company's policy. The depreciation of these assets, as in other properties, commences when the assets are ready for use and the conditions necessary for operation are met.

h) Investment properties

Investment properties are those held to obtain rents and increase in value (including investment properties under construction for such purposes), and are initially valued at acquisition cost, including the costs incurred in the related transactions. After the initial recognition, investment properties are valued at fair value. The fair value of the investment properties is determined annually through appraisals performed by an expert appraiser, who uses different valuation techniques such as observable markets, amortized costs, among others. Gains or losses arising from changes in the fair value of the investment properties are included in other (income) expenses in the consolidated statements of profit or loss and other comprehensive income in the period in which they arise.

An investment property is eliminated upon disposal or when it is permanently retired from use and no future economic benefits are expected from the disposal. Any gain or loss arising from derecognition of the property (calculated as the difference between net income from disposal and the carrying amount of the asset) is recognized in earnings in the consolidated statements of comprehensive income in the period in which the property is derecognized.

i) Leases

The Company evaluates whether a contract is or contains a lease agreement, at the beginning of the contract term. A lease is defined as a contract in which the right to control the use of an identified asset is granted, for a specific term, in exchange for a benefit. The Company recognizes a right-of-use asset and a corresponding lease liability, with respect to all lease contracts in which it operates as a lessee, except in the following cases: short-term leases (defined as leases with a term of lease less than 12 months); leases of low-value assets (defined as leases of assets with an individual market value of less than $ 7.5 (seven thousand five hundred dollars)); and lease contracts whose payments are variable (without any contractually defined fixed payment). For these contracts that exclude the recognition of a right-of-use asset and a lease liability, the Company recognizes rent payments as an operating expense in a straight line during the term of the lease.

The right-of-use asset is measured at cost and consists of of lease payments discounted at present value; direct costs to obtain a lease; advance lease payments; and the obligations of dismantling or removal of assets. The Company depreciates the right-of-use asset during the shortest period of the lease term and the useful life of the underlying asset, beginning on the start date of the lease; in this sense, when a purchase option in the lease is likely to be exercised, the right-of-use asset depreciates in its useful life. The right-of-use asset is tested for impairment when there are indications, in accordance with the long-lived asset impairment accounting policy.

The lease liability is measured in its initial recognition by discounting at present value the minimum future payments according to a term, using a discount rate that represents the cost of obtaining financing for an amount equivalent to the value of the contract, for the acquisition of the underlying asset, in the same currency and for a term similar to the corresponding contract (incremental loan rate).
When the contract payments contain non-lease components (services), the Company has chosen, for some asset classes, not to separate them and measure all payments as a single lease component; however, for the rest of the asset classes, the Company measures the lease liability only considering the payments of components that are leases, while the services implicit in the payments are recognized directly in profit or loss as operating expenses.

In determining the term of the lease, the Company considers the mandatory term, including the likelihood of exercising any right to extend the term and/or an early exit.

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and reducing the carrying amount to reflect the rental payments made.

When there are changes to the lease payments for inflation, the Company remeasures the lease liability from the date on which the new payments are known, without reconsidering the discount rate. However, if the changes are related to the term of the contract or to the exercise of a purchase option, the Company re- evaluates the discount rate in the liability remeasurement. Any increase or decrease in the value of the lease liability after this remeasurement is recognized by increasing or decreasing to the same extent, as the case may be, the value of the right-of-use asset.

Finally, the lease liability is written off at the time the Company settles all the contract's payments. When the Company determines that it is likely that it will exert an early exit from the contract that merits a cash outlay, such consideration is part of the remeasurement of the liability quoted in the preceding paragraph; however, in those cases in which the early termination does not imply a cash outlay, the Company cancels the lease liability and the corresponding right-of-use asset, immediately recognizing the difference between them in the consolidated statement of profit or loss.

In addition, the Company does not have any significant lease agreements in which it acts as lessor. During the year, the Company did not receive any rental concessions that required special treatment. As a result of COVID-19, there were no changes in agreements that implied a change in relation to the requirements of the standard and its clarifications or amendments issued in 2020.

j) Borrowing costs

The costs for loans directly attributable to the acquisition, construction or production of qualifying assets, which are assets that require a substantial period until they are ready to use, are added to the cost of those assets. Capitalization of loan costs ceases at the time that the assets are available for use. Exchange rate fluctuations arising from the procurement of funds in foreign currency are capitalized to the extent that they are deemed adjustment to the interest cost. The income obtained from the temporary investment of specific loans to be used in qualifying assets, is deducted from costs for loans eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period they are incurred.

k) Intangible assets

Intangible assets with finite and indefinite lives

Intangible assets that are acquired by the Company, and which have finite useful lives are recorded at cost less accumulated amortization and accumulated impairment losses. The estimated useful lives and amortization method are reviewed at the end of each year, and the effect of any change in the recorded estimate is recognized prospectively.

Intangible assets with indefinite useful lives are not amortized and are annually subject to impairment tests.

l) Goodwill

Goodwill arises from a business combination and is recognized as an asset at the date control is acquired (acquisition date). Goodwill is the excess of the consideration transferred on the fair value at the acquisition date of the identifiable assets acquired and liabilities assumed. When the fair value of the identifiable net assets of the acquired exceeds the sum of the consideration transferred, the amount of such excess is recognized in the consolidated statement of comprehensive income as a gain on purchase. Goodwill is not amortized and is subject to annual impairment tests.

For the purposes of the evaluation of the impairment, goodwill is assigned to each of the cash generating units for which the Company expects to obtain benefits. If the recoverable amount of the cash-generating unit is less than the amount in books of the unit, the impairment loss is allocated first in order to reduce the amount in books of the goodwill allocated to the unit and then to the other assets of the unit, proportionally, on the basis of the amount in books of each asset in the unit. Impairment loss recognized for goodwill purposes cannot be reversed in a subsequent period.

Upon disposal of a subsidiary, the amount attributable to goodwill is included in the determination of the profit or loss on the disposal.

m) Impairment of tangible and intangible assets

The Company reviews the carrying amounts of its tangible and intangible assets to determine if there is any indicator that those assets have suffered any impairment loss. If there is any indicator, the recoverable amount of the asset is calculated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which such asset belongs. When a reasonable and consistent basis of distribution can be identified, corporate assets are also assigned to the individual cash generating units, or otherwise, are assigned to the smallest group of cash generating units for which a reasonable and sound distribution base can be identified. Intangible assets that have an indefinite useful life are subject to impairment tests at least annually, and whenever there is an indicator that the asset may have been impaired.

The recoverable amount is the higher between the fair value less cost to sell it and the value in use. Value in use calculations require the Company to determine the future cash flows generated by the cash generating units and an appropriate discount rate to calculate the present value thereof. The Company uses cash flow projections of revenues using estimates of market conditions, future pricing of its products and production and sales volumes. Likewise, for discount rate and perpetuity growth purposes, indicators of market risk premiums and long-term growth expectations in the markets in which the Company operates are used.

The Company estimates a pre-tax discount rate for goodwill impairment testing purposes that reflects current assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted. The discount rate estimated by the Company is based on the weighted average cost of capital of similar entities. In addition, the discount rate estimated by the Company reflects the return that investors would require if they were to make an investment decision on an equivalent asset in terms of cash flow generation, timing and risk profile.

If it is estimated that the recoverable amount of an asset (or cash-generating unit) is less than it is carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized in profit or loss.

When an impairment loss subsequently reversed, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for that asset (or cash-generating unit) in prior years, except for goodwill.

External and internal indicators are subject to annual evaluation.

n) Derivative financial instruments and hedging operations

The Company's activities expose it to a variety of financial risks, including foreign exchange risk, interest rates and price risk such as generic goods, mainly that of natural gas.

The Company's policy is to contract derivative financial instruments ("DFI's") in order to mitigate and cover the exposure to which it is exposed, given its productive and financial transactions. The Company designates these instruments either as fair value hedges, cash flow hedges or hedges of a net investment in a foreign operation.

There is a Risk Committee, which is responsible for enforcing risk management policies, as well as for monitoring the proper use of financial instruments contracted by the Company.

The Committee is composed by several of the Company's officials. In addition, to perform this type of transactions an authorization from the Board of Directors is required.

The Company recognizes all derivative financial instruments in the consolidated statement of financial position at fair value, regardless of the intention of its holding. In the case of hedging derivatives, the accounting treatment depends on whether the hedging is of fair value or cash flows. DFI's negotiations may include considerations agreements, in which case, the resulting amounts are presented on a net basis.

The fair value of financial instruments is determined by recognized market prices and when instruments are not traded in a market; it is determined by technical valuation models recognized in the financial field using inputs such as price, interest rate and exchange rate curves, which are obtained from different sources of reliable information.
When derivatives are contracted in order to cover risks and comply with all the hedge accounting requirements, their designations are documented describing the purpose, features, accounting recognition and how the measurement of effectiveness will be carried out.
The Company designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations.

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

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes resulting from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of the hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Company adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Company designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

The Company shall cease to apply the specific policy of assessing the economic relationship between the hedged item and the hedging instrument (i) to a hedged item or hedging instrument when the uncertainty arising from the reform of the reference interest rate is no longer present with respect to the timing, and the amount of cash flows based on the interest rate of the respective item or instrument or (ii) when the hedging relationship is discontinued. For its highly probable assessment of the hedged item, the Company will no longer apply the specific policy when the uncertainty arising from the reform of the reference interest rate on the timing and amount of future cash flows based on the interest rate of the hedged item is no longer present, or when the hedging relationship is discontinued.

o) Provisions

Provisions are recognized for current obligations that arise from a past event that will probably result in the use of economic resources, and that can be reasonably estimated. For the purpose of accounting records, provisions are discounted at present value when the discount effect is material. Provisions are classified as current or non‐current based on the estimated time period to meet the obligations that are covered. When the recovery of a third of some or all the economic benefits required to settle a provision is expected, an account receivable is recognized as an asset if it is virtually certain that the payment will be received, and the amount of the account receivable can be valued reliably.

p) Income taxes

Income taxes for the year include the current and deferred income tax. Current taxes and deferred taxes are recognized in profit or loss, except when they are related to a business combination, or items recognized directly in stockholders' equity, or in other comprehensive income (loss).

Current income tax is the tax expected to be paid or received. The income tax payable in the fiscal year is determined according to the legal and tax requirements, applying tax rates enacted or substantially enacted as of the report date, and any adjustment to the tax payable with respect to prior years.

Deferred income tax is recorded using the asset and liability method, which compares the accounting and tax values of the Company's assets and liabilities and deferred taxes are recognized with respect to the temporary differences between such values. No deferred income taxes are recognized for the following temporary differences: the initial recognition of assets and liabilities in a transaction other than a business acquisition and that does not affect the accounting or tax result, and differences related to investments in subsidiaries and joint ventures to the extent it is probable that they will not be reversed in a foreseeable future. In addition, deferred income taxes for taxable temporary differences arising from the initial recognition of goodwill are not recognized. Deferred income taxes are calculated using rates that are expected to apply to temporary differences when they are reversed, based on enacted laws or which have been substantially enacted at the reporting date.

Deferred income tax assets and liabilities are offset only if there is a legally enforceable right to offset current income tax assets and liabilities, and they correspond to the income tax levied by the same tax authority and to the same tax entity, or on different tax entities, and current tax assets and liabilities are intended to settled on a net basis or their tax assets and liabilities are simultaneously materialized.

A deferred income tax asset is recognized for tax loss carryforwards, tax credits and deductible temporary differences, to the extent that it is probable that there is taxable income to which they can be applied. Deferred income tax assets are reviewed at the reporting date and are reduced to the extent that the realization of the corresponding tax benefit is no longer likely.

Management periodically evaluates positions exercised in tax returns with respect to situations where applicable law is subject to interpretation. Provisions are recognized when appropriate based on the amounts expected to be paid to the tax authorities. Deferred income tax assets are recognized only when it is probable that future taxable profit will be available against which deductions for temporary differences can be used.

q) Employee benefits

i. Defined benefit plans

Pension plans

defined contributions. The Company's net obligations with respect to the defined‐benefit pension plans are calculated separately for each plan, estimating the amount of future benefit accrued by employees in return for their services in ongoing and past periods; that benefit is discounted to determine its present value, and the fair value of the plan assets is deducted. The discount rate is the yield at the reporting date of the government bonds that have maturity dates approximate to the maturities of the Company's obligations which are denominated in the same currency in which benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit for the Company, the recognized asset is limited to the net total of unrecognized past service costs and the present value of the economic benefits available in the form of future refunds from the plan or reductions in future contributions to the plan plus the plan assets. To calculate the present value of the economic benefits, the minimum funding requirements applicable to the Company's plan are considered. An economic benefit is available to the Company if it can be realized during the life of the plan, or upon settlement of the plan obligations.

When the benefits of a plan are improved, the portion of the improved benefits relating to past services by employees is recognized in profit or loss using the straight‐line method over the average period until it acquires the right to the benefits. When the benefits are earned, the expense is recognized in profit or loss.

The Company recognizes actuarial remeasurements derived from defined benefit plans in the other comprehensive income (loss) account, in the period in which they occur, and they are never recycled to profit or loss.

Medical post-employment benefits

The Company grants medical benefits to retired employees at the end of the employment relationship. The right to access these benefits usually depends on whether the employees have worked up to the retirement age and have completed certain minimum service years. The period cost of these benefits is recognized in profit or loss using the same criteria as those described for pension plans.

ii. Termination benefits

Termination benefits are recognized as an expense when the Company commitment can be evidenced, without real possibility of reversing, with a detailed formal plan either to terminate employment before the normal retirement date, or else, to provide benefits for termination as a result of an offer that is made to encourage voluntary retirement.

The benefits from termination in cases of voluntary retirement are recognized as an expense, solely if the Company has made an offer of voluntary retirement, the offer is likely to be accepted, and the number of acceptances can be estimated reliably. If the benefits are payable no later than 12 months after the reporting period, they are discounted at the present value.

iii. Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as services are rendered.

A liability is recognized for the amount expected to be paid under short-term cash bonus plans if the Company has a legal or assumed obligation to pay these amounts as a result of past services provided by the employee and the obligation can be estimated reliably.

r) Statutory employee profit sharing (“PTU”)

PTU is recognized in profit or loss of the fiscal year in which it is incurred, and is presented within operating income.

s) Revenue recognition

Revenue from the sale of products in the course of normal operations is recognized at the fair value of the consideration received or receivable, net of returns, commercial discounts and volume discounts.

For revenue recognition of contracts with customers, a comprehensive model is used for the accounting of revenues from contracts with customers, which introduces a five-step approach to revenue recognition: (1) contract identification; (2) identify performance obligations in the contract; (3) determine the price of the transaction; (4) allocate the transaction price to each performance obligation in the contract; and (5) recognize revenues when the entity satisfies the performance obligation.

The Company has signed contracts with its most representative customers, in which sales price lists, agreed currency, purchase volumes, cash discounts and volumes are agreed, for customers who do not have a contract, purchase orders are defined as contracts where the same characteristics mentioned above are defined.

The Company's most important performance obligations are not separable and are met at one point in time; therefore, the customer cannot be partially satisfied, generally, in these contracts, there is more than one performance obligation and they are treated as an integral and non-separable service.

In the contracts and purchase orders, the selling prices for the performance obligations identified are agreed, as well as discounts, if applicable.

The Company recognizes revenue when the performance obligation with its customers is satisfied, i.e. when control of the goods is transferred to the customer, which is given at the moment of delivery of the promised goods to the customer in accordance with the agreed terms and conditions.
In the case of payments related to obtaining contracts, these are capitalized and amortized over the duration of the contract. If an advance payment is received, it is recorded as an advance payment from customers and if it is to be made over a period of more than one year, it is reclassified to long-term.

t) Financial income and costs

Financial income includes income interest on invested funds, changes in the fair value of financial assets at fair value through profit or loss, Exchange gains and the related employee benefit effects of both the defined benefit obligation and the plan assets. Interest income is recognized in income as earned, using the effective interest method.

Financial costs include interest expenses on loans, effect of the discount by the passage of time on provisions, exchange losses, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognized on financial assets. The borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset, are recognized in earnings using the effective interest method.

u) Earnings per share

The Company presents information about basic and diluted earnings per share ("EPS") corresponding to its common stock. The basic EPS is calculated by dividing the earning or loss attributable to stockholders that hold the Company's common stock by the weighted average outstanding common stock during the period, adjusted for the own shares held. The diluted EPS are calculated by adjusting the earning or loss attributable to stockholders that hold common shares and the weighted average number of outstanding shares, adjusted for the own shares held, for the effect of the dilution potential of all common shares, which include convertible instruments and options on shares granted to employees.

For the years ended December 31, 2020 and 2019, the Company has no dilutive effects.

v) Repurchase of shares

When capital stock recognized as stockholders' equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of taxes, is recognized as a reduction to stockholders' equity. Shares that are repurchased are classified as treasury shares and are presented as a deduction from stockholders' equity. When treasury shares are subsequently sold or reissued, the amount received is recognized as an increase in stockholders' equity, and the surplus or deficit resulting from the transaction is transferred to retained earnings. Finally, when treasury shares are cancelled, an increase is recognized in "Retained earnings," a decrease in "Stockholders' equity" equivalent to the par value of the cancelled shares, and the surplus or deficit from the cancellation, with respect to the previous repurchase, is recognized in "Additional paid-in capital."

w) Segment information

Operating segments are defined as the components of an enterprise engaged in the production and sale of goods and services that are subject to risks and rewards that are different from those associated with other business segments. The Company is principally involved in two segments: flat glass and containers.

The Company's subsidiaries are grouped according to the business segments in which they operate. For internal and organizational purposes, each business carries out the management and supervision of all the activities of the respective business, which refer to production, distribution and marketing of its products. Consequently, the Company's management internally evaluates the results and performance of each business for decision-making purposes. Following this approach, in day-to-day operations, economic resources are allocated on an operating basis of each business.

Transactions between segments are determined on the basis of prices comparable to those that would be used with or between independent parties in comparable transactions at market value.

x) Fair value determination

Several of the Company's accounting policies and disclosures require the determination of the fair value of both financial and non-financial assets and liabilities. Fair values for measurement and disclosure purposes have been determined based on the methods mentioned in subsequent paragraphs; where appropriate, further information about the assumptions made in determining the specific fair values of that asset or liability is disclosed in the notes to the consolidated financial statements.

The levels that cover 1 to 3, based on the degree to which the fair value of the financial instruments is observed, are

- Level 1 are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 are those derived from indicators other than quoted prices included within Level 1, but which include indicators that are observable for an asset or liability, either directly to prices quoted or indirectly; i.e. derived from these prices; and
- Level 3 are those derived from valuation techniques that include indicators for assets and liabilities, which are not based on observable market information (non?observable indicators).

The techniques and method of calculation are disclosed in Note 10 for investment properties and Note 17 for derivatives and debt disclosure.

5. OTHER CURRENT ASSETS AND OTHER SHORT AND LONG?TERM LIABILITIES

The balances of other current assets as of December 31, 2020 and 2019 are as follows:

	December 31			
		2020		2019
Sundry debtors [1]	$	35,331	$	19,642
Related parties (Note 20)		15,333		14,104
Prepayments		4,718		10,786
Prepayment of inventories		1,660		1,224
Assets held for sale		4,939		1,308
Derivative financial instruments		-		295
Total	**$**	**61,981**	**$**	**47,359**

[1] Includes sale of land for $ 10,600 in 2020.

The balances of other short–term liabilities as of December 31, 2020 and 2019 are as follows:

	December 31			
		2020		2019
Taxes payable	$	8,609	$	8,420
Income tax for deconsolidation (Note 22)		34,513		42,668
Sundry creditors		65,263		49,564
Other taxes payable		13,441		12,402
Derivate financial instruments		1,289		1,537
Total	**$**	**123,115**	**$**	**114,591**

The balances of other long-term liabilities as of December 31, 2020 and 2019 are as follows:

	December 31			
		2020		2019
Provision for compensations	$	3,012	$	4,200
Other liabilities		8,288		8,772
Total	**$**	**11,300**	**$**	**12,972**

6. TRADE ACCOUNTS RECEIVABLE, NET

Trade accounts receivable consists of the following:

	December 31			
		2020		2019
Trade accounts receivable	$	188,015	$	233,600
Less expected credit loss		(9,787)		(12,579)
Total	**$**	**178,228**	**$**	**221,021**

On December 23, 2019, Vitro entered into an agreement to initiate a non?recourse portfolio sale program with Banco Santander, S.A. for 3 years, which is extendable for an additional year; the amount of said program is up to $ 110,000. As of December 31, 2020 and 2019, the amount of the portfolio sold amounted to $87,274 and $76,427, respectively. Since the Company considers this transaction as an advanced collection, the cash flows related are recorded in the consolidated statement of cash flows within the changes of trade receivables.

The following is an analysis of the aging of trade receivable balances as of December 31, 2020 and 2019:

	Current	30 days	31 to 60 days	Over 60 days
2020	$ 140,108	$ 31,334	$ 6,342	$ 10,231
2019	$ 156,629	$ 45,565	$ 8,242	$ 23,164

The movement in the expected credit loss accounts is as follows:

		2020		2019
Opening balance	$	12,579	$	7,440
Increase of the year		17,281		20,689
Applications		(20,073)		(15,550)
Final balance of the year	**$**	**9,787**	**$**	**12,579**

7. INVENTORIES

Inventories consist of the following:

	December 31	
	2020	2019
Finished goods	$ 181,622	$ 227,570
Work in progress	36,130	45,779
Raw Material	79,496	68,093
Spare parts	62,910	60,267
Others	26,254	18,722
Total	**$ 386,412**	**$ 420,431**

Inventories as of December 31, 2020 and 2019 are reduced to their net realizable value due to the obsolescence and slow-moving reserve in the amount of $ 5,281 and $6,655, respectively; this reserve mainly decreases the balances presented in the finished good, spare part and raw material lines.

In 2020 and 2019, inventories in the amount of $576,039 and $705,697, respectively, were recognized as an expense and included in cost of sales for those periods.

8. EQUITY ACCOUNTED INVESTEES

		December 31	
	% Holding	2020	2019
Servicio Superior Ejecutivo, S.A. de C.V. [a]	50.00	$ 7,140	$ 7,140
Shandong PGW Jinjing Automotive Glass Co. Ltd. [b]	46.00	1,047	1,047
Others	25.00	2,400	2,400
Total		**$ 10,587**	**$ 10,587**

[a] Joint venture entered into in April 2019, the Company created is engaged in passenger air transportation.
[b] Investment in Shandong PGW Jinjiang Glass Co, LTD, a company engaged in the production of automotive glass.

9. PROPERTY, PLANT AND EQUIPMENT, NET

A summary of this balance is as follows:

	December 31	
	2020	2019
Land	$ 159,958	$ 177,199
Buildings	510,978	521,789
Accumulated depreciation	(301,208)	(296,756)
	369,728	402,232
Machinery and equipment	1,567,024	1,536,953
Accumulated depreciation	(851,708)	(803,765)
	715,316	733,188
Investments in progress	123,880	136,196
Total	**$ 1,208,924**	**$ 1,271,616**

Cost or valuation	Land	Buildings	Machinery and equipment	Investments in progress	Total
Balance as of January 1, 2019	$ 173,810	$ 516,266	$ 1,443,789	$ 86,081	$ 2,219,946
Additions	-	7,085	109,675	51,531	168,291
Disposals	(1,054)	(4,251)	(12,195)	(2,147)	(19,647)
Transfers	388	157	(4,064)	-	(3,519)
Lease reclassification	-	(6,835)	(10,451)	-	(17,286)
Translation effect	4,055	9,367	10,199	731	24,352
Balance as of December 31, 2019	$ 177,199	$ 521,789	$ 1,536,953	$ 136,196	$ 2,372,137
Additions	$ 24	$ 10,806	$ 101,457	$ (14,239)	$ 98,048
Disposals	(3,933)	(4,286)	(8,501)	-	(16,720)
Translation effect	(5,973)	(12,904)	(16,960)	(768)	(36,605)
Closing of plants	-	(2,346)	(12,943)	-	(15,289)
Ilumimex purchase	-	-	-	2,691	2,691
Transfers	(7,359)	(2,081)	(32,982)	-	(42,422)
Balance as of December 31, 2020	**$ 159,958**	**$ 510,978**	**$ 1,567,024**	**$ 123,880**	**$ 2,361,840**

Accumulated depreciation and impairment	Buildings	Machinery and equipment	Investments in progress	Total
Balance as of January 1, 2019	$ 272,566	$ 721,725	$ -	$ 994,291
Depreciation of the year	16,109	80,089	-	96,198
Disposals	(179)	(4,920)	-	(5,099)
Lease reclassification	(321)	(2,675)	-	(2,996)
Transfers	(209)	(3,663)	-	(3,872)
Translation effect	8,790	13,209	-	21,999
Balance as of December 31, 2019	$ 296,756	$ 803,765	$ -	$ 1,100,521
Depreciation of the year	18,249	86,186	-	104,435
Disposals	(4,188)	(6,887)	-	(11,075)

Closing of plants	(834)	(327)	-	(1,161)
Transfers	1,021	(17,993)	-	(16,972)
Translation effect	(9,796)	(13,036)	-	(22,832)
Balance as of December 31, 2020	**$ 301,208**	**$ 851,708**	**$ -**	**$ 1,152,916**

a) Capitalized borrowing cost

As of December 31, 2020 and 2019, the Company did not have assets that qualify for interest capitalization in the investments in progress line item.

b) Asset write-off for closing of plants

As of December 31, 2020 and 2019, no impairment expense related to value in use was recorded; however, as mentioned in Note 2d., the Company closed two of its plants; the effect of this situation that was recorded in other expenses amounted to $14,128 and other assets were also written off for an amount of $ 5,024.

c) Investments in progress

As of December 31, 2020, investments in progress are mainly related to investments made in the Flat Glass segment; within this segment, in the Automotive division for the new line of high quality windshields and in Architectural division for the repair of the VF2 Furnace, in the Inorganic Chemicals division, mainly associated with a new cooling and condensation tower, in order to reduce the emission of vapors into the environment. To complete the aforementioned projects, additional cash flows of $16,700 are expected to be invested. The aforementioned projects are expected to start operations between March and October 2021.

10. INVESTMENT PROPERTIES

As of December 31, 2020 and 2019, the balance of investment properties amounts to $18,533 and $20,344, respectively; such assets are mainly composed of lands and buildings. The fair value of investment properties was determined by independent and external property appraisers, who have appropriate professional qualifications and recent experience in the location.

The fair value of investment properties was calculated based on Level 2 of the fair value hierarchy. (Note 17iv).

Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value
The commercial values of land in similar locations and dimensions were used. The price per square meter of this land was weighted.	• Location of similar land (address) • Land dimensions	Estimated fair value would increase (decrease) if: The replacement value would vary if the average square meter in the area were to decrease or increase if the square meter were to increase.

11. RIGHT OF USE ASSET, NET AND LEASE LIABILITY

The following is a summary of the right-of-use assets and the lease liability:

	Buildings	Machinery and equipment	Transport equipment	Other	Total
Opening balance as of January 1, 2019	$ 21,798	$ 41,072	$ 5,363	$ 55	$ 68,288
Additions	3,507	13,347	663	-	17,517
Depreciation expense of the year	(6,678)	(9,674)	(2,667)	(14)	(19,033)
Final balance as of December 31, 2019	$ 18,627	$ 44,745	$ 3,359	$ 41	$ 66,772
Additions	7,029	10,740	206	1,234	19,209
Depreciation expense of the year	(5,414)	(8,896)	(3,565)	(97)	(17,972)
Final balance as of December 31, 2020	**$ 20,242**	**$ 46,589**	**$ -**	**$ 1,178**	**$ 68,009**

a) Amounts recognized in consolidated statement of profit or loss

	2020	2019
Depreciation expense of right of use asset	$ 17,972	$ 19,033
Interest expense on lease liabilities	3,022	3,302
Expense related to leases if low-value assets	8,847	2,241

b) As of December 31, 2019 and 2020, the total cash outflow for leases amounts to $18,935 and $20,054, respectively.

The changes in the lease liability that derive from financing activities in accordance with the cash flow are as follows:

Adoption effect as of January 1, 2019	$ 53,998
Interest expense on lease liabilities	3,302
Additions	17,517
Lease payments	(20,054)
Balance as of December 31, 2019	**$ 54,763**
Interest expense on lease liabilities	3,022
Additions	19,209
Lease payments	(18,935)
Balance as of December 31, 2020	**$ 58,059**

Total future minimum lease payments are analyzed as follows:

	December 31, 2020
- Less than 1 year	$ 18,715
- More than 1 year	39,344
Total	**$ 58,059**

Interest rates used as of December 31, 2020 are as follows:

	Term in months	Pesos Interest rate	Dollars Interest rate
Buildings	36-120	7.80–8.50%	3.84 -4.50%
Machinery and equipment	24-120	7.63–8.13%	3.75 -4.04%
Transport equipment	24-72	7.65-8.41%	3.77 -4.25%
Others	24-36	7.60-7.74%	3.73 -3.79%

The Company does not face a significant liquidity risk with respect to lease liabilities. Lease liabilities are monitored through the Company's treasury.

12. GOODWILL

Goodwill balances as of December 31, 2020 and 2019 consist of the following:

	2020	2019
Balance as of January 1,	$ 61,653	$ 61,463
Translation effect	486	190
Balance as of December 31,	**$ 62,139**	**$ 61,653**

Goodwill was generated as a result of the acquisition of PPG's Flat Glass and Coatings Business and PGW's Automotive Glass Business for Original Equipment, whose segment information is presented within the Flat Glass segment (Note 24). Recoverable amount of goodwill is determined based on its value in use, which uses projected cash flows based on a financial budget authorized and approved by the Board of Directors; such budget covers a five-year period. Value in use was determined using a post-tax discount rate with perpetuity of 7.54% and 8.99% in 2020 and 2019, respectively. The growth rate in the Company's automotive industry is between the rage of 4% and 4.4% and the architectural industry growth rate is between 2.4% and 3.8%.

13. INTANGIBLES AND OTHER ASSETS, NET

a) As of December 31, 2020 and 2019, intangible assets consist of the following:

	December 31, 2020	2019
Software	$ 23,373	$ 15,165
Trademarks and intellectual property	90,687	94,889
Customer relationships	139,009	148,301
Others	3,693	3,026
Total	**$ 256,762**	**$ 261,381**

Cost or valution	Software	Trademarks and inte-llectual property	Relación con clientes	Others	Total
Balances as of January 1, 2019	$ 47,302	$ 125,488	$ 178,807	$ 2,383	$ 353,980
Additions	6,787	-	-	643	7,430
Translation effect	392	(35)	204	-	561
Balance as of December 31, 2019	$ 54,481	$ 125,453	$ 179,011	$ 3,026	$ 361,971
Additions	4,494	3,063	-	765	8,322
Reclassification	7,583	-	-	-	7,583
Ilumimex intangibles	-	2,074	-	-	2,074
Translation effect	(492)	-	140	-	(352)
Balance as of December 31, 2020	**$ 66,066**	**$ 130,590**	**$ 179,151**	**$ 3,791**	**$ 379,598**

Accumulated amortization	Others	Trade-marks and intelectual property	Customer relationships	Others	Total
Balances as of January 1, 2019	$ 35,746	$ 21,004	$ 21,348	-	78,098
Amortization of the year	3,317	9,560	9,348	-	22,225
Translation effect	253	-	14	-	267
Balance as of December 31, 2019	$ 39,316	$ 30,564	$ 30,710	$ -	$ 100,590
Amortization of the year	3,693	9,339	9,404	98	22,534
Translation effect	(316)	-	28	-	(288)
Balance as of December 31, 2020	**$ 42,693**	**$ 39,903**	**$ 40,142**	**$ 98**	**$ 122,836**

Amortization of intangible assets was calculated using useful lives of 15 years for trademarks and intellectual property, 20 years for customer relationships and 5 years for software. The assumptions used for the calculation of impairment of trademarks are the same as those mentioned in Note 12.

b) Other assets balances as of December 31, 2020 and 2019 are composed as follows:

	December 31,	
	2020	2019
Costs for obtaining contracts	$ 9,040	$ 12,081
Others	9,648	5,513
	$ 18,688	**$ 17,594**

14. DEBT

As of December 31, 2020, short-term debt consists of the following:

	Interest rate	Currency	2020
Revolving credit	Libor + 2.65%	Dólar	11,200
Short-term line	TIIE + 350	Pesos	53,266
Revolving credit	TIIE + 320	Pesos	37,672
			$ 102,138

As of December 31, 2020 and 2019, long-term debt consists of the following:

	Interest rate	Currency	Maturity date	2020	2019
Leases	2.4% a 9.5%	Dollar	2020 a 2025	$ 12,619	$ 15,841
Syndicated loan	Libor [1]	Dollar	2023	404,000	650,000
Bilateral credit	Libor + 1.58%	Dollar	2025	170,000	-
Purchase agreement	Serie A: 2.80%	Dollar	2026	130,000	-
Sale of memos	Serie B: 3.43%	Dollar	2030	50,000	-
Debt acquisition costs				(4,143)	(4,661)
Total long-term debt				762,476	661,180
Less short-term maturities				(186,974)	(2,017)
Long term debt, excluding current maturities				**$ 575,502**	**$ 659,163**

[1] Variable interest rate of LIBOR plus an applicable margin according to the consolidated leverage ratio.

2020 debt transactions

In order to maintain a solid financial structure by improving its financial structure, as well as reducing interest payments, on February 4, 2020, a voluntary prepayment of $76,000 was made to the syndicated loan with the resources obtained from the portfolio sale program.

On January 30, 2020, Vitro and certain subsidiaries signed a bilateral loan for $170,000 with the purpose of making a voluntary prepayment for the same amount to the syndicated loan, thus reducing the financial cost and extending the average life of the debt.

Derived from the bilateral loan, Vitro capitalized costs for obtaining debt amounting to $2,145, and amortized in the results $2,663 corresponding to old debt costs (see Note 22).

On June 16, 2020, Vitro restructured a portion of a swap-type derivative financial instrument it entered into in 2018 with the objective of decreasing interest payments at an annual fixed rate of 1.6810% for 170,000, covering 100% of the bilateral loan agreement.

On December 30, 2020, the operating subsidiaries of its four business units in the United States of America entered into a Note Purchase Agreement with The Prudential Insurance Company of America, in order to refinancing part of their existing consolidated debt under the Syndicated Loan. The Notes were issued in two tranches: (i) $130,000 due December 30, 2026, and (ii) $50,000 due December 30, 2030.

2019 debt transactions

On March 1, 2019, Vitro made a voluntary prepayment of $50,000 to the syndicated loan, this with the objective of maintaining a solid financial structure by improving its financial structure, as well as reducing interest payments.

Reconciliation between relevant changes in debt and cash flows from financing activities:

	2020	2019
Initial balances	$ 661,180	$ 713,544
Loan proceeds	438,977	-
Loan payments	(249,205)	(52,965)
Payment of commissions and other expenses	(2,145)	(271)
Amortization of expenses	2,663	872
Exchange fluctuation	13,144	-
Final balances	$ 864,614	$ 661,180

15. ACCRUED EXPENSES AND PROVISIONS

As of December 31, 2020 and 2019, accrued expenses payable were as follows:

	December 31,	
	2020	2019
Wages and benefits payable	$ 23,759	$ 23,597
Services and other accounts payable	1,335	10,627
Other expenses payable	8,660	16,044
Total	**$ 33,754**	**$ 50,268**

16. EMPLOYEE BENEFITS

Employee benefits recognized in consolidated statements of financial position, by country, are as follows:

	December 31,	
	2020	2019
Mexico	$ 48,767	$ 10,607
USA	105,942	90,497
Canada	(1,493)	(1,431)
Others	162	159
Total net defined liability (asset)	**$ 153,378**	**$ 99,832**

A description of types of post-employment benefits granted by the Company are as follows:

Defined benefits plan

The Company has a defined benefits pension plan covering Mexican staff, which consists of a lump sum payment or a monthly pension calculated based on the sum of a basic pension, an additional seniority factor and an additional factor for income equal to or less than the maximum limit used for the Mexican Social Security Institute.

The Company's plan in Mexico also covers seniority premiums, which consist of a lump sum payment of 12 day's wage for each year worked, calculated using the most recent salary, not to exceed twice the legal minimum wage established by law. The related liability and annual costs of such benefits are calculated by an independent actuary, based on formulas defined in the plans, using the projected unit credit method.

In addition, in the USA and Canada, the Company grants retirement plans to key personnel, as well as a post- employment medical benefits plan, mainly.

Employee benefits retirement plans valuation is based on service years, current age, and estimated remuneration at retirement date. The main subsidiaries of the Company have constituted funds for the payment of retirement benefit payments through irrevocable trusts. The Company is not exposed to unusual risks related to the plan assets.

Financial information related to employee benefits is as follows:

	December 31,	
	2020	2019
Net defined liabilities (assets) for:		
Pension plans	$ 106,589	$ 66,955
Post-employment medical benefits	46,789	32,877
Total net defined liabilities	**$ 153,378**	**$ 99,832**

Amount recognized in profit and loss for:		
Pension plans	$ (7,009)	$ (16,489)
Post employment medical benefits	640	1,686
Total recognized in profit and loss	**$ (6,369)**	**$ (14,803)**

Amount recognized in comprehensive income, before taxes, for:		
Pension plans	$ 48,329	$ 89,097
Post employment medical benefits	13,104	4,065
Total recognized in comprehensive income	**$ 61,433**	**$ 93,162**

The present values for defined benefit obligations, as well as of the assigned plan assets to such obligations are as follows:

	Mexico	USA	Canada	Others	Total
December 31, 2020:					
Defined benefit obligations	$ 225,400	$ 210,571	$ 8,834	$ 162	$ 444,967
Plan assets	(176,633)	(104,629)	(10,327)	-	(291,589)
Net defined (asset) liability	**$ 48,767**	**$ 105,942**	**$ (1,493)**	**$ 162**	**$ 153,378**
December 31, 2019:					
Defined benefit obligations	$ 222,923	$ 208,369	$ 7,848	$ 159	$ 439,299
Plan assets	(212,316)	(117,872)	(9,279)	-	(339,467)
Net defined (assets) liabilities	**$ 10,607**	**$ 90,497**	**(1,431)**	**$ 159**	**$ 99,832**

Movements in defined benefit obligations during the year are as follows:

	Year ended December 31,	
	2020	**2019**
Defined benefit obligations as of January 1,	$ 439,299	$ 364,197
Reduction and anticipated extinction	-	2,112
Service cost	7,392	6,735
Interest cost	20,020	23,265
Actuarial re measurements	41,892	74,578
Benefits paid	(51,623)	(40,195)
Translation effect	(12,016)	8,575
Others	3	32
Defined benefit obligations	**$ 444,967**	**$ 439,299**

Changes in the fair value of the plan assets are as follows:

	Year ended December 31,	
	2020	**2019**
Fair value of the plan assets as of January 1,	$ 339,467	$ 346,420
Reduction and anticipated extinction		
Actual yield	15,097	23,724
Actuarial re measurements	(19,541)	(18,584)
Company (reimbursements) contributions	424	(2,377)
Benefits paid	$ (31,789)	(17,800)
Administrative expense	(1,150)	(1,316)
Translation effect	(10,919)	9,400
Fair value of the plan assets	**$ 291,589**	**$ 339,467**

As of December 31, 2020 and 2019, the main actuarial hypotheses used were as follows:

	December 31,	
	2020	**2019**
Discount rate		
Mexico	6.00%	7.50%
United States of America		
Vitro Flat Glass	2.36%	3.12%
Pittsburgh Glass Works	2.46%	3.21%
Canada	2.59%	3.15%
Salary increase rate		
Mexico	4.00%	4.00%
United States of America		
Vitro Flat Glass	2.50%	2.50%
Pittsburgh Glass Works	1.50%	3.00%
Canada	3.00%	3.00%

The average duration of defined benefit obligations is approximately 10 years.

The following table shows future cash flows for benefits expected to be paid in the following ten years:

Payments expected in the years:		Amount
2021	$	59,744
2022		35,510
2023		32,241
2024		31,738
2025 and thereafter		285,734
	$	**444,967**

These amounts are based on current data and reflect future services expected, as the case may be. Benefit payments are based on the assumptions that inactive participants retire at 65 years old, and other actuarial hypothesis, that they do it along a 10year period.

The categories of the plan assets as of December 31, 2020 and 2019 are as follows:

	Actual yield rate		Fair value of plan assets			
	2020	**2019**		**2020**		**2019**
Equity instruments	(18%)	(29%)	$	183,754	$	214,452
Debt instruments	7.4%	6.6%		107,835		125,015
			$	**291,589**	**$**	**339,467**

As of December 31, 2020 and 2019, plan assets include 54,201,598 shares of Vitro, whose fair values amount to
$86,652 and $120,830, respectively. The Company is not exposed to unusual risks related to plan assets.

The Company, within its U.S. subsidiaries, has assets invested as follows: cash between 2% and 4%, fixed income assets between 37% and 48%, and equity assets ranging from 49% to 59%.

The determination of defined benefit obligations is carried out using actuarial assumptions, such as the discount rate and salary increases. The sensitivity analysis shown below was developed based on the reasonableness of possible changes with respect to the actuarial assumptions as of December 31, 2020, holding all other assumptions constant; however, it may not represent actual changes in the defined benefit obligations, since the actuarial assumptions are correlated and are unlikely to change in isolation.
The amounts included in the following table represent an increase or (decrease) in the defined benefit obligation, as appropiate.

		Liability
Increase in discount rate of 0.50%	$	(16,669)
Decrease in discount rate of 0.50%		18,244

17. FINANCIAL INSTRUMENTS

The carrying amounts of financial instruments and their fair values are presented below:

		December 31, 2020				December 31, 2019		
		Fair value		Carrying amount		Fair value		Carrying amount
Financial assets								
Cash and cash equivalents	$	483,909	$	483,909	$	230,165	$	230,165
Financial assets measured at amortized cost								
Accounts receivable and other current assets		238,679		238,679		267,346		267,346
Financial assets at fair value through profit or loss								
Derivative financial instruments		-		-		295		295
Financial liabilities								
Financial liabilities at amortized cost								
Debt and interest payable		897,468		866,292		796,691		663,473
Lease liability		58,059		58,059		54,763		54,763
Trades payable and other liabilities		306,044		306,044		284,917		284,917
Financial liabilities at fair value through profit or loss								
Derivative financial instruments		1,289		1,289		1,537		1,537
Financial liabilities at fair value through OCI								
Hedge derivative financial instruments		33,210		33,210		21,583		21,583

The following tables show the valuation techniques used to measure Level 2 fair values for financial instruments measured at fair value in the statement of financial position, as well as the inputs used. The corresponding valuation processes are described below.

Type	Valuation technique	Relationship between observed information and fair value
Derivative financial instruments SWAPS (Level 2)	The fair value is determined by calculating the difference between the net present value of the asset and liability leg. To calculate the net present value of each leg, the future cash flows are first calculated according to the corresponding underlying. These cash flows are subsequently discounted at present value with an interest rate (curve), which is in accordance with the currency of such cash flows.	For positions where a fixed price is paid, a decrease in the price of the underlying asset expects the derivative to decrease. If a fixed price is received, the value increases.
Debt (Level 2)	The fair value of the debt is determined using interest rate and exchange rate curves and discounting future cash flows using yield rates of high credit institutions.	The fair value of the debt is inversely related to the hedging of its derivative financial instruments.

The Company is exposed to market risks (interest rate risk and foreign exchange risk), credit risk and liquidity risk, which are managed in a centralized manner. The Board of Directors establishes and monitors the policies and procedures to measure and manage these risks, which are described below:

i. Market risk

Market risk is the risk of changes in market prices, such as exchange rates, interest rates, commodities and equity instruments. The objective of market risk management is to manage and control exposures to market risks within acceptable parameters, at the same time that yields are optimized.

Interest rate risk

The Company is exposed to interest rate variation risk mainly because of the long‑term syndicated bank loan that bears interest at a variable rate (see Note 14).

As of December 31, 2020 and 2019, the Company had entered into several interest rate swaps in order to mitigate the risk of interest rate variability in the interest rate paid on liabilities contracted in U.S. dollars.

These types of transactions represent hedging mechanisms to fix the interest rate of financial obligations. These transactions, in accordance with accounting standards, are considered as hedging transactions. For accounting purposes, the Company has designated these interest rate swaps under the cash flow hedging model to hedge a portion of the interest payment of the debt in USD.

As of December 31, 2020, the position in the derivative financial instrument is summarized below:

Bank	ING[(1)]	BBVA
Notional	404,000	170,000
Notional currency	Dollar	Dollar
Line in the financial statement where the hedging instrument is located	Derivative financial instruments	Derivative financial instruments
Delivery rate	2.77%	1.68%
Receipt rate	Libor 1M	Libor 1M
Fair value as of December 31, 2020	(22,412)	(10,798)
Maturity	Junio 2023	Junio 2025
Change in fair value to measure the ineffectiveness of the hedging instrument	(22,412)	(10,798)
Amount recognized in other comprehensive income	(21,135)	(10,798)
Ineffectiveness recognized in statement of profit or loss	-	927
Carrying value of hedged item (Exposure)	404,000	170,000
Currency carrying value	Dollar	Dollar
Change in fair value to measure the ineffectiveness of the hedged instrument	21,210	186
Hedging ratio	100%	100%
Effectiveness Test	100%	111%[(2)]

(1) For hedging purposes, 94% of the notional amount of this instrument was designated as hedging. Six percent of the instrument is designated as held for trading measured at fair value through profit or loss.

(2) The hedge, despite being 100% of the notional amount, results in a percentage of ineffectiveness and a portion to be recognized in the statement of profit or loss as ineffectiveness. This is due to the fact that it is an off‑market hedge at the beginning.

Six percent of the notional amount of ING's instrument is designated at fair value through profit or loss. The fair value of this portion is (1,277), which was recognized as a liability against an expense in the statement of profit or loss.

As of December 31, 2020, 21% of borrowings are denominated at a fixed rate and 79% of borrowings are denominated at a variable rate (see Note 14).

The position in the derivative financial instrument as of December 31, 2019 is summarized as follows:

Instrument type	Nocional	Currency	Units	Reference	Fair value	Amount recognized in OCI	Line in the financial statement where the hedging instrument is located
Interest rate swap	$600,000	Dollars	% per year	2.77%	$21,583	$10,121	Other long‑term liabilities

As of December 31, 2019, 92.3% of loans are denominated under a fixed rate of 2.77% and 7.7% of loans at a variable rate (see Note 14).

Management assesses whether the hedging relationship meets the effectiveness criteria at the inception of the hedging relationship, on an ongoing basis at each reporting date and upon a significant change in circumstances affecting the hedging requirements.

Sensitivity analysis to interest rate risk

The Company performed a sensitivity analysis considering an increase or decrease of 0.5% in the value of the LIBOR rate, and its effects on the results of the year as of December 31, 2020. The percentage used to analyze the sensitivity to exchange rate risk is the scenario that represents management’s assessment of the reasonableness of possible variations in this reference rate, since it is a market rate with low or no volatility. As a result of the analysis, the effect of a possible increase or decrease in the interest rate would have had an impact on the profit or loss of the year of $3,400 as expense or income, respectively.

Foreign exchange risk applicable to foreign subsidiaries

A foreign subsidiary is a subsidiary that has a functional currency other than the U.S. dollar. Vitro’s foreign subsidiaries maintain their assets and liabilities and carry out their operations mainly in Mexican pesos, Canadian dollars, euros, reales, soles, zlotys and Colombian pesos, in a market and business environment in the same currency. The Company’s management considers assets and liabilities denominated in foreign currencies to be insignificant; therefore, the foreign exchange risk for these subsidiaries is almost nil.

As mentioned in note 14, the Company’s debt is denominated in U.S. dollars; therefore, there is no foreign exchange risk.

Foreign exchange risk applicable to subsidiaries located in Mexico.

Vitro’s Mexican subsidiaries that maintain a U.S. dollar functional currency and that carry out transactions and maintain balances in pesos or in a foreign currency other than the peso, are exposed to the risk of exchange rate variations. This exposure to risk may result from changes in economic conditions, monetary and/or tax policies, the liquidity of global markets, local and international political events, among others.

The most significant foreign currency of Mexican subsidiaries is the Mexican peso; the carrying amount of financial assets and liabilities denominated in Mexican pesos at the end of the period is as follows:

	December 31,			
	2020		2019	
Financial assets	$Ps.	3,313,988,465	$Ps.s	1,224,749,583
Financial liabilities		(2,937,678,820)		(1,089,752,599)
Net financial asset position		376,309,645		134,996,984

Financial assets in Mexican pesos are mainly comprised of cash and other accounts receivable, while financial liabilities are mainly comprised of short-term bank debt, suppliers and sundry creditors, all of which are denominated in Mexican pesos. As of December 31, 2020 and 2019, the Company considers assets and liabilities denominated in foreign currencies other than the Mexican peso to be immaterial.

The exchange rates of the Mexican peso with respect to the U.S. dollar used to prepare these consolidated financial statements were as follows:

	December 31,			
	2020		2019	
Exchange rate:				
Pesos per dollar at year-end	$Ps.	19.9087	$Ps.	18.8642
Pesos per average dollar during the year	$Ps.	19.9505	$Ps.	19.2495

As of March 25, 2021, the issuance date of the consolidated financial statements, the exchange rate of the peso against the U.S. dollar was $Ps.20.7882.

Foreign currency sensitivity analysis

The sensitivity analysis carried out by the Company considers a strengthening or weakening by 10% of the U.S. dollar against the Mexican peso and their effects on the results of fiscal years 2020 and 2019. The percentage used to analyze the sensitivity to foreign exchange risk is the scenario that represents the Management’s evaluation of the fairness of possible variations in the exchange rate. As a result of the analysis, the effect of possible strengthening or weakening of the U.S. dollar against the Mexican peso would have had an impact on profit or loss of $2,100 and $1,718 as income or expense, respectively.

ii. Credit risk

Credit risk refers to the risk that a customer or counterpart breaches its contractual obligations resulting in a financial loss to the Company, and arises mainly from trade accounts receivable and investments in the Company’s securities.

Trade accounts receivable and other accounts receivable

The Company continuously performs credit evaluations to its clients and adjusts the limits of credit based on the credit history and current creditworthiness. In addition, it monitors the collections and payments from customers, and has an allowance for doubtful accounts based on historical experience and on some specific aspect that has been identified. While these allowances for doubtful accounts have historically been within the Company’s expectations and within the established allowance, there is no guarantee that it will continue to have the same level of allowances for doubtful accounts that it has had in the past. An important variation in the experience of the Company’s allowances for doubtful accounts could have a significant impact on the consolidated results of operations and, therefore on the consolidated financial position.

The Company’s exposure to credit risk is affected mainly by the individual characteristics of each customer. However, the Company’s management also believes the demographics of its customer base, which includes the risk of non-compliance of the industry and country in which customers operate, as these factors can influence the credit risk, particularly in deteriorated economic circumstances.

As of December 31, 2020, the maximum exposure to credit risk is $188,015. In addition, the Company has guarantees on certain balances of trade accounts receivable whose performance does not fully meet Management’s expectations.

The Company has no concentration of credit risk, since consolidated sales and accounts receivable from a single customer did not exceed 10% of total sales, at the segment level there is a concentration in the container and flat glass division as indicated in Note 24.

iii. Liquidity risk

Liquidity risk represents the possibility that the Company has difficulties to comply with its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company’s approach to manage its liquidity risk is to ensure, to the extent possible, always having enough liquidity to meet its obligations when they fall due, without affecting the performance of the business or damage the image and reputation of Vitro.

The Company’s Board of Directors is responsible for establishing an appropriate framework of liquidity risk management according to the Company’s needs. The Company manages its liquidity risk by maintaining bank reserves and through a constant monitoring of cash flows.

In previous years, the Company’s main source of liquidity has been predominantly cash generated from operating activities in each one of the business units and sale of certain assets.

The contractual maturities of the debt as of December 31, 2020, including the related interest, are as follows:

	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years
Maturities at fixed interest rates	$ 2,474	$ 7,192	$ 2,953	$ 180,000
Maturities at variable interest rates	286,122	217,567	168,306	-
	$ 288,596	**$ 224,759**	**$ 171,259**	**$ 180,000**

As of December 31, 2020, the Company has available cash of $483,909.

iv. Fair value of financial instruments

The fair value of financial instruments that are presented below has been determined by the Company using the information available in the market or other valuation techniques, which require judgment to develop and interpret the estimates of fair values. It also uses assumptions that are based on market conditions existing at each of the balance sheet dates. Consequently, the estimated amounts presented are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

The Company�s amounts of cash and cash equivalents, as well as accounts receivable and payable to third parties and related parties, and the current portion of bank loans and long�term debt approach their fair value, as they have short�term maturities. The Company�s long�term debt is recorded at amortized cost and consists of debt that bears interest at fixed and variable rates, which are related to market indicators. To obtain and disclose the fair value of long�term debt, different sources and methodologies are used such as market quotation prices or quotations of agents for similar instruments; other valuation techniques for the cases of those liabilities that have no price in the market and is not feasible to find quotes of agents for similar instruments.

v. Other market price risks

In the ordinary business course, the Company has contracted calls and swaps and other derivate financial instruments (DFI) in order to mitigate and hedge its exposure to natural gas and electricity price fluctuations. The estimated percentage of fuel consumption covered has varied from 10% to 100%. The percentage of covered consumption and the covered prices varied constantly according to market conditions based on the needs of the Company and the use of alternative fuels within their production processes.

The derivate financial instruments that the Company held during the years presented were calls and swaps, which were acquired due to the need to economically cover the fluctuation price of natural gas and electricity used by some of the Company´s plants. Those DFIs, were not designated as a hedge for accounting purposes; therefore, fluctuations in fair value are recognized in profit or loss within net financial cost.

The following table shows the active positions and their characteristics for the year ended December 31, 2020:

Type of instrument	Type of Underlying	Annual notional in MMBTUs	Average Price	Initial Date	Maturity Date
Call	Natural gas	1,560,000	$3.50	Dec. 1, 2020	Nov. 30, 2021
Call	Natural gas	1,500,000	$2.50	Feb. 1, 2020	Jan. 31, 2021

Type of instrument	Type of Underlying	Nocional anual en MWHs	Average Price	Initial Date	Maturity Date
Embedded	Electricity	403,860	$25- 44	Jan. 1, 2020	Dec. 31, 2021

The effects on profit or loss for the years ended December 31, 2020 and 2019 related to the DFIs described above are described in Note 22.

18. COMMITMENTS

Power purchase

In August 2015, some of Vitro's subsidiaries, with plants around Monterrey, and Mexico City, entered into a power�purchase agreement for 15 years with Tractebel Energia de Monterrey, S. de R.L. de C.V., whose supply begins in April 2018, which could be terminated by either party on the 10th anniversary. This agreement contains power purchase obligations for approximately 69 Megawatts of electricity and 1.3 million tons of water steam per year, and is subject to certain conditions precedent established in the covenants.

Vitro started operations in the Wholesale Electricity Market of Mexico under the figure of qualified non� participating user of the market in November 2018; therefore, Vitro could, if it were in its best interest, place totally or partially for sale in such market any amount of electric energy associated with this contract.

19. CAPITAL AND RESERVES

Capital management

The Company�s objective in managing its capital structure is to safeguard its ability to continue as a going concern, and at the same time maximize the return to its stockholders through an adequate balance in its funding sources. In order to maintain this structure, the Company carries out various actions such as efficiently managing working capital, adjusting dividend payments in accordance with free cash flow generation, cancellation and/or issuance of new shares and/or debt, or investment or divestment of assets.

The Company, through the Board of Directors, evaluates the cost and risks associated with its capital structure on an ongoing basis. This evaluation is made primarily based on the ratios of indebtedness, debt to EBIT flow (Earnings Before Interest and Income Taxes) flow for the last 12 months, and interest coverage. The debt ratio represents the ratio of financial debt to total assets; EBIT flow is calculated based on income before other income and expenses and adding the virtual items reflected in the statement of comprehensive income, within cost of sales and operating expenses, mainly depreciation, amortization and seniority premium and pension plan reserves; finally, interest coverage is calculated by dividing EBIT flow by interest expense for the last twelve months of the period analyzed. Vitro has a long�term objective of maintaining the financial indebtedness ratio within a range of 1.5 to 2.0 times and interest coverage greater than 5 times. As of December 31, 2020, the results of the calculation of each of the aforementioned financial ratios were 0.32 times for the indebtedness ratio and 5.99 times for the interest coverage ratio.

Common stock structure

a) As of December 31, 2020 and 2019, the Company�s capital stock amounts to 483,556,429 common shares, fully subscribed and paid, and with no par value.

b) Retained earnings include the statutory legal reserve. The General Corporate Law requires that at least 5% of net income of the year be transferred to the legal reserve until the reserve equals 20%

of capital stock at par value (historical pesos). The legal reserve may be capitalized but may not be distributed unless the entity is dissolved. The legal reserve must be replenished if it is reduced for any reason.

c) At the General Ordinary Stockholders' Meeting held on July 1, 2020, the following was approved:
• Create a reserve for the repurchase of own shares for a maximum amount of $52,000.

d) At the General Ordinary Stockholders Meeting held on February 19, 2019, the following was approved:
• Declaration and payment of dividends at the rate of $0.1043 per share.

e) In 2020 and 2019, the Company repurchased 15,000 and 4,978,346 shares in the amount of $20 and $12,584.

f) As of December 31, 2020 and 2019, the Company holds 9,414,202 and 9,429,202 own shares in treasury, respectively.

g) The distribution of stockholders equity, except for the restated amounts of contributed capital stock and tax earnings withheld, will give rise to income tax on dividends payable by the Company at the rate in effect when the distribution is made. The tax paid on such distribution may be credited against the income tax of the year in which the tax on dividends is paid and in the following two years, against the tax of the year and the provisional payments thereof.

The balances of the controlling interest in the tax accounts in stockholders equity, corresponding to the Companys capital contribution account and net taxincome account amount to $547,847 and $1,271,286 as of December 31, 2020, and $560,525 and $1,203,898 as of December 31, 2019, respectively.

h) Other components of comprehensive income

Effect of foreign currency translation
The movement for the period is recorded when translating the consolidated financial statements from the functional currency to the reporting currency. In 2020 and 2019, there are no other extraordinary movements affecting the cumulative translation adjustment recognized in stockholders equity.

Actuarial remeasurements
Actuarial remeasurements are recognized as other components of comprehensive income. During December 31, 2020 and 2019, the actuarial remeasurements correspond solely to variations in actuarial assumptions for both the labor liability and the plan assets and are presented net of income taxes.

Hedging derivative financial instruments
The effective portion of valuation gains or losses on derivative financial instruments designated as cash flow hedges is recognized in other comprehensive income, net of income taxes.

Below is an analysis of the movements of the other comprehensive income accounts of the controlling interest:

		Effect of foreign currency translation		Hedging derivative financial instruments		Actuarial remeasurements		Total other comprehensive income
Balance as of January 1, 2019		109,167		(5,497)		(28,380)		75,290
Comprehensive income movement		38,435		(10,121)		(67,878)		(39,564)
Balance as of December 31, 2019	$	147,602	$	(15,618)	$	(96,258)	$	35,726
Comprehensive income movement		(23,655)		(7,763)		(48,461)		(79,879)
Balance as of December 31, 2020	**$**	**123,947**	**$**	**(23,381)**	**$**	**(144,719)**	**$**	**(44,153)**

i) Noncontrolling interest is as follows:

	December 31,			
		2020		2019
Capital stock	$	594	$	566
Retained earnings		350		466
	$	**944**	**$**	**1,032**

j) Basic and diluted earnings per share

The earnings and number of common shares used for the calculation of the basic and diluted earnings per share are as follows:

	Year ended December 31,			
		2020		2019
(Loss) earnings from continuing operations attributable to controlling interest	$	(45,376)	$	64,113
Weighted average of common shares for calculation of basic and diluted earnings per share		474,142,227		476,159,921
(Loss) earnings per share from continuing operations	**$**	**(0.0957)**	**$**	**0.1346**

The Company had no dilution effects affecting common stock averages for purposes of these calculations. The decrease in basic earnings per share and earnings per share was primarily due to the decrease in income for the year compared to the prior year.

k) As of December 31, 2020 and 2019, the total outstanding shares are analyzed as follows:

	2020	2019

Shares at the beginning of the year	483,571,429	488,549,775
Repurchase of shares	(15,000)	(4,978,346)
Shares at the end of the year	**483,556,429**	**483,571,429**

20. RELATED PARTIES

Transactions with related parties carried out in the ordinary course of business, were as follows:

a) Purchase of food coupons. ? The Company purchases food coupons for its staff from a self?service store, of which one of our board members is a stockholder. For the years ended December 31, 2020 and 2019, the amount of those purchases was $5,558 and $5,678, respectively.

b) Compensation to management's key personnel. ? For the years ended December 31, 2020 and 2019, the total compensation for the services provided by our board members and directors was approximately $7,054 and $7,663, respectively. This amount includes fees, wages, variable compensation and retirement bonuses. This item is analyzed as follows:

	2020	2019
Fixed compensation	72.80 %	72.40 %
Variable compensation	27.20 %	27.60 %

c) Accounts receivable. – The Company has a receivable from Shandong PGW Jinjing Automotive Glass Co. Ltd. and as of December 31, 2020 and 2019, the total amount was $15,333 and $14,104, respectively.

d) Transactions with Shandong PGW Jinjing Automotive Glass Co. Ltd.? The Company has transactions with Shandong PGW Jinjing Automotive Glass Co. Ltd. for the twelve?month periods ended December 31, 2020 and 2019. In cost of sales the total amount was $0 and $151, respectively, in purchases the total amount was $3,971 and $1,384, respectively, and in accounts payable the total amount was $860 and $258, respectively.

21. OTHER EXPENSES (INCOME), NET

The analysis of other income (expenses) is as follows:

a) Other income:

	Year ended December 31,			
		2020		2019
Gain on sale and write?off of assets	$	(4,758)	$	-
Others		-		(3,320)
Total	**$**	**(4,758)**	**$**	**(3,320)**

b) Other expenses:

		2020		2019
Loss on sale and write?off of assets	$	-	$	12,754
Reorganization expenses		16,665		1,200
Asset write?off due to plant closure		14,128		-
Other expenses		6,436		-
Total	**$**	**37,229**	**$**	**13,954**

22. FINANCIAL COST, NET

Below is a breakdown of the most significant items that compose financial cost:

a) Financial income:

	Year ended December 31,			
		2020		2019
Financial products	$	(5,903)	$	(3,841)
Exchange gain		(7,185)		-
Total	**$**	**(13,088)**	**$**	**(3,841)**

b) Financial cost

		2020		2019
Interest expenses	$	32,870	$	33,660
Inflation effects on tax consolidation		2,118		3,093
Derivative financial transactions		2,852		3,408
Interest expense on leases		3,022		3,302
Exchange los		-		23,445
Financial result, net of employee benefits		4,187		479
Other financial expenses		7,468		3,673
Total	**$**	**52,517**	**$**	**71,060**

23. INCOME TAXES

Income taxes recognized in profit or loss are analyzed as follows:

	Year ended December 31,			
		2020		2019
Current income taxes	$	21,419	$	4,134
Deferred income taxes		28,049		8,571
Total	**$**	**49,468**	**$**	**12,705**

The reconciliation between the Company?s income tax rate and the actual rate, expressed as a percentage of income before income taxes, is analyzed as follows:

	Year ended December 31,	
	2020	2019
Statutory rate	30%	30%
Effects of inflation	(120)	(8)
Valuation allowance (reversal) for tax losses	141	(20)
Non-deductible expenses and others	104	7
Derecognition of deferred tax assets, net	868	-
Rate difference for Companies outside of Mexico	375	3
Exchange fluctuation without tax effects	(154)	5
Actual rate	**1,244%**	**17%**

The movements of the deferred tax asset balance in the fiscal year are as follows:

	Year ended December 31,			
		2020		2019
Opening balance	$	93,043	$	66,852
Deferred tax recorder in profit and loss		(28,049)		(8,571)
Actuarial remeasurements		12,972		29,491
Derivative financial transactions		2,588		3,559
Translation effects		(5,839)		1,712
Ending balance	**$**	**74,715**	**$**	**93,043**

The main temporary differences that gave rise to deferred income taxes in the consolidated statements of financial position are analyzed as follows:

		2020		2019
Accounts receivable	$	6,320	$	22,687
Employee benefits		37,802		26,215
Tax losses		16,064		60,405
Intangible assets		31,502		37,184
Fixed assets		6,663		(30,687)
Derivative financial instruments		3,390		6,317
Inventories		2,011		5,384
Others		11,611		12,725
Deferred income tax asset	**$**	**115,363**	**$**	**140,230**

		2020		2019
	$	(203)	$	(247)
Accounts receivable				
Employee benefits		407		(61)
Tax losses		(1,372)		(12,051)
Fixed assets		27,407		35,290
Derivative financial instruments		2,099		2,271
Advance payment to suppliers		591		8,115
Others		11,719		13,870
Deferred income tax liability	**$**	**40,648**	**$**	**47,187**
	$	**74,715**	**$**	**93,043**

As of December 31, 2020, the Company and its subsidiaries have tax-loss carryforwards of $388,005, which have the right to be applied to future income and expire as follows:

Expiration in:	Losses of Mexican companies		Losses of foreign companies
2021	$	1,379	29,827
2022		30	15,521
2023		2,033	15,332
2024		1,428	36,863
2025		865	52,799
2026		1,920	52,799
2027		15,661	52,799
2028		34,518	30,409
2029		14,091	3,275
2030 and thereafter		10,081	16,375
Total	**$**	**82,006**	**305,999**

In the determination of deferred income tax, as of December 31, 2020, the effects of tax-loss carryforwards from Mexican companies of $23,886 were included, which were not recognized as assets because there is not a high probability that they can be recovered.

In addition, tax-loss carryforwards of $305,999 were not recognized in the foreign entities. Management believes that it is probable that such losses will be recoverable in subsequent years; however, during 2020, it has decided to reserve the net deferred tax assets of foreign entities in the United States of America.

The income taxes recognized in other components of comprehensive income are analyzed as follows:

	Year ended December 31,			
		2020		2019
Effect of derivative financial transactions	$	2,588	$	3,559
Actuarial remeasurement of benefit plan		12,972		29,491
Total income taxes recognized in other comprehensive income	**$**	**15,560**	**$**	**33,050**

Through 2013, the Company consolidated its tax results from its operations in Mexico. Subsequently and in accordance with the tax reform, the Company has the obligation to pay the deferred tax determined at that date, which will be paid in accordance with the transitory provisions of the new Law. In 2020, the Company paid $40,690 and as of December 31, 2020, the tax consolidation income tax amounts to $34,513 in the short term and $27,582 in the long term.

From October 1, 2016 through December 31, 2020, all Vitro companies operating in the United States of America consolidated their tax results and paid taxes as a single taxpayer for both federal and state purposes.

24. COSTS AND EXPENSES

The main items comprising costs and general expenses as of December 31, 2020 and 2019 are as follows:

		2020		
		Cost of sales	**Administration expenses**	**Distribution and sale expenses**
Cost of inventory sales	$	576,039	-	-
Salaries, wages and benefits		304,725	65,812	30,555
Freights		34,839	102	134,975
Depreciation and amortization		124,916	16,831	3,194
Maintenance		54,199	2,063	977
Energy		73,693	665	433
International arbitration recovery		-	(39,200)	-
Others		233,178	53,942	20,485
Total	**$**	**1,401,589**	**100,215**	**190,619**

		2019		
		Cost of sales	**Administration expenses**	**Distribution and sale expenses**
Cost of inventory sales	$	705,697	-	-
Salaries, wages and benefits		342,670	65,708	33,294
Freights		34,338	459	157,726
Depreciation and amortization		117,123	16,655	3,678
Maintenance		89,719	4,057	1,218
Energy		82,317	944	536
Others		283,569	57,717	28,070
Total	**$**	**1,655,433**	**145,540**	**224,522**

25. OPERATING SEGMENTS

An operating segment is a Company’s component that is engaged in business activities for which it can earn income and incur expenses, including income and expenses relating to transactions with any of the other components of the Company. All the operation results of the operating segments are reviewed periodically by the Company’s management to make decisions on the resources that must be distributed to the segment and assess their performance.

Transactions between segments are determined based on comparable prices to those that would be used with or between independent parties in comparable transactions.

The accounting, administrative and operating policies are the same as those described by Vitro. The Company evaluates the performance of its segments based on operating income. Sales and transfers between segments are recorded in each segment as if they were made to third parties; i.e. at market prices.

The segments reporting in Vitro are strategic business units that offer different products. These segments are managed separately; each requires its own system of production, technology, and marketing and distribution strategies. Each market serves to different customer bases.

The Company has two operating segments to be reported: Flat Glass and Glass Containers. The primary products of each one of the segments are:

Segment	**Primary products**
Flat glass	Flat glass for the construction and automotive industries, and carbonate and sodium bicarbonate.
Glass containers	Glass containers, precision components, as well as machinery and molds for the glass industry.

As the holding, corporate and other companies are not classified as an operating segment according to IFRS 8 “*Operating segments,*” they are classified in the “Others” column.

a) The following tables present certain information by segment as of December 31, 2020 and 2019:

Year ended December 31, 2020

		Flat glass		**Glass containers**		**Subtotal**		**Others and elimination**		**Consolidated**
Consolidated sales	$	1,581,114	$	184,702	$	1,765,816	$	2,483	$	1,768,299
Sales to other segments		107		1,877		1,984		(1,984)		-
Net sales to third parties		1,581,007		182,825		1,763,832		4,467		1,768,299
Net income (loss) before other expenses		39,198		22,832		62,030		13,846		75,876
Interest income		35,389		5,976		41,365		(28,277)		13,088
Financial expenses		54,431		1,207		55,638		(3,121)		52,517
Net income (loss) before income taxes		(43,221)		119,789		76,568		(72,592)		3,976

Income taxes	18,870	5,378	24,247	25,221	49,468
Depreciation and amortization	127,071	18,159	145,230	(289)	144,941
Investment in fixed assets	87,363	7,965	95,328	645	95,973
Write-off of assets for plant closure	14,091	37	14,128	-	14,128

As of December 31, 2020, net sales to third parties of the Flat Glass and Containers segments are composed as follows:

		Flat glass
Architectural business	$	819,544
Automotive business		744,153
Chemical business		158,254
Eliminations		(140,944)
Total flat glass sales	**$**	**1,581,007**

		Glass containers
Pharmaceutical, perfume and medical container business	$	178,914
Molds and spare part business		14,348
Eliminations		(10,437)
Total glass containers	**$**	**182,825**

As of December 31, 2020, assets and liabilities by segment are as follows:

	Flat glass	Glass containers	Subtotal	Others and elimination	Consolidated
Goodwill	62,139	-	62,139	-	62,139
Total assets	4,649,465	1,415,545	6,065,010	(3,171,978)	2,893,032
Total liabilities	1,857,053	290,846	2,147,899	(559,780)	1,588,119

Year ended December 31, 2019

	Flat glass	Glass containers	Subtotal	Others and elimination	Consolidated
Consolidated sales	$ 1,960,041	$ 224,923	$ 2,184,964	$ (4,708)	$ 2,180,256
Sales to other segments	215	11,201	11,416	(11,416)	-
Net sales to third parties	1,959,826	213,721	2,173,547	6,709	2,180,256
Income before other (expenses) income, net	106,065	37,391	143,456	11,305	154,761
Interest income	58,573	11,483	70,056	(66,215)	3,841
Financial expenses	93,096	552	93,648	(22,588)	71,060
Income (loss) before income taxes	101,605	(11,523)	90,082	(13,174)	76,908
Income taxes	32,050	(583)	31,467	(18,762)	12,705
Depreciation and amortization	121,865	14,821	136,686	770	137,456
Investment in fixed assets	130,019	27,231	157,250	3,174	160,424

As of December 31, 2019, net sales to third parties of the Flat Glass and Containers segments consisted of the following :

		Flat glass
Architectural business	$	948,071
Automotive business		1,015,976
Chemical business		175,937
Eliminations		(180,158)
Total flat glass sales	**$**	**1,959,826**

		Glass containers
Pharmaceutical, perfume and medical container business	$	197,225
Molds and spare part business		39,882
Eliminations		(23,386)
Total glass containers	**$**	**213,721**

As of December 31, 2019, assets and liabilities by segment are as follows:

	Flat glass	Glass containers	Subtotal	Others and elimination	Consolidated
Goodwill	$ 61,653	$ -	$ 61,653	$ -	$ 61,653
Total assets	4,609,436	443,345	5,052,781	(2,258,948)	2,793,833

Total liabilities	1,966,943	203,865	2,170,808	(807,251)	1,363,557

b) Information related to main customers

The consolidated net sales of the Company’s glass container segment had two instances of concentration, the amount of which exceeded 10% for the year ended December 31, 2020 and 2019.

In addition, in the flat glass segment, there is a single case of concentration of sales to a single customer, whose amounts were greater than 10% for the fiscal yearsyear ended December 31, December 31, 2020 and 2019.

c) Geographical information

Certain geographical information regarding the Company’s transactions is summarized as follows:

	Year ended December 31,			
	2020		2019	
Net sales to customers [(1)] in:				
Abroad, mainly in the USA	$	1,209,466	$	1,552,999
Mexico		558,833		627,257

[(1)] According to the country where the client is located.

Geographic information on land and buildings, machinery and equipment, and investments in progress is summarized as follows:

	December 31,			
	2020		2019	
Lands and buildings, machinery and equipment and investments in progress:				
Abroad, mainly in the USA	$	541,440	$	625,928
Mexico		667,484		645,688

The other non‑current assets other than monetary items are summarized as follows:

	December 31,			
	2020		2019	
Intangible asset, including goodwill:				
Abroad, mainly in the USA	$	302,386	$	309,480
Mexico		16,516		13,554

26. SUBSEQUENT EVENTS

Prepaid debt

On January 4, 2021, a voluntary partial prepayment of $180,000 was made to the syndicated loan in order to reduce interest payments and maintain a solid financial structure; this was performed with the resources obtained from the execution of the Note Purchase and Sale Agreement with The Prudential Insurance Company of America, entered into on December 30, 2020. Derived from the interest rate hedge contracted on this loan, the prepayment generated an over‑hedge; the effect of which was a charge to financial cost in the amount of $10,351 and a charge to operating expense for the amortization of capitalized costs in the amount of $935. Such effects were recognized in January 2021 considering the tax effects of the transaction.

On February 2, 2021, a voluntary partial prepayment of $140,000 was made to the syndicated loan in order to reduce interest payments and lengthen the average life of the loan. The prepayment was made with the resources obtained from the execution of the Bilateral Credit Agreement with BBVA Mexico announced on January 27, 2021 in the amount of $150,000, in addition on February 26, 2021 the Company adquired loan by $75,000 with ING Bank, this resources were used to prepayment of syndicated loan.

Restructuring

The Board of Directors favorably resolved a proposal for Vitro’s businesses to adopt a new flexible corporate structure that allows them to have access to more competitive capital markets, and allows them to take advantage of better business opportunities by industry, either through strategic mergers and acquisitions, joint ventures, or through capital and debt injections (hereinafter and for the sake of brevity referred to as the “New Corporate Structure”).

The adoption of this New Corporate Structure, whose implementation was approved by the Stockholders’ Meeting on July 1, 2020, has begun through the mechanism and operations described below:

(i) Creation of four new wholly‑owned subsidiaries with residence in Spain of Vitro S.A.B. de C.V., with the purpose of each of them respectively holding the equity interest of the subsidiaries that operate the automotive glass, architectural glass, glass containers and inorganic chemical products businesses, as applicable (hereinafter referred to as the “Newly Created Subsidiaries”).

(ii) Direct transfer by Vitro, S.A.B. de C.V. in favor of the respective newly created subsidiaries, of the shares or parts of the capital stock of the subsidiaries resident in Mexico and abroad that are directly related to the operation of the automotive glass, architectural glass, glass containers and chemical products businesses, as applicable.

(iii) Transfer of a financial structure for each business by Vitro in favor of the Newly Created Subsidiaries and/or one or more of the companies subject to the transfer, so that each of them has its own assets and liabilities related to the automotive glass, architectural glass, glass containers and chemical products businesses, as applicable, and

(iv) Transfer or the granting of the temporary use and enjoyment or a mixture of the foregoing, by Vitro and certain of its subsidiaries in favor of the Newly Created Subsidiaries and/or one or more of the companies subject to transfer, of certain assets that are directly related to the operation of the architectural glass, automotive glass, glass containers and inorganic chemical products businesses, as applicable.

The implementation of the New Vitro Structure has no impact on the operations with our customers, suppliers, employees and other stakeholders. The effective date of this implementation was January 1, 2021.

27. AUTHORIZATION TO ISSUE THE CONSOLIDATED FINANCIAL STATEMENTS

On March 25, 2021, the issuance of the accompanying consolidated financial statements as of December 31, 2020 and 2019 and for the years then ended, were authorized by Messrs. Adrián G. Sada Cueva, Executive General Director, and Claudio L. Del Valle Cabello, General Director of Administration and Finance.

These consolidated financial statements are subject to the approval of the Company's Board of Directors, as well as approval at the ordinary stockholders' meeting, where they may be modified, based on provisions set forth in the Mexican General Corporate Law.

GRI CONTENTS

Cont	Description	Response or reference	Independent Assurance
	102. ORGANIZATIONAL PROFILE		
102-1	Name of the organization	Vitro, S.A.B de C.V.	
102-2	Activities, brands, products, and services	Flat Glass - Page 26 Containers - Page 36 Global Presence - Page 9 Vitro Brands - Page 8	
102-3	Location of headquarters	Monterrey, Nuevo León, México	
102-4	Location of operations	Global Presence - Page 9	
102-6	Markets served	Global Presence - Page 9 Vitro Brands - Page 8	
102-7	Scale of the organization	Global Presence - Page 9 Our Employees - Page 53	
102-8	Information on employees and other workers	Our Employees - Page 53 *Includes employees with permanent contracts in all Vitro operations. Does not include outsourcing, interns or independent professionals.	Yes
102-10	Significant changes in the organization	Letter to Stakeholders	
102-11	Precautionary principle or approach	Letter to Stakeholders	
102-12	External initiatives	Our Community - Page 70 Strategic partners - Page 73	
102-13	Membership in associations	Membership in organizations and associations - Page 86	
	2. STRATEGY		
102-14	Statement from senior decision-maker	Letter to Stakeholders - Page 11	
102-15	Key impacts, risks, and opportunities	Letter to Stakeholders - Page 11 Flat Glass - Page 26 Containers - Page 36	
	3. ETHICS AND INTEGRITY		
102-16	Values, principles, standards, and norms of behavior	Our Company - Page 7	
102-17	Mechanisms for advice and concerns about ethics	Ethics - Page 50 Alert! Whistleblower Hotline - Page 51	

Cont	Description	Response or reference	Independent Assurance
	4. GOVERNANCE AND STAKEHOLDERS		
102-18	Governance structure	Corporate Governance - Page 23	
102-21	Consulting stakeholders on economic, environmental, and social topics	Sustainability - Page 48	
102-22	Composition of the highest governance body and its committees	Corporate Governance - Page 23	
102-33	Communication of critical concerns	Corporate Governance - Page 23 Alert! Whistleblower Hotline - Page 51	
102-34	Nature and number of critical concerns	Corporate Governance - Page 23 Alert! Whistleblower Hotline - Page 51	
102-40	List of stakeholder groups	Vitro stakeholders include: Internal: Partners and shareholders, employees, employee families and suppliers External: Clients, competitors, local community, NGOs, government, media, evaluators, academe, etc.	
102-41	Collective bargaining agreements	Labor Practices - Page 58 100% of our employees are covered by collective bargaining agreements where the law requires it.	
	6. REPORTING PRACTICES		
102-45	Entities included in the consolidated financial statements	Consolidated Financial Statements - Page 87	
102-46	Defining report content and topic Boundaries	The content of this report is consistent with Vitro's 2019 Sustainability and is one of the ways we meet the expectations of our stakeholders, because it contains information and details of actions, initiatives and projects carried out by the company from January 1 to December 31, 2020. The information contained in this document is intended to provide greater insight into the organization's non-financial and sustainability performance.	
102-47	List of material topics	Sustainability - Page 48	
102-48	Restatements of information	The data presented contain some of the activities carried out in all the countries where we operate. This report contains no restatement of information with respect to previous reports.	
102-49	Changes in reporting	This report has been prepared according to GRI Standards and the Sustainability study conducted in 2019.	
102-50	Reporting period	The information in this integrated annual report encompasses the period from January 1 to December 31, 2020, and corresponds to the actions of all of Vitro operations.	

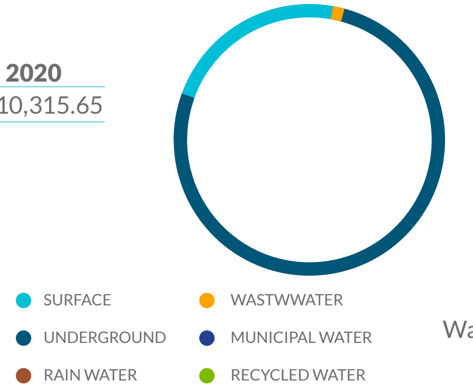
Cont	Description	Response or reference	Independent Assurance
102-51	Date of most recent report	The last report was published in 2020, based on information from 2019.	
102-52	Reporting cycle	The information in this integrated annual report encompasses the period from January 1 to December 31, 2020, and corresponds to the actions of all of Vitro operations	
102-53	Contact point for questions regarding the report	Viridiana Delgado Elizondo Social Responsibility and Sustainability We welcome your comments on the content of this report. E-mail: social@vitro.com or at our corporate headquarters located at: Av. Ricardo Margaín #400, Col. Valle del Campestre, San Pedro Garza García, Nuevo León 66265, Mexico For more information, visit: www.vitro.com	
102-54	Claims of reporting in accordance with the GRI Standards	The 2019 Integrated Annual Report has been prepared in accordance with GRI Standards: Core Option.	
102-55	GRI content index	GRI Index 2020	
102-56	External assurance	This report was independently verified by xxx according to the company's materiality standard. Independent assurance letter - Page 89.	
	103. MANAGEMENT FOCUS		
103-1	Explanation of the material topic and its Boundary	Sustainability - Page 48	
103-2	Management approach and its components	Sustainability - Page 48	
	201. ECONOMIC PERFORMANCE		
201-1	Direct economic value generated and distributed	Consolidated Financial Statements - Page 87	
201-3	Defined benefit and other retirement plans	Prácticas Laborales - Página 58 At Vitro, all employees receive the wages and benefits established by law, along with incentives in keeping with their performance.	
	205. ANTICORRUPTION		
205-1	Operations assessed for risks related to corruption	Regulatory Compliance - Page 52 Alert! Whistleblower Hotline - Page 51	
205-2	Communication and training about anti-corruption policies and procedures	Ethics - Page 50	
205-3	Confirmed incidents of corruption and actions taken	Alert! Whistleblower Hotline - Page 51	Yes

Cont	Description	Response or reference	Independent Assurance
	206. ANTI-COMPETITIVE BEHAVIOR		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There were no material or significant incidents of non-compliance with the law in 2020 that might have affected the ordinary course of Company business or that of its subsidiaries as a result of such issues. Regulatory Compliance - Page 52	
	301. MATERIALS		
301-1	Materials used by weight or volume	Circular Economy - Page 62	
301-2	Recycled inputs used	Circular Economy - Page 62	Yes
	302. ENERGY		
302-1	Energy consumption within the organization	Energy efficiency - Page 62 In 2020, efficiency projects enabled us to reduce our carbon footprint by 1.6%. We increased our energy intensity by 1.8%. Total energy consumption: 22,350,472.87 GJ The factors used to calculate this consumption are taken from the California Heat Content of Natural Gas Deliveries to Consumers and Texas Heat Content of Natural Gas Deliveries to Consumers.	Yes
302-3	Energy intensity	Energy Efficiency - Page 62	Yes
	303. WATER		
303-1	Water extraction by source	Breakdown by source: Vitro water extraction	Water extraction intensity 2.70m^3/tonne

2018	2019	2020
7,941,563.12	7,883,860.11	9,010,315.65

Surface	0.0%
Underground	74.1%
Rainwater	0.0%
Wastewater	2.1%
Municipal water	23.8%
Recycled water	0.03%

Consumption of water by sources



Cont	Description	Response or reference	Independent Assurance
303-3	Water recycled and reused	In 2020, we recycled 3,130 m3 of water, equivalent to .03% of our total consumption	

Cont	Description	Response or reference	Independent Assurance
	304. BIODIVERSITY		
304-3	Habitats protected or restored	Habitat - Page 75	
	305. EMISSIONS		
305-1	Direct (Scope 1) GHG emissions	Emissions and Climate Change - Page 64 A1 Emissions: 1,242,093.66 tCO_2e	Yes
305-2	Indirect (Scope 2) GHG emissions from power generation	Emissions and Climate Change - Page 64 A2 Emissions: 925,194.46 tCO_2e	Yes
305-4	GHG emission intensity	Emissions and Climate Change - Page 64 Carbon footprint intensity: .65 tCO_2e per metric ton of glass prodouced	Yes
305-5	Reduction of GHG emissions	Emissions and Climate Change - Page 64 In 2020, our carbon footprint intensity declined by 1.6% from 2019. Our total emissions declined by 12%.	
305-6	Emissions of ozone-depleting substances (ODS)	No emissions of substances that might damage the ozone layer (Mtons CFC-11e) were detected in our operations in 2020.	
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Significant emissions totaled 8,248.19 metric tons in all of the Company's operations and in all the countries where we operate, as follows: **Aerial emissions** / **2020** NOx 75.5% SOx 11.4% COP 0.0% COV 0.7% PM 12.4% All these emissions are below the permissible limit in the various countries where we operate.	
	306. WASTEWATER AND WASTE		
306-1	Water discharge by quality and destination	Point source discharge 43% Dispersed discharge 57% In 2020 our water discharge totaled 2,64,098.08 m^3.	

Cont	Description	Response or reference	Independent Assurance
306-2	Waste by type and disposal method	Circular Economy - Page 62 In 2020, hazardous waste generation was reduced by 97%. Non-hazardous waste generation was reduced by 98%.	Yes
306-3	Significant spills	There were no material or significant incidents of non-compliance with the law in 2020 that might have affected the ordinary course of Company business or that of its subsidiaries as a result of such issues.	
306-4	Transportation of hazardous waste	All hazardous waste generated was channeled to specialized companies who guarantee their proper handling and disposal.	
	307. ENVIRONMENTAL COMPLIANCE		
307-1	Non-compliance with environmental laws and regulations	There were no material or significant incidents of non-compliance with the law in 2020 that might have affected the ordinary course of Company business or that of its subsidiaries as a result of such issues.	Yes
	401. EMPLOYMENT		
401-1	New employee hires and employee turnover	Our Employees - Page 54 In 2020 there were 2,189 new hires (including only full-time permanent employees) 22% were women 78% were men Turnover in 2020 was 18% on average for all our operations around the world.	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Labor Practices - Page 58	

Hazardous waste by destination	%
Recycling	21%
Recovery	0%
Incineration	0%
Sanitary landfill	79%

Non-hazardous waste by destination	%
Recycling	94%
Recovery	0%
Incineration	0%
Sanitary landfill	6%

Cont	Description	Response or reference	Independent Assurance
401-3	Parental leave	All employees, in all of Vitro's global operations, are entitled to parental leave	
	402. LABOR-MANAGEMENT RELATIONS		
402-1	Minimum notice periods regarding operational changes	Note that all the periods of prior notice of organizational change established in our collective bargaining contracts are respected fully. These agreements also include an assurance of physical safety protection through the review and regular provision of personal protection equipment.	
	403. OCCUPATIONAL HEALTH AND SAFETY		
403-1	Workers representation in formal joint management–worker health and safety committees	100% of our union agreements and collective bargaining agreements incorporate matters of health and safety through mixed labor-management commissions.	
403-2	Types of injury and rates of injury, occupational diseases, lost days, absenteeism, and number of work-related fatalities or illness	Health and Safety - Page 55	
		Our accident rates are calculated using a specialized methodology that enables us to identify and prevent accidents more effectively. This includes the relationship between accident frequency and seriousness, and is another factor reflecting the well-being of our employees in the workplace.	Yes

Index	2020
Accident index per 100 employees	0.7
Days lost due to accidents per 100 employees (accumulated)	22
General illness index per 100 employees	5
Days lost due to genera illness per 100 employees (accumulated)	109

Index	2020
Accidents	820
Incapacitating acidents	88
Fatalities	0

Cont	Description	Response or reference	Independent Assurance
403-3	Workers with high incidence or high risk of diseases related to their occupation	Health and Safety - Page 55	
403-4	Health and safety topics covered in formal agreements with trade unions	100% of our union agreements and collective bargaining agreements incorporate matters of health and safety through mixed labor-management commissions.	
	404. TRAINING AND EDUCATION		
404-1	Average hours of training per year per employee	Training and Development - Page 56	Yes
404-3	Percentage of employees receiving regular performance and career development reviews	Training and Development - Page 57	Yes
	405. DIVERSITY AND EQUAL OPPORTUNITY		
405-1	Diversity of governance bodies and employees	Governance Structure and Committees - Page 23 Our Employees - Page 53	
	406. NON-DISCRIMINATION		
406-1	Incidents of discrimination and corrective actions taken	Ethics - Page 50	Yes
	407. FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Labor Practices - Page 58	
	408. CHILD LABOR		
408-1	Operations and suppliers at significant risk for incidents of child labor	Labor Practices - Page 58	
	409. FORCED OR COMPULSORY LABOR		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	100% of our operations have Recruitment and Hiring policies that prohibit the employment of minors, as established in each country where we operate. We know that diversity is the basis for our success. For this reason, we are committed to recruiting, hiring and promoting our employees based solely on their work experience,	

Cont	Description	Response or reference	Independent Assurance
		job skills and respect for our values. We support a diverse, inclusive workplace, open communication, and channels for effective feedback. Additionally, we comply with all applicable labor laws, including the payment of wages and benefits, and we establish the controls necessarily necessary to avoid all kinds of forced or child labor.	
	410. SECURITY PRACTICES		
410-1	Security personnel trained in human rights policies or procedures	Training and Development - Page 57 A total of 7,508 work hours of Human Rights training was provided in 2020.	
	411. RIGHTS OF INDIGENOUS PEOPLES		
411-1	Incidents of violations involving rights of indigenous peoples	There were no material or significant incidents of non-compliance with the law in 2020 that might have affected the ordinary course of Company business or that of its subsidiaries as a result of such issues.	
	412. HUMAN RIGHTS ASSESSMENT		
412-1	Operations that have been subject to human rights reviews or impact assessments	Regulatory Compliance - Page 52 Alert! Whistleblower Hotline - Page 51	
412-2	Employee training on human rights policies or procedures	Training and Developmentn - Page 57	
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	At Vitro, our suppliers are key to the Company's growth. Our relationship with suppliers is based on mutual benefit, trust, and a long-term commercial relationship. We therefore conduct our relationships, trade agreements and contracts with suppliers in an honest, transparent manner, offering equal opportunities for all parties by presenting proposals, obtaining contracts and respecting human rights.	
	413. LOCAL COMMUNITY		
413-1	Operations with local community engagement, impact assessments, and development programs	Our Community - Page 71	

Cont	Description	Response or reference	Independent Assurance
	416. CUSTOMER HEALTH AND SAFETY		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Ethics - Page 50 Regulatory Compliance - Page 52	
	417. MARKETING AND LABELING		
417-1	Requirements for product and service information and labeling	The only products that have a direct position with the consumer are the salts for human consumption produced by Industria del Álcali. Because of the nature of this product, we follow specific labeling regulations and comply with various Official Mexican Standards that establish labeling requirements for table salt, and which control the use and consumption of iodized salt in order for consumers to make informed decisions. We ensure that our products comply with the highest quality standards, including ISO-9001 certification and the Comprehensive Responsibility Management System (SARI) of the National Chemical Industry Association.	
417-2	Incidents of non-compliance concerning product and service information and labeling	The only products that have a direct position with the consumer are the salts for human consumption produced by Industria del Álcali. Because of the nature of this product, we follow specific labeling regulations and comply with various Official Mexican Standards. Statistics on objections by Industria del Álcali customers for non-compliance with packaging and labeling regulations: NOM-040-SSA1-1994 - None NOM-051-SCFI-1994 - None NOM-030-SCFI - None NOM-010-STPS-2015 - None / under implementation Regulatory Compliance – Page 52	
417-3	Incidents of non-compliance concerning marketing communications	Regulatory Compliance – Page 52	
	418. CUSTOMER PRIVACY		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	In 2020, there were no identified claims of violations of customer privacy or loss of customer data. Users of the websites of Vitro and its subsidiaries are entitled to exercise their ARCO rights (Access, Rectification, Cancellation and Opposition) by directly sending their request to the person responsible at the e-mail protecciondedatos@vitro.com	

Cont	Descripción	Respuesta o referencia	Verificación Independiente
		For more information about Vitro's Privacy Notice, visit the corporate website at vitro.com/es/aviso-de-privacidad	
	419. SOCIOECONOMIC COMPLIANCE		
419-1	Non-compliance with laws and regulations in the social and economic area	Regulatory Compliance - Page 51	Yes

Deloitte.

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Independent Assurance report on the 2020 Annual Report to the management of Vitro, S.A.B. de C.V.

Responsibilities of Vitro and the independent reviewer

The Management of Vitro is responsible for the elaboration of the 2020 Annual Report (AR) for the period from January 1st to December 31st, 2020, as well as ensuring its content, definition, adaptation and maintenance of the management systems and internal controls from which the information is obtained, and which is also free of material misstatement due to fraud or error. Our responsibility is to issue an independent report based on the procedures applied during our review.

This report has been prepared exclusively in the interest of Vitro in accordance with the terms of our agreement letter dated March 30th, 2021 therefore we do not assume any responsibility to third parties and is not intended to be nor should it be used by someone other than the Management of Vitro.

Scope of our work

The scope of our assurance was limited which is substantially lower than a reasonable assurance scope, therefore the assurance provided is also lower. This report in no case can be understood as an audit report.

We conducted the 2020 AR review under the following conditions and/or criteria:

a) The review of the GRI Standards disclosures in accordance with the reporting requirements as specified in the GRI Content Index of the 2020 AR.
b) The data consistency between the information included in the 2020 AR with supporting evidence provided by the Management.

We have complied with the independence and ethics requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code) based on integrity, objectivity, professional competence and due care, confidentiality and professional behavior principles.

Assurance standards and procedures

We have performed our work in accordance with the International Auditing Standard ISAE 3000 Revised Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Boards (IAASB) of International Federation of Accountants (IFAC).

Our review work included the formulation of questions to the Management and internal stakeholders of Vitro that have participated in the elaboration of the 2020 AR as well as the application of certain analytical and sample screening tests procedures that are described below:

a) Meetings with staff of Vitro to understand the principles, systems and applied management approaches.
b) Analysis of the process to collect, validate and consolidate the data presented in the 2020 AR.
c) Analysis of scope, relevance and integrity of the information included in the 2020 AR in terms of the understanding of Vitro as well as the requirements that stakeholders have identified as material aspects.

d) Selected sample reviews from the evidence that supports the information included on the 2020 AR.
e) Quality assurance by an independent partner of the project in order to verify consistency between this report and the proposal, as well as work process quality and deliverables.

The following table details the revised sustainability contents according to the GRI Standards:

102-8	305-1	403-9
205-3	305-2	404-1
301-2	305-4	404-3
302-1	306-2	406-1
302-3	307-1	419-1

These indicators were selected for the independent review in accordance with the following criteria:

a) Materiality of Vitro referred in the 2020 AR.
b) Information contained within the 2020 AR.
c) Information provided during the meetings with the interviewed staff.
d) Review of the evidence provided by Vitro's staff of this project.

Conclusion

Based on our work described in this report, the performed procedures and the evidence obtained, nothing comes to our attention that could make us believe that the indicators and disclosures reviewed in the 2020 AR contain significant errors or have not been prepared in accordance with the reporting requirements established in the GRI. For those GRI Standards contents where Vitro did not report in quantitative terms (numeric) the independent reviewer reviewed the qualitative information, which includes procedures, policies, evidence of the activities performed, among others.

Action alternatives

Deloitte has provided Vitro a report with the most significant action alternatives for future reporting, which do not modify the conclusions expressed in this independent review report.

Deloitte Asesoría en Riesgos, S.C.

Deloitte Touche Tohmatsu Limited affiliate Firm

Rocio Canal G

Rocío Canal Garrido
Partner of Deloitte Asesoría en Riesgos, S.C.
December 23rd, 2021

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STOCK MARKET

Bolsa Mexicana de Valores (BMV)
Ticker Symbol
VITROA

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Dividend policy

The declaration, amount and payment of dividends are decided upon by a majority of shareholders with voting rights, in the General Ordinary Shareholders' Meeting. This decision is generally based on a recommendation from the Board of Directors. The Terms and conditions for payment of the dividends declared by the corresponding Shareholders' meeting are generally proposed by the Board of Directors, whose objective in terms of dividends is to maintain a healthy financial structure that allows the Company to consistently pay dividends.