CONSOLIDATED FINANCIAL STATEMENTS

Grupo Rotoplas, S. A. B. de C. V. and subsidiaries
December 31, 2020 and 2019

CONTENTS

INDEPENDENT AUDITOR'S REPORT TRANSLATED FROM SPANISH

This report is a free translation from the original prepared is Spanish, which was issued to have effect only in Mexico.

To the Shareholders and Directors of
Grupo Rotoplas, S.A.B. de C.V.

Opinion

We have audited the consolidated financial statements of Grupo Rotoplas, S.A.B. de C.V. and its subsidiaries (the Company), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of comprehensive income, of changes in equity and of cash flows for the year then ended and notes to the consolidated financial statements, which include 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 the Company as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (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 *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the Professional Code of Ethics of Mexican Institute of Public Accountants together with other requirements applicable to our audit of the [consolidated] financial statements in Mexico. We have fulfilled our other ethical responsibilities in accordance with those requirements and Code. 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.

Key audit matter	How our audit addressed the matter
Lands and buildings valuation	
As described in Note 15.1 to the consolidated financial statements, the Company recognizes its lands and buildings at date fair value, based on the valuations prepared by independent experts. We have focused in these items, mainly for the significance of the net book value of the lands and buildings as of December 31, 2020 ($366,657 and $360,337, respectively) and since the determination of the fair value requires the application of the Company Management's judgment. In particular, we focused our audit efforts in the methodology used by the expert and the market prices of comparable goods.	We have performed the following procedures on a sampling basis: 1. We compared the methodology used by Company's Management to determine the fair value of these assets, with the commonly used and accepted for these type of assets in the market. 2. We compare market prices of comparable lands and buildings with recognized observable data sources in the industry. 3. We compared that the disclosures made by Company's Management in the notes of the consolidated financial statements are consistent with the obtained information.

Intangible assets valuation including goodwill

As mentioned in Note 17 to the consolidated financial statements, the Company evaluates on a yearly-basis the recoverable value of its Cash Generating Units ("CGU") to determine whether there is an indicator of impairment in its intangible assets and/or goodwill.

We focused on this area in our audit due to the importance of the balance of intangible assets and goodwill ($ 3,281 million as of December 31, 2020); because the determination of the recoverable value of the CGUs involves significant judgments by Management when estimating the projected cash flows of the businesses; and because, the nature of the long-term projections and in particular the uncertainty caused by the pandemic caused by the virus called COVID-19 required that the Company's Management apply additional significant judgments to capture the expected impacts that this situation could take into your projections and future results, developing different scenarios.

In particular, we concentrated our audit efforts on: the model and the most important assumptions considered when determining the recovery value: revenue increase rates for each of the developed scenarios, as well as the probability of occurrence assigned by the Management to each of the scenarios to obtain a weighted scenario, the weighted average cost of capital (WACC) and the future growth rate considered in determining the terminal value.

1. We evaluated the projected future cash flows, considering if Management followed the procedures established to elaborate them, if they were reviewed and approved on a timely basis and whether these are consistent with those approved plans by the Board of Directors and with the historical financial trends of the Company.

2. We compared the current year results to the budgeted figures in prior year for the current year, to consider if any of the assumptions included in such projections could be considered optimistic.

3. With the support of from our valuation experts, we also:

    - Compared the model used by the Company, with those models generally accepted in the industry for similar assets.

    - We compared the revenue growth rates, and future growth rate, considered in the determination of the terminal value, with those publicly available in independent market sources and by the industry; and the WACC with the cost of capital of the entity and comparable entities, as well as with other market conditions and the country industry specifics.

    - We considered and evaluated the sensitivity analysis prepared by the Company for each CGU. For all the CGUs, we calculated the grade in which the main assumptions would have to be modified to be in the presence of a potential impairment; and we discussed with Management the probabilities of such modifications.

4. Finally, we evaluated the consistency of the disclosed information in the notes with the information provided by the Company.

Discontinued operation for the sale of fixed assets in Brasil

As mentioned in Note 30, on April 29, 2020 it was announced that, as part of the improvement in the financial performance of Dalka, S.A.C. (a subsidiary based in Brazil), the Group decided to sell its manufacturing plant (the Extrema assets).

We have focused on this transaction in our audit mainly due to its significance and because it is a new transaction that involved evaluating whether the sale of Extrema's assets should be presented as a sale or discontinued operation.

In particular, we concentrated our audit efforts on the analysis carried out by Management to identify whether the assets sold represented a significant component of the entity, an independent business unit or a geographic segment.

We have evaluated the classification of the transaction as a discontinued operation made by Management, through the following procedures:

1. We read the purchase-sell agreement to identify the assets subject to such discontinued operation,

2. We performed interviews with the Management to discuss the characteristics of the transaction and identify whether it was an asset disposal or a discontinued operation, and we obtained and evaluated the analysis performed by Management.

3. We tied the financial information contained in the analysis performed by Management to the historical information contained in the internal financial statements of the Brazil geographical segment and the related consolidated audited work papers from prior years, which were tied to the issued financial statements.

4. With the support of our IFRS specialists, we evaluated and considered the characteristics of the fixed assets subject to disposal.

Other Information

Management is responsible for the other information. The other information comprises the annual report presented to Comisión Nacional Bancaria y de Valores (CNBV) (but does not include the consolidated financial statements and our auditor’s report thereon), which is expected to be made available to us after the date of this auditor’s 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 other information not yet received, we will issue the report required by the CNBV and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and, if required, describe the issue in our report.

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 Company’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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company´s financial reporting process.

Auditor’s 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 auditor’s 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 judgment and maintain professional skepticism 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 Company’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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Company 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 Company and subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company and subsidiaries audit. We remain solely responsible for our audit opinion.

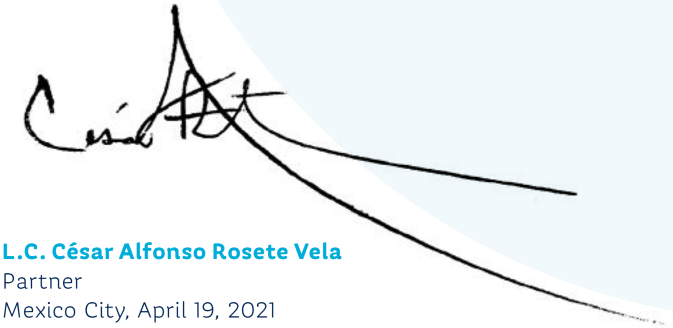
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 auditor's 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.

The engagement partner on the audit resulting in this independent auditor's report is stated below.

PricewaterhouseCoopers, S.C.



L.C. César Alfonso Rosete Vela
Partner
Mexico City, April 19, 2021

Consolidated Statements of Financial Position

December 31, 2020 and 2019

Thousands of Mexican pesos		December 31,	
ASSETS	**Notes**	**2020**	**2019**
CURRENT ASSETS:			
Cash and cash equivalents	8	$ 3,092,269	$ 1,847,816
Accounts receivable, net and other accounts receivable	9	1,429,507	1,709,231
Related parties	10	13,668	6,926
Income tax receivable		179,203	71,021
Other recoverable taxes	11	292,496	349,582
Inventories	12	832,676	894,458
Prepaid expenses	13	110,440	116,756
Financial asset at fair value through profit or loss	14	39,870	37,745
Derivative financial instruments	18	-	7,351
Total current assets		**5,990,129**	**5,040,886**
NON-CURRENT ASSETS:			
Related parties	10	132,060	124,554
Long-term accounts receivable	30	84,025	-
Financial asset at fair value through profit or loss	14	52,591	83,278
Property, plant and equipment - Net	15	2,321,068	2,480,461
Investment in associates	16	13,488	12,087
Intangibles	17	3,530,477	3,241,990
Financial right-of-use of a leased asset - Net	23	225,912	61,717
Deferred income tax asset	26	180,074	300,168
Guarantee deposits	6	20,889	22,912
Restricted cash	32	62,120	62,234
Total assets		**$ 12,612,833**	**$ 11,430,287**
LIABILITIES AND EQUITY			
SHORT-TERM LIABILITIES:			
Short-term portion of the long-term debt	19	$ 62,887	$ 606,492
Suppliers	20	669,222	348,697
Other accounts payable	21	535,662	914,424
Provisions	22	18,099	9,971
Income taxes payable		105,297	98,730
Other taxes payable		105,354	132,980
Derivative financial instruments	18	123,704	15,900
Short-term of financial liability for the right-of-use of an asset	23	48,198	29,059
Employees' statutory profit sharing payable		73,231	64,373
Total short-term liabilities		**1,741,654**	**2,220,626**
LONG-TERM LIABILITIES:			
Long-term debt	19	4,049,547	2,328,654
Deferred revenue (government subvention)	19	4,282	-
Employees benefits	24	45,549	32,405
Other accounts payable	21	119,631	122,887
Referred value units	24	19,043	14,008
Deferred income tax liability	26	153,439	264,648
Long-term of financial liability for the right-of-use of an asset	23	185,196	36,002
Total liabilities		**6,318,341**	**5,019,230**
EQUITY:			
Capital stock	25	3,311,693	4,100,192
Stock premium at subscription		33,759	33,759
Retained earnings		3,081,816	2,568,405
Legal reserve		37,370	37,370
Currency translation effect in subsidiaries		(448,693)	(778,990)
Cash flow hedges	18	(86,593)	-
Revaluation surplus		278,010	338,380
Capital participation attributable to:			
Controlling interest		6,207,362	6,299,116
Non-controlling interest		87,130	111,941
Total equity		**6,294,492**	**6,411,057**
Total liabilities and equity		**$ 12,612,833**	**$ 11,430,287**

The accompanying notes are an integral part of these consolidated financial statements.

Carlos Rojas

Carlos Rojas Aboumrad
Chief Executive Officer

Mario A. Romero Orozco
Finance and Administrative Vice-president

Consolidated Statements of Income

Year ended on December 31, 2020 and 2019

Thousands Mexican pesos		Year ended on December 31,			
	Notes		2020		2019
Net sales	7	$	8,644,303	$	7,790,368
Cost of sales	27		5,044,547		4,455,186
Gross profit			3,599,756		3,335,182
Operating expenses	28		2,552,636		2,160,236
Operating profit			1,047,120		1,174,946
Finance income	29		484,448		93,775
Finance costs	29		(687,122)		(644,275)
Net finance (cost) income			(202,674)		(550,500)
Share of net profit of associates	16		1,613		735
Profit before income taxes			846,059		625,181
Income taxes	26		277,072		250,735
Profit from continuing operations		$	568,987	$	374,446
Discontinued operations - Loss from discontinued operations	30	$	(164,560)	($	322,327)
Net consolidated profit		**$**	**404,427**	**$**	**52,119**
Profit attributable to:					
Controlling interest		$	417,607	$	54,268
Non-controlling interest			(13,180)		(2,149)
		$	**404,427**	**$**	**52,119**
Basic and diluted net profit per share from continuing operations*	2.25 and 25	$	1.28	$	0.79
Basic and diluted net profit per share*	2.25 and 25	$	0.94	$	0.11

* The basic and diluted net profit per share are expressed in Mexican pesos.
The accompanying notes are an integral part of these consolidated financial statements.

Carlos Rojas Aboumrad
Chief Executive Officer

Mario A. Romero Orozco
Finance and Administrative Vice-president

Consolidated Statements of Comprehensive Income

Year ended on December 31, 2020 and 2019

Thousands of Mexican pesos	Notes	Year ended on December 31, 2020		2019	
Consolidated net profit		$	404,427	$	52,119
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Revaluation surplus of land and buildings - net of income taxes			35,434		44,581
Items that may be reclassified to profit or loss subsequently:					
Cash flow hedges			(86,593)		-
Currency translation effect in subsidiaries*	2.4		318,666		(268,363)
Consolidated comprehensive profit (loss) for the year		**$**	**671,934**	**($**	**171,663)**
Consolidated comprehensive profit (loss) for the year attributable to:					
Controlling interest		$	696,745	($	169,338)
Non-controlling interest			(24,811)		(2,325)
		$	**671,934**	**($**	**171,663)**
Consolidated comprehensive profit (loss) for the year attributable to:					
Continuing operation		$	696,745	($	169,338)
Discontinuing operation			-		-
		$	**696,745**	**($**	**169,338)**

* These items were not subject to income taxes.
The accompanying notes are an integral part of these consolidated financial statements.

Carlos Rojas

Carlos Rojas Aboumrad
Chief Executive Officer

Mario A. Romero Orozco
Finance and Administrative Vice-president

Consolidated Statements of Changes in Equity

December 31, 2020 and 2019

Thousands of Mexican pesos

	Note	Ordinary stock	Stock premium at subscription	Retained earnings	Legal reserve	Currency translation effect in subsidiaries	Cash flow hedges	Revaluation surplus/ deficit	Total equity of controlling interest	Non-controlling interest	Total equity
Balances as of January 1, 2019		$ 4,281,292	$ 33,759	$ 2,514,137	$ 37,370	($ 510,803)	$ -	$ 293,799	$ 6,649,554	$ 114,266	$ 6,763,820
COMPREHENSIVE INCOME FOR THE PERIOD:											
Other comprehensive income		-	-	-	-	(268,187)	-	44,581	(223,606)	(176)	(223,782)
Net profit for the year		-	-	54,268	-	-	-	-	54,268	(2,149)	52,119
Total comprehensive income		-	-	54,268	-	(268,187)	-	44,581	(169,338)	(2,325)	(171,663)
TRANSACTIONS WITH STOCKHOLDERS RECOGNIZED DIRECTLY IN EQUITY:											
Acquisition of treasury stock	25	(425,972)	-	-	-	-	-	-	(425,972)	-	(425,972)
Treasury stocks sold	25	418,592	-	-	-	-	-	-	418,592	-	418,592
Equity reimbursement	25	(173,720)	-	-	-	-	-	-	(173,720)	-	(173,720)
Legal reserve allocation		-	-	-	-	-	-	-	-	-	-
Total transactions with stockholders recognized directly in equity:		(181,100)	-	-	-	-	-	-	(181,100)	-	(181,100)
Balances as of December 31, 2019		4,100,192	33,759	2,568,405	37,370	(778,990)	-	338,380	6,299,116	111,941	6,411,057
COMPREHENSIVE INCOME FOR THE PERIOD:											
Other comprehensive income		-	-	-	-	330,297	(86,593)	35,434	279,138	(11,631)	267,507
Net profit for the year		-	-	417,607	-	-	-	-	417,607	(13,180)	404,427
Total comprehensive income		-	-	417,607	-	330,297	(86,593)	35,434	696,745	(24,811)	671,934
Transfer of revaluation surplus in asset disposal		-	-	95,804	-	-	-	(95,804)	-	-	-
TRANSACTIONS WITH STOCKHOLDERS RECOGNIZED DIRECTLY IN EQUITY:											
Acquisition of treasury stock	25	(901,055)	-	-	-	-	-	-	(901,055)	-	(901,055)
Treasury stocks granted at equity reimbursement	25	626,420	-	-	-	-	-	-	626,420	-	626,420
Treasury stocks sold	25	285,980	-	-	-	-	-	-	285,980	-	285,980
Equity reimbursement	25	(799,844)	-	-	-	-	-	-	(799,844)	-	(799,844)
Legal reserve allocation		-	-	-	-	-	-	-	-	-	-
Total transactions with stockholders recognized directly in equity:		(788,499)	-	95,804	-	-	-	(95,804)	(788,499)	-	(788,499)
Balances as of December 31, 2020		**$ 3,311,693**	**$ 33,759**	**$ 3,081,816**	**$ 37,370**	**$ (448,692)**	**$ (86,593)**	**$ 278,010**	**$ 6,207,362**	**$ 87,130**	**$ 6,294,492**

The accompanying notes are an integral part of these consolidated financial statements.

Carlos Rojas Aboumrad
Chief Executive Officer

Mario A. Romero Orozco
Finance and Administrative Vice-president

Consolidated Statements of Cash Flows

December 31, 2020 and 2019

Thousands of Mexican pesos		Year ended on December 31,	
Operating activities	**Notes**	**2020**	**2019**
Profit before income taxes from continuing operations		$ 846,059	$ 625,181
Loss before income taxes from discontinued profit		(147,262)	(91,370)
Adjustments for items not involving cash flows:			
Depreciation and amortization included in expenses and costs from continuing operation	15 and 17	349,905	320,957
Depreciation and amortization included in expenses and costs from discontinued operation		6,692	49,736
Impairment		-	158,260
Loss on sale of property, plant and equipment from continuing operation		9,728	11,994
Profit on sale of property, plant and equipment from discontinued operation		(11,610)	(448,993)
Profit on sale of inventories from discontinuing operation		(40,245)	(30,036)
Share of net profit of associates	16	(1,613)	(735)
Restatement effect loss		87,663	114,793
Derivative financial instruments	29	(15,608)	22,120
Allowance for doubtful accounts	9	10,639	4,846
Interest income from continuing operations	29	(95,307)	(55,502)
Interest income from discontinued operations		(32)	(587)
Interest expense from continuing operations	19.3 and 29	444,572	341,445
Interest expense from discontinued operations		1,164	3,779
Employee benefits net period cost	24	14,188	10,746
Referred value units	24	5,035	(2,749)
Changes in assets and liabilities:			
Accounts receivable		(166,322)	(109,457)
Accounts receivable from discontinued operation		(73,062)	-
Recoverable income tax		(87,218)	25,423
Other recoverable taxes		(25,834)	(66,790)
Inventories		34,408	38,395
Prepaid expenses		4,368	82,757
Guarantee deposits		1,403	(27)
Financial asset at fair value through profit or loss from discontinued operation		(35,621)	75,491
Suppliers		147,892	(12,518)
Suppliers from discontinued operation		(2,271)	-
Other accounts payable		168,882	154,908
Other taxes payable		(8,144)	32,970
Employees' statutory profit sharing		9,496	43,061
Cash flows from operating activities		1,431,945	1,298,098
Income taxes paid		(173,821)	(285,816)
Net cash flows from operating activities		1,258,124	1,012,282
Investing activities			
Acquisitions of property, plant and equipment	15	(280,026)	(299,419)
Proceeds from sale of property, plant and equipment from continuing operation		97	1,105
Proceeds from sale of property, plant and equipment of Brazil and the United States		178,472	686,681
Acquisition of intangible assets	17	(10,906)	(29,899)
Business acquisitions net of acquired cash and cash equivalents	32	(4,110)	46,068
Related parties		(21,920)	(79,481)
Interest received from continuing operation		93,067	55,502
Interest received from discontinued operation		32	587
Net cash flows from investing activities		(45,294)	381,144
Financing activities			
Equity reimbursement	25	(173,423)	(173,720)
Acquisition of treasury stock	25	(901,055)	(425,972)
Sale of treasury stock	25	285,979	418,592
Bond certificates payment	19	(600,000)	-
Bond certificates	19	1,666,113	-
Proceeds from loans	19.3	134,441	93,000
Payment of obtained loans	19.3	(668)	(95,522)
Lease payments		(47,713)	(49,776)
Interests paid from continuing operations		(441,940)	(324,258)
Interests paid from discontinued operation	19.3	(1,164)	(3,779)
Net cash flows from financing activities		(79,430)	(561,435)
Increase (decrease) in cash and cash equivalents		1,133,400	831,991
Cash and cash equivalents at the beginning of the year		1,847,816	1,050,347
Effects of exchange rate changes on cash and cash equivalents		111,053	(34,522)
Cash and cash equivalents at the end of the year	**8**	**$ 3,092,269**	**$ 1,847,816**
Financing activities that did not generated cash flow	25		

The accompanying notes are an integral part of these consolidated financial statements.

Carlos Rojas Aboumrad
Chief Executive officer

Mario A. Romero Orozco
Finance and Administrative Vice-president

NOTE 1 - Company's information:

Grupo Rotoplas, S. A. B. de C. V. ("Grupo Rotoplas") and subsidiaries (the "Company" or the "Group") started its operations in Mexico City in 1978 with a duration of 99 years; a group of stockholders ultimately controls the Company. The Company's main activity is the manufacturing, purchasing, selling and installation of plastic containers and plastic accessories, that provide water storage, conduction and water improvement solutions, and in providing individual and comprehensive water solutions to its clients. The Company has defined January 1 to December 31 as its normal operating period.

The Group operates nine production plants in Mexico City, Guadalajara, Lerma, Monterrey, León, Mérida, Veracruz, Tuxtla Gutiérrez and Los Mochis, as well as a distribution center in the city of Hermosillo. Furthermore, the Group also operates production plants in Guatemala, Peru and Argentina, and distribution centers in the United States of America ("USA"), where, only product of third parties is commercialized, El Salvador, Belize, Honduras, Nicaragua and Costa Rica, which enables it to have an extensive market in North America, Central America and South America.

The Company's address and main place of business is:

Pedregal 24, piso 19
Col. Molino del Rey
11040 Mexico City

Relevant transactions

i. On November 18, 2020 at the General Extraordinary Stockholders' Meeting an equity reimbursement payment was approved to the stockholders of the entity, through a decrease of the common stock, refer to Note 25.

ii. On October 7, 2020, Grupo Rotoplas announced the inauguration of the joint entity between Grupo Rotoplas and Renewable Resources Group Solutions México, S. de R. L. de C. V. ("RRG Solutions México") with the purpose of providing water solutions to the agricultural sector in Mexico. "Rieggo", joint entity with a participation of 50/50, will focus to provide disruptive hydraulic water solutions for the agricultural sector, with the objective of managing effectively the usage of water and improve the crop performance. This intelligent and sustainable solutions will have the technological support and oversight in real time of aspects, such as water quality, and field humidity. The value proposal comprehends the development of an irrigation solution tailored in the format of a hand key that includes the design, installation, leasing, service and maintenance.

iii. On August 1, 2020, the Company as result of the process of management simplification for the operations in Latin America, the subsidiary IPS, S.A.I.C., S.A. was merged with Rotoplas Argentina, S.A. effectively in August 2020.

iv. On May 12, 2020, at the General Ordinary and Extraordinary Stockholders' Meeting an equity reimbursement payment was approved in cash and equity stock payment, through the decrease of the common stock in its fixed and variable portions, proportionally and without cancellation of any of the stocks, for an amount of $346,845,054, on an $0.80 ratio per stock, in two payments, refer to Note 25.

v. On May 1, 2020 the Company successfully disinvested in Brazil the individual solution business unit. Through an agreement signed on April 30, 2020 between Avanplas Polímeros da Amazônia Ltda. and the Company, this entity is focused on the production and commercialization of thermoplastic compounds. Furthermore, the agreement establishes a selling price of $52 million Brazilian Reales ($236 Mexican pesos). The transaction comprehends the transfer of the whole business unit, including the manufacturing site, the transfer of the Acqualimp brand, the labor force, and the working capital. After such disinvestment, Rotoplas holds presence in Brazil focusing exclusively in the development of a service platform through water treatment and water recycling plants (comprehensive solutions), business that kicked-off in the middle of the last year.

vi. On February 19, 2020 Grupo Rotoplas, S. A. B. de C. V., announced the successful second issuance of the Sustainable Certificate, with the board ticker AGUA 17-2X, by a total amount of $1,600 million Mexican pesos, which had an overdemand of 3.04x. The issuance was made at a fixed rate of MBONO27 + 139 bps and has a coupon of 8.65% annual, with interest payment each 182 days and maturity date on June 16, 2027. This issuance has the objective of obtaining resources to finance and refinance sustainable initiatives that will improve the access to water and sanitation. The reference benchmark of this issuance is aligned with the Principles of Green and Social

Bonds, along with the directions of the Sustainable Bonds, and was rated by Sustainalytics, a third party. The issuance was made under the program of Certificate Bonds (CEBURES) by a total amount of up to $4,000 million Mexican pesos and has the following credit qualifications AA (mex) and mxAA- by Fitch and Standard and Poor's respectively. With this Sustainable Bond, Rotoplas enhances its financing structure and continues the sustainable strategy to provide water solutions with an environmental and social positive impact.

vii. On February 13, 2020, Grupo Rotoplas, S. A. B. de C. V., issuer of the certificate bonds identified with board ticker "AGUA 17X" and based on the long-term revolving assignment program of certificate bonds, made of public investing knowledge, based on the terms of what it is established in the section "voluntary anticipated amortization" of the title that guarantees the certificates, that the voluntary anticipated amortization became effective for all of the outstanding principal of the certificates in the market, calculated in from February 5, 2020 to February 13, 2020, meaning, a total of $1,090,666.67 of accrued ordinary interests not paid; resulting in a total payable amount of $601,160,026.67. Furthermore, it was made of public knowledge, that under the section of "anticipated amortization premium" of the title, no anticipated amortization premium existed in consideration that such voluntary anticipated amortization was made after December 12, 2019.

viii. On July 19, 2019 the cash sale transaction of the manufacturing assets held in the United States of America concluded successfully, this comprises the sale of the three manufacturing facilities in California, Texas and Georgia to focus in the growth of the E-Commerce platform. Through the strategical alliance and a definite agreement of the purchase of the assets, with the tank manufacturing leader Tank Holdings Corp., which comprises among other synergies, the continuity of the commercialization of its products, Rotoplas will be able to focus on developing and accelerated growing of the leading electronic platform in water solutions in the United States of America. The income proceedings from the sale reached $40 million United States dollars, such transaction was disclosed as discontinued operations.

ix. On June 13, 2019, the Company announced to the investors that, as a result of the Administrative simplification process of the Mexican operations, the subsidiaries Servicios Rotoplas, S.A. de C. V., Suministros Rotoplas, S.A. de C.V., Rotoplas Recursos Humanos, S. A. de C. V. y Rotoplas LABS S. A. P. I. de C. V., were merged into Rotoplas, S. A. de C. V. on July 1, 2019.

x. On February 5, 2019, as part of the management simplification process for the Latin America operations, the subsidiary Talsar, S. A. was merged into Rotoplas Argentina, S. A., taking effect in April 2019.

xi. On April 26, 2019 at the General Ordinary and Extraordinary Stockholders' Meeting a Capital reimbursement was approved, for an amount of MXN$0.38 per stock in circulation. The capital reimbursement in cash was paid in one exhibition on May 7, 2019.

xii. COVID effects

On March 11, 2020, the outbreak of COVID-19 was declared officially a pandemic by the World Health Organization. The COVID-19 pandemic continues to have an adverse impact in the global economy. The measures adopted in the second quarter to contain the spread of the virus, included the closure of non-essential businesses, achieving the slowness of the initial propagation of the infection, which allowed to partially ease these measures in third and fourth quarters. However, there is risk that the recent reaffirmation of the social distancing measures enacted by the government and businesses in response to a new wave of the infection could affect the economic activity beyond the previously expected levels. The economy continues to operate with uncertainty related to the economic growth and unemployment, which, ultimately, will be solved with an efficient distribution of the COVID-19 vaccine.

The operations of Grupo Rotoplas were affected by the pandemic in the month of March when authorities from locations in the countries started to impose social distancing measures, mobility measures and enacted the suspension of activities from certain economic sectors.

Effects by geographical area are shown in the following table:

Country or region	Operations in 1Q – 3Q 2020	Operations in 4Q 2020
México	Continuing operation as it was considered an essential activity.	Continues in all locations.
Argentina	Closure or limitation of the operations during 33 days in the first semester. During the third quarter an operational limitation exclusively in the improvement plan equivalent to 16 days.	
United States	Continuing operation	
Peru	Closure of operations for 81 days.	
Central America	Closure of manufacturing facilities in Guatemala for 5 days and in the distribution centers, Honduras: 42 days, Costa Rica: 28 days, and El Salvador: 16 days.	

The most significant affectation was in the second trimester of the year due to the operations shutdown in Peru and Argentina.

During the year and impact in the gross margin of $119,821 due to the suspension of activities in some locations and for the hiring of additional employees and the payment of extra time to meet the hygiene protocols.

Additionally, the Company incurred in an additional expense of $40,595 for the amendments to spaces and the adoption of safety and hygiene measurements in the labor centers. Also, $10,172 in donations were granted to make front to the propagation of the virus.

The total impact to the adjusted EBITDA was $160,416.

Impact in the estimates and assumptions

As mentioned in Note 2, the preparation of consolidated financial statements in accordance with IFRS requires management to use estimates and assumptions on the amounts of assets and liabilities on the date of the consolidated financial statements.

The COVID-19 pandemic gives rise to higher uncertainty in respect to the accounting estimates and the utilized assumptions, increasing the need to apply its judgement and evaluate the economic and market environment, as well as its impact in the significant estimates. This affects the estimates and assumptions particularly related to the estimate of credit losses and asset impairment.

Due to the disruptive economic activities caused by the COVID-19 pandemic, the Company performed an annual impairment test to the CGUs of US, Argentina and Sytesa, that required the application of more judgement in the light of the uncertainty with respect to the economic environment due to the COVID-19 pandemic, particularly in evaluating the impact in the forecasted performance in the mid and long-terms.

Implied in our economic perspective the assumption of the way governments respond to the second and following waves of the virus, the distribution of an effective vaccine produced in high volumes will allow the economies to continue recovering through 2021, and then the economy will return to prior economic levels before COVID-19 in 2022 and the unemployment levels prior to COVID-19 in 2023. We conclude that the recoverable value of the CGU is above the carrying value. Refer to Note 17 for further details.

Reactivate Peru program

As a consequence of COVID-19, the government of Peru, to reactivate the economy granted financing to the companies for working capital, which was granted to Dalka, S. A. C. "Rotoplas" through the program REACTIVA PERU (government program). The amount obtained was PEN S/10,000,000 (equivalent to $49,060). Refer to Note 19.3 for further details.

NOTE 2 - Summary of significant accounting policies:

The most significant accounting policies applied in the preparation of these consolidated financial statements are set out below, which have been applied consistently to the years presented, unless otherwise stated.

2.1 BASIS OF PREPARATION

The consolidated financial statements at December 31, 2020 and 2019 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Interpretations issued by the IFRS Interpretations Committee (IFRIC). As such, the historical cost convention has been used for the valuation of captions, except for derivative financial instruments, which have been determined at their fair value, lands and buildings, financial asset at fair value through profit or loss and the operations in Argentina, which is an hyperinflationary economy in accordance with IAS 29 "Hyperinflationary economies", expressed in terms of the current measure unit at the inform closure date.

IFRS require certain critical accounting estimates to be made when preparing the consolidated financial statements. They also require Management to exercise its judgment in determining the accounting policies to be applied by the Group. The areas involving a higher degree of judgment or complexity and where assumptions and estimates are significant to the consolidated financial statements are described in Note 4.

2.1.1 Changes in accounting policies and disclosures

2.1.1.1 New standards adopted by the Company.

The Group has applied the following standards and modifications for the first time for the period of the annual report that begins on January 1, 2020:

- Definition of a Business – amendments to IFRS 3
- Definition of Material – Amendments to IAS 1 and IAS 8.
- Interest Rate Benchmark Reform (IBORs)
- Revised Conceptual Framework for Financial Reporting

The amendments issued in 2020 above did not have any significant impact on the information presented by the Company.

2.2 CONSOLIDATION

2.2.1 Subsidiaries

Subsidiaries are all entities over which the Company has control. The Company controls an entity when it is exposed, or has rights to, variable returns from its involvement with the entity and could affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date control ceases.

The Company applies the acquisition method to account the business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interest issued by the Company. The consideration transferred includes the fair value of any asset of liability resulting from a contingent consideration arrangement. Identifiable assets acquired and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Company recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

The costs related to the acquisition are recognized as expense when they are incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is re-measured to fair value at the acquisition date; any gains of losses arising from such re-measurement are recognized in profit or loss.

Any contingent consideration to be transferred by the Company is recognized at fair value at the acquisition date.

Transactions, balances and unrealized gains or losses between Group companies are eliminated. When necessary, the accounting policies applied by the subsidiaries are modified to ensure their consistency with those adopted by the Group.

The accompanying consolidated financial statements include those of Grupo Rotoplas, S. A. B. de C. V. and the following subsidiaries:

Company	Participation with vote rights in 2020 and 2019 (%)	Activities
Mexican subsidiaries:		
Rotoplas S. A. de C. V. (Rotoplas)[1]	99.99	Manufacturing and sale of plastic tanks for water storage.
Fideicomiso AAA Grupo Rotoplas (Fideicomiso AAA)[2]	100	Granting of financial support.
Rotoplas Comercializadora, S. A. de C. V. (Comercializadora)	99.99	Sub holding entity of shares.
Rotoplas de Latinoamérica, S. A. de C. V. (Latino)[3]	99.99	Sub holding entity of shares.
Rotoplas Bienes Raíces, S. A. de C. V. (Bienes Raíces)[1]	42.63	Real estate services.
Soluciones y Tratamiento Ecológico, S. A. P. I. de C. V. (Sytesa)	80.00	Residual water treatment
Subsidiary in Canada:		
Sanzfield Technologies Inc. [4 and 5]	43.94	Center specialized in the development of water treatment and recycling systems
Subsidiary in the USA:		
Molding Acquisition, Corp. (MAC) [7]	100	Manufacturing and sale of plastic tanks for water storage
RRG Rotoplas Soluciones Agricolas, S. A. P. I. de C. V.(Rieggo)[6]	50	Water solutions for the agricultural sector

1 Rotoplas is in turn the holder of 56.96% of the shares of Bienes Raices.

2 Fideicomiso AAA started on March 15, 2007 by the Company in its capacity of thruster in order to promote the development of companies by operating a preferential financial support system aimed at suppliers and distributors. (Refer to Note 31).

3 Latino is the holding entity of the stocks of the following tier two companies for consolidated financial statement purposes.

4 The percentage of participation of Sytesa and Sanzfield relates to the period when the Company acquired control over these.

5 The economic participation percentage represents 43.94%, however, the Company claims control by holding the 52.70% of the voting rights at the Board of Directors.

6 RRG Rotoplas Rieggo started operations in March 15, 2020, the participating percentage represents the 50%, however, the directors have concluded that the Group has control in RRG Rotoplas Rieggo, because there is a signed agreement between the shareholders that grants the Group the right to rename, remove and fix the remuneration of the responsible management of the relevant activities.

7 MAC is the holding entity from October 20, 2017 on, of the shares of the following tier two company, for consolidated financial statement purposes.

Company	Participation with vote rights in 2020 and 2019 (%)	Activity
Dalka do Brasil, Ltda. (Brazil)	99.99	Manufacturing and sale of plastic tanks for water storage.
Dalka, S. A. C. (Peru)	99.99	Manufacturing and sale of plastic tanks for water storage.
Rotoplas Argentina, S. A. (Argentina)	98.87	Manufacturing and sale of plastic tanks for water storage.
Tinacos y Tanques de Centroamérica, S. A. and subsidiaries (Guatemala), (Central America)[8 and 9]	99.99	Manufacturing and sale of plastic tanks for water storage.
I.P.S. S.A.I.C. y F. (Argentina) [7]	97.99	Manufacturing and sale of plastic tubes.

8 As mentioned on Note 1.3; I.P.S. was merged on August 1, 2020 with Rotoplas Argentina, S. A.

9 Tinacos y Tanques de Centroamérica, S. A., due to the outcome of the process of administrative simplification the subsidiaries, Exportadora y Comercialización del Caribe, Tanques, S. A. (Guatemala) y Servicios Apolo, S. A. (Guatemala) were merged into Tinacos y Tanques de Centroamerica, S. A. in June, 2019.

Company	Participation with vote rights in 2020 and 2019 (%)	Activity
Subsidiary in the USA:		
Acuantia, Inc. [10]	99.14	Online selling platform

10 Acuantia, Inc.; formerly Nautical, as a result of the Administrative simplification process, the subsidiaries PM, and Plastic Water Tank, were merged into Nautical Inc. in October 2019.

11 Central America is the holding entity of the shares of the following tier three companies for consolidated financial statement purposes:

Company	Participation with vote rights in 2020 and 2019 (%)	Activity
Tinacos y Tanques de Honduras, S. A. de C. V.	99.60	Manufacturing and sale of water storage plastic tanks.
Tanques y Plásticos, S. A. (Costa Rica)	100	Manufacturing and sale of water storage plastic tanks.
Tinacos y Tanques de Centroamérica, S. A de C. V. (El Salvador)	99.50	Manufacturing and sale of water storage plastic tanks.
Tinacos y Tanques de Nicaragua, S. A.	99.50	Manufacturing and sale of water storage plastic tanks.

2.2.2 Changes in the interest of subsidiaries without loss of control

Transactions carried out with the non-controlling interest that do not result in loss of control are accounted for as equity transactions, that is, as transactions with the owners in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of the subsidiary's net assets is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity. At December 31, 2020 and 2019, no changes in the participation of subsidiaries existed without loss of control.

2.2.3 Changes in the interest participation

When the Company ceases to have control or significant influence in an entity, retained interest in the entity is measured at its fair value, recognizing the effect in the profit and loss. Fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, accordingly. In addition, any amounts previously recognized in OCI in respect to that entity are accounted for as if the Company had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in OCI are reclassified to profit or loss in some cases. As of December 31, 2020 and December 31, 2019, no disposal of subsidiaries occurred.

2.2.4 Associates

Associates are all entities over which the Group has significant influence but not control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at their cost and the carrying value increases or decreases to recognize the participation of the investment in the profit or loss of the invested entity after the date of acquisition. The investment of the Group in associates includes identified goodwill at the moment of the acquisition, net of any accrued impairment loss. (Refer to Note 16).

If the ownership interest in an associate is reduced but significant influence is retained, only a proportion of the amounts previously recognized in OCI are reclassified to profit or loss where appropriate. At December 31, 2020 and December 31, 2019, no reduction on the participation of any associate occurred.

The Company's share of post-acquisition profit or loss is recognized in the income statement, and its share of post-acquisition movements in OCI is recognized in OCI, at December 31, 2020, and 2019, there were no participation in OCIs of the associates. These post-acquisition movements are accrued and are adjusted to the carrying amount of the investment. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Company assesses at the end of each reporting period whether there is objective evidence that an investment in associate is impaired. In such cases, the amount of impairment is determined to affect the recoverable value of the associate over its book value and the related loss is recognized in "Share of net profit of associates" in the statement of income. As of December 31, 2020, no impairment existed in the associates and as of December 31, 2019 an impairment amount of $116,668 was recognized.

Profit and losses resulting from upstream and downstream transactions between the group and its associate are recognized in the Company's financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Company, in case it was necessary.

Dilution gains and losses arising in investments in associates are recognized in the income statement.

2.3 SEGMENT REPORTING

Financial information by operating segments is presented in a manner consistent with the internal reporting provided to the General Management of the Company. The General Management of the Company is responsible for allocating resources and assessing performance of the operating segments. (Refer to Note 7).

2.4 FOREIGN CURRENCY TRANSLATION

2.4.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates, the "functional currency". The functional currency by entity is presented in section 2.4.3 below. The consolidated financial statements are presented in Mexican pesos ($), which is the Group's functional and presentation currency.

2.4.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in OCI as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses are presented in the income statement on a net basis within "finance income or costs".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are recognized as part of the fair value gain or loss. Translation differences on non-monetary assets and liabilities are recognized in OCI.

2.4.3 Group companies

The results and financial position of the Group's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a. Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position.

b. Income and expenses for each income statement are translated at average yearly exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions);

c. All resulting exchange differences are recognized as part of the OCI.

When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate. Exchange differences arising are recognized in OCI.

The main exchange rates used in the different translation processes are as follows:

		Functional currency equivalent in Mexican pesos			
		Closing exchange rate at December 31,		Average exchange rate at December 31,	
Country	**Local currency**	**2020**	**2019**	**2020**	**2019**
Brazil	Brazilian real	3.84	4.68	3.88	4.66
Argentina	Argentine peso	0.24	0.32	0.24	0.32
Central America	Quetzal	2.56	2.45	2.56	2.49
Peru	Sol	5.51	5.69	5.54	5.70
USA	Dollar	19.94	18.87	19.97	19.15

The Argentinian companies have been qualified in a hyperinflationary economy, since the accumulated inflation of the past 3 years in Argentina was above 100%, refer to note 2.26 for the accounting policy on how the presentation of such companies is disclosed.

2.5 PROPERTY, PLANT AND EQUIPMENT

Land and buildings comprise mainly the manufacturing and distribution plants and the offices. Land and buildings are shown at fair value based on valuations performed by independent external experts, less subsequent building depreciation. Valuations are performed with sufficient regularity (at least each five years) to ensure that the fair value of a revalued asset does not differ materially from their carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. If the accumulated inflation rate reaches more than 20%, the Company will perform valuations each two years.

The remaining property, plant and equipment are expressed at its historical cost less the accumulated depreciation. The historical cost includes all those directly attributable expenses at the moment of the element acquisition.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for, as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are recognized to OCI and shown as revaluation surplus in equity. Decreases that reverse previous increases of the same asset are first recognized in OCI to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the income statement.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

	Years
Buildings	20
Machinery and equipment	10
Furniture, fixtures and computer equipment	3
Transportation equipment	4
Molds	10
Leasehold improvements	10-12
Treatment plants	15
Solar panels	30

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

When revalued assets are disposed, the amounts included in OCI are transferred to retained earnings.

Gains and losses on disposals of property, plant and equipment are determined by comparing the fair value of the proceeds with the carrying amount of the disposed asset and are recognized within operating expenses and costs of sales of the income statement, depending on the function of assets.

The revaluation surplus included as equity related to lands and buildings could be transferred to retained earnings at their disposal. Transfers between revaluation surplus and retained earnings are not recognized through profit and loss.

2.5.1 Leasehold improvements

Improvements and modifications to leased property and commercial space in which the Company acts as lessee are recognized at their historical cost less accumulated depreciation. Depreciation of leasehold improvements is measured by the straight-line method based on the initial term of the lease agreement. The Company considers using the shorter period for depreciation between the lease contract or the useful life of the improvement (10 to 12 years).

2.6 INTANGIBLE ASSETS

2.6.1 Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of the transferred consideration, the non-controlling interest recognized and the previously held participation measured at fair value is lower that the fair value of the net assets of the acquired subsidiary, in case of bargain purchase, the difference is recognized directly in profit and loss. (Refer to Notes 17 and 32).

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each Cash-Generating Unit ("CGU") or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. Each unit or group of units in which goodwill has been allocated are identified at the lowest level at which goodwill is monitored for internal management purposes. Goodwill is then monitored at a segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and fair value less the cost of disposal. Any impairment, if any, is recognized immediately as an expense and is not subsequently reserved.

2.6.2 Trademarks and licenses

Separately acquired trademarks and licenses are shown at historical cost. Trademarks and licenses acquired in a business combination are recognized at fair value at the acquisition date. Licenses have a definite useful life and are subsequently carried at cost less accumulated amortization and impairment losses. Amortization is calculated by the straight-line method based on estimated useful lives of three to five years. Acquired computer software licenses are capitalized based on the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of three to five years. (Refer to Note 17).

Trademarks have an indefinite useful life since it is expected that it will contribute to the net cash flows on an undefined period term, they are recognized at their historical cost less impairment. At December 31, 2020 and 2019, there are no accrued losses for impairment on trademarks.

2.6.3 3 Computer software

Costs associated with maintaining computer software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use.
- Management intends to complete the software product and use or sell it.
- There is an ability to use or sell the software.
- It can be demonstrated how the software product will generate probable future economic benefits.
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available.
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software include employee costs and an appropriate portion of relevant overheads.

Other development costs that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as expenses are not recognized as assets in subsequent periods.

Computer software development programs assets are recognized at their costs less their accrued amortization. Amortization is determined over their useful life on a straight-line basis, which does not exceed three years. (Refer to Note 17).

2.6.4 Client relationships

There is a client relationship when there have been significant, uninterrupted, number of years and it is expected that they will continue to have further operations in the foreseeable future and will contribute to the generation of assumed future revenue; client relationships acquired through a business combination are recognized at their fair value at acquisition date. The amortization is determined using the straight-line method, based in an estimated useful lives of 30 years and are recognized as an expense in subsequent periods.

2.6.5 Non-compete agreement

The Company has signed a non-compete agreement with the former owners of IPS and relates to the legal capacity of Grupo Rotoplas to limit the involvement of these former owners of IPS as competitors. Such contract emerges from the business combination and it is recognized at fair value at acquisition date. Amortization is determined using the straight-line method, based in an estimated useful-life of 10 years, related to the period term of such contract and it is recognized as expense in subsequent periods.

2.7 IMPAIRMENT OF NON-FINANCIAL ASSETS

Intangible assets with indefinite useful lives, e.g. goodwill or trademarks, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels in which they generate cash flows (CGUs). Prior impairments of non-financial assets other than goodwill are reviewed for possible reversal at each reporting date. As of December 31, 2020 there are no impairment losses and as of December 31, 2019 an impairment loss of $158,260 was recognized on non-financial assets.

2.8 FINANCIAL ASSETS

2.8.1 Classification

The group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- Those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value (FV), gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through OCI.

The Group reclassifies debt investments when, and only when, its business model for managing those assets changes.

2.8.1.2 Interest income

Interest income is recognized using the effective interest method. When a loan or account receivable is impaired, its carrying value is adjusted to its recoverable value, which is determined discounting the estimated future cash flow at the instrument's original effective interest rate. Interest income on impaired loan and account receivables is recognized using the original effective interest rate.

For financial assets purchased or originated differently from such financial assets with credit impairment, the revenue from interests are recognized using the effective interest method to the gross book value of the financial asset, except for those financial assets where their credit has been subsequently impaired. For financial assets were their credit has been subsequently impaired, the interest income is recognized applying the effective interest rate at amortized cost of such financial asset. If, in future periods, the credit risk of the financial instrument with impairment improves, in such way the financial asset has no longer credit risk, the interest revenue is recognized applying the effective interest rate over the gross value of the financial asset.

2.8.2 Recognition and measurement

Purchases and sales of financial assets are recognized on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

At initial recognition, the Company measures a financial asset at its fair value plus, transaction costs, except when they are financial assets at fair value through profit and loss, which are recognized initially recognized at fair value and the transaction costs are recognized as expense in the profit and loss. There are three measurement categories into which the Company classifies its debt instruments:

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

FVTPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

2.9 OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of breach, insolvency or bankruptcy of the Company or the counterparty. At December 31, 2020 and 2019, no offsetting of financial instruments was recognized.

2.10 IMPAIRMENT OF FINANCIAL ASSETS

2.10.1 Assets carried at amortized cost

From January 1, 2020, the Company stopped using the simplified expected credit losses model associated with debt instruments at amortized cost over the life of the instrument and adopted the 3-stages model, considering the evaluation results of the portfolio performance. The nature of the change is to precise the effects and macro-economic factors that affect the capacity of the clients to liquidate their accounts, for this purpose the Company considers the available current and prospective reasonable information.

In 2020 the Company performed the administrative procedures to recover the account receivables from the Brazilian entities, accordingly the Company has deemed that no impairment is required.

Former accounting policy to the impair financial assets.

The Company evaluated, prospectively, the estimated credit losses associated with the debt instruments at amortized cost over the life of the instrument, considering the results of the accounts receivable behavior evaluation. The increases to this provision are recorded in the estimated credit losses provision in the statement of income.

2.11 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss in profit and loss or OCI depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

At inception of the hedge relationship, the Company documents the economic relationship between hedging instruments and hedged items, its risk management objective and strategy for undertaking its hedge transactions. The Company documents periodically if the derivative financial instruments used in the hedging transactions are highly effective to cover changes in the cash flows of hedged items.

The Company also signed forward contract in relation to foreign exchange in relation to the forecasted purchases in the following 12 months that qualify as "highly probable" forecasted transactions and, as such, the meet the requirements for hedge accounting. The foreign exchange forwards are subject to the same management policies as all the other derivative contracts.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 18. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

When a hedging instrument expires, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity, are immediately reclassified to the consolidated statement profit or loss.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in OCI.

Financial instruments that fail to comply with hedging accounting are recognized at their fair value through profit or loss.

The Group's policy is to recognize the transfers in or out of the hierarchy levels of fair value at the end of each reporting period.

The fair value of the financial instruments that are negotiated in an active market, for example, the hedging instruments, is determined utilizing valuation techniques that maximize the use of observable information and deposits less confidence, as possible, in the specific estimates of the entity. If all relevant variables to establish the fair value of a financial instrument are observable, the instrument is included in level 2.

The specific valuation techniques of the hedging instruments in foreign exchange is the present value of future cash flows at the foreign exchange rate used as of the date of the statement of financial position.

2.12 INVENTORIES

Inventories are stated at the lower of cost and net realizable value, controlled through the standard cost method, which is adjusted at the end of each month to recognize their values through the weighted average cost method. The cost of finished products and of work in progress includes raw materials, direct labor costs and related overheads based on the Group's regular operating capacity. Net realizable value is the estimated selling price in the ordinary course of the business, less applicable variable selling expenses. (Refer to Note 12).

The cost includes the reclassifications of any gain or loss of hedging cash flows related to the purchases of raw material but excludes the loan costs.

2.13 PREPAID EXPENSES

Prepaid expenses comprise expenses incurred by the Company where the risks and rewards inherent to the goods to be acquired and services to be received have not been transferred yet. Prepaid expenses are recorded at cost and are shown in the statement of financial position as current assets or if they are expected to be transferred in more than one year as non-current assets. Once the goods and/or services are received, related to prepaid expenses, they must be recognized as an asset or an expense in the statement of income in the period, respectively. (Refer to Note 13).

2.13.1 Guarantee deposits

Guarantee deposits relate to disbursements made to secure commitments assumed under certain agreements (mainly related to lease property). Guarantee deposits, which recoverability will take place in a period of over 12 months, are recognized at their amortized cost using the effective interest method. Guarantee deposits to be recovered over a period of less than 12 months are not discounted. (Refer to Note 6).

2.14 CASH AND CASH EQUIVALENTS

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with maturities of three months or less and with low risks of changes in their values. At December 31, 2020 and 2019, short-term highly liquid investments with maturities of three months or less are invested in bank debt securities and government bonds. (Refer to Note 8).

2.14.1 Restricted cash

The cash and cash equivalents, which restrictions originate that the definition of cash and cash equivalents is not met as aforementioned, is presented in a separate line in the consolidated statement of financial situation and are excluded from cash and cash equivalents in the statement of consolidated cash flows.

2.15 EQUITY

2.15.1 Capital stock

Ordinary shares are classified as capital stock in equity and are expressed at their historical cost. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds. Capital stock includes inflation effects recognized until December 31, 1997. (Refer to Note 25).

2.15.2 Stock premium at subscription

The stock premium at subscription represents the excess between the payment for share subscription and the par value thereof on historical bases.

2.15.3 Retained earnings

This item relates to accumulated net income of previous years and includes the effects of inflation recognized until December 31, 1997.

2.15.4 Legal reserve

Under the Corporations Law, 5% of the net profit must be set aside to increase the legal reserve until it is the equivalent of 20% of the historical capital stock. The purpose behind that reserve is to keep a minimum amount of capital to cover unforeseen funding needs.

2.15.5 Comprehensive income

Comprehensive income is comprised of the net income for the year, plus other capital reserves, which are made up of the effects of currency translation of foreign entities and other items that in accordance with specific provisions must be recorded in equity and do not qualify as capital contributions, equity reductions or distributions.

2.15.6 Treasury stock

The stockholders' board meetings may at times authorize disbursements of a maximum limit to acquire own shares. When an entity's own shares are repurchased, they become treasury shares. The related paid amount, including the directly attributable costs of the acquisitions (net of tax), are recognized as a decrease in capital stock of the Group until the shares are canceled or reissued. When the shares are reissued, the amount received, including incremental costs directly attributable to the transaction (net of tax), are recognized as part of the Group's capital stock. The profit or loss is not recognized in profit or loss and becomes part of the repurchase fund balance for buying own shares.

2.16 ACCOUNTS PAYABLE

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Accounts payable are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest method.

2.16.1 Financial liabilities disposal

The Company disposes the financial liabilities from the statement of financial position when, and only when, the obligations are discharged, cancelled or expired. The difference between the carrying amount of a disposed financial liability to another party and the consideration paid, is recognized in profit or loss.

When the Company trades with the existing lender of a debt finance instrument to other with substantially different conditions, such trade is accounting as the extinction of the original financial liability and a new financial liability is recognized. In similar ways, the Company considers the substantial modification of an existent liability or part of it as the extinction of the original financial liability and the recognition of the new liability. It is assumed that the terms are substantially different if the present value of the discounted cash flows is below the new terms, including any net tariff paid of any received tariff and discounting utilizing the original effective rate is at least 10% different of the actual discounted value of the cash flows remaining of the original liability. If the modification is not substantial, the difference between: (1) the book value of the obligation prior to modification; and (2) the present value of the cash flows after modification, must be recognized as profit or loss due to modification in profit or loss.

2.17 LOANS

Loans are initially recognized at their fair value, net of related costs incurred, and are subsequently recognized at their amortized cost. Any differences between the proceeds received (net of related costs incurred) and the redemption value are recognized in the income statement over the period of the loan using the effective interest method. (Refer to Note 19).

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.18 LOAN COSTS

General and specific loan costs directly attributable to the acquisition, construction or production of qualified assets, which are assets that necessarily take a substantial period (more than a year) to get ready for their intended use or sale, are added to the cost of those assets, until the assets are substantially ready for their intended use or sale. At December 31, 2020 and 2019, no financing costs had been capitalized.

All other loan costs are recognized in profit or loss in the period in which they are incurred.

2.19 GOVERNMENT SUBVENTIONS

Government subventions are recognized when there is a reasonable assurance that the Company will fulfill the related conditions and the subventions will be obtained.

The benefit of a government loan for an interest rate below market costs is treated as a government subvention and are valued as the difference between the received funds and the fair value of the loan, based on the prevailing market interest rates.

2.20 CURRENT AND DEFERRED INCOME TAXES

The tax expense for the period comprises the current and deferred tax. The income tax of the period is recognized in the consolidated income statement, except to the extent that it relates in total or partially to items recognized in OCI or directly in equity. In this case, IT is recognized together with the balance that gave rise to it.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Subsequently, the Company establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on each subsidiary on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts of all assets and liabilities of the Company. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled. (Refer to Note 26).

Deferred income tax asset is only recognized on the base that it is probable that the future economic benefits will arise against temporary liability differences.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the Company controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the near future. Generally, the Company is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the group the ability to control the reversal of the temporary difference not recognized.

2.21 EMPLOYEE BENEFITS

2.21.1 Pensions and seniority premium

The Company operates pension and seniority premium plans that are generally funded by payments made to trusts managed funds, based on annual actuarial plans. The Company has a pension plan for defined benefit, which is a plan that defines the amount of the benefits for pension that an employee will receive post-employment, in which it depends on one or more factors, such as employee age, service years and compensation.

The liability or asset recognized in the consolidated statement of financial position in respect to the pension plans of defined benefits is the present value of the defined obligation at the reporting period less the fair value of the plan assets, along with the remeasurements adjustments for the liability of the defined benefits (net) not recognized and the costs of the past service, which are recognized directly in the income statement.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit cost method. The present value of the defined benefit obligation is determined by discounting estimated future cash outflows using interest rates for high-quality government bonds that are denominated in absolute terms of the deep market and, otherwise, it should consider the market rate of reference of the issued government bonds denominated in the same currency the same currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Remeasurements of liabilities for defined benefits that rise from adjustments based on the experience and changes in the actuarial assumptions are debited or credited to equity in other items of the comprehensive profit in the period they are known.

The plans in Mexico generally expose the Company to actuarial risks, such as the risk of investment, interest rate risk, longevity risk and salary risk, in accordance to the following:

Risk of investment: The return rate expected for the investment funds is equivalent to the discount rate, which is calculated utilizing the discount rate determined by reference to the long-term government bonds; if the return of the assets is less that such rate, this will create a deficit in the plan.

Interest rate risk: A decrease in the interest risk will increase the plan liability; the volatility of the rates depends exclusively of the economical environment.

Longevity risk: The present value of the defined benefit obligation is calculated with reference to the best mortality expectation of the plan participants. An increase in the expected live term of the participants of the plan will increase the liability.

Salary risk: The present value of the obligation of the defined benefits is calculated by reference to the future salaries of the participants. As such, an increase in the expected salary of the participants will increase the plan liability.

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

2.21.2 Other officer bonuses

As part of a retention plan, the Company gives to its officers, funding in order to acquire Company's shares. The eligible employees depending on certain factors, mainly years of service, eligible employees can opt to accept a loan for a future purchase of shares, which is periodically discounted from their pay and which bears market value interest. (Refer to Note 10c.)

2.21.3 Referred value units

The Company operates a compensation plan, where the entity receives services from its employees in exchange of Referred Value Units ("RVU"). The fair value of the related services received are recognized as an expense. The expense amount to be recognized in profit and loss is determined by reference to the value of the options granted.

- Including any market performance conditions (e.g. the entity's share price);
- Excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and permanence of an employee in the entity over a specified time period).
- Including the impact of any service or performance condition that do not relate to the market that grant the right (e.g. the requirement that the employees have to save or keep the stocks for a specified time period).

At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimate, if any, in profit or loss. (Refer to Note 24).

Additionally, in some circumstances, employees may provide the services before the grant date and, therefore, the fair value at the grant date is estimated with the effects of recognizing an expense during the period between the beginning of the service and the granting date.

Social security contributions payable in connection with an option grant are considered an integral part of the grant itself and the charges are treated as cash-settled transactions.

2.21.4 Employees' Statutory Profit-Sharing ("ESPS") and gratifications

The Company recognizes a liability, a bonus expense, and employees' statutory profit sharing based on a calculation that considers the profit attributable to the Company's stockholders after certain adjustments. The Company recognizes a provision when it is contractually bounded or when there is past practice that generates a constructive obligation. (Refer to Note 28).

2.22 PROVISIONS

Provisions are recognized when the Company has a present legal or constructive obligation because of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses. (Refer to Note 22).

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be low.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.23 2.23 REVENUE RECOGNITION

Revenue represents the amount of the consideration received or receivable in exchange of sale of goods or rendering of services in the normal course of the Company's operations Revenue is stated net of rebates and discounts granted to clients.

The Company uses the methodology stipulated in IFRS 15 before revenue can be recognized:

- Identify the contract with a customer.
- Identify all the individual performance obligations within the contract.
- Determine the transaction price.
- Allocate the price to the performance obligations.
- Recognize revenue as the performance obligations are fulfilled.

The Company considers the following concepts as performance obligations:

2.23.1 Revenue from sales of goods (recipients, plastic accessories, thermo-tanks, etc.) (wholesale)

The Company manufactures and sells a broad variety of goods in the wholesale market. Sales of these products are recognized when the Company has delivered the products to the customer, who is entitled to decide the distribution channel and sales price of the products to be sold in the retail market, and when there is no longer an obligation to be met by the Company that could result in the return or rejection of products.

The performance obligation is fully met when the products have been delivered to the customer in the location specified in the contract, the customer has accepted the products as per the agreement, or the return terms have expired, or the Company has objective evidence that it has complied with all the requirements for the customer to accept the products.

These goods are generally sold at a discount for volume. Additionally, customers have the right to return faulty products. Sales are recognized based on the prices agreed in the respective agreements, net of an allowance for discounts for volume and returned items. Allowances for discounts for volume and returned items are determined based on experience. It is not considered that financing is being offered to customers as a separate component of a sales transaction, since the credit term is 7 to 60 days, which is consistent with market practices.

An account receivable is recognized when the goods have been delivered, that is the point in time in where the retribution is unconditional, since only commercial payment terms are required prior to the collection is made.

The Group determines its estimates based on experience, taking into account the type of customer, the type of operation and the specific terms of each contract. The Company provides a lifetime term guarantee to its customers and final consumers for buying the “brown water-tanks” (Tinaco Beige), historically there are few events in which the client has exercised its live-term guarantee right for such product and there is no estimate for it.

2.23.2 Revenue from sales of products (recipients, plastic accessories, and other accessories) (retail)

Revenue from the sales of these goods is recognized when the Company has delivered the goods to the client, and when there is no obligation pending to be fully met by the Company that could result in the return or reject of the goods.

Retail sales are usually made in cash or through credit cards. The Company grants to its clients the right of return for a period of 30 days and does not offer loyalty programs.

2.23.3 Revenue from installation of water dispensers

The Company provides installation services of school water dispensers. The revenue is recognized at the end of the installation and the client is fully satisfied with the installation. At commencement of the contract a 10% prepaid advance is requested, which is considered a contract liability, as of December 31, 2020 such liability was $5,626 and $5,775, in 2019. As part of the evaluation a single performance obligation was identified.

2.23.4 Revenue from the rendering of services related to the maintenance of facilities

The Company provides maintenance services to the installations made for individual and/or comprehensive solutions. As such, this revenue is recognized in the period in which such services are rendered, for reference to the stage of termination of a specific transaction and is evaluated on the real service provided basis as a percentage of the all services that will be rendered.

2.23.5 Revenue from lease of treatment plants

The Company leases water treatment plants agreed on a 10 year fixed period. The agreed terms with the client estipulate that the Company will hold possession of the treatment plants at the end of the contract, as well as the risks and benefits of the property, as such these leases have been classified as operating leases. (Refer to Note 15).

The Group does not provide any auxiliary service to its customers of the investment properties. As such, lease payments are related completely to the rent and are recognized as lease revenue.

2.23.6 E-Commerce revenue

The Company has developed an electronic platform to sell products in the USA through internet. The revenue is recognized at the moment in which the goods are delivered to the client with the requested characteristics at the defined location at online purchase time.

2.24 LEASES

The Company leases various properties and cars. Rental contracts are typically made for fixed periods of 2 to 6 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the following lease payments:

- Fixed payments including in-substance fixed payments;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received and
- Any initial direct costs.

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise computer equipment and telecommunications.

The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 8.28%.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

The Group does not provide residual value guarantees for the leased equipment. Of the lease contracts outstanding at December 31, 2020 and 2019, there are no covenants restriction to meet.

2.25 DIVIDEND INCOME AND DISTRIBUTION

Dividend income is recognized when the right to receive payment is established.

Dividend distributions to the Company's shareholders are recognized as a liability in the consolidated financial statements in the period in which dividends are approved by the Company's stockholders and the right to receive this payment is established. In order to pay dividends (which are discounted from retained earnings), the Company uses the separate financial statements prepared in accordance with IFRS for statutory purposes.

2.26 NET BASIC AND DILUTED EARNINGS PER SHARE

Net basic earnings per share is calculated by dividing the profit of the year attributable to the controlling interest by the weighted average number of ordinary shares in circulation during the year.

Net diluted earnings per share is calculated by dividing the profit of the year, by the weighted average number of shares in circulation during 2020 and 2019, decreasing such average of such potential dilutive shares. At December 31, 2020 and 2019, there are no profit dilutive components. (Refer to Note 25).

2.27 FINANCIAL STATEMENT RESTATEMENT

Over the last few years the inflation in Argentina has increased significantly and the local inflation information has not been reported consistently. The accumulated inflation rate over the last three years, combining different retail price indexes, exceeded 100% in the first semester of 2019. And the inflation rate accumulated over the last three years, combining different wholesale price indexes also exceeded 100%. As such, and considering the performance of the country, including the currency devaluation, Argentina is now considered to be a hyperinflationary economy for the accounting periods after July 1, 2019.

As a result of this, the subsidiary Rotoplas Argentina, S.A., whose functional currency is the Argentinian peso applied IAS 29 "Financial Reporting in Hyperinflationary Economies" as if the economy had always been hyper-inflationary. IAS 29 requires the recognition of the impact on income and expenses recognized from the date the economy became hyperinflationary. It also requires that the non-monetary assets and liabilities to be restated from the date they were initially recognized or from the date the last restatement in case of those recognized at their fair value throughout the reporting period. Monetary items do not need to be restated, because they are already expressed in current purchasing power at the reporting date. Gains or losses of monetary position are recognized in financial income or expense.

The general price index was selected based on the resolution JP 549/118 issued by the "Federación Argentina de Consejos Profesionales de Ciencias (FACPCE)". In this resolution, indexes to be used by the entities with Argentinian peso as their functional currency are stated, for restatement procedures. The detailed table of such indexes will be published monthly by the FACPCE.

Subsidiaries located in Argentina calculate the financial statement restatement as follows:

- The corresponding amounts of non-monetary items of each statement of financial position, that are measured at the date of the statement of financial situation at their fair value or at net realization value, accordingly, are restated applying to the historical cost the difference of the general price index, from the date of acquisition or else the last fair value measurement, to the date of the financial statement.

- The amounts related to monetary items in the statement of financial position, are not restated.
- The equity items of each statement of financial position are restated as follows:

  i. At the beginning of the period of IAS 29 application, except for retained earnings, where the Company applies the difference of the general price index, from the date of their inception, to the date of restatement. Restated retained earnings are the product of the rest of the balances in the statement of financial position.

  ii. At the end of the first application and for subsequent periods, all equity elements are restated, applying the general price index, from the beginning of the period, or from the date of contribution, if later.

- Income and expenses are restated applying the difference of the general price index, from the date they were incurred, to the report date.
- Profit or loss resulting from the net monetary position are recognized in the consolidated statement of comprehensive income.

In the separate financial statements, the effects of the inflation are recognized as if they had always been hyperinflationary, whereas for consolidation purposes the financial statements are presented without restating the comparatives, as such, the opening accumulated effect is presented in retained earnings.

For the purposes of consolidated financial statements, the Company operates in a non-hyperinflationary economy. The income and financial situation of the entities whose functional currency is related to the hyperinflationary economy, are translated into the presentation currency applying the following procedures:

a All amounts (i. e., assets, liabilities, equity, expenses and revenue) are translated into the closing exchange rate of the closest reporting date of the statement of financial situation.

b Comparative figures will be those that were presented in the preceding year in the statement of financial position of (i.e. the amounts will not be adjusted for any subsequent variations in which they have occurred at the price level or exchange rates).

On March 3, 2020, the IFRS Interpretations Committee ratified its decision of the agenda related to the conversion of a foreign hyperinflationary transaction (IAS 21 and IAS 29) and the Company has elected to disclose the hyperinflation and conversion effects to presentation currency and the effect on foreign entities since the Company considers that the combination of both effects complies with the definition of currency translation in accordance with IAS 21.

NOTE 3 - Financial risk management

3.1 FINANCIAL RISK FACTORS

The Company's activities expose it to a variety of financial risks, such as market risk (including currency risk, price risks and cash flows, and fair value of interest rates), credit risk and liquidity risk. The purpose behind the Group's risk management plan is to minimize the potential adverse effects arising from the unpredictable nature of markets on the Group's financial performance.

The Group's financial risk management is overseen by the Finance department in accordance with the policies approved by the Board of Directors, which has issued general policies on financial risk management and specific risks.

3.1.1 Market risks

i. Foreign currency exchange

The Group operates internationally, and it is exposed to US dollar (USD) and euro (€) exchange risks in relation to the functional currencies of each subsidiary. Exchange risk arises from future commercial operations in foreign currency and from certain foreign currency assets and liabilities and by the net investments in foreign transactions.

The Finance department has established a policy requiring Group companies to manage exchange risks in relation to their functional currency. The Group companies must hedge their exposure to foreign currency exchange risks through the Group's Treasury department in charge of the Finance department. In managing exchange risk arising from future commercial transactions and recognized assets and liabilities, the companies of the Group can use different instruments such as forwards agreements negotiated by the Group Treasury. Exchange rate risk arises when future commercial transactions and recognized assets and liabilities are contracted in a currency other than the entity's functional currency.

As part of its risk management policies, the Group's Finance department periodically analyzes its exposure to risk and when the economic conditions of each country in which it operates require it, the Group contracts expected cash flow hedges for the following 12 months, for each relevant currency. Additionally, the Group calculates scenarios of the variances in exchange rates and, when necessary, it adjusts the costs of its products. At December 31, 2020, the Group has financial instrument contracts to hedge the exchange rate risks.

The Group has contracts in foreign currency and bank loans in Mexican pesos. The Group is mainly exposed to the risk of fluctuations in the peso-US dollar and peso-euro exchange rates associated to merchandise that it imports from the USA, Portugal and Italy, mainly. The Company's consolidated operations were exposed to exchange rate risk in thousands of (Dls. 88,001) and (€155) as of December 31, 2020 and (USD 58,246) and (€673) at December 31, 2019.

At December 31, 2020 and 2019, in the event of a 10% increase in the peso-USD (and euro) exchange rate, the Company would have incurred in a loss of approximately $175,432 and 109,926, respectively for the USD position and ($243) and ($1,425), respectively, due to its euro position. This 10% represents the sensitivity rate used when the exchange risk is reported internally to the Finance department, and represents management's assessment of possible changes in exchange rates. The sensitivity analysis includes only those monetary items not yet settled denominated in a foreign currency at the period end.

The Group has a number of investments in foreign operations, whose net assets are exposed to exchange rate risk.

The Company and its subsidiaries had monetary assets and liabilities denominated in thousands of USD and €, as follows:

	December 31, 2020				December 31, 2019			
		Dollars		Euros		Dollars		Euros
Assets	USD	142,483	€	70	USD	90,294	€	-
Liabilities		(54,482)		(225)		(32,048)		(673)
Net asset (liability) position	USD	88,001	€	(155)	USD	58,246	€	(673)

At December 31, 2020 and 2019, the exchange rate were $19.93 and $18.87 per USD, respectively, and $24.35 and $21.18 per €, respectively.

At April 19, 2021, date of issuance of these financial statements, the exchange rate was $19.81 per USD and $23.86 per €.

The exchange rate of the USD at December 31, 2020 and 2019 (to the currency of the subsidiaries established abroad) is as follows:

		Foreign currency equivalent in USD	
		December 31,	
Country	**Currency**	**2020**	**2019**
Argentina	Peso	0.0119	0.0167
Brazil	Real	0.1924	0.2481
Costa Rica	Colón	0.0016	0.0017
Ecuador	Dólar estadounidense	1.0000	1.0000
El Salvador	Dólar	1.0000	1.0000
Guatemala	Quetzal	0.1283	0.1299
Honduras	Lempira	0.0412	0.0403
Nicaragua	Córdoba	0.0287	0.0296
Peru	Nuevo sol	0.2762	0.3013

ii. Price risk

The Company is exposed to price risk fluctuation in relation to the prices of raw materials needed to manufacture its products. Risk price arises form fluctuations in the prices of resin, which is the main raw material used and which is associated to the oil commodity. The risk arises because the price of an asset may vary due to economic uncertainty.

The Company utilizes hedge financial instruments to reduce the risk of fluctuation of the exchange rates in the acquisition cost of the merchandises. The main used instruments are foreign exchange forwards and positions hired at year end.

In the event of a 10% increase or decrease in the prices of resin at December 31, 2020 and 2019, the Company would experience an increase or decrease in the cost of sales of approximately ($2,806) and ($23,285), respectively, which would be charged through the sales prices. This 10% represents the sensitivity rate used when the price risk is reported internally to the Finance department, and it represents Management's assessment of possible changes in the price of resin.

iii. Cash flows and fair value of interest rates

The Company's interest rate risk arises from long-term borrowings. Loans bearing interest at variable rates expose the Company to the risk of fluctuations in the related future cash flows. That risk is partially compensated by cash equivalents also bearing interest at variable rates. Loans bearing interest at fixed rates expose the Company to the risk of market value of interest rates. In 2019, the Company's borrowings bearing interest at variable rates were denominated in pesos and reales.

The Company analyzes its exposure to interest rate risk in a dynamic way. Various scenarios are simulated taking into consideration refinancing arrangements, renewal of existing positions, alternative forms of financing and hedge contracts. Based on these scenarios, the Company calculates the impact of a change in interest rates on income for the year. For each simulation, the same interest rate fluctuation is used for all loans, even if they are in a different currency.

The Company manages its risk of changes in cash flows arising from loans contracted at variable rates by contracting swaps with variable-to-fixed interest rates. Those swaps have the effect of changing variable rates on loans to fixed rates. The main reason for using these financial instruments is to know the cash flows that the Company will pay to meet its contractual obligations.

With these interest-rate swaps, the Company agrees with other parties to periodically deliver or receive the existing difference between the amount of interest of variable rates set forth in debt agreements and the amount of interest of fixed rates contracted under derivative financial instruments. As of December 31, 2020 the Company does not have any signed agreement for financial instruments related to variable interest rate swaps

If the interest rates of borrowings contracted in pesos not hedged with financial instruments had increased/decreased by 10%, while the rest of the variables remained constant, after-tax income for 2020 would have increased/decreased by ($12,370), mainly due to the difference in the cost of interest on borrowings contracted at variable rates; whilst for 2019 would have increased/decreased by ($855), mainly as a result of the change in the market value of fixed rate financial assets.

Furthermore, if the interest variable rates would have been five base points above/below and all the other inputs would have remained constant, as of December 31, 2020 and 2019 the year end profits net of taxes, would have increased/decreased in ($6,185) and (427), respectively, as a result of the changes in fair value of the derivative financial instruments hired to hedge the change in variable interest rates hired in Mexican pesos.

As of December 31, 2020 and 2019, the interest rates of hired loans are variable in their totality.

As of December 31, 2020 and 2019, bank loans with variable interest rates are hedged by the financial instruments mentioned on Note 18.

3.1.2 Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss, favorable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables.

i. Risk management

Credit risk is managed on a consolidated basis, except for risk related to accounts receivable balances. Each subsidiary is responsible for managing and analyzing each of its new customer's credit risk prior to determining the credit terms and delivery conditions. Credit risk relates to cash and investments in securities, derivative financial instruments and deposits in banks and financial institutions, as well as to credit granted to wholesale and retail customers, including balances not yet collected. For banks and financial institutions, only those that have been obtained acceptable credit rates by specialized agencies to meet the respective financial obligations (e.g., minimum "A" rate). Independent ratings are considered for wholesale clients, when available. If there is none, the Company's management estimates the customer's credit quality, considering its financial situation, past experience and other factors. Individual credit limits are established based on internal and external ratings, according to the policies established by the Finance department. Credit limits are regularly monitored.

Group's investment in debt instruments are considered low-risk investments. The credit qualifications in the investments are monitored for credit impairment.

The Group has three types of financial assets that are subject to the expected credit loss model:

- trade receivables for sales of inventory.
- debt investments carried at amortized cost, and

Trade receivables

The Group reviewed its impairment methodology in accordance with IFRS 9 for this type of assets and use the 3-stages model (except for Brazil); in prior years the simplified model was used.

IFRS 9, defines a three-stages model to recognize the expected credit losses ("ECL") based on the changes of the credit quality at conception.

Stage 1 includes financial instruments that have not changed of their original credit risk expectation since initial recognition and have low credit risk at the date of analysis. For these assets, expected credit losses are recognized in 12 months ("ECL12m").

Stage 2 includes financial instruments that have increased significantly their credit risk since initial recognition (unless they have a low credit risk at the date of presentation) but do not have Objective Impairment Evidence ("OIE"). For these assets, the credit loss is expected for life ("CLEL"). CLEL are credit expected losses that result from all possible credit events during the financial instrument life-time expectation. ECL are weighted-average credit losses for the default probability ("DP") as a weight factor.

Stage 3 includes all financial assets that have OIE at presentation date. For these assets, the CLEL.

Former accounting policy for expected credit losses of the credit portfolio.

The change in policy gave rise to an increase of the loss provision by $6,131 for accounts receivable as of December 31, 2020.

The Group has enough historical information for the analysis of the data that allows to select a model based in a loss rate. In this regard, for the portfolio segment that does not include the information of Brazil, the Company opt to use the Loss Rate Approach model (LRA or loss rate), which focuses in the evaluation of a measure based in historical losses, in particular it analysis the portfolio historical information and calculates the balance of the clients with an overdue of more than 120 days in respect to the total amount of the portfolio. As well as the recoverability that they have after the 120 days overdue, considering the time value of the money.

The probability of the account balance is estimated for those accounts that are under 120 days, become, in the length of 12 months, to an overdue of more than 120 days, including the balance that is turned for legal procurement.

The Group's policy to classify the accounts that are overdue as uncollectable is when they meet the following conditions: efforts to collect the account have been made and all of the possibilities of payment are null previous to the default period. The Group determined that the reserve amount for accounts receivable impairment not impaired (current or with minor overdues in the period of default for each case).

On that basis, the loss allowance as of December 31, 2020 and 2019 was determined as follows for trade receivables:

December 31, 2020	**Current**	**Overdue**	**Under legal procurement**	**Brazilian Government**	**Total**
Expected loss rate	0.0013%	0.773%	100%	0%	
Gross carrying amount - trade receivables	$ 1,014,949	$ 46,052	$ 18,029	$ 264,441	$ 1,343,471
Impairment estimate	(132)	(356)	-	-	(488)
Litigation	-	-	(18,029)	-	(18,029)
Total clients	$ 1,014,817	$ 45,696	$ -	$ 264,441	$ 1,324,954

December 31, 2019	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Under legal procurement	Total
Expected loss rate	0.10%	0.10%	0.10%	0.10%	100.00%	
Gross carrying amount - trade receivables	$ 1,047,751	$ 17,028	$ 57,180	$ 232,065	$ -	$ 1,354,024
Impairment estimate	(1,048)	(17)	(57)	(232)	(11,032)	(12,386)
Brazil government	-	-	1,582	321,776	-	323,358
Total clients	$ 1,046,703	$ 17,011	$ 58,705	$ 553,609	$ (11,032)	$ 1,664,996

Credit limits were not exceeded in December 31, 2020 and 2019 and Management does not expect the Company to incur losses from breach by these entities.

The quality of credit risk on the financial assets in which expected credit losses are included and which have been evaluated using external credit ratings (if available) or historical loss rates for each category of customers or counterparties, is shown as follows:

	December 31, 2020	December 31, 2019
Clients (Note 9)		
Contrapartes sin calificación de crédito externa:		
Group A	$ 78,377	$ 512,012
Group B	1,069,067	1,069,394
Group C	177,510	83,590
Total accounts receivable from customers	**$ 1,324,954**	**$ 1,664,996**
Cash at bank and short-term bank deposits (Note 8)		
Counterparties with external credit ratings:		
AAA	$ 449,090	$ 596,612
AA	2,592,181	1,179,277
A	50,998	71,927
Total cash and cash equivalents	**$ 3,092,269**	**$ 1,847,816**

	December 31, 2020	December 31, 2019
Derivative financial instruments (Note 8)		
Counterparties with external credit ratings:		
AAA	$ (123,704)	$ (8,549)
Accounts receivable to related parties (Note 10)		
Counterparties without external credit ratings:		
Group B	$ 132,060	$ 124,554

Group A: new clients /related parties (less than six months of operations).

Group B: clients/existing related parties (more than six months of operations) with no past breaches.

Group C: clients/existing related parties (more than six months of operations) with some past breaches. In these cases, past due balances were fully collected.

No financial assets have been renegotiated. There are no past due balances receivable from related parties.

A summary of the assumptions underpinning the Company's expected credit loss model is as follows

Category	Category definition	Basis for recognition of expected credit loss provision
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.
Underperforming	Clients for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if the principal repayments are 60 days past due	Expected losses are measured at its expected lifetime.
Non-performing	Interest and/or principal repayments are 60 days past due.	Expected losses are measured at its expected lifetime.
Write-off	Interest and/or principal repayments are 180 days past due and there is no reasonable expectation of recovery.	Asset is written off

Long-term account receivables from related parties are considered low-risk credits, since there has not been any default history, and the Group has control over the cash flows and supports all of its related parties.

Accounts receivable are disposed when there is no reasonable assurance of their recoverability. The indicators that provide no reasonable assurance of their recoverability include, among others, the fact that the debtor does not suggest a payment scheme with the Group and the lack of ability to make a payment under the contractual terms for more than 180 past due.

3.1.3 Liquidity risk

Cash flow forecasts are performed at the operating subsidiary level of the Company and subsequently the Finance department consolidates that information. The Company's Finance department monitors cash flow forecasts and the Company's liquidity requirements, ensuring that cash and investments in trading securities are sufficient to meet operating needs. These forecasts consider financing plans through loans, compliance with contractual obligations, compliance with financial ratios based on the current financial situation and, if applicable, external and legal regulatory requirements.

The Company constantly monitors, and makes decisions not to violate, the limits and covenants established in the debt agreements. Projections consider financing plans and compliance with covenants, up to June 30, 2020, due to the obligations at that date.

At December 31, 2020 and 2019 the Company did not have unused credit lines.

The table below analyzes the Group's financial liabilities, presented for the period between the date of the consolidated statement of financial position and the date of its expiration. Amounts shown in the table correspond to non-discounted cash flows, including contractual interests.

December 31, 2020	Less than 3 months	Between 3 months and 1 year	More than 1 year	Total
Debt	$ 5,961	$ 425,251	$ 5,919,691	$ 6,350,903
Suppliers	669,222	-	-	669,222
Sundry payables	298,812	-	-	298,812
Accrued expenses and other accounts payable	236,850	-	-	236,850
Lease liability	-	48,198	185,196	233,394
Total	**$ 1,210,845**	**$ 473,449**	**$ 6,104,887**	**$ 7,789,181**

December 31, 2019		Less than 3 months		Between 3 months and 1 year		More than 1 year		Total
Debt	$	8,935	$	809,907	$	3,764,393	$	4,583,235
Suppliers		348,697		-		-		348,697
Sundry payables		500,298		-		-		500,298
Accrued expenses and other accounts payable		537,013		-		122,887		659,900
Lease liability		-		29,059		36,002		65,061
Total	**$**	**1,394,943**	**$**	**838,966**	**$**	**3,923,282**	**$**	**6,157,191**

3.2 CAPITAL MANAGEMENT

The Company's objectives in managing capital risk are: to safeguard its capacity to continue as a going concern, provide returns for the stockholders and benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group can vary the amount of dividends payable to the stockholders, conduct a capital stock reduction, issue new stocks or sell assets and reduce its debt. The Company has the practice of reinvesting its profits as a capitalization instrument.

Like other entities in the industry, the Company monitors its capital structure based on the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total debts (including short-term and long-term debt as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as equity as shown in the consolidated statement of financial position, plus net debt.

In general, the Group monitors the gearing ratio with a view to avoid exceeding the 50% threshold. The gearing ratios for the reporting periods were as follows:

	December 31,			
		2020		**2019**
Total Debts (Note 19)	$	4,112,434	$	2,935,146
Less: cash and cash equivalents (Note 8)		(3,092,269)		(1,847,816)
Excess of cash over debt		1,020,165		1,087,330
Total equity		6,207,362		6,299,116
Total capital - Net	**$**	**7,227,527**	**$**	**7,386,446**
Gearing ratio		14.11%		14.72%

3.3 FAIR VALUE ESTIMATE

The table below shows the financial instruments recorded at fair value classified as per the valuation method used in each case. The different levels are determined as follows:

Level 1: quoted price (not adjusted) of an identical asset or liability in an observable market.

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e., derived from prices).

Level 3: inputs for an asset or liability that are not based on observable market data (i.e., unobservable inputs).

The following table discloses Group's financial assets and liabilities that are measured through fair value. Refer to Note 15.1 to observe the disclosures related to land and buildings that are measured at fair value.

December 31, 2020	Level 1	Level 2	Level 3	Total
Financial asset at fair value through profit or loss	$ -	$ 52,591	$ 39,870	$ 92,461
Derivative financial instruments - Liability (Note 18)	$ -	$ 123,704	$ -	$ 123,704
Other accounts payable - contingent consideration	$ -	$ -	$ 62,120	$ 62,120

December 31, 2019	Level 1	Level 2	Level 3	Total
Financial asset at fair value through profit or loss	$ -	$ 45,532	$ 75,491	$ 121,023
Derivative financial instruments - Asset (Note 18)	$ -	$ 7,351	$ -	$ 7,351
Financial assets at fair value - Liability (Note 18)	$ -	$ 15,900	$ -	$ 15,900
Other accounts payable - contingent consideration	$ -	$ -	$ 62,234	$ 62,234

During the years ended on December 31, 2020 and 2019 no transfers between the fair value levels occurred.

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from a stock exchange, negotiators, brokers, industrial groups, price services or a regulating agency and those prices represent real and recurring transactions in the market on an arm's length basis. The quoted market price used for the financial assets held by the Company is the current bid price. These instruments are included in Level 1. The instruments included in level 1 comprise mainly tradable securities or securities available for sale.

The fair value of financial instruments not traded in active markets, e.g., over-the-counter derivatives, is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on Group's specific estimations. If all relevant inputs required to fair value of a financial instrument are observable, the instrument is included in Level 2.

If one or more relevant inputs are not based on observable market information, the instrument is included in Level 3.

The fair value for interest rate swaps is determined based on the fair value of the estimated cash flows based on observable performance outcomes.

3.4 OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

At December 31, 2020 and 2019, the Company did not offset financial assets and liabilities.

NOTE 4 - Critical accounting estimates and judgments:

Estimations and judgments used in preparing the financial statements are constantly evaluated and are based on historical experience and other factors, including expectations of future events that are considered reasonable under the circumstances.

4.1 THE COMPANY HAS USED THE FOLLOWING JUDGMENTS IN THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS:

4.1.1 Accounts receivable with Brazilian government clients

As mentioned in Note 9, the Company has stopped receiving payments of the total outstanding balances in the agreed periods, as such, Management has performed an analysis of the contracts with the government agencies, and in adherence with the country's legislation, there are enacted laws that could enforce the payment of the government of such debt, due to this fact, the Company has considered reasonable not to increase the impairment estimate for such account receivables.

4.1.2 Participation in Advance Innovation Center, LLC (AIC)

The Company celebrated an agreement to obtain interests in AIC, where a percentage of participation of 15.44% was obtained in such entity. Management has defined that significant influence has been achieved in this entity, due to the fact that four members out of seven, of the Board of Directors are under Company's Management, as such it is not considered that control has been obtained in the Company, since the main shareholder of AIC has the ability to remove discretionary the board members of the Board of Directors.

4.1.3 Discontinued operation from the sale of Dalka do Brasil's business

As mentioned on Note 30, the Company transferred its manufacturing facilities, the Aqualimp brand, the labor force and the working capital that belong to the individual solution business unit of the Brazilian subsidiary, because of the analysis performed on the different financial factors (low profitability, low market expansion and a complex competition), economic factors (economical crisis in Brazil and more complex tax structure) and social factors (COVID hygiene contingency), furthermore the Company signed an non-competence agreement that limits from that date, the commercialization of all Rotoplas and related Aqualimp brands in Brazil for a period of 10 years.

After the transfer of the assets in Brazil, Company's Management decided to exit completely of the Brazilian market due to the restrictions stipulated in the non-competence agreement signed with the buyer, with no intention of keep providing any service related to Grupo Rotoplas nor any of its affiliates in Brazil, as such the Company has considered this event as a discontinued operation.

4.1.4 Discontinued operation from the sale of MAC's assets

As mentioned on Note 30, the Company sold its assets of a subsidiary in the United States and signed an agreement of non-competence that limits from that date the commercialization of all of the products with the brand of Rotoplas in the US and Canada for a 10 years term, because of this the Company has considered such event as a discontinued operation.

4.2 THE COMPANY UTILIZES ESTIMATES AND PROJECTIONS OVER FUTURE EVENTS TO RECOGNIZE AND MEASURE CERTAIN FINANCIAL STATEMENT LINES.

The accounting estimates recognized outcome may vary from the actual outcome or real events. The estimates and projections that have a significant risk of resulting in material adjustments over the assets and liabilities recognized during the following period are as follows:

4.2.1 Revaluation surplus

The conditions of the non-observable inputs are determined under the best estimate of the Company based on the expert's assumptions hired for this purpose over the non-observable inputs, considering external and internal facts. The Company analyzes on a recurring basis the valuation of land and buildings to determine if there are factors that would suggest the need to reevaluate such assets. (Refer to Note 15.1).

4.2.2 Impairment of intangible assets with indefinite useful life including goodwill

The Company tests annually whether intangibles assets with indefinite useful life including goodwill have suffered any impairment; in accordance with the criteria set forth in Note 2.7. The recoverable amount of CGU has been determined based on their value-in use calculations. The determination of the value-in use requires the use of certain estimates. (Refer to Note 17).

Based on tests performed by the Company, an impairment adjustment was determined as of December 31, 2019 for an amount of $41,592 related to Sanzfield's goodwill.

As of December 31, 2020, the Company performed impairment tests on the other intangible assets and did not identify impairment.

4.2.3 Income taxes

The Company is subject to income taxes in numerous jurisdictions. Significant judgments are required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain.

The Company recognizes liabilities for matters observed during tax audits if it considers that, they would likely result in the determination of tax in addition to the amount originally incurred. Where the outcome of these matters is different from the estimated liability, these differences are recognized in income taxes payable and/or deferred for the period.

The Company recognizes a deferred tax asset for accumulated tax losses based on the projections and estimations for realization of the respective tax benefit through future tax profits and considering the existing market conditions at the year closing.

As mentioned in Note 9 the Company held a commercial relationship with the Brazilian government, however it was over generating significant tax losses for the Company.

As mentioned in Note 26, the tax losses in Brazil have no expiration date. In this aspect, the Company is using significant judgments in their recuperation forecasts, for example, a long term growth-rate of 6% is being considered; and it is considered that no adverse situations, such as those giving rise to such losses will occur, hence a future recuperation of no longer of 19 years for these losses is considered.

According to the USA tax legislation the tax losses expire in 20 years. MAC does not have an aggressive tax strategy nor uncertain tax positions in adhering to the USA laws. As mentioned in Note 30, during 2019 the Company decided to sell of its assets, this gave rise to a taxable base which was amortized against the tax losses.

The Company will monitor the recoverability of such losses and the corresponding estimate on an on-going basis.

If the tax result of those processes differs 5% from recognized estimates, the Company should increase or reduce the income tax liability by $12,691 and $9,378, and reduce or increase the deferred tax asset by 1,332 and $1,776, for 2020 and 2019, respectively.

4.2.4 Probability assumption of RVU recognition

The Company utilizes a probability assumption for the determination of the RVU value, which considers whether cash flows exists to consider the payment of the RVU in accordance to the contract plan, this input impacts directly the calculation of the RVU fair value. If at December 31, 2020 and 2019, the Company would not include an assumption the fair value would have increased by $19,043 and $14,008, respectively.

The Company utilizes diverse hypothesis and assumptions in the determination of the RVU fair value, such as, the probability of existence of free cash flow for the payment of the RVU in accordance to the contract plan, and the probability of increase or decrease in the future value of the RVU, these assumptions impact directly the calculation of the RVU fair value. If at December 31, 2020 and 2019 the Company would not have included the probability of existence of free cash flows a 50% increase, the fair value would have increased by $19,043 and 14,008, respectively.

NOTE 5 - Financial instruments categories:

Financial assets according to the consolidated statement of financial position:

December 31, 2020	Amortized cost	At fair value through profit and loss	Total
Cash and cash equivalents	$ 3,092,269	$ -	$ 3,092,269
Restricted cash	62,120	-	62,120
Accounts receivable and other accounts receivable	1,324,954	-	1,324,954
Sundry debtors and employees	111,735	-	111,735
Related parties	145,728	-	145,728
Financial asset at fair value through profit and loss	-	92,461	92,461
	$ 4,736,806	**$ 92,461**	**$ 4,829,267**

December 31, 2019	Amortized cost	At fair value through profit and loss	Total
Cash and cash equivalents	$ 1,847,816	$ -	$ 1,847,816
Restricted cash	62,234	-	62,234
Accounts receivable and other accounts receivable	1,664,996	-	1,664,996
Sundry debtors and employees	18,738	-	18,738
Related parties	131,480	-	131,480
Derivative financial instrument	-	7,351	7,351
Financial asset at fair value through profit and loss	-	121,023	121,023
	$ 3,725,264	**$ 128,374**	**$ 3,853,638**

Financial liabilities according to the consolidated statement of financial position:

December 31, 2020	Amortized cost	Hedge financial instruments	Total
Debt	$ 4,112,434	$ -	$ 4,112,434
Suppliers	669,222	-	669,222
Other accounts payable	593,173	-	593,173
Financial liability at amortized cost	233,394	-	233,394
Derivative financial instruments	-	123,704	123,704
	$ 5,608,223	**$ 123,704**	**$ 5,731,927**

December 31, 2019	Amortized cost	Total
Debt	$ 2,935,146	$ 2,935,146
Suppliers	348,697	348,697
Other accounts payable	975,077	975,077
Financial liability at amortized cost	65,061	65,061
Derivative financial instruments	15,900	15,900
	$ 4,339,881	**$ 4,339,881**

NOTE 6 - Guarantee deposits:

	December 31,	
	2020	2019
Guarantee for electric power services	$ 7,988	$ 8,109
Guarantee for leasing of real estate	5,320	7,440
Guarantee for sundry services	7,581	7,363
	$ 20,889	$ 22,912

NOTE 7 - Segment reporting:

General Management is the maximum authority for making Company's operation decisions. Therefore, General Management has determined the operating segments to be reported based on internal reports previously reviewed to make strategic business decisions.

An operating segment is defined as a component of an entity on which there is separate financial information that is evaluated on a regular basis. Revenue of the different Company segments streams mainly from the sale of products.

WATER SOLUTIONS:

"Individual solutions" segment

Individual solutions are products that by themselves satisfy the needs of customers on a permanent basis. These products are commercialized through the Company's distributor network, without the need for additional services such as installation or maintenance services.

"Comprehensive solutions" segment

Comprehensive solutions are systems made up by different Individual Solutions that interact with each other to meet needs that are more complex. In general, those systems include added-value services such as installations or maintenance to ensure that they function properly.

Segments where business combinations are included:

As mentioned in Note 1 of these consolidated financial statements, the Company acquired diverse businesses that on a standalone basis do not qualify as an individual operating segment disclosed separately. However, in accordance with the type of solutions they offer to their clients, Management has classified them within the individual and comprehensive operating segments, as follows:

INDIVIDUAL SOLUTIONS:

- Rotoplas Argentina
- E-Commerce

COMPREHENSIVE SOLUTIONS:

- Sytesa

INCOME AND RESULTS PER OPERATING SEGMENT:

The Company evaluates the performance of each operating segment based on earnings before financing result , taxes, depreciation and amortization and donations (EBITDA), considering such indicator to be an appropriate measure to evaluate the yield of operating performance, as well as the capacity to fund capital investments and working capital requirements. Nevertheless, EBITDA is not a financial performance measure under IFRS and it should not be considered an alternative to net profit to measure operating performance, or cash flows to measure liquidity.

The Company has defined EBITDA as the profit (loss) before income taxes after adding or subtracting, as the case may be: 1) depreciation, amortization and impairment of non-current assets; 2) the net financing result (includes interest costs and income, and exchange gains or losses), 3) share of net profit of associates, and 4) donations.

GEOGRAPHIC MARKETS:

The Company also controls its assets and liabilities per geographic market, classified as Mexico, Argentina, and Others (Peru, USA, Canada, Brazil, Guatemala, Honduras, Nicaragua, Costa Rica, and El Salvador).

An analysis of income and results per segment of the Company to be reported is shown below. The other income statement items are not assigned, as they are managed on a corporate level. The information disclosed in each segment is shown net of eliminations related to transactions conducted between Group companies. This form of presentation is the same as that used by Management in its periodic review processes of the Company's performance.

	Year ended on December 31,					
	2020	2019	2020	2019	2020	2019
	Individual solutions		Comprehensive solutions		Consolidated	
Sales to external customers	$ 8,033,261	$ 7,166,356	$ 611,042	$ 624,012	$ 8,644,303	$ 7,790,368
Profit (loss) before taxes	$ 972,982	$ 675,417	$ (126,923)	($ 50,236)	$ 846,059	$ 625,181
EBITDA	$ 1,582,982	$ 1,441,073	$ (8,337)	$ 61,028	$ 1,574,645	$ 1,502,101

Revenue of approximately $1,182,774 are derived from five external customers ($1,028,674 in 2019). This revenues are attributable to the Mexico and Brazil geographical areas.

Profit before tax per period is as follows:

	Year ended on December 31,	
	2020	2019
EBITDA	$ 1,574,645	$ 1,502,101
Depreciation and amortization	(349,905)	(320,957)
Donations	(10,171)	(6,198)
Extraordinary expenses	(167,449)	-
Net financing costs	(202,674)	(550,500)
Share of net profit of associates	1,613	735
Income before taxes	$ 846,059	$ 625,181

GEOGRAPHIC INFORMATION:

Sales per geographic market where these are located are as follows:

	Year ended on December 31,	
	2020	2019
Net sales:		
Mexico	$ 4,952,700	$ 4,510,974
Argentina	1,669,339	1,694,023
Other	2,022,264	1,585,371
Total	**$ 8,644,303**	**$ 7,790,368**

Property, plant and equipment located per geographic market:

	December 31, 2020	December 31, 2019
Mexico	$ 1,885,990	$ 1,960,021
Argentina	296,826	274,714
Other	138,252	245,726
	$ 2,321,068	$ 2,480,461

COMPANY'S TOTAL INFORMATION

The detail of the revenue by category is shown as follows:

	Year ended on, December 31, 2020	Year ended on, December 31, 2019
Products sales	$ 8,173,926	$ 7,397,759
Revenue from services and maintenance	413,396	329,559
Revenue from operating leases	56,981	63,050
Total	**$ 8,644,303**	**$ 7,790,368**

NOTE 8 - Cash and cash equivalents:

	December 31, 2020	December 31, 2019
Cash	$ 365	$ 314
Bank deposits	2,272,471	952,009
Highly-liquid investments with maturities of three months or less	819,433	895,493
Total cash and cash equivalents	**$ 3,092,269**	**$ 1,847,816**

NOTE 9 - Accounts receivable and other accounts receivable:

	December 31, 2020	December 31, 2019
Clients	$ 1,343,471	$ 1,677,382
Less: impairment estimate	(18,517)	(12,386)
	1,324,954	1,664,996
Sundry debtors*	21,689	15,812
Employees	6,021	2,926
VAT not yet credited	76,843	25,497
	104,553	44,235
	$ 1,429,507	$ 1,709,231

The fair value of accounts receivable at December 31, 2020 and 2019 is similar to their book value.

* As of April 30, 2020 the Company granted a loan for $136,573 for an 11 month period, payable in one exhibit at an annual interest rate of 9.5% without guarantee. This loan was paid in two payments one on November 28, 2020 for $36,115 and January 28, 2021 for $127,259.

Accounts receivable include balances receivable from the following customers:

	December 31,	
	2020	2019
Clientes gobierno de Brasil*	$ 263,080	$ 323,358
Home Depot México, S. de R. L de C. V.	85,843	47,343
Tenneco Automovi Eastern Automotive Easten Europe Sp. z o.o	35,440	-
Citycon, S. A. de C. V.	79,519	100,519
Cencosud, S. A.	26,387	6,636
Grupo Boxito, S. A. de C. V.	24,583	18,077
Desarrollo Comercial Polo S. A. P. I.	22,836	245,582
Tiendas del mejoramiento del Hogar, S. A.	22,674	-
Simón Sistemas Hidráulicos, S. A. de C. V.	17,257	12,568
Materiales para el desarrollo de México, S. A. de C. V.	15,714	-
Tuberías de Oriente, S. A. de C. V.	1,168	10,680
Sodimac Perú, S. A.	782	609
Others	729,671	899,624
	$ 1,324,954	**$ 1,664,996**

* Brazilian government clients.

In adherence to the "Programa Federal Agua para Todos" (APT), Dalka do Brasil was engaged by different Brazilian government agencies to supply and install rainwater caption systems in several counties of the semiarid region. These accounts receivable with government agencies are guaranteed by the "Programa de Aceleración de crecimiento" (PAC), at the federal government protection, who has recognized the amount owed by such agencies. In the beginning of 2015, the federal government started to withhold the transfer of funds to those agencies; as such, Dalka do Brasil stopped receiving payments in the agreed terms part of the receivable balances until the reactivation of operations in 2019.

During 2020, the Company recognized inflation adjustments as part of the account receivable of R$842 ($3,941); this adjustment is made based on the legal bases of this country and in accordance with the specific terms of each contract, which cover the loss of acquisitive power in the price on each of the outstanding invoices, a total amount of R.126 ($485) was collected, related to overdue balances and at issuance date of this financial statements the amount collected for these accounts receivable was R.27 ($98). The accounts receivable balance, with government agencies at December 31, 2020 and 2019 in thousand Reales was R.68,935 ($264,441) and R.69,061 ($323,358), respectively.

The accounts receivable with the Brazilian government agencies are considered as low credit risk, as of date of the financial statements, these have not been impaired since there are legal resources to pursue for immediate payment. The ageing of the balances with such government agencies at December 31, 2020 and 2019 is shown as follows:

	December 31,	
	2020	2019
Range		
Current	$ 166	$ -
From 30 to 120 days	21	1,582
More than 120 days	262,893	321,776
	$ 263,080	**$ 323,358**

As mentioned before, under IFRS 9, it is assumed that a financial asset with more than 120 days overdue, should be considered overdue or in default. Based on the qualitative analysis of the history of accounts receivable payments, it was identified that an important part of the overdue accounts receivable with a short delay afterwards and that those accounts that have more than 120 days respectively have marginal recoveries.

The Company has sufficient historical information that allows to select a model based on expected losses. As such, the 3-stages model was considered appropriate as it uses a focus to reflect the actual and projected information of the factors that affect the capacity of the customers to pay their account receivables.

Movements in the impairment estimate of the accounts receivable are as follows:

	December 31, 2020	December 31, 2019
Book value at January 1	$ 12,386	$ 15,700
Impairment for the year	10,639	4,846
Recuperation (cancellations) of doubtful accounts - Net	(4,508)	(8,160)
Net book value	**$ 18,517**	**$ 12,386**

Charges and reversals to the client impairment estimate have been included under operating expenses in the statement of income. When there is no further expectation of recovery of an account from a customer, the balance is canceled together with the respective impairment provision. The other account receivables are not impaired.

As of December 31, 2020 and 2019, accounts receivable from customers of $18,517 and $12,386, respectively, were impaired and have been fully reserved.

Net book value of account receivables and other account receivables net of impairment estimate of the Company are denominated in the following currencies:

	December 31, 2020	December 31, 2019
Mexican peso	$ 658,549	$ 914,024
Argentinian peso	A 1,042,335	A 584,544
USD	USD 1,157	USD 3,052
Real	R. 68,935	R. 86,376
Sol	S/ 17,369	S/ 13,529
Other in Quetzal (Central America)	Q. 14,209	Q. 11,346

The maximum exposure to credit risk at year-end is the book value of customers and other accounts receivable. The group received no guarantees in relation to customers or other accounts receivable.

NOTE 10 - Related parties:

a. The following operations were carried out with related parties on an arm's length basis:

Sell of goods and render of services to associates:	Year ended on December 31, 2020	Year ended on December 31, 2019
Dalkasa, S. A. (Ecuador)	$ 22,657	$ 16,134
	$ 22,657	**$ 16,134**

b. Year-end balances resulting from sells/purchases of goods and services.

Accounts receivable for sell of goods, rendering of services to associates and loans	December 31, 2020	December 31, 2019
Dalkasa, S. A.	$ 12,340	$ 5,982
AIC-Rotoplas, S. P. A.	331	-
Advanced Innovation Center, LLC	997	944
	$ 13,668	**$ 6,926**

Accounts receivables from related parties arise from sell transactions and are due after a term of 60 days from the transaction date, at December 31, 2020 and 2019 the Company had no account receivables past due from related parties. These account receivables had no guarantees nor accrued interest. At December 31, 2020 and 2019, no impairment estimate has been recognized for these account receivables.

c. Loans granted to officers

At December 31, 2020 and 2019, loans granted to key officers are subject to fixed and variable interest rates, are shown below:

Officer	1			2			3	6		7	8	
Engagement date	**January 29, 2013**	**August 28, 2011**	**March 13, 2017**	**January 1, 2013**	**March 13,2017**	**May 2, 2019**	**January 1, 2013**	**December 15, 2013**	**August 15, 2017**	**March 17,2017**	**February 28, 2019**	**Total**
Interest rate	6.90%	UDI	6.00%	6.90%	6.00%	UDI	6.90%	6.90%	6.90%	UDI	UDI	
December 31, 2020												
Opening balances	$ 19,431	$ 1,111	$ 9,661	$ 16,011	$ 7,500	$ 3,874	$ 13,039	$47,069	$ 205	$ 508	$ 6,145	$124,554
Loans granted	-	-	-	-	-	-	-	4,475	-	-	-	4,475
Collections	-	-	-	-	-	-	-	(204)	-	-	(3,000)	(3,204)
Interests	960	36	221	790	560	125	620	2,736	-	26	161	6,235
Total	**$ 20,391**	**$ 1,147**	**$ 9,882**	**$ 16,801**	**$ 8,060**	**$ 3,999**	**$13,659**	**$54,076**	**$ 205**	**$ 534**	**$ 3,306**	**$132,060**

Officer	1			2			3	4		5	6		
Engagement date	**January 29, 2013**	**August 28, 2011**	**March 13, 2017**	**January 1, 2013**	**March 13,2017**	**January 1, 2013**	**January 21, 2013**	**February 10, 2012**	**December 15, 2013**	**August 15, 2017**	**March 17,2017**	**February 28, 2019**	**Total**
Interest rate	6.90%	UDI	6.00%	6.90%	6.00%	6.90%	6.90%	UDI	6.90%	6.90%	UDI		
December 31, 2019													
Opening balances	$ 18,357	$ 1,087	$ 9,434	$ 15,126	$ 7,273	$ 12,336	$ 4,811	$ 4,077	$40,235	$ 205	$ 503	$ -	$ 113,444
Loans granted	-	-	-	-	3,800	-	-	-	6,115	-	-	6,000	15,915
Collections	-	-	-	-	-	-	-	(4,110)	(2,005)	-	-	-	(6,115)
Interests	1,074	24	227	885	301	703	(4,811)	33	2,724	-	5	145	1,310
Total	**$ 19,431**	**$ 1,111**	**$ 9,661**	**$ 16,011**	**$ 11,374**	**$ 13,039**	**$ -**	**$ -**	**$47,069**	**$ 205**	**$ 508**	**$ 6,145**	**$ 124,554**

The fair value of officers' loans as of December 31, 2020 and 2019 was $141,007 and $148,017, respectively. Loans are due until June 1, 2024.

As of December 31, 2020 and 2019, no impairment estimates were necessary over the values of these loans.

As of December 31, 2020 and 2019, the effective interest rates of such loans were between 4-8% in both years.

d. Compensations paid to directors and other Management members were as follows:

	Year ended on December 31,	
	2020	**2019**
Salaries and other short-term benefits	$ 186,175	$ 155,611

The compensation to directors and key executives is determined by the Board of Directors based on their performance and market trends.

e. Other related parties

During 2020 and 2019, the Company carried out operations with Corporativo Grupo Bursatil Mexicano (GBM), which in turn holds the shares of GBM International, Inc. and GBM México.

Corporativo GBM and subsidiaries have a commercial relationship with the Company, and during the reporting periods have provided financial advisory services, investment banking services and other bank services.

Carlos Rojas Mota Velasco, main Company stockholder and President of the Board of Directors, has a familiar relationship with the main stockholder of Corporativo GBM and therefore Corporativo GBM and its subsidiaries are considered related parties.

i. As of December 31, 2020 and 2019, the Company had no balances receivable from or payable to Corporativo GBM.

ii. The Company conducted the following operations with Corporativo GBM:

	Year ended on December 31,	
	2020	2019
Commissions paid	$ 668	$ 920
Interest collected	$ 27,531	$ 29,854

NOTE 11 - Other recoverable taxes:

	December 31,	
	2020	2019
Recoverable VAT	$ 106,313	$ 78,462
Excise tax on industrialized products[1]	99,534	220,634
Income tax prepayments	11,276	3,037
Other taxes[2]	75,373	47,449
	$ 292,496	$ 349,582

1 Relates to a federal Brazilian tax paid on the purchase of an industrialized product, which can be deducted from the amount earned from the sale of that product to third parties.

2 Relates to different minor local taxes incurred by the different entities located in Latin America, the most relevant being Brazil and Peru.

NOTE 12 - Inventories:

	December 31,	
	2020	2019
Raw materials	$ 380,704	$ 351,462
Packaging materials	18,962	14,250
Work in progress	41,552	49,156
Finished goods	323,036	422,587
	764,254	**837,455**
Plus:		
Merchandise in transit	59,698	49,618
Restatement effect[1]	8,724	7,385
	$ 832,676	$ 894,458

1 Relates to the restatement effect of the Argentinian entities.

NOTE 13 - Prepaid expenses:

	December 31,	
	2020	2019
Insurance paid in advance	$ 13,258	$ 9,112
Services paid in advance	46,919	31,268
Advance expenses for maintenance	42,302	40,140
Advertising paid in advance	5,880	20,425
Other expenses paid in advance	2,081	15,811
	$ 110,440	$ 116,756

NOTE 14 - Financial asset at fair value through profit or loss:

	December 31, 2020	December 31, 2019
Current:		
Tanks Holding [1]	$ 39,870	$ 37,745
Non-Current:		
Tanks Holding [1]	$ -	$ 37,745
B37 Ventures, LLC. [2]	52,591	45,533
Total non-current	**$ 52,591**	**$ 83,278**

Changes in fair value of financial assets at fair value through profit or loss are recognized net in the income statement line of "Finance income and costs".

1 As mentioned in note 30 and due to the transaction of the sale of fixed assets United States, as part of the value of the total transferred consideration, there is a contingent consideration for an amount equivalent to USD$4 million (equivalent to $75,491), such amount is withheld by the vendor as a guarantee of complying with the terms and guarantees of the contract. The first payment was made on July 19, 2020 for an amount of USD$2 million (equivalent to $43,981) and the second payment will be make on July 19, 2021 for the remaining portion.

2 During the period ended on December 31, 2016 the Company placed an investment in the fund B37 Ventures, LLC., with the purpose of investing in debt or capital investments at discretion of the fund administrators, these investments are subject to valuation through market references and values that might not be available, such fund investment might not be subject to high liquidity ratios and depends on the performance of the entities in which the fund is investing.

NOTE 15 - Property, plant and equipment:

Year ended on December 31, 2020	Land	Constructions in progress	Buildings and Plants	Machinery and tools	Furniture, fixtures and computer equipment	Transportation equipment	Molds	Leasehold improvements	Treatment Plants	Solar Panels	Total
Opening balances	$ 425,720	$ 382,550	$ 407,701	$ 306,917	$ 45,318	$ 19,409	$ 118,560	$ 30,362	$ 570,477	$ 173,447	$ 2,480,461
Translation and restatement effects	(9,230)	(48,748)	14,688	(18,479)	1,105	(1,946)	1,830	(3,707)	-	-	(64,487)
Revaluation surplus	-	-	727	-	-	-	-	-	-	-	727
Transfers	-	(244,172)	15,470	110,552	1,594	225	43,651	(10,884)	78,358	-	(5,206)
Acquisitions	-	268,752		8,465	156		2,653	-	-	-	280,026
Disposals	(49,833)	(3,653)	(70,349)	(56,549)	(4,500)	(895)	(63,264)	-	(68,686)	-	(317,729)
Disposals depreciation	-	-	23,130	38,870	3,943	854	32,176	-	95,584	-	194,557
Depreciation of the year	-	-	(27,740)	(59,486)	(17,058)	(3,465)	(36,036)	(8,232)	(75,734)	(6,018)	(233,769)
Depreciation of the year for restatement effect	-	-	(3,290)	(3,635)	(1,626)	(1,596)	(3,365)	-	-	-	(13,512)
Closing balance	$ 366,657	$ 354,729	$ 360,337	$ 326,655	$ 28,932	$ 12,586	$ 96,205	$ 7,539	$ 599,999	$ 167,429	$2,321,068
Balances as of December 31, 2020:											
Cost	$ 366,657	$ 354,729	$ 724,781	$ 903,107	$ 157,248	$ 41,440	$ 490,297	$ 46,510	$ 883,574	$ 180,549	$ 4,148,892
Accumulated depreciation	-	-	(364,444)	(576,452)	(128,316)	(28,854)	(394,092)	(38,971)	(283,575)	(13,120)	(1,827,824)
Closing balance	$ 366,657	$ 354,729	$ 360,337	$ 326,655	$ 28,932	$ 12,586	$ 96,205	$ 7,539	$ 599,999	$ 167,429	$ 2,321,068

Year ended on December 31, 2019	Land	Construc-tions in progress	Buildings and Plants	Machinery and tools	Furniture, fixtures and computer equipment	Trans-portation equipment	Molds	Leasehold improve-ments	Treatment Plants	Solar Panels	Total
Opening balances	399,808	402,734	437,134	432,182	58,130	10,286	170,355	115,938	509,195	117,350	2,653,112
Translation and restatement effects	(11,480)	(2,765)	(29,690)	25,388	1,265	7,463	(731)	(215)	-	-	(10,765)
Revaluation surplus	37,392	-	26,295	-	-	-	-	-	-	-	63,687
Transfers	-	(218,383)	4,732	7,550	2,843	96	39,575	422	126,046	61,209	24,090
Acquisitions	-	255,490	1,061	15,625	8,487	6,317	7,616	4,823	-	-	299,419
Disposals	-	(54,526)	(9,330)	(190,684)	(19,907)	(1,436)	(107,362)	(86,944)	(66,551)	-	(536,740)
Disposals depreciation	-	-	7,575	61,713	18,848	1,346	54,180	9,978	59,799	-	213,439
Depreciation of the year	-	-	(30,025)	(43,957)	(23,837)	(4,415)	(44,301)	(12,988)	(58,012)	(5,112)	(222,647)
Depreciation of the year for restatement effect	-	-	(51)	(900)	(511)	(248)	(772)	(652)	-	-	(3,134)
Closing balance	425,720	382,550	407,701	306,917	45,318	19,409	118,560	30,362	570,477	173,447	2,480,461
Balances as of December 31, 2019:											
Cost	425,720	382,550	731,225	757,111	155,989	44,899	412,325	62,103	873,903	180,548	4,026,373
Accumulated depreciation	-	-	(323,524)	(450,194)	(110,671)	(25,490)	(293,765)	(31,741)	(303,426)	(7,101)	(1,545,912)
Closing balance	425,720	382,550	407,701	306,907	45,318	19,409	118,560	30,362	570,477	173,447	2,480,461

As of December 31, 2020 and 2019, the depreciation charge is included in the cost of sales for $201,438 and $170,514, in operating expenses of $24,343 and $55,267, respectively.

If land and buildings had been measured using the historic cost valuation method instead of by the revaluation method, the balances recorded would have been as follows:

	December 31, 2020	December 31, 2019
Cost of land	$ 195,700	$ 219,853
Cost of buildings	557,570	557,715
Accumulated depreciation of buildings	(430,913)	(331,994)
	126,657	225,721
Net book value	**$ 322,357**	**$ 445,574**

At December 31, 2020 and 2019, the Company leases to its clients (mainly Nueva Wal-Mart de México, S. de R. L. de C. V.) water treatment plants under non-cancellable operating lease contracts with a net book value of $504,195 and $570,478. The periods of the leases are up to 10 years, the assets will remain property of the Company at the end of these terms. This operation is the outcome of the business acquisition of Sytesa.

At December 31, 2020 and 2019, the Company has not capitalized financing costs.

At December 31, 2020 and 2019, the Company does not operate contracts under financial lease.

15.1 FAIR VALUE OF LANDS AND BUILDINGS:

In 2016, independent experts carried out appraisals of lands and buildings. The increase of revaluation was recognized net of deferred taxes in revaluation surplus.

Assets are classified under different levels depending on their features, as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e., derived from prices).

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable data).

Information on fair value measurements carried out in 2016 using non-observable data classified as level 2, is shown as follows:

Description		Fair value at January 1, 2016	Valuation techniques	Non-observable data	Range of non-observable data weighted average prices *		
					Higher	Used	Lower
Mexico City							
Land	$	84,581	Price comparison	Price per m²	8,950	8,950	-
Buildings		14,188	Price comparison	Price per m²	3,123	3,123	-
Total Mexico City		**98,769**					
Guadalupe, Nuevo Leon							
Land		79,786	Price comparison	Price per m²	1,060	1,060	-
Buildings		66,509	Price comparison	Price per m²	8,071	8,071	-
Total Guadalupe, Nuevo Leon		**146,295**					
Tlajomulco de Zúñiga, Jalisco							
Land		25,390	Price comparison	Price per m²	314	314	-
Buildings		23,291	Price comparison	Price per m²	4,717	4,717	-
Total Tlajomulco de Zúñiga, Jalisco		**48,681**					
Leon, Guanajuato							
Land		16,448	Price comparison	Price per m²	210	210	-
Buildings		128,080	Price comparison	Price per m²	6,517	6,517	-
Total Leon, Guanajuato		**144,528**					
Los Mochis, Sinaloa							
Land		3,875	Price comparison	Price per m²	290	290	-
Buildings		14,042	Price comparison	Price per m²	5,590	5,590	-
Total Los Mochis, Sinaloa		**17,917**					
Lerma, Estado de México							
Land		18,788	Price comparison	Price per m²	1,450	1,450	-
Buildings		48,038	Price comparison	Price per m²	5,703	5,703	-
Total Lerma, Estado de México		**66,826**					
Mérida, Yucatán							
Land		39,501	Price comparison	Price per m²	1,330	1,330	-
Buildings		18,867	Price comparison	Price per m²	4,709	4,709	-
Total Mérida, Yucatán		**58,368**					
Tejería, Veracruz							
Land		29,185	Price comparison	Price per m²	880	880	-
Buildings		33,078	Price comparison	Price per m²	5,916	5,916	-
Total Tejería, Veracruz		**62,263**					
Total Mexico		**643,647**					

Description	Fair value at January 1, 2016	Valuation techniques	Non-observable data	Range of non-observable data weighted average prices * Higher	Used	Lower
Pilar, Buenos Aires	35,921	Price comparison	Price per m²	7,372	7,372	-
Vicente López, Buenos Aires	47,768	Price comparison	Price per m²	5,980	5,980	-
Total Argentina	**83,689**					
Villanueva, Guatemala	24,485	Price comparison	Price per m²	6,977	6,977	-
Total Guatemala	**24,485**					
Extrema, Brazil	90,692	Price comparison	Price per m²	7,751	7,751	-
Total Brazil	**90,692**					
	$ **842,513**					

* The values utilized are expressed in Mexican pesos.

During the years ended on December 31, 2020 and 2019 there were no transfers between the different levels of fair value.

Fair values net of movements for the periods are as follows:

	December 31, Land 2020	Land 2019	Buildings 2020	Buildings 2019	Total 2020	Total 2019
Mexico	$ 296,869	$ 297,554	$ 273,292	$ 289,538	$ 570,161	$ 587,092
Argentina	55,599	54,489	77,193	49,491	132,792	103,980
Guatemala	14,189	13,598	9,852	10,608	24,041	24,206
Brazil	-	60,079	-	58,064	-	118,143
	$ **366,657**	$ **425,720**	$ **360,337**	$ **407,701**	$ **726,994**	$ **833,421**

Changes in fair value measurement using significant observable inputs (level 2):

Lands and buildings:	December 31, 2020	2019
Opening balances	$ 833,421	$ 836,942
Translation effect	(43,479)	(50,898)
Additions	15,470	5,793
Disposals	(97,052)	(1,755)
Restatement surplus	(3,199)	63,687
Restatement effect	48,937	5,822
Depreciation	(27,104)	(26,170)
Closing balance	$ **726,994**	$ **833,421**

Valuation techniques used to determine level 2 fair values:

The level 2 fair value for land and buildings has been derived using the sales comparison approach. The sale prices of land and buildings in the comparable proximities are adjusted to the different key characteristics, for example size of the property. The key input under this approach is the price per square meter.

Company's valuation process

The Company's Administration and Finance department performs periodical analysis that are required for financial reporting purposes, of the fair values. This department reports directly to the senior directors of the Finance department. The results of valuation and annual processes performed serve to confirm that the conditions set forth in the accounting policy for revaluation of assets takes place every five years is still in force.

Valuations of land and buildings performed by external parties take place every five years if the conditions shown in non-observable data or of assets are affected by external and internal elements. Based on discussions between Management and the external appraisers, it has been determined that non-observable data used as the basis for valuations, such as age, dimensions and borders, conditions of land and buildings, locations and local economic factors, are comparable to the prices of the respective locations of assets.

The ratio of non-observable data when measuring the fair value is as follows: the higher the price per square meter, the higher the fair value.

NOTE 16 - Investment in associates:

The investment in associates of the Company, accounted for under the equity-method is shown below. The associates that are disclosed below have a share capital consisting only of ordinary shares.

NATURE OF THE INVESTMENT IN ASSOCIATES:

Dalkasa, S. A. (Dalkasa)

Dalkasa, a private entity incorporated and operating in Quito, Ecuador, is mainly engaged in manufacturing and selling plastic water containers for water storage. At December 31, 2020 and 2019, the interest in the associate was 49.88%.

The Company holds no joint control over Dalkasa because it does not meet the requirements to do so. Instead, in accordance with IFRS, it holds significant influence in Dalkasa because it has participation in the Board of Directors; it participates in policy processes and in significant transactions, and in the supply of technical information.

AIC

AIC is a private entity established and in operation in the USA, which in turn is the holding entity of the share parts of AIC - Rotoplas in Chile, it holds and owns the patent related to the technology "Plasma Water Santiation System" (PWSS) which is an innovative system of water treatment capable of eliminating viruses and living bacteria, through the transformation of continuous contaminated water flow into plasma. As of December 31, 2020 and 2019 the percentage of participation in the associate was 15.44%.

Management has defined that significant influence in this entity has been reached, due to the involvement of four Company's members in the board of directors out of seven in this AIC, however no full control has been achieved since the main shareholder has the ability to nominate at will any member of the board of directors.

Information of Dalkasa and AIC is shown below:

a. Summarized statements of financial position

	Dalkasa		AIC		Total	
	December 31,					
	2020	2019	2020	2019	2020	2019
Current Assets:						
Cash and cash equivalents	$ 5,876	$ 3,200	$ -	$ 16,405	$ 5,876	$ 19,605
Accounts receivable and other accounts receivables	22,550	17,893	-	12,682	22,550	30,575
Related parties	-	-	-	124,400	-	124,400
Other recoverable taxes	-	-	-	257	-	257
Inventories	9,634	7,717	-	832	9,634	8,549
Prepaid expenses	69	11	-	11,794	69	11,805
Total current assets	**38,129**	**28,821**	**-**	**166,370**	**38,129**	**195,191**
Related parties	-	-	-	17,945	-	17,945
Property, plant and equipment	2,914	3,059	-	20,496	2,914	23,555
Intangible assets	-	-	-	624,517	-	624,517
Total assets	**$ 41,043**	**$ 31,880**	**$ -**	**$ 829,328**	**$ 41,043**	**$ 861,208**

	Dalkasa		AIC		Total	
	December 31,					
	2020	2019	2020	2019	2020	2019
Liabilities and Equity						
Current Liabilities:						
Suppliers	$ 1,365	$ 786	$ -	$ 8,712	$ 1,365	$ 9,498
Other accounts payable	9,516	2,119	-	39,042	9,516	41,161
Related parties	-	-	-	32,162	-	32,162
Provisions	999	1,002	-	-	999	1,002
Income taxes payable	1,749	1,227	-	-	1,749	1,227
Other taxes payable	374	373	-	709	374	1,082
Total liabilities	**14,003**	**5,507**	**-**	**80,625**	**14,003**	**86,132**
Total net assets	**$ 27,040**	**$ 26,373**	**$ -**	**$ 748,703**	**$ 27,040**	**$ 775,076**

b. Summarized statements of income

	Dalkasa		AIC		Total	
	Year ended on December 31,					
	2020	2019	2020	2019	2020	2019
Net sales	$ 47,252	$ 74,616	$ -	$ 24,008	$ 47,252	$ 98,624
Cost of sales	(28,303)	(50,670)	-	(3,534)	(28,303)	(54,204)
Gross profit	18,949	23,946	-	20,474	18,949	44,420
Operating expenses	(13,444)	(18,089)	-	(27,525)	(13,444)	(45,614)
Other expenses - Net	(1,061)	(1,001)	-	-	(1,061)	(1,001)
Finance costs - Net	(27)	(50)	-	(186)	(27)	(236)
Income taxes	(1,182)	(1,190)	-	(68)	(1,182)	(1,258)
Non-controlling interest	-	-	-	384	-	384
Net profit (loss) for the year	**$ 3,235**	**$ 3,616**	**$ -**	**$ (6,921)**	**$ 3,235**	**$ (3,305)**

As of December 31, 2020 and 2019 Dalkasa and AIC are private companies and there is no observable market available for their shares.

The abovementioned information shows the quantities presented in the adjusted financial statements of the associates by the differences in the accounting policies between the Company and the associate.

Investment contingencies and commitments:

At December 31, 2020 and 2019, the Company had no contingencies related with the investment in associates.

At December 31, 2020 and 2019, the Company has no restrictions over cash and cash equivalents in the investment in associates.

c. Reconciliation of summarized financial information at carrying value regarding equity in associates is as follows:

	Dalkasa		AIC		Total	
	December 31,					
Summarized financial information	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Net assets as of January 1,	$ 26,373	$ 24,394	$ -	$ 772,407	$ 26,373	$ 796,801
Profit (loss) for the year	3,235	3,616	-	(6,921)	3,235	(3,305)
Investments	-	-	-	-	-	-
Currency translation effect	(2,568)	(1,637)	-	(16,783)	(2,568)	(18,420)
Net assets at period end,	**$ 27,040**	**$ 26,373**	**$ -**	**$ 748,703**	**$ 27,040**	**$ 775,076**

GRUPO ROTOPLAS PARTICIPATION INTEREST:

	Dalkasa		AIC		Total	
	December 31,					
Summarized financial information	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Net assets as of January 1,	$ 27,040	$ 26,373	$ -	$ 748,703	$ 27,040	$ 775,076
Percentage of participation	49,88%	49.88%	15.44%	15.44%	-	-
Investment in associates of Grupo Rotoplas, S.A.B. de C.V.	13,488	13,156	-	115,600	13,488	128,756
Goodwill impairment *	-	-	-	(116,668)	-	(116,668)
Net assets at period end	$ 13,488	$ 13,156	$ -	$ (1,068)	$ 13,488	$ 12,088

* During 2019 the major shareholder decided to shut down the associate since it did not generate the profitability and in accordance with its projections there was no observable future economical returns, as such Management decided to impair the investment in such associate.

As of December 31, 2019 Management recognized an impairment to AIC's investment for $116,668.

d. Share of net profit of associates based on the equity method is as follows:

	Year ended on December 31,	
	2020	**2019**
DALKASA		
Net profit of the associate	$ 3,235	$ 3,616
Investment in associate	49.88%	49.88%
	1,613	1,804
AIC		
Net loss of the associate	-	(6,921)
Investment in associate	15.44%	15.44%
	-	(1,069)
Share of net profit in associates	**$ 1,613**	**$ 735**

NOTE 17 - Intangibles:

	Goodwill	Trademarks	Client relationship	Non-compete agreement	Software and SAP licenses	Total
Balance at January 1, 2020:	$ 2,374,254	$ 381,549	$ 277,043	$ 2,507	$ 206,637	$ 3,241,990
Translation and restatement effect	186,706	52,463	95,179	623	172	335,143
Transfers	-	-	-	-	5,206	5,206
Acquisitions	-	-	-	-	10,906	10,906
Disposals	-	-	-	-	(3,687)	(3,687)
Amortization of disposals	-	-	-	-	1,251	1,251
Amortization of the period	-	-	(11,805)	(319)	(48,208)	(60,332)
Balance at December 31, 2020	**$ 2,560,960**	**$ 434,012**	**$ 360,417**	**$ 2,811**	**$ 172,277**	**$ 3,530,477**
Net book value:						
Cost	$ 2,560,960	$ 434,012	$ 384,028	$ 3,448	$ 272,327	$ 3,654,775
Accumulated amortization	-	-	(23,611)	(637)	(100,050)	(124,298)
Balance at December 31, 2020	**$ 2,560,960**	**$ 434,012**	**$ 360,417**	**$ 2,811**	**$ 172,277**	**$ 3,530,477**

	Goodwill	Trademarks	Client relationship	Non-compete agreement	Software and SAP licenses	Total
Balance at January 1, 2019:	$ 2,500,911	$ 394,304	$ 303,264	$ 2,940	$ 234,655	$ 3,436,074
Translation and restatement effect	(52,091)	(12,755)	(14,416)	(115)	102	(79,275)
Impairment	(41,592)	-	-	-	-	(41,592)
Acquisitions	-	-	-	-	29,899	29,899
Disposals	(32,974)	-	-	-	(4,668)	(37,642)
Amortization of the period	-	-	(11,805)	(318)	(53,351)	(65,474)
Balance at December 31, 2019	**2,374,254**	**381,549**	**277,043**	**2,507**	**206,637**	**3,241,990**
Net book value:						
Cost	2,374,254	381,549	288,849	2,825	261,479	3,308,956
Accumulated amortization	-	-	(11,806)	(318)	(54,842)	(66,966)
Balance at December 31, 2019	**$ 2,374,254**	**$ 381,549**	**$ 277,043**	**$ 2,507**	**$ 206,637**	**$ 3,241,990**

At December 31, 2020 and 2019, the charge for amortization is included in operating expenses by $60,332 and $65,474, respectively. (Refer to Note 27).

A summary of the trademarks allocation to each CGU is shown as follows:

	December 31,	
CGU	**2020**	**2019**
Rotoplas Argentina	$ 434,012	$ 210,696
IPS	-	170,853
	$ 434,012	**$ 381,549**

As mentioned in Note 1, the Company acquired different businesses which is the main reason of the increase in the value of intangible assets. Refer to Note 32.

Intangible assets with indefinite useful life including goodwill are assigned to the CGU and are monitored at the Group operating segment level.

Allocation of goodwill by CGU is shown as follows:

CGU		December 31, 2020		2019
Rotoplas Argentina [1]	$	824,098	$	277,511
IPS		-		391,900
E-commerce		600,751		568,732
Sytesa		1,136,111		1,136,111
	$	2,560,960	$	2,374,254

1 The recoverable value of the Argentina CGU has been determined based on their value in use, which is determined through projections of cash flows before taxes, based on financial budgets approved by Management, covering a five-year period. Cash flows subsequent to that period are extrapolated using the following estimated growth rates, which do not exceed the average long-term growth rate for the business in which each CGU operates.

The aforementioned long-lived assets including goodwill were tested for impairment purposes, no impairment loss was deemed necessary to be recognized as of December 31, 2020.

During 2019 the Company recognized the following amounts in profit and loss:

I. Sanzfield CGU ceased operations during 2019 since it did not comply its main objective and stopped generating the sufficient cash flows to operate, an impairment lost was recognized for an amount of $41,592. The CGU considered only the goodwill value, no other long-life assets are linked to it.

II. As mentioned in Note 32.1, the Company analyzed the performance guarantees related to the acquisition of IPS, which did not comply in accordance with the contract and an adjustment was recognized to goodwill for an amount of $46,068. As of December 31, 2020 the Company has margins, income and own cash flows.

Key assumptions used to calculate value in use are as follows:

	Argentina		Sytesa		IPS		E-Commerce
	December 31,						
	2020 (%)	2019 (%)	2020 (%)	2019 (%)	2020 (%)	2019 (%)	2019 (%)
Gross margin	35.2	29.20	9.0	7.4	23	19.5	41.50
Long-term growth rate	20.62	23.92	14.93	19.28	35.8	21.96	45.85
Discount rate	50.49	49.50	7.61	6.54	5.53	4.84	40.32

Management has determined the assigned values to each of the key assumptions.

Assumption	Approach used in determining the values
Gross margin	Has been budgeted in accordance with the past performance and the market development expectations.
Long term growth rate	This is the weight-average growth rate used to extrapolate the cash flows beyond the budgeted period. The rates are consistent with the projections included in the industry reports.
Discount rate	Reflects the specific risks related to the relevant segments and the countries in which the Company operate.

At December 31, 2020 and 2019, the value in use of the CGU is significantly higher that the carrying values of goodwill and the sensibility to changes in the inputs used is remote.

Because of the COVID current situation, Management perform sensitivity analysis on the base scenario using diverse scenarios (neutral, optimistic and pessimist) considering different situations in the projections that could be modified, considering the weight of the scenarios there is no impairment probability.

NOTE 18 - Derivative financial instruments:

Derivatives held for trading are classified as current assets or liabilities. The fair value of derivative designated as hedge is classified as non-current asset or liability, if the remaining settlement date of the hedged item is higher than 12 months and as current asset or liability, if the remaining settlement date is less than 12 months.

Contracted interest rates and position instruments at 2019 year-end were as follows:

	Date of			Interest rate	Fair value at December 31,	
Notional amount	**Hiring**	**Maturity**	**Instrument**	**Debt**	**2020**	**2019**
Swap						
$600,000,000[1]	June 2017	June 2020	TIIE 28 days	5.05%	$ -	$ 7,351

In February 2020 the favorable hedging positions were closed (interest swap rate related to the sustainable bond AGUA 17-X that was prepaid this month with an exceeding hedge for exchange rate from Mexican pesos to US Dollars). With the closing of both positions, there was a profit of MXN$360 million.

The Company uses hedging derivative financial instruments with the objective of reducing foreign exchange risk in the cost of merchandise acquisitions. The main instruments used are currency forwards and the contracted positions at year-end, are shown as follows:

Forward full delivery²

	Date of				Fair value at December 31,	
Notional amount	**Hiring**	**Maturity**	**Instrument**	**Interest rate Debt**	**2020**	**2019**
3,412	October, 2020	September, 2021	Exchange rate	21.498	(3,301)	-
3,272	October, 2020	October, 2021	Exchange rate	21.498	(2,912)	-
3,448	October, 2020	November, 2021	Exchange rate	21.498	(2,838)	-
3,237	October, 2020	May, 2021	Exchange rate	21.498	(4,019)	-
3,191	October, 2020	March, 2021	Exchange rate	21.498	(4,489)	-
3,407	October, 2020	June, 2021	Exchange rate	21.498	(4,009)	-
3,324	October, 2020	July, 2021	Exchange rate	21.498	(3,675)	-
3,292	October, 2020	February, 2021	Exchange rate	21.498	(4,928)	-
2,972	October, 2020	January, 2021	Exchange rate	21.498	(4,625)	-
2,953	October, 2020	December, 2021	Exchange rate	21.498	(2,221)	-
3,139	October, 2020	August, 2021	Exchange rate	21.498	(3,259)	-
3,128	October, 2020	April, 2021	Exchange rate	21.498	(4,087)	-
2,276	November, 2020	September, 2021	Exchange rate	21.073	(1,263)	-
2,276	November, 2020	September, 2021	Exchange rate	21.195	(1,531)	-
3,412	November, 2020	September, 2021	Exchange rate	21.3464	(2,798)	-
2,183	November, 2020	October, 2021	Exchange rate	21.073	(1,044)	-
2,183	November, 2020	October, 2021	Exchange rate	21.195	(1,302)	-
3,272	November, 2020	October, 2021	Exchange rate	21.3464	(2,432)	-
2,299	November, 2020	November, 2021	Exchange rate	21.073	(951)	-
2,299	November, 2020	November, 2021	Exchange rate	21.195	(1,221)	-
3,448	November, 2020	November, 2021	Exchange rate	21.3464	(2,334)	-
2,157	November, 2020	May, 2021	Exchange rate	21.073	(1,777)	-
2,157	November, 2020	May, 2021	Exchange rate	21.195	(2,036)	-
3,237	November, 2020	May, 2021	Exchange rate	21.3464	(3,535)	-
2,128	November, 2020	March, 2021	Exchange rate	21.073	(2,096)	-
2,128	November, 2020	March, 2021	Exchange rate	21.195	(2,353)	-
3,191	November, 2020	March, 2021	Exchange rate	21.3464	(4,009)	-
2,271	November, 2020	June, 2021	Exchange rate	21.073	(1,726)	-
2,271	November, 2020	June, 2021	Exchange rate	21.195	(1,997)	-
3,407	November, 2020	June, 2021	Exchange rate	21.3464	(3,503)	-
2,217	November, 2020	July, 2021	Exchange rate	21.073	(1,529)	-
2,217	November, 2020	July, 2021	Exchange rate	21.195	(1,794)	-
3,324	November, 2020	July, 2021	Exchange rate	21.3464	(3,182)	-
2,196	November, 2020	February, 2021	Exchange rate	21.073	(2,358)	-
2,196	November, 2020	February, 2021	Exchange rate	21.195	(2,624)	-
3,292	November, 2020	February, 2021	Exchange rate	21.3464	(4,431)	-
1,983	November, 2020	January, 2021	Exchange rate	21.073	(2,245)	-
1,983	November, 2020	January, 2021	Exchange rate	21.195	(2,487)	-
2,972	November, 2020	January, 2021	Exchange rate	21.3464	(4,181)	-
1,969	November, 2020	December, 2021	Exchange rate	21.073	(677)	-
1,969	November, 2020	December, 2021	Exchange rate	21.195	(907)	-
2,953	November, 2020	December, 2021	Exchange rate	21.3464	(1,790)	-
2,092	November, 2020	August, 2021	Exchange rate	21.073	(1,307)	-
2,092	November, 2020	August, 2021	Exchange rate	21.195	(1,555)	-
3,139	November, 2020	August, 2021	Exchange rate	21.3464	(2,795)	-
2,084	November, 2020	April, 2021	Exchange rate	21.073	(1,851)	-
2,084	November, 2020	April, 2021	Exchange rate	21.195	(2,101)	-
3,128	November, 2020	April, 2021	Exchange rate	21.3464	(3,619)	-
3,040	October, 2020	January, 2020	Exchange rate	19.75	-	(2,555)
3,800	October, 2020	February, 2020	Exchange rate	19.75	-	(2,857)
3,600	October, 2020	March,-2020	Exchange rate	19.75	-	(2,416)
3,000	October, 2020	April, 2020	Exchange rate	19.75	-	(1,748)
3,680	October, 2020	May, 2020	Exchange rate	19.75	-	(1,799)
4,080	October, 2020	June, 2020	Exchange rate	19.75	-	(1,694)
3,800	October, 2020	July, 2020	Exchange rate	19.75	-	(1,234)
3,520	October, 2020	August, 2020	Exchange rate	19.75	-	(894)
3,160	October, 2020	September, 2020	Exchange rate	19.75	-	(528)
2,400	October, 2020	October, 2020	Exchange rate	19.75	-	(229)
					$ (123,704)	$ (15,900)

1 Such protection has the target to establish a maximum interest rate, this instrument has been acquired to manage the interest rate agreed resulting from the issuance of Company's bond certificates, from June 2019 on. (Refer to Note 19).

2 For changes in the cash flows due to fluctuations of the exchanges rates the hedge is performed by hiring forward liquidation financial instruments "Full Delivery" or compensating "Non Delivery Forward" with a known price at an exact date. These derivative financial instrument have the economic effect of agreeing the exchange of currency at a future determined date, Forwards hired positions are hired with Citibanamex Mexico, and the reason is to cover a part of the fluctuation risk exposure. The effectiveness of each of the different hedges is linked to the exchange rate in the end of the liquidation date.

When the reference rate is higher than the level of the agreed Equilibrated Interbankary Interest Rate ("TIIE") the Company has the right, but not the obligation, of making that interest rate effective. Whilst the reference rate is below the level of the agreed rate, the one that will be used is the reference rate.

The notional amounts related to derivative financial instruments reflect the reference volume contracted; however, they do not reflect the amounts at risk as concerns future flows. Amounts at risk are usually limited to the unrealized profit or loss on market valuation of those instruments, which may vary depending on the changes in the market value of the underlying goods, their volatility and the credit rating of the counterparts.

The valuation technique used in the determination of the fair value of the swaps include standard valuation models in the industry, forecasting future cash flows discounted to a present value, using observable market information, including yield curves for interest rates. In such case, the valuations are adjusted by different factors, such as credit differentiators. Such adjustments are based generally from available market inputs. These swaps are classified in level 2.

NOTE 19 - Debt:

19.1 BANK LOANS:

The book value of bank loans is as follows:

		December 31, 2020		2019
Long-term bank loans:				
Banco Internacional de Perú S.A.A. – Interbank [1]	$	55,794	$	-
	$	55,794	$	-
Short-term bank loans:				
Citibank, N. A. [2]	$	55,199	$	-
HSBC Bank Argentina, S. A. [3]		-		694
		55,199		694
Total	$	**110,993**	$	**694**

1 On June 9, 2020 Dalka, S. A. C. Peru signed a loan agreement, in accordance with the Legislative Rule No. 1455, that creates the program "Reactiva Peru" to guarantee the continuity of the payment chain before the COVID-19 impact with the Interanacional Banco de Peru, S. A. A. for PEN S/10,000,000 (Ten million Soles), the owed principal will bear interests on an interest rate equivalent of 1.49%. Such contract has a 36 month maturity term that includes a 12 month waiver period, without payment to the principal and interests. Refer to Note 19.3.

2 On December 29, 2020, Rotoplas Argentina, S. A. signed a simple loan agreement with Citabank, N. A. of the Argentinian Republic Arg$233,000,000 (two hundred thirty three million Argentinian pesos), the owed principal will bear interests on an annual nominal interest rate of 38%, the principal of loan will have to be paid on June 28, 2021.

3 On November 13, 2019, IPS S.A.I.C. y F signed a simple loan agreement with HSBC Bank Argentina, S. A. for Arg$4,350,000 (four million, three hundred fifty thousand Argentinian pesos), the payable principal is subject to a variable interest rate considering the TASA ACTIVA, less a funding payment, in accordance to the following: Tasa Activa, would be the less of: a) "BLADAR" Bancos Privados published by the BCRA in the period where the interests are related to, plus a fixed margin of 4.5 percent annual points, or b) determined at an effective rate of 19%. Such contract has a two years maturity from the signing period and accrues interest on a monthly basis, In July 2020 the loan was paid.

The aforementioned agreements establish obligations of to do and not to do, such as contracting further debt at an additional cost (under certain circumstances); restrictions on capital investments, and maintaining certain financial ratios, which have been complied with at December 31, 2020 and 2019.

19.2 BOND CERTIFICATES:

The Company maintains the following outstanding bond certificates issues payable at mature date:

Description		December 31, 2020		2019
Issued on June 28, 2019, with a maturity date in June 2027 with an fixed interest rate of 8.65% (17-2x)	$	1,400,000	$	1,400,000
Issued on June 28, 2019, with a maturity date in June 2020 with a variable interest rate of 28 days TIIE + 0.68% (17-x)	$	-	$	600,000
Issued on October 11, 2019, with a maturity date in June 2027 with a fixed interest rate of 8.65% (17-2x)	$	1,000,000	$	1,000,000
Issued on February 21, 2020, with a maturity date in June 2027 with a fixed interest rate of 8.65% (17-2x)	$	1,600,000	$	-
	$	**4,000,000**	$	**3,000,000**

The book value of the bonds is as follows:

		December 31, 2020		2019
Long-term portion of the bonds:				
Series 17-2x	$	3,998,034	$	2,328,654
		3,998,034		**2,328,654**
Short-term portion of the bonds:				
Serie 17-x		-		601,184
Serie 17-2x		7,689		4,614
		7,689		**605,798**
Total	$	**4,005,723**	$	**2,934,452**

On June 28, 2017, the Company issued a sustainable bond through the Mexican Stock Market ("Bolsa Mexicana de Valores"), for an amount of $2,000,000. The issue of these bonds was performed in two tranches; the first tranche identified with the board ticker "Agua 17-x" for $600,000, at a variable interest rate of adding 68 base points to TIIE 28 days rate, and the second tranche identified with the board ticker "Agua 17-2x" for $1,400,000, at a fixed interest rate of 8.65%, with interest payments each 182 days and a 10 years maturity; the third tranche is a complement of the sustainable bond issued under ticker "Agua 17-2x with the same conditions of maturity and rate. On February 19, 2020 an additional complement to the sustainable bond was issued under the board ticker Agua 17-X, with the same conditions, maturities and interest rate. Such bonds are payable in one exhibition at their respective maturity dates. The related expenses of the bond certificates are net in the carrying values and were for $81,887 and $73,045 at December 31, 2020 and 2019, respectively.

On February 13, 2020, Grupo Rotoplas, S. A. B. de C. V., issuer of the certificate bonds identified with board ticker "AGUA 17X" and based on the long-term revolving assignment program of certificate bonds, made of public investing knowledge, based on the terms of what it is established in the section "voluntary anticipated amortization" of the title that guarantees the certificates in circulation as of February 13, 2020, at an anticipated amortization price of $100.01 for each certificate plus accrued ordinary interests and paid over the principal of the certificates in the market, calculated on February 5, 2020 and February 13, 2020, meaning, a total of $1,090,666.67 of accrued ordinary interests not paid; resulting in a total payable amount of $601,160,026.67. Furthermore, it was made of public knowledge, that under the section of "anticipated amortization premium" of the title, no anticipated amortization premium existed in consideration that such voluntary anticipated amortization was made after December 12, 2019.

On February 19, 2020 Grupo Rotoplas, S. A. B. de C. V., announced the successful second issuance of the Sustainable Certificate, with the board ticker AGUA 17-2X, by a total amount of $1,600 million Mexican pesos, which had an overdemand of 3.04x. The issuance was made at a fixed rate of MBONO27 + 139 bps and has a coupon of 8.65% annual, with interest payment each 182 days and maturity date on June 16, 2027; due to mentioned before the

Company received $90,241 on February 21, 2020 for premium concept of the 16 million bond certificates, such premium amount is originated by the difference of the issued certificates at a nominal value of 100 pesos per certificate against the amount of issued certificates with par value of 105.60 pesos per certificate. As of December 31, 2020 the net book value of the premium is ($79,922).

The effective interest rates are shown as follows:

	December 31, 2020 (%)	December 31, 2019 (%)
Serie 17-2x	8.84	8.75
Serie 17-x	-	9.16
Citibank, N.A	45.37	-
Peru S.A.A. – Interbank	1.50	-

The fair value of bank loans is as follows:

		December 31, 2020		December 31, 2019
Fair value				
Bank loans:				
HSBC Bank Argentina. S. A.	$	-	$	694
Citibank, N. A.		52,136		-
Banco Internacional de Perú S. A.A. - Interbank		62,211		-
Serie 17-2x		3,522,855		2,607,600
Serie 17-x		**-**		**647,707**
	$	**3,637,202**	**$**	**3,256,001**

The fair values of the loans based on discounted cash flow where determined using the discount rate (%) for each debt as follows:

	December 31, 2020 (%)	December 31, 2019 (%)
Fair value		
Serie 17-2x	8.65	8.65
Serie 17-2	-	8.24

The aforementioned fair values is similar to their book values, since the discount impact is not significant and falls within level 2 of fair value classifications.

The book values of the Company's loans are expressed in the following currencies:

		December 31, 2020		December 31, 2019
Soles	PEN.	10,134	PEN.	-
Argentinian pesos*	A$.	233,000	A$.	2,203
* Equivalent of Argentinian pesos in Mexican pesos loan (Note 19.1)	$	55,198	$	694
* Equivalent of Soles peruanos in Mexican pesos loan (Note 19.1)	$	55,794	$	-
Loans in Mexican pesos		4,005,724		2,934,452
Total in Mexican pesos	$	4,116,716	$	2,935,146

19.3 DEFERRED REVENUE (GOVERNMENT SUBVENTION)

As mentioned on Note 19 point 1, the Subsidiary Dalka Peru signed a loan agreement, in accordance with the Legislative Rule No. 1455, that creates the program "Reactiva Peru" to guarantee the continuity of the payment chain before the COVID-19 impact, as of December 31, 2020 the Company has fulfilled the established conditions on the rule mentioned before, an a government subvention of $4,282 has been obtained, and will be deferred and recognized during the maturity period of the loan.

To obtain the loan, Dalka Peru had to meet the following conditions:

a. Not having unpaid debts to the tax authorities managed by the Superintendencia Nacional de Aduanas y de Administración Tributaria (SUNAT).

b. Not being classified in the Central de Riesgos de la Superintendencia de Banca y Seguros (SBS).

c. As of February 2020, 90% of the its credit operations in the finance system should be classified as "Normal".

19.4 NET DEBT RECONCILIATION:

December 31, 2020

	Opening balance	Proceeds	Debt Issuance Premium	Deferred income	Finance costs	Premium amortization	Debt payments	Lease payments	Interests paid	Translation effects	Closing balance
HSBC Bank Argentina S. A.	$ 694	$ -	$ -	$ -	$ -	$ -	$ (668)	$ -	$ -	$ (26)	$ -
Citibank, N.A.	-	70,669	-	-	-	-	-	-	-	(15,470)	55,199
Banco Internacional de Perú S. A.A. – Interbank	-	58,635	-	5,137	1,597	-	-	-	-	(9,575)	55,794
Bond certificate series 17-x	601,184	-	-	-	7,751	-	(600,000)	-	(8,935)	-	-
Bond certificate series 17-2x	2,333,268	1,577,318	90,241	-	344,421	10,319	-	-	(349,844)	-	4,005,723
Lease	65,061	207,494	-	-	16,522	-	-	(47,713)		(7,970)	233,394
Total	**$ 3,000,207**	**$ 1,914,116**	**$ 90,241**	**$ 5,137**	**$ 370,291**	**$ 10,319**	**$ (600,668)**	**$ (47,713)**	**$ (358,779)**	**$ (33,041)**	**$ 4,350,110**

December 31, 2019

	Opening balance	Proceeds	Finance costs	Debt payments	Lease payments	Interests paid	Closing balance
HSBC Bank Argentina, S. A.	$ 2,296	-	-	(1,602)	-	-	694
Santander	-	93,000	1,346	(93,000)	-	(1,346)	-
Bond certificate series 17-x	598,367	-	57,800	-	-	(54,983)	601,184
Bond certificate series 17-2x	2,322,757	-	220,417	-	-	209,906)	2,333,268
Lease	93,535		6,844	-	(28,474)	(6,844)	65,061
Other	-	-	57,064	-	-	(54,958)	-
	$ 3,016,955	**93,000**	**343,471**	**(94,602)**	**(28,474)**	**(328,037)**	**3,000,207**

NOTE 20 - Suppliers:

		December 31, 2020		2019
Indelpro, S. A. de C. V.	$	69,083	$	56,647
Dow Internacional Mexicana, S. A. de C. V.		44,252		37,409
Xingfa International Co. Ltda.		29,159		11,043
Norwesco Inc.		16,085		1,927
Vatsalya metal industries		10,199		-
Hovomex S. A. de C. V.		9,845		2,259
Equistar Chemicals, LP		9,769		52,664
Vinmar Overseas LTD		9,148		3,321
Asia Connections group llc		9,089		-
Snyder Industries Inc.		8,021		2,759
Procesos de Alta Tecnología, S. A. de C. V.		4,881		3,250
Pemex		3,384		3,157
Nova Chemicals Inc.		1,183		26,607
Marangon Danilo & Co., S. de R. L.		1,790		10,440
Gasa México Consultoría y Servicios		1,189		115
Arco Colores, S. A. de C. V.		1,084		1,460
Dismolper, S. A. de C. V.		657		97
Pentair Flow Technologies		227		19
Polyone de México Distributions		173		2,591
Administración Nacional de Aduanas		-		
Others		440,004		128,275
	$	**669,222**	$	**348,697**

NOTE 21 - Other accounts payable:

		December 31, 2020		2019
Sundry creditors	$	298,812	$	500,298
Accrued expenses and other accounts payable*1		356,481		537,013
		655,293		**1,037,311**
Less long-term portion		119,631		122,887
Total short-term	$	**535,662**	$	**914,424**

* Accrued expenses refer to rendered received services
1 As of December 31, 2019, $62,120 are included and are related to the deferred consideration in the business acquisition of IPS.

NOTE 22 - Provisions:

For the 2020 period		Legal suits		Total
As of January 1, 2020	$	**9,971**	$	**9,971**
Effect of currency translation		(3,897)		(3,897)
Reclassification		9,470		9,470
Charge to the profit and loss		4,755		4,755
Cancellations		-		-
Payments		(2,200)		(2,200)
As of December 31, 2020	$	**18,099**	$	**18,099**

For the 2019 period		Legal suits		Total
At January 1, 2019	$	7,366	$	7,366
Effect of currency translation		(859)		(859)
Charge to the profit and loss		9,841		9,841
Cancellations		(1,963)		(1,963)
Payments		(4,414)		(4,414)
At December 31, 2019	$	9,971	$	9,971

Provisions mainly include liabilities for labor suits filed against the company and other commercial suits that have been assessed under Management's best estimation and are expected to be covered in the short-term.

NOTE 23 - Lease:

The lease assets (rights of use) and lease liability (initially measured at present value of the minimum future payments) were recognized on the balance sheet.

a. The right of use of the asset and accumulated depreciation of the leases is as follows:

Year ended on December 31, 2020:		Buildings		Transportation equipment		Total
Opening balances	$	53,714	$	8,003	$	61,717
Translation effect		5,401		2,457		7,858
New contracts		202,640		4,854		207,494
Disposals		(19,259)		-		(19,259)
Disposal depreciation		17,084		-		17,084
Depreciation of the year		(40,991)		(7,991)		(48,982)
Closing balance	$	218,589	$	7,323	$	225,912

Year ended on December 31, 2020:		Buildings		Transportation equipment		Total
Cost	$	253,138	$	26,390	$	279,528
Accumulated depreciation		(34,549)		(19,067)		(53,616)
Closing balances	$	218,589	$	7,323	$	225,912

Year ended on December 31, 2019:		Buildings		Transportation equipment		Total
Opening balance	$	76,193	$	8,552	$	84,745
New contracts		25,038		-		25,038
Depreciation of the year		(47,517)		(549)		(48,066)
Closing balances	$	53,714	$	8,003	$	61,717

Year ended on December 31, 2019:		Buildings		Transportation equipment		Total
Cost	$	155,449	$	13,876	$	169,325
Accumulated depreciation		(101,735)		(5,873)		(107,608)
Closing balances	$	53,714	$	8,003	$	61,717

b. Minimum non-discounted future lease payments as of December 31, 2020 are as follows:

Region		Monthly rent		Up to 1 year		Between 1 and 5 years	Period of the contract
Peru	$	468	$	5,616	$	64,376	December 2030
Mexico		2,164		25,973		79,549	March, May 2024 and June 2025
Honduras		27		326		924	October 2023
Nicaragua		72		859		4,469	October 2025
Costa Rica		109		1,303		1,955	June 2022
Argentina		1,011		12,129		106,486	June 2024 and June 2028
USA		762		9,189		25,909	March, December 2023 and January 2029
	$	**4,613**	$	**55,395**	$	**283,668**	

c. The discounted future lease payments are as follows:

		December 31, 2020		2019
2020	$	-	$	32,900
2021		48,198		15,039
2022-2024		185,196		**17,122**
		233,394		**65,061**
Short-term liability		**48,198**		**29,059**
Long-term liability	$	**185,196**	$	**36,002**

d. The interest expense related to the leases, for the year ended on December 31, 2020 and 2019 was $16,473 and $6,844, respectively and the charge to profit and loss for depreciation concept of leased assets was $48,982 and 48,066, respectively.

e. Short-term leases or leases were the subjacent asset are considered low-value, the lessee will recognize the lease associated payments to the leases as an expense in straight-line during the life of the lease or else another systematic base. As of December 31, 2020 and 2019 the Company recognized an amount in profit and loss of $36,308 and $27,470, respectively.

f. The activities from the Group as lessor are not significant and, as such, the Group does not expect to have a significant impact in the financial statements.

NOTE 24 - Employee benefits:

The value of obligations for benefits acquired at December 31, 2020 and 2019 totaled $45,549 and $32,405, respectively.

The amount shown as a liability in the consolidated statement of financial position is comprised as follows:

		December 31, 2020		2019
Obligations for benefits acquired	$	24,216	$	15,629
Seniority premium		21,333		16,776
Current situation	$	45,549	$	32,405
Present value of non-funded obligations	$	45,549	$	32,405
Liability in the statement of financial position	$	45,549	$	32,405

DBO movements were as follows:

		Seniority premium December 31,		
		2020		2019
Balance at January 1,	$	32,405	$	16,182
Net cost for the period (NCP)		14,188		10,746
Actuarial losses (gains)		(1,044)		5,477
Balance at December 31,	**$**	**45,549**	**$**	**32,405**

The NCP is as follows:

		Seniority premium December 31,		
		2020		2019
Cost of service for the period	$	11,640	$	9,244
Financial costs - Net		2,548		1,502
	$	14,188	$	10,746

The economic hypotheses in nominal and real terms used were as follows:

	December 31,	
	2020 (%)	2019 (%)
Mexico		
Discount rate	8.0	8.0
Salary increase rate	5.8	5.8
Minimum wage increase rate	5	5
Expected long-term inflation rate	4	4

The sensitivity of the ODB for defined benefits due to changes in the weighted average of the main assumptions is as follows:

		Impact on the OBD	
December 31, 2020	**Change in inputs (%)**	**Increase in inputs (%)**	**Decrease in inputs (%)**
Discount rate	1.0	Decrease of 7.95	Increase of 9.18
Salary increase rates	1.0	Incremento 7.18	Decrease of 6.20

		Impact on the OBD	
December 31, 2019	**Change in inputs (%)**	**Increase in inputs (%)**	**Decrease in inputs (%)**
Discount rate	1.0	Decrease of 7.77	Increase of 8.23
Salary increase rates	1.0	Increase of 8.40	Decrease of 8.07

The foregoing sensitivity analyses are based on a change in one assumption with all other assumptions remaining constant. In practice, this is unlikely and changes in other assumptions can be correlated. In calculating the sensitivity of the OBD, we applied the same method as that used for significant actuarial assumptions (current value of obligations for defined benefits calculated by the projected unit credit method at the end of the period of reference). This method was also applied to the calculation of the liability for pensions recognized in the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not vary in relation to the preceding period.

RVU

RVUs are granted to directors and certain employees. The exercise price of RVUs granted, is equal to the average market value of the Company's share of the preceding year at settlement date, less the cost price at exercise when they were assigned and are settled in cash. RVUs are subject to the conclusion by the employee of a service period and can be exercised after a year of the grant date, subject to the performance of the Company in the increase of profits per share in the period. RVUs have a contractual term of ten years. As of December 31, 2020 and 2019, the RVUs granted were 3,747 and 2,342, respectively, as of December 31, 2020 and 2019 the RVUs released were $2,670 and 2,342 and their fair value was $19,043 and $14,008, respectively.

The movement in the number of effective RVUs and their respective weighted-average value is as follows:

		2020			2019	
		Weight average value	RVUs number		Weight average value	RVUs number
January 1,	$	16.30	2,343	$	6.82	2,990
Granted			1,404		-	-
Cancelled			-		-	-
Exercised			-		-	(647)
December 31,		**16.30**	**3,747**		**16.30**	**2,343**

Effective RVUs at year-end have the following maturity dates and exercisable share prices:

				Outstanding RVUs	
Granted	**Maturity date June 30**		**Assignment value**	**2020**	**2019**
2009-2013	2029	$	8.11	473	473
2011-2015	2021		9.30	390	390
2012-2016	2022		9.30	395	395
2013-2017	2023		11.94	457	457
2014-2018	2024		29.67	385	385
2015-2019	2025		29.51	249	243
2019-2024	2029		16.90	1,398	-
				3,747	**2,343**

Weight average fair value of the granted RVUs during the period, is determined utilizing the binomial model.

NOTE 25 - Equity:

The capital stock is comprised as follows:

Stocks*		Description	December 31,	
2020	2019		2020	2019
15	15	Represents the minimum fixed portion of equity with no withdrawal rights (Class I)	$ 9	$ 34
486,220	486,220	Represents the variable portion of capital with withdrawal rights (Class II)	3,816,469	4,616,288
486,235	486,235	Historical capital stock	3,816,478	4,616,322
		Restatement increase up to 1997	71,391	71,391
			3,887,869	4,687,713
(23,817)	(24,292)	Treasury stock	(576,176)	(587,521)
462,418	**461,943**	**Capital stock**	**$ 3,311,693**	**$ 4,100,192**

* Nominal ordinary stocks, single series, with no par value as of December 31, 2020 and 2019 fully subscribed and paid.

The elements used in determining the basic and diluted earnings per stock are as follows:

	Year ended on December 31,	
	2020	2019
Profit attributable to Company's controlling interest	$ 417,607	$ 54,268
Weighted average of common stocks in circulation (in thousands)	444,618	473,499
Basic and diluted earnings per stocks	0.94	0.11

Reconciliation of treasury stocks is shown as follows:

	Number of shares	Total
Balance as of January 1, 2019	**23,949**	**$ 580,141**
Own stocks acquired *	25,141	425,972
Own stocks sold *	(24,798)	(418,592)
Balance as of December 31, 2019	24,292	587,521
Own stocks acquired *	54,654	901,055
Non-cash equity reimbursement in November 2020[1]	(24,394)	(452,999)
Non-cash equity reimbursement in May 2020[2]	(12,387)	(173,421)
Own stocks sold *	(18,348)	(285,980)
Balance as of December 31, 2020	**23,817**	**$ 576,176**

* Represent common, nominative stocks unique series, with no par value, class II and the amount has been reduced from Company's capital stock. The stocks are held as treasury stocks and the Company has the right to reissue these stocks in a subsequent date.

In 2020 and 2019, the Company acquired 54,654 and 25,141 of its own shares at an average price of $16.49 and $16,94 per share, respectively, the total amount of bought shares during these periods was $901,055 and $425,972, respectively, targeting to manage liquidity exceeds.

1 On November 18, 2020 at the General Extraordinary Stockholders' Meeting an equity reimbursement payment to the stockholders' was approved for $1.03 (one peso 03/100 M.N.) per share that were non-cash settled to the stockholders' of the entity, through a decrease of common and variable portions of equity, proportional an without a stock cancelation for an amount of $452,999, approving the quantity of 14 in its fixed portion and $452,985 of the variable portion of equity. The non-cash payment was performed through the S.D. INDEVAL from November 27, 2020 on.

2 On May 12, 2020, at the General Ordinary and Extraordinary Stockholders' Meeting an equity reimbursement payment was approved in cash and equity stock payment, through the decrease of the common stock in its fixed and variable portions, proportionally and without cancellation of any of the stocks, for an amount of $346,845 on an $0.80 (eighty cents M.N.) ratio per stock, in two payments and the

second non-cash payment of $0.40 (forty cents M.N.), through the allocation of shares issued by the society that are held at treasury in purchase fund. For the non-cash payment it was solved that, i. use a share price of $14.00 (fourteen pesos 00/100 M.N.), ii. Grant each stockholder possessing 35 shares of the entity, a share as non-cash payment for the reimbursement, iii. If the non-cash payment of shares results in a fraction of a share, such fraction will be paid in cash to the related stockholder. The cash and non-cash payments will be conducted through the S.D. INDEVAL, from May 20, 2020 on, in accordance with the shares hold by each stockholder registered before the opening session of the Mexican Stock Market (Bolsa Mexicana de Valores, S. A. B. de C. V. of May 15, 2020, leaving the fixed portion of equity in $23 and the variable portion of equity in $4,442.

3 On May 7, 2019 the Company announced at the General Ordinary and Extraordinary Stockholders' Meeting, an equity reimbursement payment for an amount of MXN$0.38 for each equity stock in circulation, the payment was made in one exhibition through the S.D. INDEVAL, for an amount of $173,720, with a remaining fixed equity portion of $34 and a variable equity portion of $4,616.

The profit for the year is subject to the legal provision requiring that at least 5% of the profit be set aside to increase the legal reserve until it reaches an amount equivalent to one fifth of the paid capital stock.

Dividends are subject to a 10% tax payment on earnings generated from 2014 on, paid to physical residents in Mexico and residents abroad.

Dividends are not subject to income tax if paid from the CUFIN. The tax is payable by the Company and may be credited against income tax of the current period or that of the following two periods. Dividends paid from previously taxed profits are not subject to tax withholding or additional payments. At December 31, 2020 and 2019, the CUFIN balance was $66,517 and $39,402, respectively.

At December 31, 2020 and 2019, the balance of the CUCA was $6,564,788 and $6,539,936, respectively.

In the event of a capital reduction, any excess of equity over capital contributions stated on the accounts of contributed equity, should be treated as dividend in accordance with the provisions of the Income Tax Law (ITL).

In the Income Act of the Federation published on November 18, 2015 in article three of the provisions of temporary validity of the ITL, a tax incentive granted to individuals residing in Mexico who are subject to the additional payment of 10% on dividends or distributed profits. The incentive is applicable, if, such dividends or profits were generated in 2014, 2015, and 2016 and are reinvested in the legal entity that generated such profits, and consists of a tax credit equal to the amount obtained by applying the dividend or profit distributed, the percentage that relates to the year of distribution as follows:

Year of dividend or profit or distribution	Percentage applicable to the amount of the dividend or distributed profit
2017	1%
2018	2%
2019 onwards	5%

NOTE 26 - Income Taxes:

i. In 2020, the Company determined combined tax profit of $1,307,326 (2019: $1,466,313). In 2020, the Company amortized prior years' combined tax losses of $512,567 (2019: $406,423). The tax profit differs from accounting profit mainly to items that accrue over time and are deducted differently for accounting and tax purposes, for the recognition of the effects of inflation for tax purposes and to items affecting only the accounting profit or tax profit.

ii. In 2020, Mexico enacted some amendments to the ITL, notably the addition of section XXXII of article 28, which establishes that the net interests of the period will not be deductible for the exceeding amount that results of multiplying the tax profit adjusted by 30%. The Company analyzed of the net interests of the Mexican Companies and determined that during the 2020 the non-deductible portion will be $313,243; however these may be deducted in the following 10 years.

iii. The charges to profit and loss for income taxes is analyzed below:

	Year ended on December 31,	
	2020	2019
Current IT	$ 237,210	$ 363,329
Deferred IT	39,862	(112,594)
Total charges to consolidated profit and loss	**$ 277,072**	**$ 250,735**

The main components of the deferred income tax and the movement in the asset and liability of deferred tax during 2020 and 2019 are as follows:

Deferred tax

	December 31,	
	2020	2019
Allowance for doubtful accounts	$ 15,553	$ 22,979
Inventory	12,318	8,677
Prepaid expenses	(34,232)	(17,349)
Property, plant and equipment	(138,776)	(167,002)
Intangible assets and other assets	(130,104)	(92,207)
Client prepayments	36,998	49,398
Finance lease	(1,120)	932
Provisions	103,826	38,029
Labor obligations	13,665	9,721
Derivative financial instruments	37,111	-
Interest deductibility limit	93,973	-
Unamortized tax losses	17,423	182,342
	$ 26,635	**$ 35,520**

The deferred tax assets and liabilities are presented separately on the balance sheet, since they relate to different taxpayer entities and tax authorities and are as follows:

	December 31,	
	2020	2019
Deferred tax asset	$ 180,074	$ 300,168
Deferred tax liability	153,439	264,648
	$ 26,635	$ 35,520

The reconciliation of the deferred tax movements is as follows:

Concept	Labor Obligations	Provisions	Property plant and equipment	Finance lease	Unamor-tized tax losses	Inventaries	Prepaid Expenses	Client prepay-ments	Allowance for doubtful accounts	Intangible assets	Deductibil-ity Limit	Financial derivative instruments	Total
Opening balance as of January 1, 2020	$ 9,721	$ 38,029	$ (167,002)	$ 932	$ 182,342	$ 8,677	$ (17,349)	$ 49,398	$ 22,979	$ (92,207)	$ -	$ -	$ 35,520
Movement of the year, net	3,944	65,797	25,126	(2,052)	(164,919)	3,641	(16,883)	(12,400)	(7,426)	(37,897)	93,973	-	(49,096)
Translation effect	-	-	-	-	-	-	-	-	-	-	-	-	-
OCI	-	-	3,100	-	-	-	-	-	-	-	-	37,111	40,211
Closing balance as of December 31, 2020	$ 13,665	$ 103,826	$ (138,776)	$ (1,120)	$ 17,423	$ 12,318	$ (34,232)	$ 36,998	$ 15,553	$ (130,104)	$ 93,973	$ 37,111	$ 26,635

Concept	Labor Obligations	Provisions	Property plant and equipment	Unamor-tized tax losses	Inventaries	Prepaid Expenses	Client advances	Allowance for doubtful accounts	Intangible assets	Total
Opening balance as of January 1, 2019	$ 4,855	$ 81,204	$ (145,076)	$ 302,631	$ 17,376	$ -	$ 23,970	$ 19,247	$ (136,226)	$ 167,981
Movement of the year, net	4,866	(43,098)	(2,411)	(120,289)	(8,699)	(17,349)	25,428	3,732	44,874	(112,946)
Effect of currency translation	-	-	(409)	-	-	-	-	-	-	(409)
OCI	-	-	(19,106)	-	-	-	-	-	-	(19,106)
Closing balance as of December 31, 2019	$ 9,721	$ 38,106	$ (167,002)	$ 182,342	$ 8,677	$ (17,349)	$ 49,398	$ 22,979	$ (91,352)	$ 35,520

The reconciliation between the legal tax rate and the effective IT rate is as follows:

	Year ended on December 31, 2020	2019
Profit before income taxes	$ 846,059	$ 625,181
Statutory IT rate	30%	30%
IT at statutory rate	253,818	187,554
Plus (less) income tax effect of the following permanent items:		
Inflation annual adjustment	(27,436)	(21,405)
Effect of different tax rates*	652	187
Non-deductible expenses	14,496	6,226
Discontinued operation	(5,189)	(204,304)
Tax losses	110,080	250,321
Otros	(69,349)	32,156
	$ 277,072	$ 250,735
Effective IT rate	**33%**	**40%**

* The legal rate used in this reconciliation is in accordance with the ITL, which is the most representative for the reporting entity. The effect on rates is because there are branches at several countries in Central and South America, the principal in Brazil.

Tax rates in effect in the different countries is shown as follows:

Country	(%)
Argentina	30
Brazil	34
Peru	29.5
Guatemala	25
Mexico	30
USA	27
Nicaragua	30
Costa Rica	30
Honduras	25

Accrued unamortized income tax losses

At December 31, 2020, the Company has accrued income tax losses for a total of $1,054,399, which right to be amortized against future profits expires as follows:

Tax loss Year	MAC	Rotoplas Sytesa	Centro América	Brazil	Comercializa-dora	Latinoamérica	Restated amount	Expiry date
2011	$ -	$ -	$ -	$ 71,753	$ -	$ -	$ 71,753	Indefinite
2014	4,964	-	-	-	-	-	4,964	2034
2015	-	-	-	176,576	-	-	176,576	Indefinite
2015	-	-	-	-	1,746	-	1,746	2025
2015	73,762	-	-	-	-	-	73,762	2035
2016	115,985	-	-	-	-	-	115,985	2036
2016	-	-	-	88,409	-	-	88,409	Indefinite
2017	8,827	-	-	-	-	-	8,827	2037
2017	-	-	-	35,230	-	-	35,230	Indefinite
2018	83,633	-	-	-	-	-	83,633	2038
2018	-	-	-	96,435	-	-	96,435	Indefinite
2019	-	35,678	-	-	-	2,750	38,428	2029
2019	-	-	737	-	-	-	737	2022
2019	-	-	-	139,976	-	-	139,976	Indefinite
2020	-	-	-	99,025	-	-	99,025	Indefinite
2020	-	-	1,419	-	-	-	1,419	2023
2020	17,494	-	-	-	-	-	17,494	2040
Total	$ 304,665	$ 35,678	$ 2,156	$ 707,404	$ 1,746	$ 2,750	$ 1,054,399	

* As of December 31, 2020 and 2019 tax losses in Brazil do not have an expiry date to be amortized; however, its amortization cannot be more than 30% of the taxable income. Management performed an evaluation of the above tax losses on an individual basis for each subsidiary and in accordance with the financial and taxable forecasted projections as of December 31, 2020 and 2019 an amount of $707,404 and 881,163 respectively do not have sufficient evidence of their recoverability.

NOTE 27 - Analysis of costs by nature:

	Year ended on December 31, 2020		2019
Raw material and production materials purchases	$ 3,356,149	$	2,974,297
Installation costs	321,413		314,425
Direct labor	357,628		260,247
Electrical power	92,292		86,749
Energy (gas)	70,073		95,486
Depreciation and amortization	201,438		170,514
Indirect manufacturing expenses	645,554		553,468
Total	**$ 5,044,547**	**$**	**4,455,186**

NOTE 28 - Analysis of operating expenses by nature:

	Year ended on December 31, 2020		2019
Salaries and remuneration to employees	$ 1,020,366	$	794,178
Distribution and logistics	469,365		413,686
Hired services	253,820		197,114
Advertising	202,354		178,829
Depreciation and amortization	148,467		150,443
Repair and maintenance	52,378		60,691
Commissions	42,582		31,565
Leases	31,902		26,470
ESPS[1]	26,485		26,152
Travel expenses	25,770		77,406
Fuels and lubricants	11,789		9,879
Impairment	-		158,260
Other	267,358		35,563
Total expenses	**$ 2,552,636**	**$**	**2,160,236**

1 The Company is subject to ESPS payment, which is calculated applying the procedures established on the ITL. In 2020 and 2019, the Company determined a current ESPS in Mexico of $29,974 and $48,345, respectively and a current ESPS in Peru of $20,075 and $15,286, respectively.
Current ESPS was allocated in accordance with the type of employee in 2020 in cost of sales and operating expenses of $23,564, $26,485 (2019: $37,119 and $26,512).

NOTE 29 - Finance income and costs:

	Year ended on December 31, 2020		2019
Finance income			
Interest income	$ 95,307	$	55,707
Profit from derivative financial instruments	389,141		37,863
	$ 484,448	**$**	**93,570**
Finance costs			
Interest expense	$ (444,572)	$	(343,471)
Cost of derivative financial instruments	(7,928)		(110,025)
Loss in net monetary position	(87,663)		(114,793)
Currency exchange loss	(146,959)		(82,769)
	(687,122)		**(651,058)**
	$ (202,674)	**$**	**(557,488)**

NOTE 30 - Discontinued operation:

As mentioned in note 4.1.3. on May 1, 2020 the disinvesting transaction in Brasil of the individual solution business unit was successful. Through an agreement signed on April 30, 2020 with Avanplas Polímeros Amazônia Ltda. and the Company, this entity is dedicated to the production and commercialization of thermoplastic compounds. Furthermore, the agreement establishes a selling price of $52 million Brazilian Reales ($236 Mexican pesos). The transaction comprehends the transfer of the whole business unit, including the manufacturing facilities, the transfer of the Acqualimp brand, the labor force, and the working capital.

In 2020 the Company received the payments in accordance with the contract for $29.5 million Reales (equivalent to $130 million) and the remaining portion will be paid after at the 5th, 7th and 9th years of the transaction.

The discontinued operation loss included in the consolidated statement of income and other comprehensive income are disclosed as follows:

a. Discontinued operations results included in consolidated statement of income and others

		Year ended on December 31,		
		2020		2019
Loss from discontinuing operations of the year				
Net sales	$	**306,947**	$	**1,118,471**
Cost of sales		242,543		630,873
Gross profit		64,404		487,598
Operating expenses		**164,302**		**570,609**
Operating loss		**(99,898)**		**(83,011)**
Finance costs		**(47,364)**		**(8,359)**
Loss before income taxes		(147,262)		(91,370)
Income taxes		**17,298**		**(230,957)**
Loss from discontinued operations	$	**(164,560)**	$	**(322,327)**
Cash flows from discontinued operations				
Net cash flows from operating activities	($	119,364)	($	421,206)
Net cash flows from investing activities		134,523		761,019
Net cash flows from financing activities		(1,164)		(37,79)
Increase (decrease) in cash and cash equivalents	$	**13,995**	$	**336,034**

In the table above in 2020 for managing purposes the sale amount includes the sale price of the group assets of the discontinued operation that represent 77%, furthermore, of the total, a distribution of the book value of the Group assets associated to the discontinued operation was made and 76% of the cost of sales relates to such value. As well as 71% of the operating expenses relate to such value and lastly, 100% of the tax expense relates to the sale transaction. Such transaction in total generated a net loss of $164,560 equivalent to a 118% of the net loss that is shown on the statement of income from discontinued operation.

On July 19, 2019 the cash transaction that comprises the sale of the manufacturing assets in the United States of America concluded successfully, the assets comprehended the three roto-molding facilities in California, Texas, and Georgia to focus in the growth of E-Commerce platform. Through the strategic alliance and a definite agreement of the purchase of the assets, with the tank manufacturing leader Tank Holdings Corp., which comprises among other synergies, the continuity of the commercialization of its products, Rotoplas will be able to focus on developing and accelerated growing of the leading electronic platform in water solutions in the United States of America. From the date of the transaction Grupo Rotoplas will no longer be able to commercialize its products in the United States or Canada. The proceedings from the sale reached USD$40 million (equivalent to $762,352). As part of the total consideration transferred, there is contingent consideration for an amount equivalent to USD$4 million (equivalent to $75,491), such amount is withheld by the seller in guarantee of fulfilling the terms and guarantees of the contract. The first release will be made on July 19, 2020 for the amount of USD$2 million (MXN$37,745) and the second release will be on July 19, 2021 for the remaining balance of the restricted cash. From July 19, 2019 on, such transaction is reported in the current period as a discontinued operation.

The results of the discontinued operation included in the statement of income and other comprehensive income are as follows:

b. Discontinued operations results included in consolidated statement of income and others

		Year ended on December 31,		
		2019		2018
Loss of the year from discontinuing operations				
Net sales	$	822,373	$	82,299
Cost of sales		394,241		88,299
Gross profit (loss)		428,132		(6,000)
Operating expenses		403,503		73,220
Operating (loss) profit		24,629		(79,220)
Net finance cost		(1,371)		(3,090)
Profit (loss) before income taxes		23,258		(82,310)
Income taxes		231,309		(60,628)
Loss of the year from discontinued operations	$	(208,051)	$	(21,682)
Cash flows from discontinued operation				
Net cash flows from operating activities	$	(423,027)	$	(43,618)
Net cash flows from investing activities		760,814		900
Net cash flows from financing activities		(1,753)		(3,990)
Decrease (increase) in cash and cash equivalents		336,034	$	46,708

c. In the table above in 2019 for administrative purposes the amount of sales includes the price sale of the group of assets of the discontinued operation which represents 92%, of such total, also a book value distribution of the group of assets associated with the discontinuing operation and the 82% of the amount of cost of sales relates to such value. Furthermore the 86% of the operating expenses relate to the such amount and lastly the 86% of the tax expense relates to the sale operation. The whole transaction generated a net loss of $114,310 equivalent to 54% of the net loss that is shown on the statement of income of the discontinued operation.

NOTE 31- Fideicomiso AAA, commitments, and contingencies:

Fideicomiso AAA

The Company owns a trust named Fideicomiso AAA established on March 15, 2007 in order to promote the development of the companies through the operation of a preferential financial support for suppliers and distributors system. The main purpose is to provide financing in the form of an electronic discount of collection rights eligible under the productive chain scheme, in both local currency and USD.

Commitments:

a. Brazilian government agencies.

As mentioned in Note 9, Brasil signed various contracts with several Brazilian government agencies; as of the date of these consolidated financial statements these contracts are not in compliance or have overdue accounts receivable over 90 days, in this regard the Brazilian Law 8666 allows the temporarily suspension of their execution or, if necessary, their cancelation. In 2020 the Company sold the individual water solution business and started the recovery process of the Brazilian government's account receivable, therefore all the open contracts were cancelled with no penalty.

The suspended contracts are as follows:

Contract number	State	2020 Executed percentage (%)	2019 Executed percentage (%)
0.044.00/2013	Brasilia	99	99
0.214/2013	Minas Gerais	100	100
0.213.00/2013	Piauí	80	80
057/2014	Piauí	6	6

Contingencies:

As of December 31, 2020 and 2019, and at the date of issuance of the accompanying consolidated financial statements, there are no contingencies.

NOTE 32 – Restricted cash:

Due to the business acquisition of IPS in Argentina that was concluded on July 2, 2018 there is some restricted cash for an amount of USD5,500 thousand (equivalent to $109,644), such amount is currently hold to the former owners in guarantee for fulfilling the contingent consideration obligation and/or in case of any adjustment to the "Performance Guarantee Price". In 2019 the entity received an amount of USD$2,308 thousand (equivalent to $47,004) due to the price adjustments for performance guarantee, based on the agreed-on section 5.06 of the contract.

In agreement with the contract the first cash unwind will become effective on December 31, 2020 for an amount of USD4,125 thousand (equivalent to $81,929) less the adjustment of USD$1,747 thousand (equivalent to $34,925) to the Performance Guarantee Deposit, that was paid on February 23, 2021 as mentioned in section 5.01 of the contract. The second cash unwind will become effective on December 31, 2024 for an amount of USD$1,375 thousand (equivalent to $27,309).

As of December 31, 2020 and 2019 the restricted cash is equivalent to $62,120 and $62,234, respectively.

	December 31, 2020	December 31, 2019
Opening balance	$ 62,234	$ 109,644
Performance guarantee Price adjustment	-	(47,004)
Contingent liabilities payment	(114)	-
	$ 62,120	**$ 62,234**

NOTE 33 – Subsequent events:

As of the date of issuance of these consolidated financial statements, the Company did not have any relevant event and has not required any modification to the financial statements.

NOTE 34 - Authorization of issuance of consolidated financial statements:

The undersigning officers thereto, authorized the accompanying consolidated financial statements and notes for issuance on April 19, 2021.

Carlos Rojas Aboumrad
Chief Executive Officer

Mario Antonio Romero Orozco
Finance and Administrative Vice-president