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CONSOLIDATED FINANCIAL STATEMENTS

Grupo Rotoplas, S. A. B. de C. V. and subsidiaries
December 31, 2021 and 2020

Contents

INDEPENDENT AUDITOR'S REPORT TRANSLATED FROM SPANISH

This report is a free translation from the original prepared in 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 (Company), which comprise the consolidated statement of financial position as of December 31, 2021, and the consolidated statements of income, 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 of December 31, 2021, 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 the Mexican Institute of Public Accountants, A. C., 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 on these items, mainly for the significance of the net book value of the lands and buildings as of December 31, 2021 ($582,556 y $626,732, 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 on 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 this 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 ($3,561 million as of December 31, 2021); because the determination of the recoverable value of the CGUs involves significant judgments made 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, including the developed scenarios and the probability of occurrence assigned to each of them; 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 and projected market and industry data obtained from independent sources.

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 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 abovementioned information provided by the Company.

Other Information

Management is responsible for the other information disclosed. 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 22, 2022

Consolidated Statements of Financial Position

December 31, 2021 and 2020

Thousands of Mexican pesos

Assets	Notes	December 31, 2021	2020
CURRENT ASSETS:			
Cash and cash equivalents	8	$ 1,628,561	$ 3,092,269
Accounts receivable, net, and other accounts receivable	9	1,541,858	1,429,507
Related parties	10	10,527	13,668
Income tax receivable		221,787	179,203
Other recoverable taxes	11	306,003	292,496
Inventories	12	1,574,918	832,676
Prepaid expenses	13	152,780	110,440
Financial asset at fair value through profit or loss	14	-	39,870
Total current assets		5,436,434	5,990,129
NON-CURRENT ASSETS:			
Related parties	10	153,888	132,060
Long-term accounts receivable	30	42,727	84,025
Financial asset at fair value through profit or loss	14	61,308	52,591
Property, plant, and equipment - Net	15	3,010,774	2,321,068
Investment in associates	16	77,474	13,488
Intangibles	17	3,561,035	3,530,477
Financial right-of-use of a leased asset - Net	23	220,935	225,912
Deferred income tax asset	26	65,009	180,074
Guarantee deposits	6	23,475	20,889
Restricted cash	32	25,435	62,120
Total assets		**$ 12,678,494**	**$ 12,612,833**
Liabilities and equity			
SHORT-TERM LIABILITIES:			
Short-term portion of the long-term debt	19	$ 8,650	$ 62,887
Suppliers	20	757,128	669,222
Other accounts payable	21	573,106	535,662
Provisions	22	23,934	18,099
Income taxes payable		52,488	105,297
Other taxes payable		107,463	105,354
Derivative financial instruments	18	-	123,704
Short-term of financial liability for the right-of-use of an asset	23	58,517	48,198
Employees' statutory profit sharing payable		27,056	73,231
Total short-term liabilities		**1,608,342**	**1,741,654**
LONG-TERM LIABILITIES:			
Long-term debt	19	3,998,337	4,049,547
Deferred revenue (government subvention)	19	-	4,282
Employees benefits	24	60,719	45,549
Other accounts payable	21	116,294	119,631
Referred value units	24	29,255	19,043
Deferred income tax liability	26	243,917	153,439
Long-term of financial liability for the right-of-use of an asset	23	179,705	185,196
Total liabilities		**6,236,569**	**6,318,341**
EQUITY:			
Capital stock	25	2,802,911	3,311,693
Stock premium at subscription		33,759	33,759
Retained earnings		3,399,851	3,081,816
Legal reserve		37,370	37,370
Currency translation effect in subsidiaries		(532,072)	(448,693)
Cash flow hedges	18	-	(86,593)
Revaluation surplus		588,568	278,010
Capital participation attributable to:			
Controlling interest		6,330,387	6,207,362
Non-controlling interest		111,538	87,130
Total equity		**6,441,925**	**6,294,492**
Total liabilities and equity		**$ 12,678,494**	**$ 12,612,833**

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

Carlos Rojas

Carlos Rojas Aboumrad
General Manager

Mario A. Romero Orozco
Finance and Administrative Vice-president

GRUPO ROTOPLAS, S. A. B. DE C. V. AND SUBSIDIARIES

Consolidated Statements of Income

Year ended on December 31, 2021 and 2020

Thousands of Mexican pesos		Year ended on December 31,			
	Notes		**2021**		**2020**
Net sales	7	$	10,914,512	$	8,644,303
Cost of sales	27		6,761,110		5,044,547
Gross profit			4,153,402		3,599,756
Operating expenses	28		3,088,957		2,552,636
Operating profit			1,064,445		1,047,120
Finance income	29		103,176		484,448
Finance costs	29		(726,091)		(687,122)
Net finance (expense) income			(622,915)		(202,674)
Share of net profit of associates	16		2,194		1,613
Profit before income taxes			443,724		846,059
Income taxes	26		131,942		277,072
Profit from continuing operations		$	311,782	$	568,987
Discontinued operations - Loss from					
discontinued operations	30	$	-		($ 164,560)
Net consolidated profit		**$**	**311,782**	**$**	**404,427**
Profit attributable to:					
Controlling interest		$	318,035	$	417,607
Non-controlling interest			(6,253)		(13,180)
		$	**311,782**	**$**	**404,427**
Basic and diluted net profit per share from continuing operations*	2.25 y 25	$	0.69	$	1.28
Basic and diluted net profit per share*	2.25 y 25	**$**	**0.69**	**$**	**0.94**

* The basic and diluted net profit per share is expressed in Mexican pesos.

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

Carlos Rojas Aboumrad
General Manager

Mario A. Romero Orozco
Finance and Administrative Vice-president

Consolidated Statements of Comprehensive Income

Year ended on December 31, 2021 and 2020

Thousands of Mexican pesos		Year ended on December 31,	
	Notes	**2021**	**2020**
Consolidated net profit		$ 311,782	$ 404,427
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Revaluation surplus of land and buildings - net of income taxes		310,558	35,434
Items that may be reclassified to profit or loss subsequently:			
Cash flow hedges		86,593	(86,593)
Currency translation effect in subsidiaries*	2.4	(52,718)	318,666
Consolidated comprehensive profit for the year		**$ 656,215**	**$ 671,934**
Consolidated comprehensive profit for the year attributable to:			
Controlling interest		$ 631,807	$ 696,745
Non-controlling interest		24,408	(24,811)
		$ 656,215	**$ 671,934**
Consolidated comprehensive profit for the year attributable to:			
Continuing operation		$ 631,807	$ 696,745
Discontinuing operation		-	-
		$ 631,807	**$ 696,745**

* 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
General Manager

Mario A. Romero Orozco
Finance and Administrative Vice-president

Consolidated Statements of Changes in Equity

December 31, 2021 and 2020

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, 2020		$ 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	(448,693)	(86,593)	278,010	6,207,362	87,130	6,294,492
Comprehensive income for the period:											
Other comprehensive income		-	-	-	-	(83,379)	86,593	310,558	313,772	30,661	344,433
Net profit for the year		-	-	318,035	-	-	-	-	318,035	(6,253)	311,782
Total comprehensive income		-	-	318,035	-	(83,379)	86,593	310,558	631,807	24,408	656,215
Transactions with stockholders recognized directly in equity:											
Acquisition of treasury stock	25	(361,533)	-	-	-	-	-	-	(361,533)	-	(361,533)
Treasury stocks granted at equity reimbursement	25	766,939	-	-	-	-	-	-	766,939	-	766,939
Treasury stocks sold	25	59,076	-	-	-	-	-	-	59,076	-	59,076
Equity reimbursement	25	(973,264)	-	-	-	-	-	-	(973,264)	-	(973,264)
Legal reserve allocation		-	-	-	-	-	-	-	-	-	-
Total transactions with stockholders recognized directly in equity:		(508,782)	-	-	-	-	-	-	(508,782)	-	(508,782)
Balances as of December 31, 2021		**$ 2,802,911**	**$ 33,759**	**$ 3,399,851**	**$ 37,370**	**($ 532,072)**	**$ -**	**$ 588,568**	**$ 6,330,387**	**$ 111,538**	**$ 6,441,925**

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

Carlos Rojas

Carlos Rojas Aboumrad
General Manager

Mario A. Romero Orozco
Finance and Administrative Vice-president

Consolidated Statements of Cash Flows

December 31, 2021 and 2020

Thousands of Mexican pesos		Year ended on December 31,	
Operating activities	**Notes**	**2021**	**2020**
Profit before income taxes from continuing operations		$ 443,724	$ 846,059
Loss before income taxes from discontinued profit		-	(147,262)
Adjustments for items not involving cash flows:			
Depreciation and amortization included in expenses and costs from continuing operation	15 y 17	378,695	349,905
Depreciation and amortization included in expenses and costs from discontinued operation		-	6,692
Intangible impairment	17	3,664	-
Loss on sale of property, plant, and equipment from continuing operation		852	9,728
Profit on sale of property, plant, and equipment from discontinued operation		-	(11,610)
Profit on sale of inventories from discontinuing operation		-	(40,245)
Share of net profit of associates	16	(2,194)	(1,613)
Restatement effect loss		66,724	87,663
Derivative financial instruments	14 y 29	(27,088)	(15,608)
Allowance for doubtful accounts	9	15,666	10,639
Interest income from continuing operations	29	(68,206)	(95,307)
Interest income from discontinued operations		-	(32)
Interest expense from continuing operations	19.3 y 29	510,675	444,572
Interest expense from discontinued operations		-	1,164
Employee benefits net period cost	24	15,306	14,188
Referred value units	24	10,212	5,035
Changes in assets and liabilities:			
Accounts receivable		(193,755)	(166,322)
Accounts receivable from discontinued operation		-	(73,062)
Recoverable income tax		(37,281)	(87,218)
Other recoverable taxes		24,311	(25,834)
Inventories		(794,256)	34,408
Prepaid expenses		60,020	4,368
Guarantee deposits		(2,830)	1,403
Financial asset at fair value through profit or loss from discontinued operation		-	(35,621)
Suppliers		37,894	147,892
Suppliers from discontinued operation		-	(2,271)
Other accounts payable		(6,687)	168,882
Employees' benefits		(686)	-
Other taxes payable		(6,444)	(8,144)
Employees' statutory profit sharing		(44,915)	9,496
Cash flows from operating activities		383,401	1,431,945
Income taxes paid		(135,610)	(173,821)
Net cash flows from operating activities		247,791	1,258,124
Investing activities			
Acquisitions of property, plant, and equipment	15	(440,516)	(280,026)
Proceeds from sale of property, plant, and equipment from continuing operation		740	97
Proceeds from sale of property, plant and equipment of Brazil and the United States		-	178,472
Financial asset at fair value through profit or loss acquired	14	(18,741)	-
Acquisition of intangible assets	17	(74,481)	(10,906)
Business acquisitions net of acquired cash and cash equivalents	32	-	(4,110)
Restricted cash		39,966	-
Investment in associates		(65,200)	-
Related parties		(15,934)	(21,920)
Interest received from continuing operation		68,206	93,067
Interest received from discontinued operation		-	32
Net cash flows from investing activities		(505,960)	(45,294)
Financing activities			
Equity reimbursement	25	(206,325)	(173,423)
Acquisition of treasury stock	25	(361,533)	(901,055)
Sale of treasury stock	25	59,076	285,979
Bond certificates payment	19	-	(600,000)
Bond certificates	19	-	1,666,113
Proceeds from loans	19.3	85,880	134,441
Payment of obtained loans	19.3	(209,216)	(668)
Lease payments		(56,857)	(47,713)
Interests paid from continuing operations		(509,373)	(441,940)
Interests paid from discontinued operation	19.3	-	(1,164)
Net cash flows from financing activities		(1,198,348)	(79,430)
Increase (decrease) in cash and cash equivalents		(1,456,517)	1,133,400
Cash and cash equivalents at the beginning of the year		3,092,269	1,847,816
Effects of exchange rate changes on cash and cash equivalents		(7,191)	111,053
Cash and cash equivalents at the end of the year	8	$ 1,628,561	$ 3,092,269
Financing activities that did not generated cash flow	25		

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

Carlos Rojas Aboumrad
General Manager

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 manufacturing 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 manufacturing plants in Guatemala, Peru, Argentina, and Nicaragua, and distribution centers in the United States of America ("USA"), where only product of third parties is commercialized, El Salvador, Belize, Honduras, 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 23, 2021 an equity reimbursement was carried out and paid with equity treasury stock, the reimbursement granted an equity stock for each 15 equity stocks hold by the entity, if, in any case, the payment in equity stock resulted in a fraction of an equity stock, such fraction was paid in cash to the corresponding stockholder.

ii. On November 19, 2021 the acquisition of a non-controlling investment was announced in Banyan Water, Inc., is a technological company established in 2011 that uses data and analytics power to offer more relevant metrics and water savings to its clients in the United States of America.

iii. On April 30, 2021, at the General Ordinary and Extraordinary Stockholders' Meeting an equity reimbursement payment was approved to the stockholders of the entity, through a decrease of the common stock.

iv. On March 29, 2021 the Company announced the beginning of operations of the manufacturing plant in Nicaragua to provide water storage products due to the increasing demand. The expansion in operations relates to the sustainable growing agenda and profitability stablished in the 5-year business plan from 2021-2025; the operations begun at the new manufacturing plant in the city of Managua, Nicaragua. This manufacturing facility will supply all the south region of Centro America, Nicaragua, Costa Rica, and Panama, with the intention of increasing further the participation in the market of Rotoplas' products across these countries and reducing delivery times and logistic costs.

v. 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.

vi. 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 effectively managing 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.

vii. 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.

viii. On May 12, 2020, at the General Ordinary and Extraordinary Stockholders' Meeting a cash and equity reimbursement payment was approved, 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 pesos, at an $0.80 ratio per stock, in two payments, refer to Note 25.

ix. 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 facilities, the transfer of the Acqualimp brand, the labor force, and the working capital. After such disinvestment, Rotoplas holds presence in Brazil focusing exclusively on 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.

x. 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.

xi. 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.

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 operations of Grupo Rotoplas were affected by the pandemic in March 2020 when the authorities of different countries started to impose social distancing measures, mobility measures and enacted the suspension of activities from certain economic sectors. During 2021 the Company did not have operating closures at any of the manufacturing or distributions centers.

Effects by geographical area are shown in the following table:

Country or region	Operations in 1Q – 3Q 2020	Operations in 4Q 2020	Operations in 2021
Mexico	Continuing operation as it was considered an essential activity.	Continue in all locations.	Continue 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 plant equivalent to 16 days closure.		
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 as follows: 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 shutdown of operations in Peru and Argentina. During 2021 the operations were reestablished on a normal basis.

During 2020 an impact in the gross margin of $119,821 due to the suspension of activities in some locations, additional employees were hired, and the Company paid overtime to comply with the hygiene protocols.

Additionally, the Company incurred in an additional expense of $40,595 in 2020 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 2020 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. In 2021 the Company did not have uncertainty on the accounting estimates related to COVID 19 effects.

"Reactivate Peru" program

Because of COVID-19, Peru's government, with the intention to reactivate the economy granted financing to the companies' 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). As mentioned in note 19.3, the Company paid this loan on July 16, 2021.

xiii. Risks and opportunities due the climate change

The incidence of the climate change on the citizens and companies is mainly the result of the occurrence of extreme meteorological phenomena and the change in the regimen of precipitations.

Grupo Rotoplas objective is to prevent the risks over its operations, including those related to the availability of raw materials.

The Company's objective is to provide water access to the population, through decentralized solutions, as well as the saving the resource, specially in lower availability areas.

Also, the Company looks to decrease energy requirements, in production and in the usage of the solutions, as well as to increase the fulfillment of renewable sources, procuring the decrease of greenhouse gas emissions (GGE)

These components are integrated in the sustainable strategy, across the pillars of circularity and climate change, water availability and quality of the user's life.

Besides, it has a specific strategy, from the identification of the main risks and opportunities linked to the climate change for the groups of interest.

The risks and opportunities are identified from the analysis at a Company level and manufacturing plant, which serves as the base to prioritize prevention and mitigation measures.

In December 2021, the second edition of AGUA Day was held, an event to share the evolution of the Flow transformation program and the business strategical plan 2020-2025. Also, goals in sustainability subject were disclosed and where the Company is heading in the following years. From the matters discussed in the event the following are considered as the more relevant:

- Digitalization water treatment solutions.
- Commitment to become a neutral carbon Company for the year 2040.

In 2021 the Company has not had any impact in the profit of the period ended on December 31, 2021 and 2020.

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 as of December 31, 2021 and 2020 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, land and buildings, financial asset at fair value through profit or loss and the operations in Argentina, which is a 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.

For those new standards issued and for those not yet effective in the period presented, no material impact was identified to the information presented by the Company.

2.2 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 purchase 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 assumed, and the equity issued. 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 2021 and 2020 (%)	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)[6]	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)[2]	80.00	Residual water treatment
RRG Rotoplas Soluciones Agrícolas, S. A. P. I. de C. V. (Rieggo)[5]	50	Water solutions for the agricultural sector.
Subsidiary in Canada		
Sanzfield Technologies Inc. [3 and 4]	43.94	Center specialized in the development of water treatment and recycling systems.
Acuantia Global Holding, Corp. [1 and 9]	100	Sub holding entity of shares.
Subsidiary in the USA:		
Acuantia, Inc.	100	Manufacturing and sale of plastic tanks for water storage
Acuantia Digital Solution. LLC. [9]	100	Research and development services digital

1 Rotoplas is in turn the holder of 56.97% of the shares of Bienes Raices, 2.53% of the shares of Rotoplas Comercializadora and holds 100% of the shares of Acuantia Global Holding Corp.

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

4 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.

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

6 Acuantia, Inc.; As a result of a process of administrative simplification, dated March 1, 2021, it merged with Molding Acquisition Corp. (MAC), surviving Acuantia, Inc.

7 Rotoplas Latinoamerica 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 2021 and 2020 (%)	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)[7]	99.99	Manufacturing and sale of plastic tanks for water storage.

8 Central America is the holding entity of the shares of the following third-tier companies for consolidated financial statement purposes:

Company	Participation with vote rights in 2021 and 2020 (%)	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.

9 Acuantia Global Holding, Corp.; is the holder of the shares of the following second-tier company for purposes of the consolidated financial statements.

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. As of December 31, 2021, and 2020, 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, 2021, and December 31, 2020, 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. As of December 31, 2021, and December 31, 2020, 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, as of December 31, 2021, and 2020, 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 equal 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, 2021, and 2020, no impairment was recognized in the associates.

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. 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**	**2021**	**2020**	**2021**	**2020**
Brazil	Brazilian real	3.86	3.84	3.71	3.88
Argentina	Argentinian peso	0.20	0.24	0.20	0.24
Central America	Quetzal	2.66	2.56	2.71	2.56
Peru	Sol	5.14	5.51	5.17	5.54
USA	Dollar	20.52	19.94	20.95	19.97

The Argentinian companies were 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 in a hyperinflationary economy 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 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. As of December 31, 2021, and 2020, there are no accrued losses for impairment on trademarks.

2.6.3 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 live 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, 2021, an impairment loss of $3,664 was recognized on the non-financial assets and as of December 31, 2020 no impairment loss was identified.

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 is 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 where 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. As of December 31, 2021, and 2020, no offsetting of financial instruments was recognized.

2.10 IMPAIRMENT OF FINANCIAL ASSETS

2.10.1 Assets carried at amortized cost

The Company uses 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 2021 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.

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 are 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. As of December 31, 2021, and 2020, 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. As of December 31, 2021, and 2020, 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. As of December 31, 2021, the Company does not have the government subvention, refer to note 19.3.

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 with 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 on the economic 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 “Provisions, Contingent Liabilities and Contingent Assets” 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 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 interests at a fair value. (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 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 where the employees must save or keep the stocks for a specified 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 bonuses

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 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 the estimates based on experience, considering 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, 2021 such liability was $0 and $5,626, in 2020. 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 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 when 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.

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. Most of the 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 as of December 31, 2021 and 2020, 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. 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 2021 and 2020, decreasing such average of such potential dilutive shares. As of December 31, 2021, and 2020, 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 2018. 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, 2018.

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.

The Subsidiary located in Argentina calculates 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 statutory 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. As of December 31, 2021, 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 USD 7,744 and (€670) as of December 31, 2021 and USD 88,001 and (€155) as of December 31, 2020.

As of December 31, 2021, and 2020, 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 $15,887 and $175,432, respectively for the USD position and ($1,559) and ($378), 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 few 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, 2021				December 31, 2020			
		Dollars		Euros		Dollars		Euros
Assets	USD	55,980	€	-	USD	142,483	€	70
Liabilities		(48,236)		(670)		(54,482)		(225)
Net asset (liability) position	USD	7,744	€	(670)	USD	88,001	(€	155)

As of December 31, 2021, and 2020, the exchange rates were $20.51 and $19.93 MXN per USD, respectively, and $23.27 and $24.35 MXN per €, respectively.

As of April 22, 2022, date of issuance of these financial statements, the exchange rate was $20.46 per USD and $23.19 per €.

The exchange rate of the USD as of December 31, 2021 and 2020 (to the currency of the subsidiaries established abroad) is as follows:

		Foreign currency equivalent in USD	
		December 31,	
Country	Currency	2021	2020
Argentina	Peso	0.0097	0.0119
Brazil	Real	0.1792	0.1924
Costa Rica	Colon	0.0015	0.0016
Ecuador	USD	1.0000	1.0000
El Salvador	USD	1.0000	1.0000
Guatemala	Quetzal	0.1295	0.1283
Honduras	Lempira	0.0408	0.0412
Nicaragua	Cordoba	0.0281	0.0287
Peru	Nuevo sol	0.2506	0.2762

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. In 2021 the Company had an increase in raw materials leading to an impact of $393 million and an operating cashflow for the temporary absorption of the cost increases in raw materials.

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. As of December 31, 2021, the Company did not have hedges for derivative financial instruments.

In the event of a 10% increase or decrease in the prices of resin as of December 31, 2021 and 2020, the Company would have experienced an increase or decrease in the cost of sales of approximately $56,142 and ($2,806), respectively, which would be charged through selling 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 2020, 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, 2021, 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 change of the fair value of the financial assets at fixed rate. As of December 31, 2021, the Company does not have loans at a variable rate.

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 the year end profits net of taxes, would have increased/decreased in ($6,185), because 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, 2021, the Company does not have loans at a variable rate.

As of December 31, 2020, 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 is considered low-risk investments. The credit qualifications in the investments are monitored for credit impairment.

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

- trade receivables for sales of inventory.

Trade receivables

The Group reviewed its impairment methodology in accordance with IFRS 9 for this type of assets and uses the 3-stages model (except for Brazil).

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 at initial measurement until 4 months ("ECL4m").

Stage 2 includes financial instruments that have significantly increased 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"), which are assets with an aging between 4 to 12 months overdue and that are in process of collection procurement. 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 balance sheet date. For these assets, the CLEL are financial assets with more than 12 months overdue and legal enforcement acts have been used.

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 the possibilities of payment are null before 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, 2021 and 2020 was determined as follows for trade receivables:

December 31, 2021	Current	Overdue	Under legal procurement	Brazilian Government	Total
Expected loss rate	0.1958%	5.3427%	100%	%	
Gross carrying amount - trade receivables	$ 1,111,285	$ 31,392	$ 18,622	$ 242,638	$ 1,403,937
Impairment estimate	(2,176)	(1,677)			(3,853)
Litigation	-	-	(18,622)	-	(18,622)
Total clients	$ 1,109,109	$ 29,715	$ -	$ 242,638	$ 1,381,462

December 31, 2020	Current	Overdue	Under legal procurement	Brazilian Government	Total
Tasa de pérdida esperada	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

Credit limits were not exceeded as of December 31, 2021 and 2020 and Management does not expect the Company to incur losses from breach from these entities.

Cash at bank and short-term bank deposits (Note 8)

Counterparties with external credit ratings:		
AAA	$ 360,921	$ 449,090
AA	1,174,551	2,592,181
A	93,089	50,998
Total cash and cash equivalents	$ 1,628,561	$ 3,092,269

	December 31, 2021		2020	
Derivative financial instruments (Note 8)				
Counterparties with external credit ratings:				
AAA	$	-	($	123,704)
Accounts receivable to related parties (Note 10)				
Counterparties without external credit ratings:				
Group B	$	153,888	$	132,060

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.

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 its related parties.

Account receivables 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 pasts 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 secur+ities 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, 2021, due to the obligations at that date.

As of December 31, 2021, and 2020 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, 2021	Less than 3 months	Between 3 months and 1 year	More than 1 year	Total
Debt	$ -	$ 349,844	$ 5,527,302	$ 5,877,146
Suppliers	757,128	-	-	757,128
Sundry payables	186,379	-	-	186,379
Accrued expenses and other accounts payable	386,727	-	-	386,727
Lease liability	-	58,517	179,705	238,222
Total	$ 1,330,234	$ 408,361	$ 5,707,007	$ 7,445,602

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

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.

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 financial ratio of leverage. 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, 2021	December 31, 2020
Total Debts (Note 19)	$ 4,006,987	$ 4,112,434
Less: cash and cash equivalents (Note 8)	(1,628,561)	(3,092,269)
Excess of cash over debt	2,378,426	1,020,165
Total equity	6,330,387	6,207,362
Total capital - Net	$ 8,708,813	$ 7,227,527
Gearing ratio	27.31%	14.11%

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, 2021	Level 1	Level 2	Level 3	Total
Financial asset at fair value through profit or loss	$ -	$ 61,308	$ -	$ 61,308
Other accounts payable - contingent consideration	$ -	$ -	$ 25,435	$ 25,435

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

During the years ended on December 31, 2021 and 2020 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

As of December 31, 2021, and 2020, 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 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 belonged 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 (economic 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.

4.2 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. In 2021 the Company carried out appraisals on the land and buildings to update the fair value of these 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).

As of December 31, 2021, and 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 current and deferred 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 will 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.

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 $6,656 and $12,691 and reduce or increase the deferred tax asset by $8,945 and 1,332, 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 exist to consider the payment of the RVU in accordance with the contract plan, this input impacts directly the calculation of the RVU fair value. If as of December 31, 2021 and 2020, the Company would not include an assumption the fair value would have increased by $29,255 and $19,043, 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 with 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 as of December 31, 2021 and 2020 the Company would not have included the probability of existence of free cash flows a 50% increase, the fair value would have increased by $29,255 and $19,043, respectively.

NOTE 5 - Financial instruments categories:

Financial assets according to the consolidated statement of financial position:

December 31, 2021	Amortized cost	At fair value through profit and loss	Total
Cash and cash equivalents	$ 1,628,561	$ -	$ 1,628,561
Restricted cash	25,435	-	25,435
Accounts receivable and other accounts receivable	1,381,462	-	1,381,462
Sundry debtors and employees	96,611	-	96,611
Related parties	164,415	-	164,415
Financial asset at fair value through profit and loss	-	61,308	61,308
	$ 3,296,484	**$ 61,308**	**$ 3,357,792**

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**

Financial liabilities according to the consolidated statement of financial position:

December 31, 2021	Amortized cost	Hedge financial instruments	Total
Debt	$ 4,006,987	$ -	$ 4,006,987
Suppliers	757,128	-	757,128
Other accounts payable	663,965	-	663,965
Financial liability at amortized cost	238,222	-	238,222
	$ 5,666,302	**$ -**	**$ 5,666,302**

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**

NOTE 6 - Guarantee deposits:

	December 31,	
	2021	2020
Guarantee for electric power services	$ 9,091	$ 7,988
Guarantee for leasing of real estate	8,743	5,320
Guarantee for sundry services	5,641	7,581
	$ 23,475	$ 20,889

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 (until the first quarter of 2020), 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,					
	2021	2020	2021	2020	2021	2020
	Individual solutions		Comprehensive solutions		Consolidated	
Sales to external customers	$ 10,428,008	$ 8,033,261	$ 486,504	$ 611,042	$ 10,914,512	$ 8,644,303
Profit (loss) before taxes	$ 712,225	$ 972,982	($ 268,501)	($ 126,923)	$ 443,724	$ 846,059
EBITDA	$ 1,852,535	$ 1,582,982	($ 88,797)	($ 8,337)	$ 1,763,738	$ 1,574,645

Revenue of approximately $1,620,792 are derived from five external customers ($1,182,774 in 2020). These revenues are attributable to the Mexico and Argentina geographical areas.

Profit before tax per period is as follows:

	Year ended on December 31,	
	2021	2020
EBITDA	$ 1,763,738	$ 1,574,645
Depreciation and amortization	(378,695)	(349,905)
Donations	(19,266)	(10,171)
Extraordinary expenses	(301,332)	(167,449)
Net financing costs	(622,915)	(202,674)
Share of net profit of associates	2,194	1,613
Income before taxes	$ 443,724	$ 846,059

GEOGRAPHIC INFORMATION:

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

	Year ended on December 31,	
	2021	2020
Net sales:		
Mexico	$ 5,665,074	$ 4,952,700
Argentina	2,627,335	1,669,339
USA	1,293,281	981,013
Other		1,041,251
Total	**$ 10,914,512**	**$ 8,644,303**

Property, plant, and equipment located per geographic market:

	December 31, 2021	December 31, 2020
Mexico	$ 2,408,049	$ 1,885,990
Argentina	422,246	296,826
USA	13,535	19,186
Other	166,944	119,066
	$ 3,010,774	$ 2,321,068

COMPANY'S TOTAL INFORMATION

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

	Year ended on, December 31, 2021	2020
Products sales	$ 10,417,147	$ 8,173,926
Revenue from services and maintenance	415,038	413,396
Revenue from operating leases	82,327	56,981
Total	$ 10,914,512	$ 8,644,303

NOTE 8 - Cash and cash equivalents:

	December 31, 2021	2020
Cash	$ 444	$ 365
Bank deposits	1,357,235	2,272,471
Highly liquid investments with maturities of three months or less	270,882	819,433
Total cash and cash equivalents	$ 1,628,561	$ 3,092,269

NOTE 9 - Accounts receivable and other accounts receivable:

	December 31, 2021	2020
Clients	$ 1,403,937	$ 1,343,471
Less: impairment estimate	(22,475)	(18,517)
	1,381,462	1,324,954
Sundry debtors*	48,454	21,689
Employees	5,430	6,021
VAT not yet credited	106,512	76,843
	160,396	104,553
	$ 1,541,858	$ 1,429,507

The fair value of accounts receivable as of December 31, 2021 and 2020 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 average 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.

Account receivables include balances from the following customers:

	December 31,	
	2021	2020
Brazilian government clients*	$ 242,638	$ 263,080
Citycon, S. A. de C. V.	88,416	79,519
Home Depot México, S. de R. L de C. V.	94,463	85,843
Cencosud, S. A.	17,748	26,387
Tenneco Automovi Eastern Automotive Easten Europe Sp. z o.o	47,280	35,440
Materiales para el desarrollo de México, S. A. de C. V.	24,297	15,714
Grupo Boxito, S. A. de C. V.	26,218	24,583
Simón Sistemas Hidráulicos, S. A. de C. V.	23,966	17,257
El Surtidor de Observatorio, S. A.	19,697	-
Tuberías de Oriente, S. A. de C. V.	15,373	1,168
Ferretería Unión, S. A. de C. V.	13,752	-
Desarrollo Comercial Polo S. A. P. I.	5,916	22,836
Tiendas del Mejoramiento del Hogar, S. A.	9,737	22,674
Others	751,961	730,453
	$ 1,381,462	$ 1,324,954

* Brazilian government clients.

In adherence to the Federal Program *"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 2021, 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.2,934 ($21,803) was collected, related to overdue balances and at issuance date of this financial statements the amount collected for these accounts receivable was R.51 ($280). The accounts receivable balance, with government agencies as of December 31, 2021 and 2020 in thousand Reales was R.66,001 ($242,638) and R. 68,580 ($263,080), 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 immediate payment. The ageing of the balances with such government agencies as of December 31, 2021 and 2020 is shown as follows:

	December 31,	
	2021	2020
Range:		
Current	$ 703	$ 166
From 30 to 120 days	-	21
More than 120 days	241,935	262,893
	$ 242,638	**$ 263,080**

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,			
		2021		2020
Book value as of January 1	$	18,517	$	12,386
Impairment for the year		15,666		10,639
Recuperation (cancellations) of doubtful accounts - Net		(11,708)		(4,508)
Net book value	**$**	**22,475**	**$**	**18,517**

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, 2021, and 2020, accounts receivable from customers of $22,475 and $18,517, 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,			
		2021		2020
Mexican peso	$	713,289	$	658,549
Argentinian peso	A	1,227,082	A	1,042,335
USD	USD	1,587	USD	1,157
Real	R.	66,001	R.	68,935
Sol	S/	21,588	S/	17,369
Other in Quetzal (Central America)	Q.	13,906	Q.	14,209

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:

	Year ended on December 31,			
Sell of goods and render of services to associates:		2021		2020
Dalkasa, S. A. (Ecuador)	$	24,055	$	22,657
	$	**24,055**	**$**	**22,657**

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

	December 31,	
Accounts receivable for sell of goods, rendering of services to associates and loans:	**2021**	**2020**
Dalkasa, S. A.	$ 9,186	$ 12,340
AIC-Rotoplas, S. P. A.	315	331
Advanced Innovation Center, LLC	1,026	997
	$ 10,527	**$ 13,668**

Accounts receivables from related parties arise from sell transactions and are due after a term of 60 days from the transaction date, as of December 31, 2021 and 2020 the Company had no account receivables past due from related parties. These account receivables had no guarantees nor accrued interest. As of December 31, 2021, and 2020, no impairment estimate has been recognized for these account receivables.

c. Loans granted to officers

As of December 31, 2021, and 2020, 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, 2020**	**January 1, 2013**	**December 15, 2013**	**August 15, 2017**	**March 17, 2017**	**February 28, 2020**	**Total**
Interest rate	6.90%	UDI	6.00%	6.90%	6.00%	UDI	6.90%	6.90%	6.90%	UDI	UDI	
December 31, 2021												
Opening balances	$ 20,391	$ 1,147	$ 9,882	$ 16,801	$ 8,060	$ 3,999	$ 13,659	$54,076	$ 205	$ 534	$ 3,306	$132,060
Loans granted	-	-	-	-	9,303	-	-	8,832	-	-	-	18,135
Collections	-	(1,189)	-	-	-	-	-	(2,600)	-	-	-	(3,789)
Interests	684	42	553	574	926	503	530	3,382	-	41	247	7,482
Total	**$ 21,075**	**$ -**	**$ 10,435**	**$ 17,375**	**$ 18,289**	**$ 4,502**	**$ 14,189**	**$63,690**	**$ 205**	**$ 575**	**$ 3,553**	**$ 153,888**

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**

The fair value of officers' loans as of December 31, 2021 and 2020 was $153,888 and $141,007, respectively. Loans are due until June 1, 2024.

As of December 31, 2021, and 2020, no impairment estimates were necessary over the values of these loans.

As of December 31, 2021, and 2020, 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,	
	2021	**2020**
Salaries and other short-term benefits	$ 243,813	$ 186,175

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 2021 and 2020, 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, 2021, and 2020, 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,	
	2021	2020
Commissions paid	$ 684	$ 668
Interest collected	$ 263	$ 27,531

NOTE 11 - Other recoverable taxes:

	December 31,	
	2021	2020
Recoverable VAT	$ 91,937	$ 106,313
Excise tax on industrialized products1	62,306	99,534
Income tax prepayments	2,972	11,276
Other taxes²	148,788	75,373
	$ 306,003	$ 292,496

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, 2021	December 31, 2020
Raw materials	$ 677,294	$ 380,704
Packaging materials	40,134	18,962
Work in progress	56,164	41,552
Finished goods	735,753	323,036
	1,509,345	**764,254**
PLUS:		
Merchandise in transit	58,657	59,698
Restatement effect1	6,916	8,724
	$ 1,574,918	**$ 832,676**

1 Relates to the restatement effect of the Argentinian entities.

NOTE 13 - Prepaid expenses:

	December 31, 2021	December 31, 2020
Insurance paid in advance	$ 13,837	$ 13,258
Services paid in advance	55,624	46,919
Advance expenses for maintenance	69,763	42,302
Advertising paid in advance	1,897	5,880
Other expenses paid in advance	11,659	2,081
	$ 152,780	$ 110,440

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

	December 31, 2021	December 31, 2020
Current:		
Tanks Holding [1]	$ -	$ 39,870
Non-Current:		
B37 Ventures, LLC.[2]	61,308	52,591
Total non-current	**$ 61,308**	**$ 52,591**

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 Due to the sale transaction of the fixed assets United States, as part of the value of the total consideration transferred, there is a contingent consideration for an amount equivalent to USD$4 million (equivalent to $75,491 as of December 31, 2019), 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 was made on July 19, 2021 for the remaining portion for USD$2 million (equivalent to $39,870).

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. During 2021 the Company made an investment in the fund B37 for an amount of $18,741, additionally a fair value adjustment was made to the investment, causing a loss of $10,024 in the instrument.

NOTE 15 - Property, plant, and equipment:

Year ended on December 31, 2021	Land	Constructions in progress	Buildings and Plants	Machinery and tools	Furniture, fixtures and computer equipment	Transportation equipment	Molades	Leasehold improvements	Treatment Plants	Solar Panels	Total
Opening balances	$ 366,657 $	354,729 $	360,337 $	326,655 $	28,932 $	12,586 $	96,205 $	7,539 $	599,999 $	167,429 $	2,321,068
Translation and restatement effects	(21,572)	(25,773)	45,397	8,674	3,593	(4,544)	22,982	(31)	-	-	28,726
Revaluation surplus	237,471	-	255,752	-	-	-	-	-	-	-	493,223
Transfers	-	(215,015)	11,394	124,236	25,998	3,030	26,582	19,526	4,249	-	-
Acquisitions	-	440,516	-	-	-	-	-	-	-	-	440,516
Disposal's cost	-	2,168	(7,699)	(43,224)	1,006	(959)	(60)	1,471	(118,390)	-	(165,687)
Disposal's depreciation	-	-		34,675	160	959	1,148		109,398	-	146,340
Depreciation of the year	-	-	(31,296)	(63,149)	(18,113)	(2,313)	(32,537)	(6,830)	(67,572)	(6,019)	(227,829)
Depreciation of the year for restatement effect	-	-	(7,153)	(6,548)	(2,889)	(1,829)	(7,164)	-	-	-	(25,583)
Closing balance	$ 582,556 $	556,625 $	626,732 $	381,319 $	38,687 $	6,930 $	107,156 $	21,675 $	527,684 $	161,410 $	3,010,774
Balances as of December 31, 2021:											
Cost	$ 582,556 $	556,625 $	1,395,379 $	1,012,696 $	192,775 $	39,988 $	575,417 $	67,788 $	774,102 $	180,548 $	5,377,874
Accumulated depreciation	-	-	(768,647)	(631,377)	(154,088)	(33,058)	(468,261)	(46,113)	(246,418)	(19,138)	(2,367,100)
Closing balance	$ 582,556 $	556,625 $	626,732 $	381,319 $	38,687 $	6,930 $	107,156 $	21,675 $	527,684 $	161,410 $	3,010,774

Year ended on December 31, 2020	Land	Constructions in progress	Buildings and Plants	Machinery and tools	Furniture, fixtures and computer equipment	Transportation equipment	Molades	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
Disposal's cost	(49,833)	(3,653)	(70,349)	(56,549)	(4,500)	(895)	(63,264)	-	(68,686)	-	(317,729)
Disposal's 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, 2021:											
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

As of December 31, 2021, and 2020, the depreciation charge is included in the cost of sales for $214,181 and $201,438, in operating expenses of $39,231 and $45,843, 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, 2021	December 31, 2020
Cost of land	$ 174,128	$ 195,700
Cost of buildings	906,852	557,570
Accumulated depreciation of buildings	(541,678)	(430,913)
	365,174	126,657
Net book value	**$ 539,302**	**$ 322,357**

As of December 31, 2021, and 2020, 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 $354,801 and $504,195. The leases periods 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.

As of December 31, 2021, and 2020, the Company has not capitalized financing costs.

As of December 31, 2021, and 2020, the Company does not operate contracts under financial lease.

15.1 - FAIR VALUE OF LANDS AND BUILDINGS:

In 2021, 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 2021 using non-observable data classified as level 2, is shown as follows:

Description	Fair value as of January 1, 2021	Valuation techniques	Non-observable data	Range of non-observable data weighted average prices * Higher	Used	Lower
Ciudad de México						
Terrenos	$ 138,624	Price comparison	Price per m²	17,055	14,728	-
Plantas	20,146	Price comparison	Price per m²	5,355	4,208	-
Total Ciudad de México	158,770					
Guadalupe, Nuevo León						
Terrenos	124,949	Price comparison	Price per m²	2,230	1,660	-
Plantas	93,393	Price comparison	Price per m²	13,834	10,769	-
Total Guadalupe, Nuevo León	218,342					
Tlajomulco de Zúñiga, Jalisco						
Terrenos	41,960	Price comparison	Price per m²	606	520	-
Plantas	30,893	Price comparison	Price per m²	10,917	8,755	-
Total Tlajomulco de Zúñiga, Jalisco	72,853					

Description	Fair value as of January 1, 2021	Valuation techniques	Non-observable data	Range of non-observable data weighted average prices * Higher	Used	Lower
León, Guanajuato						
Terrenos	38,378	Price comparison	Price per m²	560	490	-
Plantas	169,099	Price comparison	Price per m²	10,592	8,450	-
Total León, Guanajuato	207,477					
Los Mochis, Sinaloa						
Terrenos	5,880	Price comparison	Price per m²	500	440	-
Plantas	18,598	Price comparison	Price per m²	8,834	6,887	-
Total Los Mochis, Sinaloa	24,478					
Lerma, Estado de México						
Terrenos	34,595	Price comparison	Price per m²	3,010	2,670	-
Plantas	64,781	Price comparison	Price per m²	9,800	7,654	-
Total Lerma, Estado de México	99,376					
Mérida, Yucatán						
Terrenos	59,400	Price comparison	Price per m²	2,240	2,000	-
Plantas	23,917	Price comparison	Price per m²	6,877	5,317	-
Total Mérida, Yucatán	83,317					
Tejería, Veracruz						
Terrenos	45,104	Price comparison	Price per m²	1,530	1,360	-
Plantas	49,858	Price comparison	Price per m²	10,852	8,505	-
Total Tejería, Veracruz	94,962					
Total México	$ 959,575					
Pilar, Buenos Aires						
Land	$ 30,703	Price comparison	Price per m²	-	1,530	1,530
Buildings	24,331	Price comparison	Price per m²	-	6,267	6,267
Total Pilar Buenos Aires	55,034					
Vicente Lopez, Buenos Aires						
Land	40,847	Price comparison	Price per m²	-	12,175	12,175
Buildings	24,727	Price comparison	Price per m²	-	4,685	4,685
Total Vicente Lopez, Buenos Aires	65,574					
Total Argentina	$ 120,608					
Villanueva, Guatemala						
Land	17,034	Price comparison	Price per m²	3,214	2,824	-
Buildings	17,823	Price comparison	Price per m²	8,969	7,059	-
Total Villanueva, Guatemala	$ 34,857					

* The values utilized are expressed in Mexican pesos.

During the years ended on December 31, 2021 and 2020 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		Buildings		Total	
	2021	2020	2021	2020	2021	2020
Mexico	$ 488,809	$ 296,869	$ 455,321	$ 273,292	$ 944,130	$ 570,161
Argentina	76,122	55,599	151,078	77,193	227,200	132,792
Guatemala	17,625	14,189	20,333	9,852	37,958	24,041
	$ 582,556	$ 366,657	$ 626,732	$ 360,337	$ 1,209,288	$ 726,994

Changes in fair value measurement using significant unobservable data (level 2):

	December 31,	
Lands and buildings:	2021	2020
Opening balances	$ 726,994	$ 833,421
Translation effect	(24,463)	(43,479)
Transfers	11,394	15,470
Disposals	(7,699)	(97,052)
Restatement surplus	493,223	(3,199)
Restatement effect	48,288	48,937
Depreciation	(38,449)	(27,104)
Closing balance	$ 1,209,288	$ 726,994

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 reasonable.

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. As of December 31, 2021, and 2020, 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.

Banyan Water, Inc (Banyan Water)

On November 19, 2021 the acquisition of a non-controlling investment was announced, for such transaction the Company paid USD$3 million (equivalent to MXN$62 million).
+
Banyan Water, Inc., is a technological company established in 2011 and in operation in Delaware, United States of America, that uses data and analytics power to offer more relevant metrics and water savings to its clients in the United States of America. As of December 31, 2021, the percentage of interest in the associate was 21.58%.

Management of the Company has defined that there is no significant influence in this entity since the main shareholder has the capacity to remove at will the members of the board of directors.

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, 2021, and 2020 the percentage of participation in the associate was 15.44%. As of December 31, 2021 and 2020 the investment is fully impaired.

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 can nominate at will any member of the board of directors.

Information of Dalkasa is shown below:

a. Summarized statements of financial position

	Dalkasa December 31, 2021	Dalkasa December 31, 2020
CURRENT ASSETS:		
Cash and cash equivalents	$ 3,909	$ 5,876
Accounts receivable and other accounts receivables	27,376	22,550
Related parties	-	-
Other recoverable taxes	-	-
Inventories -	12,537	9,634
Prepaid expenses	77	69
Total current assets	43,899	38,129
Related parties	-	-
Property, plant, and equipment	2,109	2,914
Intangible assets	-	- .
Total assets	$ 46,008	$ 41,043

	Dalkasa December 31, 2021		Dalkasa December 31, 2020	
Liabilities and Equity				
CURRENT LIABILITIES:				
Suppliers	$	1,263	$	1,365
Other accounts payable		8,520		9,516
Related parties		-		-
Provisions		1,847		999
Income taxes payable		2,322		1,749
Other taxes payable		126		374
Total liabilities		14,078		14,003
Total net assets	$	31,930	$	27,040

b. Summarized statements of income

	Dalkasa Year ended on December 31, 2021		Dalkasa Year ended on December 31, 2020	
Net sales	$	66,813	$	47,252
Cost of sales		(41,523)		(28,302)
Gross profit		25,290		18,950
Operating expenses		(17,008)		(13,444)
Other expenses - Net		(2,106)		(1,061)
Finance costs - Net		(191)		(27)
Income taxes		(1,587)		(1,182)
Non-controlling interest		-		-
Net profit (loss) for the year	$	4,398	$	3,236

As of December 31, 2021, and 2020 Dalkasa is a private Company and there is no observable market available for its shares. As of December 31, 2021, Banyan did not have operations.

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

Investment contingencies and commitments:

As of December 31, 2021, and 2020, the Company had no contingencies related with the investment in associate.

As of December 31, 2021, and 2020, the Company has no restrictions over cash and cash equivalents in the investment in associate.

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

	Dalkasa			
	Year ended on December 31,			
Summarized financial information		**2021**		**2020**
Net assets as of January 1,	$	27,040	$	26,373
Profit (loss) for the year		4,398		3,236
Investments		-		-
Currency translation effect		492		(2,569)
Net assets at period end,	$	31,930	$	27,040

Grupo Rotoplas interest:

	Dalkasa			
	Year ended on December 31,			
Summarized financial information		**2021**		**2020**
Net assets as of January 1,	$	31,930	$	27,040
Percentage of participation of		49.88%		49,88%
Grupo Rotoplas, S. A. B. de C. V.		15,927		13,488
Impairment *		-		-
Net assets at period end	$	15,927	$	13,488

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

	Year ended on December 31,			
Dalkasa		**2021**		**2020**
Net profit of the associate	$	4,398	$	3,236
Investment in associate		49.88%		49.88%
Share of net profit in associate	$	2,194	$	1,613

NOTE 17 - Intangibles:

	Goodwill	Trademarks	Client relationship	Non-compete agreement	SAP Software and licenses	Total
Balance as of January 1, 2021:	$ 2,560,960	$ 434,012	$ 360,417	$ 2,811	$ 172,277	$ 3,530,477
Translation and restatement effect	24,978	5,424	1,911	43	2,158	34,514
Impairment	-	-	-		(3,664)	(3,664)
Transfers	-	-	-		-	-
Acquisitions	-	-	-		74,481	74,481
Disposals	-	-	-		-	-
Amortization of disposals	-	-	-		-	-
Amortization of the period	-	-	(11,805)	(317)	(62,651)	(74,773)
Balance as of December 31, 2021	$ 2,585,938	$ 439,436	$ 350,523	$ 2,537	$ 182,601	$ 3,561,035
Net book value: Cost	$ 2,585,938	$ 439,436	$ 385,940	$ 3,491	$ 345,738	$ 3,760,543
Accumulated amortization	-	-	(35,417)	(954)	(163,137)	(199,508)
Balance as of December 31, 2021	$ 2,585,938	$ 439,436	$ 350,523	$ 2,537	$ 182,601	$ 3,561,035

	Goodwill	Trademarks	Client relationship	Non-compete agreement	SAP Software and licenses	Total
Balance as of 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 as of 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 as of December 31, 2020	$ 2,560,960	$ 434,012	$ 360,417	$ 2,811	$ 172,277	$ 3,530,477

As of December 31, 2021, and 2020, the charge for amortization is included in operating expenses by $74,773 and $60,332, respectively. (Refer to Note 27).

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

	December 31,	
CGU	**2021**	**2020**
Rotoplas Argentina	$ 439,436	$ 434,012
	$ 439,436	**$ 434,012**

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:

	December 31,	
CGU	**2021**	**2020**
Rotoplas Argentina (1)	$ 831,583	$ 824,098
E-commerce	618,244	600,751
Sytesa	1,136,111	1,136,111
	$ 2,585,938	$ 2,560,960

(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 after 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 long-lived assets including goodwill were tested for impairment purposes, no impairment loss was deemed necessary to be recognized as of December 31, 2021 and 2020.

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

	Argentina		Sytesa		E-Commerce	
	December 31,					
	2021 (%)	2020 (%)	2021 (%)	2020 (%)	2021 (%)	2020 (%)
Gross margin	37.70	35.20	11.50	9.0	28.90	23
Long-term growth rate	50.16	20.62	32.25	14.93	37.52	35.8
Discount rate	75.52	50.49	12.90	7.61	8.02	5.53

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 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.

As of December 31, 2021, and 2020, 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 performs 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. As of December 31, 2021, and 2020 the Company did not have impacts derived from COVID in the determination of CGU.

NOTE 18 - Derivative financial instruments:

Derivative financial instruments s 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.

In February 2020 the favorable hedging positions were closed (interest rate swap related to the Sustainable Bond AGUA 17-X that was prepaid in that month and an excess in hedging of foreign exchange from Mexican peso to US dollar). With the closure of both positions, a profit of $360 million pesos was determined.

The Company hires hedging financial instruments with the objective of decreasing the exposure to the changes in the exchange rates for the acquisition of merchandise. The main instruments used are currency forwards and the positions at year-end are shown as follows:

Forward full delivery[1]

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

1 For changes in the cash flows due to fluctuations of the exchanges rates the hedge is performed through hiring forward liquidation financial instruments "Full Delivery" or compensating "Non-Delivery Forward" for a known price at an exact date. These derivative financial instruments have the economic effect of agreeing the foreign exchange at a future established date, forward positions are hired with Citibanamex Mexico, and the objective is to hedge a part of the foreign exchange risk exposure. The effectiveness of each of the different hedges is linked to the exchange rate in the end of the liquidation date. As of December 31, 2021, the Company settled its financial instruments recognizing the impact in the profit and loss of the period.

When the reference rate is higher than the level of the agreed Equilibrated Interbank Interest Rate ("TIIE") the Company has the right, but not the obligation, of making that interest rate effective. As long as the reference rate is below the level of the agreed rate, the one that will be applied will be 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 forwards include standard valuation models in the industry, forecasting future cash flows discounted at 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 forwards are classified in level 2.

NOTE 19 - Debt:

19.1 19.1 BANK LOANS:

The book value of bank loans is as follows:+

	December 31,	
	2021	2020
Long-term bank loans:		
Banco Internacional de Perú S.A.A. – Interbank [1]	$ -	$ 55,794
	$ -	$ 55,794

	December 31,	
	2021	2020
Short-term bank loans:		
Citibank, N. A. [2]	$ -	$ 55,199
Total	$ -	$ 110,993

1 On June 9, 2021 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 Banco Internacional de Peru, S. A. A. for $58,635 (PEN S/10,000,000), the owed principal will bear interests on an interest rate equivalent to 1.49%. Such contract has a 36-month maturity that includes a 12-month waiver period, without payment to principal and interests. Refer to Note 19.3.

2 On December 29, 2020, Rotoplas Argentina, S. A. signed a short-term loan agreement with Citibank, N. A. of the Argentinian Republic for $70,669, (Arg$233,000,000), the owed principal will bear interests on an annual nominal interest rate of 38%, the principal of the loan will have to be paid on June 28, 2021. As of November 8, 2021, a payment of $30,371 (Arg$150,000,000) was made and on November 17, 2021 the remaining portion of the loan was paid.

On April 16, 2021 Rotoplas Argentina, S. A., signed a short-term loan agreement with Citibank, N. A. of the Argentinian Republic for $53,677 (Arg$250,000,000), the owed principal will bear interest on an annual nominal interest rate of 38%, the principal of the loan will have to be paid on November 1, 2021. As of September 17, 2021, a payment of $30,576 (Arg$150,000,000) was made and on September 27, 2021 the remaining portion of the loan was paid.

On June 11, 2021 Rotoplas Argentina, S. A. signed a short-term loan agreement with Citibank, N. A. of the Argentinian Republic for Arg$150,000,000 (one hundred fifty million Argentinian pesos), the owed principal will bear interest on an annual nominal interest rate of 38%, the principal of the loan will have to be paid on November 19, 2021. As of September 28, 2021, a payment of $10,192 (Arg$50,000,000) was made and on October 18, 2021 the remaining portion of the loan was paid.

The 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 maintain certain financial ratios, which have been complied with as of December 31, 2021 and 2020.

19.2 BOND CERTIFICATES:

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

	December 31,	
Description	**2021**	**2020**
Issued on June 28, 2017, with a maturity date in June 2027 with a fixed interest rate of 8.65% (17-2x)	$ 1,400,000	$ 1,400,000
Issued on October 11, 2018, 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	$ 1,600,000
	$ 4,000,000	$ 4,000,000

The book value of the bonds is as follows:

	December 31,	
	2021	**2020**
Long-term portion of the bonds:		
Series 17-2x	$ 3,998,337	$ 3,998,034
	3,998,337	3,998,034
Short-term portion of the bonds:		
Series 17-2x	8,650	7,689
	8,650	7,689
Total	$ 4,006,987	$ 4,005,723

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 as of December 31, 2021 and 2020, respectively.

On February 13, 2020, Grupo Rotoplas, S. A. B. de C. V., issuer of the bond certificates 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, 2021, 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 Bond, 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, the premium is recognized in profit and loss as part of the effective interest rate. As of December 31, 2021, and 2020 the net book value of the premium is ($67,613) and ($79,922), respectively.

The effective interest rates are shown as follows:

	December 31,	
	2021 (%)	2020 (%)
Serie 17-2x	8.84	8.84
Citibank, N.A	-	45.37
Perú S. A.A. – Interbank	-	1.50

The fair value of bank loans is as follows:

	December 31,	
Fair value	2021	2020
Bank loans:		
Citibank, N. A.	$ -	$ 52,136
Banco Internacional de Perú S. A.A. - Interbank	-	62,211
Serie 17-2x	4,006,987	3,522,855
	$ 4,006,987	**$ 3,637,202**

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

	December 31,	
Fair value	2021 (%)	2020 (%)
Serie 17-2x	8.65	8.65

The fair value is similar to its book value, since the discount impact is not significant and falls within level 2 of fair value hierarchies.

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

	December 31,			
	2021		2020	
Soles	PEN.	-	PEN.	10,134
Argentinian pesos*	A$.	-	A$.	233,000
* Equivalent of Argentinian pesos to Mexican pesos (aNota 19.1)	$	-	$	55,198
* Equivalent of Peruvian Soles to Mexican pesos (Nota 19.1)	$	-	$	55,794
Loans in Mexican pesos		4,006,987		4,005,724
Total in Mexican pesos	$	4,006,987	$	4,116,716

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, and 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 its credit operations in the finance system should be classified as "Normal".

19.4 NET DEBT RECONCILIATION:

December 31, 2021

	Opening Balance	Leases	Proceeds	Disposals	Deferred income	Finance costs	Premium amortization	Debt payments	Lease payments	Interests paid	Translation effects	Closing balance
Citibank, N.A.	$ 55,199	-	$ 85,880	$ -	$ -	$ 19,505	$ -	$ (145,444)	$ -	$ (19,505)	$ 4,365	$ -
Banco Internacional de Perú S. A.A. – Interbank	55,794	-	-	-	-	141	-	(63,772)	-	(141)	7,978	-
Bond certificate series 17-2x	4,005,723	-	-	-	-	338,799	12,309	-	-	(349,844)	-	4,006,987
Ohers	-	-	-	-	-	119,565	-	-	-	(119,565)	-	-
Lease	233,094	110,774	-	(70,081)	-	32,665	-	-	(56,857)	-	(11,673)	238,222
Total	$ 4,350,110	$110,774	$ 85,880	($ 70,081)	$ -	$ 510,675	$ 12,309	($ 209,216)	($ 56,857)	($ 489,055)	$ 670	$ 4,245,209

December 31, 2020

	Opening Balance	Leases	Proceeds	Disposals	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		7494	-	-	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**

NOTE 20 - Suppliers:

	December 31 2021	2020
Indelpro, S. A. de C. V.	$ 87,237	$ 69,083
Equistar Chemicals, LP	61,479	9,769
Vinmar Overseas LTD	52,428	9,148
Norwesco Inc.	27,840	16,085
Dow Internacional Mexicana, S. A. de C. V.	26,740	44,252
Marangon Danilo & Co., S. de R. L.	14,974	1,790
Xingfa International Co. Ltda.	12,391	29,159
Parker Hannifin Corporation	9,679	-
Hovomex S. A. de C. V.	9,620	9,845
Ternium Argentina S. A.	9,375	2,681
Ningbo Hidrotek Co., LTD	9,244	3,578
KBK Industries, LLC	8,808	-
Tricon Energy, LTD	6,818	-
Vatsalya metal industries	6,345	10,199
Snyder Industries Inc.	5,120	8,021
Procesos de Alta Tecnología, S. A. de C. V.	4,773	4,881
Arco Colores, S. A. de C. V.	1,844	1,084
Dismolper, S. A. de C. V.	286	657
Asia Connections group llc	-	9,089
Pemex	-	3,384
Nova Chemicals Inc.	-	1,813
Gasa México Consultoría y Servicios	-	1,189
Pentair Flow Technologies	-	227
Polyone de México Distributions	-	173
Others	402,127	433,115
	$ 757,128	**$ 669,222**

NOTE 21 - Other accounts payable:

	December 31	
	2021	**2020**
Sundry creditors	$ 186,379	$ 298,812
Contingent consideration	25,435	62,120
Accrued expenses and other accounts payable*	477,586	294,361
	689,400	**655,293**
Less long-term portion	116,294	119,631
Total short-term	**$ 573,106**	**$ 535,662**

* LAccrued expenses refer to rendered received services

NOTE 22 - Provisions:

For the 2021 period	**Legal demands**
As of January 1, 2021,	$ 18,099
Effect of currency translation	(2,647)
Charge to the profit and loss	11,369
Cancellations	(806)
Payments	(2,081)
As of December 31, 2021,	**$ 23,934**

For the 2020 period	**Legal demands**
As of January 1, 202o,	$ 9,971
Effect of currency translation	(3,897)
Reclassification	9,470
Charge to the profit and loss	4,755
Cancellations	-
Payments	(2,200)
As of December 31, 2020,	**$ 18,099**

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 -Leases:

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, 2021:		Buildings		Transportation equipment		Total
Opening balances	$	218,589	$	7,323	$	225,912
Translation effect		(4,430)		119		(4,311)
New contracts		96,869		13,905		110,774
Disposals		(70,081)		-		(70,081)
Disposal depreciation		9,151		-		9,151
Depreciation of the year		(44,435)		(6,075)		(50,510)
Closing balance	$	205,663	$	15,272	$	220,935

Year ended on December 31, 2021:		Buildings		Transportation equipment		Total
Cost	$	274,243	$	40,414	$	314,657
Accumulated depreciation		(68,580)		(25,142)		(93,722)
Closing balances	$	205,663	$	15,272	$	220,935

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

b. Minimum non-discounted future lease payments as of December 31, 2021 are as follows:

Region		Monthly rent		Up to 1 year		Between 1 and 5 years	Period of the contract
Peru	$	437	$	5,243	$	26,216	December 2030
Mexico		3,095		37,144		71,744	March, May 2024, and June 2025
Honduras		29		349		1,223	July 2026
Nicaragua		72		1,489		3,694	October 2025
Costa Rica		43		515		988	November 24
Argentina		1,385		16,616		73,506	June 2024 and June 2028
USA		1,435		17,056		58,563	October 22, March, December 2023, October 2026 and March 31
	$	**6,496**	$	**78,412**	$	**235,934**	

c. The discounted future lease payments are as follows:

	December 31	
	2021	2020
2021	$ -	$ 48,198
2022	58,517	45,492
2023	45,155	35,104
2024-2031	134,550	104,600
	238,222	**233,394**
Short-term liability	**58,517**	**48,198**
Long-term liability	**$ 179,705**	**$ 185,196**

d. The interest expense related to the leases, for the year ended on December 31, 2021 and 2020 was $32,665 and $16,473, respectively and the charge to profit and loss for depreciation concept of leased assets was $50,510 and $48,982, respectively.

e. Short-term leases or leases where the subjacent asset is 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, 2021, and 2020 the Company recognized an amount in profit and loss of $3,012 and $36,308, 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.

The Company as a lessor:

The operating leases are related to the lease of water treatment plants.

The main operating lease contracts are signed with Nueva Wal-Mart de México, S. de R. L. de C. V., the lease periods are up to 10 years from the day of their sign-off, the payment terms are 30 working days after the delivery of the invoice, the installation of the water treatment plants is on behalf of the Company, realizing from all responsibility for incorrect installation execution, the client takes full responsibility of all the risks in case of caused damages to the equipment or third persons, as such it keeps the right to maintain the risk or hire on its favor or on their behalf the necessary insurances to cover for the equipment damage and responsibility.

As of December 31, 2021, and 2020 the lease income is as follows:

	December 31, 2021
	2021
Fixed rents	$ 185,740

An analysis of the minimum future income related to the lease contracts is as follows:

	December 31, 2021
	2021
Up to 1 year	$ 136,526
Between 1 and 5 years	204,579
More than 5 years	13,697
Total of minimum agreed payments	$ 354,802

NOTE 24 - Employee benefits:

As of December 31, 2021, and 2020, the value of obligations for benefits acquired $60,719 and $45,549, respectively.

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

	December 31,	
	2021	2020
Pension plan for benefits acquired	$ 33,643	$ 24,216
Seniority premium	27,076	21,333
Current situation	$ 60,719	$ 45,549
Present value of non-funded obligations	$ 60,719	$ 45,549
Liability in the statement of financial position	$ 60,719	$ 45,549

DBO movements were as follows:

	Seniority premium	
	December 31,	
	2021	2020
Balance as of January 1,	$ 45,548	$ 32,405
Net cost for the period (NCP)	15,306	14,188
Payments from reserve	(686)	-
Actuarial losses (gains)	551	(1,044)
Balance as of December 31,	$ 60,719	$ 45,549

EThe NCP is as follows:

	Seniority premium	
	December 31,	
	2021	2020
Cost of service for the period	$ 11,880	$ 11,640
Financial costs - Net	3,426	2,548
	$ 15,306	$ 14,188

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

	December 31,	
	2021	2020
Mexico	(%)	(%)
Discount rate	8.3	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, 2021	**Change in inputs (%)**	**Increase in inputs (%)**	**Decrease in inputs (%)**
Discount rate	1.0	Decrease of 9.53	Increase of 10.23
Salary increase rates	1.0	Increase of 9.26	Decrease of 9.96

		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	Increase of 7.18	Decrease of 6.20

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, 2021, and 2020, the RVUs granted were 5,329 and 3,747, respectively, as of December 31, 2021 and 2020 the RVUs released were $3,444 and $2,670 and their fair value was $29,255 and $19,043, respectively.

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

	2021		2020	
	Weight average value	**RVUs number**	**Weight average value**	**RVUs number**
January 1,	$ 16.30	3,747	$ 16.30	2,343
Granted		1,583		1.404
Cancelled		-		-
Exercised		-		-
December 31,	**$ 28.06**	**5,330**	**$ 16.50**	**3,747**

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

Granted	Maturity date June 30		Assignment value	NOutstanding RVUs 2021	2020
2009-2013	2019	$	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	249
2019-2023	2029		16.90	1,398	1,398
2020-2024	2030		16.54	1,583	-
				5,330	**3,747**

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* 2021	Stocks* 2020	Description		December 31, 2021		December 31, 2020
15	15	Represents the minimum fixed portion of equity with no withdrawal rights (Class I)	$	94	$	9
486,220	486,220	Represents the variable portion of capital with withdrawal rights (Class II)		2,843,120		3,816,469
486,235	486,235	Historical capital stock		2,843,214		3,816,478
		Restatement increase up to 1997		71,391		71,391
				2,914,605		3,887,869
(4,102)	(23,817)	Treasury stock		(111,694)		(576,176)
482,133	**462,418**	**Capital stock**	**$**	**2,802,911**	**$**	**3,311,693**

* Nominal ordinary stocks, single series, with no par value as of December 31, 2021 and 2020 fully subscribed and paid.

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

	Year ended on December 31, 2021		2020	
Profit attributable to Company's controlling interest	$	318,035	$	417,607
Weighted average of common stocks in circulation (in thousands)		458,990		444,618
Basic and diluted earnings per stocks		0.69		0.94

Reconciliation of treasury stocks is shown as follows:

	Number of shares	Total
Balance as of January 1, 2020	24,292	$ 587,521
Own stocks acquired **	54,654	901,055
Non-cash equity reimbursement in November 20201	(24,394)	(452,999)
Non-cash equity reimbursement in May 20202	(12,387)	(173,421)
Own stocks sold *	(18,348)	(285,980)
Balance as of December 31, 2020	23,817	576,176
Own stocks acquired *	12,446	361,533
Non-cash equity reimbursement in November 20213	(30,242)	(766,939)
Own stocks sold *	(1,919)	(59,076)
Balance as of December 31, 2021	**4,102**	**$ 111,694**

** 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 2021 and 2020, the Company acquired 12,446 and 54,654 of its own equity stocks, respectively, at an average price of $29.05 and $16.49 per equity stock, respectively, the total amount of bought shares during these periods was $361,533 and $901,055, respectively, with the objective of managing liquidity exceeds.

In 2021 and 2020, the Company sold 1,919 and 18,387 of its own equity stocks, respectively, at an average price of $28.68 and $15.59 per equity stock, respectively, the total amount of sold shares during these periods was $59,076 and $285,980, respectively, with the objective of managing liquidity exceeds.

3 On November 23, 2021 the Company announced at the General Extraordinary Stockholders' Meeting a non-cash reimbursement payment with its own equity stock to the stockholders of the entity, through a decrease of $766,939,909.60 (Seven hundred sixty-six million nine hundred thirty-nine thousand and nine hundred nine pesos 60/100 MXN). The non-cash payment was settled through the assignation of own equity stock issued the by the entity, that are currently kept at Company's treasury of in the repurchase fund. For the non-cash payment, the following was resolved: i. Use the equity stock price of $25.36 (twenty-five pesos 36/100 MXN), ii. 1 stock was granted to each stockholder holding 15 stock titles, iii. If, the non-cash payment resulted in a fraction, such fraction was paid in numerary to the stockholder. The non-cash payment was conducted by the S.D: Indeval, from November 23, 2021, in accordance with the stock tenancy of each stockholder registered before the beginning of the sections of the Bolsa Mexicana de Valores, S. A. B. de C. V. as of November 19, 2021.

On April 30, 2021 at the General Extraordinary Stockholders' Meeting an equity reimbursement payment to the stockholders' was approved through a decrease of common and variable portions of equity, proportional an without a stock cancelation for an amount of $206,325,271.80 (Two hundred six million three hundred twenty five thousand and two hundred seventy one pesos 80/100 MXN) at a ratio of $0.40 (forty five cents MXN) per stock, in numerary and in one exhibit, paid in cash on May 11, 2021 through S.D. Indeval, the total amount of the equity reimbursement was decreased from the fixed portion by $6 and the variable portion by $206,319.

1 On November 18, 2021 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 and 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 of 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, 2021 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, 2021, leaving the fixed portion of equity in $23 and the variable portion of equity in $4,442.

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. As of December 31, 2021, and 2020, the CUFIN balance was $2,478 and $66,517, respectively.

As of December 31, 2021, and 2020, the balance of the CUCA was $5,383,768 and $6,564,788, 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 distribution or profit	Percentage applicable to the amount of the dividend or distributed profit
2017	1%
2018	2%
2020 onwards	5%

NOTE 26 - IT:

i. In 2021, the Company determined combined tax profit of $1,573,156 (2020: $1,307,326). In 2021, the Company amortized prior years' combined tax losses of $101,785 (2020: $512,567). 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 2021 the non-deductible portion will be $263,117; however, these may be deducted in the following 10 years.

iii. On October 26, 2021 the Congress approved several modifications to the ITL, modifying the new interest limit, no impacts were derived on IT from this modification.

iv. On April 20, 2021 a decree was approved in which modifications, additions, and law disposals to the Federal Labor Law (FLL), the Social Security Law (IMSS), the National Fund for the Housing of Workers Law (INFONAVIT) the Federal Tax Code (FTC), the ITL and the Value Added Tax law (VAT), which will become effective after the day of its publication, except to those obligations pointed in tax matters which may enter into effect on August 1, 2021. As of December 31, 2021, and 2020 the Company did not have impacts to the consolidated financial statements for such modifications.

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

	Year ended on December 31,	
	2021	2020
Current IT	$ 185,657	$ 237,210
Deferred IT	(56,501)	39,862
Total charges to consolidated profit and loss	**$ 131,942**	**$ 277,072**

The main components of the deferred income tax and the movement in the asset and liability of deferred tax during 2021 and 2020 are as follows:

The main components of the deferred income tax and the movement in the asset and liability of deferred tax during 2021 and 2020 are as follows:

Deferred tax

	December 31,	
	2021	2020
Allowance for doubtful accounts	$ 7,174	$ 15,553
Inventory	15,740	12,318
Prepaid expenses	(84,847)	(34,232)
Property, plant, and equipment	(343,446)	(138,776)
Intangible assets and other assets	(82,279)	(130,104)
Client prepayments	37,051	36,998
Finance lease	5,424	(1,120)
Provisions	128,189	103,826
Labor obligations	18,216	13,665
Derivative financial instruments	-	37,111
Interest deductibility limit	(11,328)	93,973
Unamortized tax losses	108,542	17,423
	($ 178,908)	**$ 26,635**

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:

	31 de diciembre de	
	2021	2020
Deferred tax asset	$ 65,009	$ 180,074
Deferred tax liability	243,917	153,439
	($ 178,908)	**$ 26,635**

The reconciliation of movements is as follows:

Concept	Labor Obligations	Provisions	Property plant and equipment	Lease	Unamortized tax losses	Inventories	Prepaid Expenses	Client prepay-ments	Allowance for doubtful accounts	Intangible assets	Deductibility Limit	Financial derivative instru-ments	Total
Opening balance as of January 1, 2021	$ 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
Net movement of the, year	4,551	24,363	(60,585)	6,544	91,119	3,422	(50,615)	53	(8,379)	52,284	(82,645)	-	(19,888)
Translation effect	-	-	-	-	-	-	-	-	-	(4,459)	-	-	-
OCI	-	-	(144,085)		-		-	-		-	-	(37,111)	(185,655)
Closing balance as of December 31, 2021	**$ 18,216**	**$ 128,189**	**($ 343,446)**	**$ 5,424**	**$ 108,542**	**$ 15,740**	**($ 84,847)**	**$ 37,051**	**$ 7,174**	**($ 82,279)**	**$ 11,328**	**$ -**	**($ 178,908)**

Concept	Labor Obligations	Provisions	Property plant and equipment	Lease	Unamortized tax losses	Inventories	Prepaid Expenses	Client prepay-ments	Allowance for doubtful accounts	Intangible assets	Deductibility Limit	Financial derivative instru-ments	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
Net movement of the, year	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**

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

	Year ended on December 31,	
	2021	**2020**
Profit before income taxes	$ 443,724	$ 846,059
Statutory IT rate	30%	30
IT at statutory rate	133,117	253,818
Plus (less) income tax effect of the following permanent items:		
Inflation annual adjustment	(5,716)	(27,436)
Effect of different tax rates*	(1,596)	652
Non-deductible expenses	8,807	14,496
Discontinued operation	-	(5,189)
Tax losses	(37,946)	110,080
Other	24,907	(69,349)
	$ 121,574	$ 277,072
Effective IT rate	**27%**	**33%**

* 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

As of December 31, 2021, the Company has accrued income tax losses for a total of $1,146,164, which right to be amortized against future profits expires as follows:

Tax loss Year	MAC	Rotoplas	Centro America	Brazil	Comercia-lizadora	Rieggo	Updated amount	Expiry date
2015	$ -	$ -	$ -	$ -	$ 768	$ -	$ 768	2025
2015	33,514	-	-	-	-	-	33,514	2035
2016	121,632	-	-	-	-	-	121,632	2036
2016	-	-	-	74,447	-	-	74,447	Indefinite
2017	9,257	-	-	-	-	-	9,257	2037
2017	-	-	-	33,626	-	-	33,626	Indefinite
2018	87,705	-	-	-	-	-	87,705	2038
2018	-	-	-	92,045	-	-	92,045	Indefinite
2019	-	-	1,165	-	-	-	1,165	2022
2019	-	-	-	133,604	-	-	133,604	Indefinite
2020	18,381	-	-	-	-	-	18,381	2040
2020	-	-	-	94,380	-	-	94,380	Indefinite
2020	-	-	1,367	-	-	-	1,367	2023
2021	-	-	-	92,366	-	-	92,366	Indefinite
2021	-	336,332	-	-	-	15,575	351,907	2031
Total	**$ 270,489**	**$ 336,332**	**$ 2,532**	**$ 520,468**	**$ 768**	**$ 15,575**	**$ 1,146,164**	

* As of December 31, 2021, and 2020 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, 2021 and 2020 an amount of $520,488 and $707,404 respectively do not have sufficient evidence of their recoverability.

NOTE 27- Analysis of costs by nature:

	Year ended on December 31,	
	2021	2020
Raw material and production materials consumptions	$ 4,975,756	$ 3,356,149
Direct labor	428,634	357,628
Depreciation and amortization	214,181	201,438
Installation costs	160,853	321,413
Electrical power	113,760	92,292
Energy (gas)	88,478	70,073
Indirect manufacturing expenses	779,448	645,554
Total	**$ 6,761,110**	**$ 5,044,547**

NOTE 28 - Analysis of operating expenses by nature:

	Year ended on December 31,	
	2021	2020
Salaries and remuneration to employees	$ 1,085,093	$ 1,020,366
Distribution and logistics	542,616	469,365
Hired services	322,332	253,820
Advertising	279,157	202,354
Depreciation and amortization	164,514	148,467
Commissions	77,445	42,582
Repair and maintenance	58,277	52,378
Travel expenses	37,178	25,770
Donations	19,266	10,171
ESPS[1]	15,737	26,485
Fuels and lubricants	13,560	11,789
Impairment	3,664	-
Leases	3,012	31,902
Other	467,106	257,187
Total expenses	**$ 3,088,957**	**$ 2,552,636**

1 The Company is subject to ESPS payment, which is calculated applying the procedures established on the ITL. In 2021 and 2020, the Company determined a current ESPS in Mexico of $5,081 and $29,974, respectively and a current ESPS in Peru of $21,637 and $20,075, respectively.

Current ESPS was allocated in accordance with the type of employee in 2021 in cost of sales and operating expenses of $14,310, $15,737 (2020: $$23,564, $26,485).

NOTE 29 - Finance income and costs:

	Year ended on December 31, 2021	2020
Finance income		
Interest income	$ 68,206	$ 95,307
Profit from derivative financial instruments	-	389,141
Foreign exchange profit	34,970	-
	$ 103,176	**$ 484,448**
Finance costs		
Interest expense	($ 510,675)	($ 444,572)
Cost of derivative financial instruments	(148,692)	(7,928)
Loss in net monetary position	(66,724)	(87,663)
Foreign exchange loss	-	(146,959)
	(726,091)	**(687,122)**
	($ 622,915)	**($ 202,674)**

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, 2021	2020
Loss from discontinuing operations of the year		
Net sales	$ -	$ 306,947
Cost of sales	-	242,543
Gross profit	-	64,404
Operating expenses	-	164,302
Operating loss	-	(99,898)
Finance costs	-	(47,364)
Loss before income taxes	-	(147,262)
Income taxes	-	17,298
Loss from discontinued operations	**$ -**	**($ 164,560)**

	Year ended on December 31,	
Cash flows from discontinued operations	2021	2020
Net cash flows from operating activities	$ -	($ 119,364)
Net cash flows from investing activities	-	134,523
Net cash flows from financing activities	-	(1,164)
Increase (decrease) in cash and cash equivalents	**$ -**	**$ 13,995**

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.

NOTE 31 - Fideicomiso AAA, commitments, and contingencies:

Fideicomiso AAA

The Company owns a trust named Fideicomiso AAA established on March 15, 2007 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, Dalka do 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 2021 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:

		2021	2020
Contract number	**State**	**Executed percentage (%)**	**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, 2021, and 2020, 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 2020 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$1,556 thousand (equivalent to $32,251) to the Performance Guarantee Deposit, that was paid on February 23, 2021 as mentioned in section 5.01 of the contract. The second cash payment will become effective on December 31, 2024 for an amount of USD$1,321 thousand (equivalent to $25,435).

As of December 31, 2021, and 2020 the restricted cash is equivalent to $25,435 and $62,120, respectively.

	December 31,	
	2021	2020
Opening balance	$ 62,120	$ 62,234
First payment	(32,251)	-
Contingent liabilities payment	(4,434)	(114)
	$ 25,435*	$ 62,120*

As of December 31, 2021, and 2020 the contingent liability is included in the other accounts payable balance.

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 22, 2022.

Carlos Rojas

Carlos Rojas Aboumrad
Director General

Mario Antonio Romero Orozco
Vicepresidente de Administración y Finanzas