CONSOLIDATED FINANCIAL STATEMENTS

Grupo Rotoplas, S. A. B. de C. V. and subsidiaries
December 31, 2022 and 2021

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 Board of 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, 2022, 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, 2022, 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
Valuation of land and buildings of Rotoplas Argentina, S. A. As described in Note 15.1 to the consolidated financial statements, the Company recognizes its land and buildings at their fair value, based on valuations prepared by independent experts. We have focused on this item in our audit mainly because of the significance of the land and buildings book value in Rotoplas Argentina, S. A. as of December 31, 2022 ($138,365 and $137,143, respectively) and because of the possible impacts in the value of these assets, the inflationary effects in that country, the devaluation of the currency between Argentinian peso and the Mexican peso; and because the fair value determination requires Company's Management judgement. In particular, we focused our audit efforts on the methodology used by the expert and the market prices of comparable goods.	As part of our audit, we performed the following procedures in the land and buildings of Rotoplas Argentina, S. A.: 1. With the support of our valuation experts, we compared the methodology used by Company's Management to determine the fair value of the land and buildings with the commonly used and accepted for this type of assets in the market. 2. We compare market prices of comparable land 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 information obtained.

Key audit matter	How our audit addressed the matter
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 or goodwill. We focused on this area in our audit due to the importance of the balance of intangible assets and goodwill ($3,772,651 thousand as of December 31, 2022); 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. 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.	As part of our audit, we performed the following procedures: 1. We evaluated the projected future cash flows, considering whether they are consistent with those approved by the Board of Directors. 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. With the support of our valuation experts: 1. Compared the model used by the Company, with those models generally accepted in the industry for similar assets. 2. Compared the future revenue growth rates to the historical financial trends of the Company and projected market data. 3. Compared 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. 4. We evaluated the sensitivity analysis prepared by the Company for each CGU, considering the grade in which the principal inputs could be modified to be in the presence of a potential impairment; and we discussed with Management the probabilities of such modifications. 5. Finally, we evaluated the consistency of the disclosed information in the notes with the abovementioned information provided by the Company.

Additional Information

Management is responsible for the additional information disclosed. This information comprises the Annual Report presented to Comisión Nacional Bancaria y de Valores (CNBV) (but does not include the consolidated financial statements and our auditors' report thereon), which is expected to be made available to us after the date of this auditors' report.

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

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

When we read the additional information not yet received, we will issue the report on the Annual 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 included in the notes, 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 20, 2023

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

Consolidated Statements of Financial Position

December 31, 2022 and 2021

Thousands of Mexican pesos

	Notas		2022		2021
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	8	$	672,638	$	1,628,561
Accounts receivable, net, and other accounts receivable	9		1,668,643		1,541,858
Related parties	10		12,135		10,527
Income tax receivable			296,779		221,787
Other recoverable taxes	11		236,857		306,003
Inventories	12		1,523,726		1,574,918
Prepaid expenses	13		111,168		152,780
Total current assets		$	4,521,946	$	5,436,434
NON-CURRENT ASSETS:					
Partes relacionadas	10		155,475		153,888
Long-term accounts receivable	30		243,993		42,727
Financial asset at fair value through profit or loss	14		174,762		61,308
Property, plant, and equipment - Net	15		3,271,583		3,010,774
Investment in associates	16		25,244		77,474
Intangibles	17		3,772,651		3,561,035
Right-of-use of a leased assets - Net	23		203,258		220,935
Deferred income tax asset	26		159,056		65,009
Guarantee deposits	6		13,591		23,475
Restricted cash	31		25,435		25,435
Total non-current assets		$	**8,045,048**	$	**7,242,060**
Total assets		$	**12,566,994**	$	**12,678,494**
LIABILITIES AND EQUITY					
SHORT-TERM LIABILITIES:					
Short-term portion of the long-term debt	19		10,572		8,650
Suppliers	20		762,269		757,128
Other accounts payable	21		412,029		573,106
Provisions	22		18,246		23,934
Income tax payable			58,981		52,488
Other taxes payable			102,178		107,463
Derivative financial instruments	18		42,708		-
Long-term of financial liability for the right-of-use of an asset	23		63,866		58,517
Employees' statutory profit sharing payable			33,749		27,056
Total short-term liabilities		$	**1,504,598**	$	**1,608,342**
LONG-TERM LIABILITIES:					
Long-term debt	19		3,998,640		3,998,337
Employees' benefits	24		77,290		60,719
Other accounts payable	21		112,874		116,294
Referred value units	24		29,255		29,255
Deferred income tax liability	26		230,493		243,917
Long-term of financial liability for the right-of-use of an asset	23		154,683		179,705
Total short-term liabilities		$	4,603,235	$	4,628,227
Total liabilities		$	**6,107,833**	$	**6,236,569**
EQUITY:					
Capital stock	25		2,285,741		2,802,911
Stock premium at subscription			33,759		33,759
Retained earnings			4,076,958		3,399,851
Legal reserve			129,115		37,370
Currency translation effect in subsidiaries			(855,078)		(532,072)
Revaluation surplus			653,009		588,568
Capital participation attributable to:					
Controlling interest			6,323,504		6,330,387
Non-controlling interest			135,657		111,538
Total equity		$	**6,459,161**	$	**6,441,925**
Total liabilities and equity		$	**12,566,994**	$	**12,678,494**

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

Carlos Rojas

Carlos Rojas Aboumrad
Chief Executive Officer

Mario A. Romero Orozco
Finance and Administrative Vice-president

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

Consolidated Statements of Income

Year ended on December 31, 2022 and 2021

Thousands Mexican pesos

	Notes		Year ended on December 31, 2022		2021
Net sales	7	$	12,774,279	$	10,914,512
Cost of sales	27		7,330,546		6,761,110
Gross profit			5,443,733		4,153,402
Operating expenses	28		3,859,300		3,088,957
Operating profit			1,584,433		1,064,445
Finance income	29		198,119		103,176
Finance costs	29		(965,884)		(726,091)
Net finance expense			(767,765)		(622,915)
Share of net profit in associates	16		468		2,194
Profit before income taxes			817,136		443,724
Income taxes	26		26,314		131,942
Net consolidated profit		**$**	**790,822**	**$**	**311,782**
Profit attributable to:					
Controlling interest		$	768,852	$	318,035
Non-controlling interest			21,970		(6,253)
		$	**790,822**	**$**	**311,782**
Basic and diluted net profit per share*	2.25 and 25	**$**	**1.62**	**$**	**0.69**

* 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
Chief Executive Officer

Mario A. Romero Orozco
Finance and Administrative Vice-president

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

Consolidated Statements of Comprehensive Income

Year ended on December 31, 2022 and 2021

Thousands of Mexican pesos

	Notes	Year ended on December 31 2022		Year ended on December 31 2021	
Consolidated net profit		$	790,822	$	311,782
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Revaluation surplus of land and buildings					
- Net of taxes			64,441		310,558
Items that may be reclassified to profit or loss subsequently:					
Cash flow hedges - net of taxes			-		86,593
Foreign currency translation effect*	2.4		(320,857)		(52,718)
Consolidated comprehensive profit for the year		**$**	**534,406**	**$**	**656,215**
Consolidated comprehensive profit for the year attributable to:					
Controlling interest		$	510,287	$	631,807
Non-controlling interest			24,119		24,408
		$	**534,406**	**$**	**656,215**

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

Carlos Rojas Aboumrad
Chief Executive Officer

Mario A. Romero Orozco
Finance and Administrative Vice-president

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

Consolidated Statements of Changes in Equity

December 31, 2022 and 2021

Thousands of Mexican pesos

	Note	Ordinary stock	Stock premium at subscription	Retained earnings	Legal reserve	Currency translation effect in subsidiaries	Cash flow hedges	Revaluation deficit/ surplus	Total equity of controlling interest	Non-controlling interest	Total equity
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 as 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)	(86,593)	588,568	6,330,387	111,538	6,441,925
Comprehensive income for the period:											
Other comprehensive income		-	-	-	-	(323,006)	86,593	64,441	(258,565)	2,149	(256,416)
Net profit for the year		-	-	768,852	-	-	-	-	768,852	21,970	790,822
Total comprehensive income		-	-	768,852	-	(323,006)	86,593	64,441	510,287	24,119	534,406
Transactions with stockholders recognized directly in equity:											
Acquisition of treasury stock		(644,125)	-	-	-	-	-	-	(644,125)	-	(644,125)
Treasury stocks granted as equity reimbursement		-	-	-	-	-	-	-	-	-	-
Treasury stocks sold		342,333	-	-	-	-	-	-	342,333	-	342,333
Equity reimbursement		(215,378)	-	-	-	-	-	-	(215,378)	-	(215,378)
Legal reserve allocation		-	-	(91,745)	91,745	-	-	-	-	-	-
Total transactions with stockholders recognized directly in equity:		(517,170)	-	(91,745)	91,745	-	-	-	(517,170)	-	(517,170)
Balances as of December 31, 2022		**$ 2,285,741**	**$ 33,759**	**$ 4,076,958**	**$ 129,115**	**$ (855,078)**	**$ -**	**$ 653,009**	**$ 6,323,504**	**$ $135,657**	**$ 6,459,161**

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

Carlos Rojas Aboumrad
Chief Executive Officer

Mario A. Romero Orozco
Finance and Administrative Vice-president

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

Consolidated Statements of Cash Flows

December 31, 2022 and 2021

Thousands of Mexican pesos

	Notes	2022	2021
Operating activities			
Profit before income taxes		$ 817,136	$ 443,724
Adjustments for items not involving cash flows:			
Depreciation and amortization included in expenses and costs	15 and 17	397,315	378,695
Impairment losses on intangible assets	17		3,664
Loss on sale of property, plant, and equipment		6,096	852
Profit on sale of inventory			
Share of net profit in associates	16	(468)	(2,194)
Restatement effect loss	29	289,573	66,724
Financial instrument	14 and 29	(32,097)	(27,088)
Allowance for doubtful accounts	9	35,253	15,666
Interest income	29	(117,985)	(68,206)
Interest expense	19 and 29	514,455	510,675
Employees' benefits net period cost	24	15,793	15,306
Referred value units	24		10,212
Changes in assets and liabilities:			
Accounts receivable		(588,849)	(193,755)
Recoverable income tax		5,835	(37,281)
Other recoverable taxes		(3,137)	24,311
Inventories		(149,150)	(794,256)
Prepaid expenses		45,207	60,020
Secured deposits		187	(2,830)
Suppliers		59,870	37,894
Other accounts payable		(144,743)	(6,687)
Employees' benefits		-	(686)
Other taxes payable		(757)	(6,444)
Employees' statutory profit sharing		6,979	(44,915)
Cash flows from operating activities		1,156,513	383,401
Income taxes paid		(158,503)	(135,610)
Net cash flows from operating activities		998,010	247,791
Investing activities			
Acquisitions of property, plant, and equipment	15	(484,204)	(440,516)
Proceeds from sale of property, plant, and equipment		122	740
Financial asset at fair value through profit or loss acquired	14	(38,649)	(18,741)
Acquisition of intangible assets	17	(174,798)	(74,481)
Restricted cash		-	39,966
Investment in associates		-	(65,200)
Related parties		(21,722)	(15,934)
Interests received		117,985	68,206
Net cash flows from investing activities		(601,266)	(505,960)
Financing activities			
Equity reimbursement	25	(215,378)	(206,325)
Acquisition of treasury stock	25	(644,125)	(361,533)
Sale of treasury stock	25	342,333	59,076
Proceeds from loans	19.3	-	85,880
Payment of obtained loans	19.3	-	(209,216)
Lease payments		(46,703)	(56,857)
Interests paid		(509,562)	(509,373)
Net cash flows from financing activities		(1,073,435)	(1,198,348)
(Decrease) increase in cash and cash equivalents		(676,691)	(1,456,517)
Cash and cash equivalents at the beginning of the year		1,628,561	3,092,269
Effects of exchange rate changes on cash and cash equivalents		(279,232)	(7,191)
Cash and cash equivalents at the end of the year	8	**$ 672,638**	**$ 1,628,561**

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

Carlos Rojas

Carlos Rojas Aboumrad
Chief Executive Officer

Mario A. Romero Orozco
Finance and Administrative Vice-president

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 an undefined duration; a group of stockholders ultimately controls the Company. The Company's main activity is the manufacturing, purchasing, selling and installation of plastic containers and 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 each year 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. 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 is as follows:
Pedregal 24, piso 19
Col. Molino del Rey
11040 Mexico City

Relevant transactions

i. On April, 29, 2022 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.

ii. 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.

iii. 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.

iv. 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.

v. 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 reduce delivery times and logistic costs.

vi. Risks and opportunities due the Climate Change

Our risk assessment processes consider those related to Environmental, Social and Governance (ESG) that could have either a financial, ownership or reputational impact to the organization. On a first glance, the risks to which the Group is exposed as a result of the climate change, are transitional risks (for example, regulatory changes and reputational risks) and physical risks (even if the risk of physical damage is low due to Group activities and geographical locations).

As part of the physical risks, there is a possibility that extreme climatic conditions become present, with more severe rains, higher presence of hurricanes, long-term dry seasons, long-term of hot temperatures during winter season or cold weather during the summer season that could have an impact to the consumers' economy, decrease the demand of a part of our inventory goods, generate factory breakdowns or delays in the production and delivery of supplies and goods in our supply chain.

The Group is committed to the purpose of operating closer to a more respectful manner to the environment, we work of the processes, through the reduction of greenhouse gas emission (GHG) that contribute to climate change. In 2040 the Group has the objective of becoming a zero-carbon company (scope 1 and 2) for 2040 through a) Investment in recycled resins (from third-parties), b) Decrease in energy consumption and supplying of renewable energy, c) boost the sales of pluvial recollection and Bebbia.

For internal use of the manufacturing sites, already uses renewable sources through auto generative solar panels, also the Company uses machinery that reduces gas consumption and raw materials. There are projects in process equally, the implementation of a comprehensive sustainable packing system, and improvements to our manufacturing sites that include Residual Water Treatment Plant (PTARS) for the usage of recycled water. Refer to the Integrated Annual Report of the Group prepared by Management to obtain further information about the climate risk and the acquired commitments of the Group to approach them.

The Group holds insurance policies for earthquakes, flooding, or other similar events, and has established plans to operate in emergency situations, such as those beforementioned.

As of December 31, 2022, the Group considers these risks and environmental management plans that could affect the accounting estimates and judgements in the preparations of the consolidated financial statements, including, among others, potential impairment assessment of the usuful life of the long-term assets. The inputs could change in the future in response to the extreme climate conditions, future enacted regulations, new assumed commitments and the changing demand of the consumers.

These effects from the climate change, even if tried to be foreseen, could have an impact in the cash flows, the performance and the financial situation of the Group.

NOTE 2

Summary of significant accounting policies:

The most significant accounting policies applied in the preparation of these consolidated financial state-ments 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, 2022 and 2021 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 CONSOLIDATION

2.2.1 Subsidiaries

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

The Company applies the acquisition method to account the business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities 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 2022 and 2021 (%)	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)[1]	99.99	Sub holding entity
Rotoplas de Latinoamérica, S. A. de C. V. (Latino)[6]	99.99	Sub holding entity
Rotoplas Bienes Raíces, S. A. de C. V. (Bienes Raíces)[1]	42.63	Real estate services
Soluciones y Tratamiento Ecológico, S. A. P. I. de C. V. (Sytesa)	80.00	Residual water treatment
RRG Rotoplas Soluciones Agrícolas, S. A. P. I. de C. V. (Riego)[5]	50.00	Water solutions for the agricultural sector
Subsidiary in Canada		
Sanzfield Technologies Inc. [3]	43.94	Center specialized in the development of water treatment and recycling systems
Acuantia Global Holding, Corp [1 & 8]	100	Sub-holding entity
Subsidiary in the USA:		
Acuantia, Inc. [5]	100	Electronic trade platform
Acuntia Digital Solucition, LLC. [8]	100	Digital research and development services

[1] Rotoplas is in turn the holder of 56.97% of the shares of Bienes Raices, 16.60% of the shares of Rotoplas Comercializadora and holds 100% shares in 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 30).

[3] The economic participation percentage represents 43.94%, however, the Company exercises control by holding the 52.70% of the voting rights at the Board of Directors.

[4] RRG Rotoplas Rieggo started operations on March 15, 2020, the participation 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.

[5] Acuantia, Inc., as result of the administrative simplification process, effectively on March 1, 2021 was merged with Moulding Acquisition Corp. (MAC), being Acuantia, Inc. the outstanding entity.

[6] 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 2022 and 2021 (%)	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.

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

Company	Participation with vote rights in 2022 and 2021 (%)	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.

[8] Acuantia Global Holding, Corp., is the holding entity of the shares of the following tier two company, for consolidated financial statement purposes:

Company	Participation with vote rights in 2022 and 2021 (%)	Activity
Acuantia Global Holding, Corp.	100	Sub-holding entity
Acuantia Digital Solution. LLC.	100	Solution services renderer

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, 2022 and 2021, no changes in the participation of subsidiaries existed without loss of control.

2.2.3 Changes in the participation interest

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, 2022, and December 31, 2021, 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 decreased 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, 2022, and 2021, no decrease in the participation in an 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, 2022 and 2021, 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, 2022 and 2021, 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 from 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. 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 Note 2.4.3 below. The consolidated financial statements are presented in Mexican pesos ($), which is the Group's functional and presentation currency.

2.4.2 Transactions and balances

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

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

2.4.3 Group companies

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

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

b. Income and expenses for each income statement are translated at the 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	2022	2021	2022	2021
Brazil	Brazilian real	**3.71**	3.68	**3.74**	3.71
Argentina	Argentinian peso	**.11**	.20	**.11**	.21
Central America	Quetzal	**2.47**	2.66	**2.49**	2.71
Peru	Sol	**5.07**	5.14	**5.10**	5.17
USA	Dollar	**19.36**	20.52	**19.58**	20.95

The Argentinian companies were qualified in a hyperinflationary economy, because the inflation in Argentina in the last 3 years reached levels 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 their 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	4-10
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 land 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 Note 17).

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, 2022 and 2021, 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-competence agreement

The Company has signed a non-competence 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, 2022 no impairment losses were identified, for December 31, 2021, an impairment loss of $3,664 was recognized on the non-financial assets.

2.8 FINANCIAL ASSETS

2.8.1 Classification

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

- Those 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, the 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, 2022 and 2021, 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.

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.

Derivative financial instruments are engaged with economic hedging purposes and not as speculative investments. However, when the derivative financial instruments do not meet the hedging criteria, they are classified for accounting purposes as held for selling and are accounted for at their fair value through profit and loss. They are classified as current assets or liabilities considering if, as of the date of the reporting date, the maturity date is less than 12 months.

The entire fair value of the hedge derivatives is classified as non-current if the maturity of the hedged subjacent item is higher than 12 months. They are classified as current assets or liabilities considering if, as of the date of the reporting date, the maturity date is less than 12 months. Negotiable financial instruments are classified as current asset or liability.

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. Secured 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 on 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, 2022 and 2021, 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 on which restrictions make 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.

Restricted cash relates to the decision of acquiring IPS, previous approvals are required to dispose of such cash and/or compliance of any contractual or legal term.

The amount of restricted cash, such as the financial investments at short-term are an approximate of their fair value based on their maturity term (less than twelve months).

Restricted cash is classified as current if it is expected to be used in the following 12 months from the date of disclosure. Any restricted fund with a maturity term longer than 12 months is classified as non-current.

Restricted cash is classified in the statement of cash flows as an investing activity in relation to the acquisition of IPS (Refer to Note 31).

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, 2022 and 2021, 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 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.

2.20 EMPLOYEE BENEFITS

2.20.1 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.

2.20.2 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 and bears interests at a market value. (Refer to Note 10c.)

2.20.3 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.

2.20.4 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).

2.21 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.

2.22 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.

A comprehensive model for revenue recognition from client contracts is used, which is based on a five step approach that consist in the following: (1) Identify the contract with a customer; (2) Identify all the individual performance obligations within the contract; (3) Determine the transaction price; (4) Allocate the price to the performance obligations; and (5) Recognize revenue as the performance obligations are fulfilled.

The existence of separate performance obligations in client contracts is determined, management evaluates the transfer of control of the good or service to the client, with the objective of determining the moment to recognize the corresponding revenue of each performance obligation.

When the Company identifies separate performance obligations, the price is allocated to each of them, with the objective of recognize the corresponding revenue, either at a point in time or over time.

The Company considers the following concepts as performance obligations:

2.22.1 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.

2.22.2 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.

2.22.3 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, 2022 and 2021 such liability was $5,626. As part of the evaluation a single performance obligation was identified.

2.22.4 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.

2.22.5 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.

2.22.6 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.

2.23 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, 2022 and 2021, there are no covenant restrictions to meet.

2.24 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.

2.25 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 2022 and 2021, decreasing such average of such potential dilutive shares. As of December 31, 2022 and 2021, there are no profit dilutive components. (Refer to Note 25).

2.25 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. 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 turned hyperinflationary. It also requires 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 Argentinian subsidiary 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. t 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, 2022, the Group did not have 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 (USD19,384) and (€80) as of December 31, 2022 and USD7,744 and (€670) as of December 31, 2021.

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,				December 31,			
	2022		2021		2022		2021	
	Dollars		Dollars		Euros		Euros	
Assets	**Dls.**	**11,314**	Dls.	55,980	**€**	**15**	€	-
Liabilities		**(30,698)**		(48,236)		**(95)**		(670)
Net asset (liability) position	**Dls.**	**(19,384)**	Dls.	7,744	**€**	**(80)**	€	(670)

As of December 31, 2022 and 2021, the exchange rates were $19.36 and $20.51 pesos per Dollar, respectively, and $20,78 and $23.27 pesos per Euro, respectively.

As of April 20, 2023, date of issuance of these financial statements, the exchange rate was $18.06 per Dollar and $19.82 per Euro.

Sensitivity

The Group is exposed, mainly, to the exchange rate of the Mexican peso versus de US and Euro.

As of December 31, 2022 and 2021, in the event of a 10% increase or decrease in the peso-dollar and euro exchange rate, the Company would have incurred in a profit or loss of approximately $37,532 and $15,887, respectively for the dollar position and $166 and $1,559, respectively, for the 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.

	Dollars	Euros	Dollars	Euros
Exchange rate	19.3615	20.781	20.5157	23.2753
Sensitivity +10% E.R.	21.29765	22.8591	22.56727	25.60283
Sensitivity -10% E.R.	17.42535	18.7029	18.46413	20.94777
Sensitivity + Net position	**(412,849)**	**(1,822)**	**174,761**	**(17,154)**
Sensitivity - Net position	**(337,786)**	**(1,490)**	**142,986**	**(14,035)**

The exchange rate of the USD as of December 31, 2022 and 2021 (to the currency of the subsidiaries established abroad) is as follows:

		Foreign currency equivalent in USD	
		December 31,	
Country	Currency	2022	2021
Argentina	Peso	**0.0056**	0.0097
Brazil	Real	**0.1917**	0.1792
Costa Rica	Colon	**0.0017**	0.0015
Ecuador	Dollar	**1.0000**	1.0000
El Salvador	Dollar	**1.0000**	1.0000
Guatemala	Quetzal	**0.1273**	0.1295
Honduras	Lempira	**0.0404**	0.0408
Nicaragua	Cordoba	**0.0276**	0.0281
Peru	Nuevo sol	**0.2618**	0.2506

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 rises 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, in 2022 there were no impacts to the operating cashflows of the Company as a result of the price increase in raw materials.

The Company uses hedge derivative financial instruments with the objective of reducing the risk of exchange rate fluctuations in the acquisition of merchandise. The principal instrument used are currency forwards and positions hired at year end. As of December 31, 2021 the Company did not have any positions hired in derivative financial instruments

In the event of a 10% increase or decrease in the prices of resin as of December 31, 2022 and 2021, the Company would have experienced an increase or decrease in the cost of sales of approximately $9,641 and $56,142, respectively, which would be charged through the clients' sell 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 2022, the Company's borrowings bearing interest at variable rates were denominated in pesos and Reales.

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 the reserve amount for accounts receivable not impaired (current or with minor overdue in the period of default for each case).

On that basis, the loss allowance as of December 31, 2022 and 2021 was determined as follows for trade receivables:

	Current	Overdue	Under legal procurement	Brazilian Government	Total
December 31, 2022					
Expected loss rate	0.1608%	3.7065%	100%	7%	
Gross carrying amount - trade receivables	$ 1,308,989	$ 75,695	$ 16,901	$ 94,616	$ 1,496,201
non-current trade receivables	-	-	-	220,771	220,771
Total trade receivables	1,308,989	75,695	16,901	315,387	1,716,972
Impairment estimate	(2,183)	(2,806)	-	(21,884)	(26,873)
Litigation	-	-	(16,901)	-	(16,901)
Total clients	**$ 1,306,806**	**$ 72,889**	**$ -**	**$ 293,503**	**$ 1,673,198**
December 31, 2021					
Expected loss rate	0.0112%	0.7733%	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**

Credit limits were not exceeded as of December 31, 2022 and 2021 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)

	31 de diciembre de			
	2022		2021	
Counterparties with external credit ratings:				
AAA	$	49,949	$	360,921
AA		577,470		1,174,551
A		45,219		93,089
Total cash and cash equivalents	**$**	**672,638**	**$**	**1,628,561**

Efectivo en bancos y depósitos bancarios a corto plazo (Nota 8)

	December 31,			
	2022		2021	
Derivative financial instruments (Note 8)				
Counterparties with external credit ratings:				
AAA	**$**	**(42,708)**	**$**	**-**
Accounts receivable to related parties (Note 10)				
Counterparties without external credit ratings:				
Group B	**$**	**155,475**	**$**	**153,888**

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

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 securities are sufficient to meet operating needs. These forecasts consider financing plans through loans, compliance with contractual obligations, compliance with financial ratios based on the current financial situation and, if applicable, external and legal regulatory requirements.

The Company constantly monitors, and makes decisions not to violate, covenants established in the debt agreements. Projections consider financing plans and compliance with covenants, up to June 30, 2022, due to the obligations at that date.

As of December 31, 2022 and 2021 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, 2022	Less than 3 months	Between 3 months and 1 year	More than 1 year	Total
Debt	$ -	$ 349,844	$ 5,177,457	$ 5,527,301
Suppliers	762,269	-	-	762,269
Sundry payables	144,596	-	-	144,596
Accrued expenses and other accounts payable	267,433	-	-	267,433
Lease liability	-	63,866	154,683	218,549
Total	**$ 1,174,298**	**$ 413,710**	**$ 5,332,140**	**$ 6,920,148**

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**

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 gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total debts (including short-term and long-term debt as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as equity as shown in the consolidated statement of financial position, plus net debt.

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

	December 31,	
	2022	2021
Total Debts (Note 19)	$ 4,009,212	$ 4,006,987
Less: cash and cash equivalents (Note 8)	(672,638)	(1,628,561)
Excess of cash over debt	3,336,574	2,378,426
Total equity	6,323,504	6,330,387
Total capital - Net	**$ 9,660,078**	**$ 8,708,813**
Gearing ratio	34.54%	27.31%

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, 2022	Level 1	Level 2	Level 3	Total
Financial asset at fair value through profit or loss	$ -	$ -	$ 174,762	**$ 174,762**
Derivative financial instruments (note 18)	$ -	$ 42,708	$ -	**$ 42,708**
Other accounts payable - contingent consideration	$ -	$ -	$ 25,435	**$ 25,435**

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

During the years ended on December 31, 2022 and 2021 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.

Techniques used to determine the fair values

The specific techniques used in the valuation of financial instruments include:

- The use of market traded quotes or quote of a negotiation of similar instruments
- For the foreign exchange forward - the present value of the future cash flows to the exchange rate as of the date of the statement of financial position.
- For the referred value units plan – based on the binomial model, that allows the description of different paths that the value of the stock can follow during the life of the option, since the subjacent asset can move upwards or downwards in future periods.
- Financial instruments at fair value through profit or loss - They are determined by reference to multiples of projected earnings, the discounted cash flow method based on market or private transactions.

3.4 OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

As of December 31, 2022 and 2021, 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, during the year 2022 the Company did not receive collection of the outstanding balances. In this regard, the Management has analyzed the contracts with those Government entities and based on the legislation of that country, it has been identified that there are legal means to make the debt of said government enforceable. As a result of the process being carried out, the Company has considered calculating an impairment estimate for such accounts receivable, see Note 9.

4.2.1 Revaluation surplus

The conditions of the non-observable data are determined under the best estimate of the Company based on the expert's assumptions hired for this purpose over the non-observable data, considering external and internal facts. The Company performed in 2021 the appraisals on the land and buildings to verify the fair value of such assets. (Refer to Note 15.1).

4.2.3 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, 2022 and 2021, the Company performed impairment tests on the other intangible assets and did not identify impairment.

4.2.4 Income taxes

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

The Company recognizes liabilities for matters observed during tax audits if it considers that, they 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 outcome of these processes differs by 5% from recognized estimates, the Company would have to increase or reduce the income tax liability by $12,257 and $6,656 and reduce or increase the deferred tax asset by ($3,572) and ($8,945), for 2022 and 2021, respectively.

4.2.5 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, 2022 and 2021, the Company would not include an assumption the fair value would have increased by $29,255, in both years.

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, 2022 and 2021 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, in both years.

NOTE 5

Financial instruments categories:

Financial assets according to the consolidated statement of financial position:

December 31, 2022	Amortized cost	At fair value through profit and loss	Total
Cash and cash equivalents	$ 672,638	$ -	$ 672,638
Restricted cash	25,435	-	25,435
Accounts receivable and other accounts receivable	1,452,427	-	1,452,427
Sundry debtors and employees	129,541	-	129,541
Related parties	167,610	-	167,610
Financial asset at fair value through profit and loss	-	174,762	174,762
	$ 2,447,651	**$ 174,762**	**$ 2,622,413**

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**

Financial liabilities according to the consolidated statement of financial position:

December 31, 2022	Amortized cost	Hedge financial instruments	Total
Debt	$ 4,009,212	$ -	$ 4,009,212
Suppliers	762,269	-	762,269
Other accounts payable	499,468	25,435	524,903
Financial liability for the right-of-use asset	218,549	-	218,549
	$ 5,489,498	**$ 25,435**	**$ 5,514,933**

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	25,435	689,400
Financial liability for the right-of-use asset	238,222	-	238,222
	$ 5,666,302	**$ 25,435**	**$ 5,691,737**

NOTE 6

Guarantee deposits:

	December 31,	
	2022	2021
Electric power services secured deposit	$ 9,436	$ 9,091
Lease of real estate secured deposit	-	8,743
Sundry services guarantees	4,155	5,641
	$ 13,591	**$ 23,475**

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.

Income and profit or loss 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 in associates; and 4) donations.

Geographic markets:

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

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

	Year ended on December 31,					
	Individual solutions		Comprehensive solutions		Consolidated	
	December 31,		December 31,		December 31,	
	2022	2021	2022	2021	2022	2021
Sales to external customers	$ 12,335,786	$ 10,428,009	$ 438,493	$ 486,503	$ 12,774,279	$ 10,914,512
Profit (loss) before taxes	$ 1,216,167	$ 712,225	($ (399,031)	$ (268,501)	$ 817,136	$ 443,724
EBITDA	$ 2,275,790	$ 1,852,535	$ (294,042)	$ (88,797)	$ 1,981,748	$ 1,763,738

Revenue of approximately $1,858,47, are derived from five external customers ($1,620,792 in 2020). These revenues are attributable to the Mexico, Argentina and United States geographical areas.

Profit before tax per period is as follows:

	Year ended on December 31,	
	2022	2021
EBITDA	$ 1,981,748	$ 1,763,738
Depreciation and amortization	(397,315)	(378,695)
Donations	-	(19,266)
Extraordinary expenses	-	(301,332)
Net financing costs	(767,765)	(622,915)
Share of net profit in associates	468	2,194
Income before taxes	**$ 817,136**	**$ 443,724**

Geographic information:

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

	Year ended on December 31,			
	2022		2021	
Net sales:				
Mexico	$	6,404,381	$	5,665,074
Argentina		3,684,336		2,627,335
USA		1,392,811		1,293,281
Other		1,292,751		1,328,822
Total	**$**	**12,774,279**	**$**	**10,914,512**

Property, plant, and equipment located per geographic market:

	Year ended on December 31,			
	2022		2021	
Mexico	$	2,563,334	$	2,408,049
Argentina		486,338		422,246
USA		18,680		13,535
Other		203,231		166,944
	$	**3,271,583**	**$**	**3,010,774**

Company's complete information

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

	Year ended on December 31,			
	2022		2021	
Products sales	$	12,258,349	$	10,417,147
Revenue from services and maintenance		430,422		415,038
Revenue from operating leases		85,508		82,327
Total	**$**	**12,774,279**	**$**	**10,914,512**

NOTE 8

Cash and cash equivalents:

	December 31,			
	2022		2021	
Cash	$	580	$	444
Bank deposits		435,819		1,357,235
Highly liquid investments with maturities of three months or less		236,239		270,882
Total cash and cash equivalents	**$**	**672,638**	**$**	**1,628,561**

NOTE 9

Accounts receivable and other accounts receivable:

	December 31, 2022	December 31, 2021
Clients	$ 1,496,201	$ 1,403,937
Less: impairment estimate	(43,774)	(22,475)
	1,452,427	1,381,462
Sundry debtors*	99,148	48,454
Employees	7,171	5,430
VAT not yet credited	109,897	106,512
	216,216	160,396
	$ 1,668,643	**$ 1,541,858**

The fair value of accounts receivable as of December 31, 2022 and 2021 is similar to their book value.

* In 2021 some loans were granted to different officers and employees bearing different rates and different maturity dates.

Accounts receivable include balances receivable with the following customers:

	December 31, 2022	December 31, 2021
Brazilian government clients*	$ 94,616	$ 242,638
Nueva Wal Mart de México S. de R. L. de C. V.	117,316	17,526
Citicon, S. A. de C. V.	98,624	88,416
Home Depot México, S. de R. L de C. V.	82,154	94,463
Tenneco Automotive Eastern Europe Automotive Eastern Eur	49,336	47,280
Tiendas del Mejoramiento del Hogar, S. A.	39,212	9,737
El Surtidor de Observatorio, S. A.	24,981	19,697
Grupo Boxito, S. A. de C. V.	28,251	26,218
Grupo Coppel, S. A. de C. V.	20,319	-
Ferretera Unión, S. A. de C. V.	18,264	13,752
Homecenters Peruanos, S. A.	14,084	7,400
Simón Sistemas Hidráulicos, S. A. de C. V.	13,931	23,966
Materiales para el Desarrollo de México, S. A. de C. V.	13,678	24,297
El Niplito del Sureste, S. A. de C. V.	11,815	5,125
Ferreteria Panal, S. de R. L. de C. V.	11,627	7,882
Muebles para Baño, S. A. de C. V.	11,499	7,503
Construrama Supply, S. A. de C. V.	11,369	19,051
Kuroda Norte, S. A. de C. V.	9,847	10,177
Tubos y Valvulas San Miguel, S. A. de C. V.	9,108	9,512
Cencosud, S. A.	8,085	17,748
Plomeria Universal de Occidente, S. A. de C. V.	6,712	6,395
Desarrollo Comercial Polo, S. A. P. I.	5,916	5,916
Electronica Megatone, S. A.	3,728	2,462
Tuberías de Oriente, S. A. de C. V.	1,847	15,373
Fravega S. A.	1,361	1,762
Other	744,747	657,166
	$ 1,452,427	**$ 1,381,462**

* 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.

In 2022, the Company obtained through the *Poder Judicial de Justicia Federal (SJDF)* a ratification sentence in which the receivables were recognized by *Companhia de Desenvolvimento dos Vales do São Francisco e do Parnaíba (CODEVASF)* as previously confirmed by the freight services that Dalka do Brazil rendered, as such the Company recognized R$18,938 ($70,273).

In 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 basis of this country and in accordance with the specific terms of each contract, as of the date of issuance of these financial statements no collection of overdue accounts has occurred. The accounts receivable balance, with government agencies as of December 31, 2022 and 2021 in thousand Reales was R.84,994 ($315,387) and R.66,001 ($242,638), respectively.

As of December 31, 2022, an impairment estimate of $21,884 was recognized (in 2021 there was not a provision for the account receivable with the Brazilian government). The ageing of the balances with such government agencies as of December 31, 2022 and 2021 is shown as follows:

	December 31,	
	2022	2021
Range:		
Not yet due	$ 1,092	$ 703
More than 120 days	314,295	241,935
	$ 315,387	**$ 242,638**

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.

The account receivable with the Brazilian government is in litigation in different locations, however the Company decided to centralize the litigations in one location, therefore the accounts receivable could be recovered in more than 12 months. As such an amount of $220,771 was determined to be classified as non-current.

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

	December 31,	
	2022	2021
Book value as of January 1	$ 22,475	$ 18,517
Impairment for the year	35,253	15,666
Recuperation (cancellations) of doubtful accounts - Net	(13,954)	(11,708)
Net book value	**$ 43,774**	**$ 22,475**

Increases and unwinding to the client impairment estimate have been recognized in operating expenses in the statement of income. When there is no further expectation of recovery of an account from a customer, the balance is write-off together with the respective impairment provision. The other account receivables are not impaired.

As of December 31, 2022 and 2021, accounts receivable from customers of $43,774 and $22,475, 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,			
	2022		2021	
Mexican peso	$	946,712	$	713,289
Argentinian peso	A	2,016,476	A	1,227,082
Dollar	USD	1,475	USD	1,587
Real	R.	80,503	R.	66,001
Sol	S/	27,240	S/	21,588
Other in Quetzal (Central America)	Q.	18,651	Q.	13,906

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,			
	2022		2021	
Sell of goods and render of services to associates				
Dalkasa, S. A. (Ecuador)	$	29,780	$	24,055
	$	**29,780**	**$**	**24,055**

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

	December 31,			
	2022		2021	
Accounts receivable for sell of goods, rendering of services to associates and loans				
Dalkasa, S. A.	$	12,135	$	9,186
AIC-Rotoplas, S. P. A.		-		315
Advanced Innovation Center, LLC		-		1,026
	$	**12,135**	**$**	**10,527**

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, 2022 and 2021 the Company had no account receivables past due from related parties. These account receivables had no guarantees nor accrued interest. As of December 31, 2022 and 2021, no impairment estimate has been recognized for these account receivables.

As of December 31, 2022 and 2021, loans granted to key officers are subject to fixed and variable interest rates, are shown below:

Officer	1			2			3	6		7	8	9	
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**	**15 de agosto de 2017**	**August 17, 2017**	**March 28, 2020**	**July 20, 2022**	**Total**
Interest rate	6.90%	UDI	6.00%	6.90%	6.00%	UDI	6.90%	6.90%	6.90%	UDI	UDI	6.90%	
December 31, 2022													
Opening balances	$ 21,075	$ -	$ 10,435	$ 17,375	18,289	$ 4,502	14,189	$ 63,690	$ 205	$ 575	$ 3,553	$ -	$ 153,888
Loans granted	-	-	-	-	-	-	-	6,779	-	-	-	131	6,910
Collections	-	-	-	-	-	-	-	(8,794)	(205)	(579)	(3,000)	(112)	(12,690)
Interests	751	-	502	687	945	307	546	3,544	-	5	76	4	7,367
Total	**$ 21,826**	**$ -**	**$ 10,937**	**$ 18,062**	**19,234**	**$ 4,809**	**14,735**	**$ 65,219**	**$ -**	**$ 1**	**$ 629**	**$ 23**	**$ 155,475**

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**	**15 de agosto de 2017**	**August 17, 2017**	**March 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**

The fair value of officers' loans as of December 31, 2022 and 2021 was $166,439 and $153,888, respectively. Loans are due until June 1, 2024.

As of December 31, 2022 and 2021, no impairment estimates were necessary over the values of these loans.

As of December 31, 2022 and 2021, the effective interest rates of such loans were between 4-8% in both years.

c. Compensations paid to directors and other management members were as follows:

	Year ended on December 31,	
	2022	**2021**
Salaries and other short-term benefits	**$ 411,349**	**$ 243,813**

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

d. Other related parties

During 2022 and 2021, 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's 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, 2022 and 2021, 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,	
	2022	2021
Commissions paid	$ 2,222	$ 684
Interest collected	$ 131	$ 263

NOTE 11

Other recoverable taxes:

	Year ended on December 31,	
	2022	2021
Recoverable VAT	$ 86,940	$ 91,937
Excise tax on industrialized products [1]	42,833	62,306
Income tax prepayments	3,291	2,972
Other taxes [2]	103,793	148,788
	$ 236,857	**$ 306,003**

[1] Relates to a Brazilian federal 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. They were requested in return to the government.

[2] Relates to different minor local taxes incurred by the different entities located in Latin America, the most relevant being Brazil and Peru. These will be recovered through the PTARS business in Brazil and Peru.

NOTE 12

Inventories:

	December 31,	
	2022	2021
Raw materials	$ 557,425	$ 677,294
Packaging materials	42,533	40,134
Work in progress	101,296	56,164
Finished goods	770,159	735,753
	1,471,413	1,509,345
Plus:		
Merchandise in transit	51,701	58,657
Restatement effect [1]	612	6,916
	$ 1,523,726	**$ 1,574,918**

[1] Relates to the restatement effect of the Argentinian entities.

NOTE 13

Prepaid expenses:

	December 31,	
	2022	2021
Insurance paid in advance	$ 20,694	$ 13,837
Services paid in advance	60,999	55,624
Advance expenses for maintenance	2,752	69,763
Advertising paid in advance	-	1,897
Other expenses paid in advance	26,723	11,659
	$ 111,168	**$ 152,780**

NOTE 14

Financial asset at fair value through profit or loss:

	B 37 Venture[1]	Sciens Water Opportunities[2]	Total
Balance as of December 31, 2020	$ 51,284	$ -	$ 51,284
Recognized profit/(loss) in profit and loss	10,024	-	10,024
Balance as of December 31, 2021	61,308	-	61,308
Acquisitions	15,180	23,469	38,649
Recognized profit/(loss) in profit and loss	72,193	2,612	74,805
Balance as of December 31, 2022	**$ 148,681**	**$ 26,081**	**$ 174,762**

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] During the period ended on December 31, 2016 the Company invested 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 2022 and 2021 the Company invested of $15,180 and 18,741 in the fund B37, respectively, during December 31, 2022 a fair value adjustment to the investment was made, generating a profit in the instrument of $72,193 and as of December 31, 2021 a loss in the instrument of $10,024.

[2] On July 27, 2022 the Company invested in Sciens Water Opportunities Cayman Fund LP an amount of $23,469, the objective of the investment is to invest in debt or equity instruments at fund management's discretion, this investment is subject to valuation through market references and values that might not be available, such investment in the fund investment might not be subject to high liquidity ratios and depends on the performance of the entities in which the fund is investing; additionally a fair value adjustment to the investment was made, generating a profit in the instrument of $2,612.

NOTE 15

Property, plant, and equipment:

Year ended on December 31, 2022	Land	Constructions in progress	Buildings and Plants	Machinery and tools	Furniture, fixtures and computer equipment	Transportation equipment	Molds	Leasehold improvements	Treatment Plants	Solar Panels	Total
Opening balances	$ 582,556	$ 556,625	$ 626,732	$ 381,319	$ 38,687	$ 6,930	$ 107,156	$ 21,675	$ 527,684	$ 161,410	$ 3,010,774
Translation and restatement effects	31,557	(22,440)	(19,855)	8,111	1,315	278	3,177	2,073	-	-	4,216
Revaluation surplus	29,362	-	18,714	-	-	-	-	-	-	-	48,076
Transfers	-	(112,248)	1,112	43,034	25,428	3,639	19,981	9,147	9,907	-	-
Acquisitions	-	484,204	-	-	-	-	-	-	-	-	484,204
Disposal's cost	-	(644)	-	(3,166)	(1,206)	(1,044)	(954)	-	(89,396)	-	(96,410)
Disposal's depreciation	-	-	-	3,052	1,204	1,040	954		84,032	-	90,282
Depreciation of the year	-	-	(37,551)	(87,476)	(12,841)	(1,882)	(26,421)	(2,813)	(61,585)	(5,968)	(236,537)
Depreciation of the year for restatement effect	-	-	(10,511)	(7,652)	(4,323)	(1,637)	(7,937)	(962)	-	-	(33,022)
Closing balance	**$ 643,475**	**$ 905,497**	**$ 578,641**	**$ 337,222**	**$ 48,264**	**$ 7,324**	**$ 95,956**	**$ 29,120**	**$ 470,642**	**$ 155,442**	**$ 3,271,583**
Balances as of December 31, 2022:											
Cost	$ 643,475	$ 905,497	$ 1,385,635	$ 1,073,355	$ 219,590	$ 43,272	$ 611,720	$ 79,402	$ 695,173	$ 180,548	$ 5,837,667
Accumulated depreciation	-	-	(806,994)	(736,133)	(171,326)	(35,948)	(515,764)	(50,282)	(224,531)	(25,106)	(2,566,084)
Closing balance	**$ 643,475**	**$ 905,497**	**$ 578,641**	**$ 337,222**	**$ 48,264**	**$ 7,324**	**$ 95,956**	**$ 29,120**	**$ 470,642**	**$ 155,442**	**$ 3,271,583**

Año que terminó el 31 de diciembre de 2021:	Land	Constructions in progress	Buildings and Plants	Machinery and tools	Furniture, fixtures and computer equipment	Transportation equipment	Molds	Leasehold improvements	Treatment Plants	Solar Panels	Total
Opening balances	$ 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**

As of December 31, 2022 and 2021, the depreciation charge is included in the cost of sales for $241,108 and $214,181, in operating expenses of $28,451 and $39,231, 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,	
	2022	2021
Cost of land	$ 205,685	$ 174,128
Cost of buildings	939,195	906,852
Accumulated depreciation of buildings	(667,457)	(541,678)
	271,738	365,174
Net book value	**$ 477,423**	**$ 539,302**

As of December 31, 2022 and 2021, 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 $286,573 and $354,801. The lease 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, 2022 and 2021, the Company has not capitalized financing costs.

As of December 31, 2022 and 2021, the Company does not operate contracts under financial lease.

15.1 FAIR VALUE OF LAND AND BUILDINGS:

In 2022 and 2021, appraisals of land and buildings were carried out, these appraisals were carried out by independent experts. The surplus from revaluation was recognized net of deferred taxes in the 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 2022 using non-observable data classified as level 2, is shown as follows:

				Range of non-observable data weighted-average prices*		
Description	Fair value as of January 1, 2022	Valuation techniques	Non-observable data	Higher	Used	Lower
Loma Hermosa Buenos Aires						
Land	53.962	Price comparison	Price per m^2	-	3,660	3,660
Buildings	38,477	Price comparison	Price per m^2	-	4,510	4,510
Total Argentina	**92,439**					

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
Mexico City							
Land	$	138,624	Price comparison	Price per m²	17,055	14,728	-
Buildings		20,146	Price comparison	Price per m²	5,355	4,208	-
Total Mexico City		**158,770**					
Guadalupe, Nuevo Leon							
Land		124,949	Price comparison	Price per m²	2,230	1,660	-
Buildings		93,393	Price comparison	Price per m²	13,834	10,769	-
Total Guadalupe, Nuevo Leon		**218,342**					
Tlajomulco de Zúñiga, Jalisco							
Land		41,960	Price comparison	Price per m²	606	520	-
Buildings		30,893	Price comparison	Price per m²	10,917	8,755	-
Total Tlajomulco de Zúñiga, Jalisco		**72,853**					
Leon, Guanajuato							
Land		38,378	Price comparison	Price per m²	560	490	-
Buildings		169,099	Price comparison	Price per m²	10,592	8,450	-
Total Leon, Guanajuato		**207,477**					
Los Mochis, Sinaloa							
Land		5,880	Price comparison	Price per m²	500	440	-
Buildings		18,598	Price comparison	Price per m²	8,834	6,887	-
Total Los Mochis, Sinaloa		**24,478**					
Lerma, Estado de México							
Land		34,595	Price comparison	Price per m²	3,010	2,670	-
Buildings		64,781	Price comparison	Price per m²	9,800	7,654	-
Total Lerma, Estado de México		**99,376**					
Mérida, Yucatán							
Land		59,400	Price comparison	Price per m²	2,240	2,000	-
Buildings		23,917	Price comparison	Price per m²	6,877	5,317	-
Total Mérida, Yucatán		**83,317**					
Tejería, Veracruz							
Land		45,104	Price comparison	Price per m²	1,530	1,360	-
Buildings		49,858	Price comparison	Price per m²	10,852	8,505	-
Total Tejería, Veracruz		**94,962**					
Total Mexico	**$**	**959,575**					

Description		Fair value as of January 1, 2021	Valuation techniques	Non-observable data	Range of non-observable data weighted-average prices* Higher	Used	Lower
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 López, 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 López, Buenos Aires		**65,574**					
Total Argentina	**$**	**120,608**					
Villanueva, Guatemala			Price comparison	Price per m²			
Land		17,034	Price comparison	Price per m²	3,214	2,824	-
Buildings		**17,823**			**8,969**	**7,059**	**-**
Total Villanueva, Guatemala	**$**	**34,857**					

* The values used are expressed in Mexican pesos.

During the years ended on December 31, 2022 and 2021 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		Totales	
	2022	2021	2022	2021	2022	2021
Mexico	$ 488,758	$ 488,809	$ 423,614	$ 455,321	$ 912,372	$ 944,130
Argentina	138,365	76,122	137,143	151,078	275,508	227,200
Guatemala	16,352	17,625	17,884	20,333	34,236	37,958
	$ 643,475	**$ 582,556**	**$ 578,641**	**$ 626,732**	**$ 1,222,116**	**$ 1,209,288**

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

	December 31,	
Land and buildings:	2022	2021
Opening balances	$ 1,209,288	$ 726,994
Translation effect	(107,963)	(24,463)
Additions	1,112	11,394
Disposals		(7,699)
Restatement surplus	48,076	493,223
Restatement effect	119,665	48,288
Depreciation	(48,062)	(38,449)
Closing balance	**$ 1,222,116**	**$ 1,209,288**

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 shared 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, 2022 and 2021, the interest in the associate was 49.88%.

The Company does not hold joint control on 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 the policy processes and transactions of significance, as well as in the supply of technical information.

Banyan Water, Inc (Banyan Water)

On November 19, 2021 the acquisition of a non-controlling investment was announced, a payment of USD$3 million was made on this transaction (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, 2022 and 2021, the percentage of interest in the associate was 21.58%.

The Company does not hold joint control on Banyan Water 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 the policy processes and transactions of significance.

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, 2022, and 2021 the percentage of participation in the associate was 15.44%. As of December 31, 2022 and 2021 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.

Selected information of Dalkasa is shown below:

a. Summarized statements of financial position

	December, 31					
	Dalkasa		Banyan		Total	
	2022	2021	2022	2021	2022	2021
CURRENT ASSETS:						
Cash and cash equivalents	$ 1,980	$ 3,909	$ 32,926	-	$ 34,906	$ 3,909
Accounts receivable and other account receivables	29,630	27,376	17,375	-	47,005	27,376
Inventories	13,921	12,537	5,375	-	19,296	12,537
Prepaid expenses	134	77	-	-	134	77
Other non-current assets	-	-	2,447	-	2,447	-
Total current assets	45,665	43,899	58,123	-	103,788	43,899
Related parties		-		-	-	-
Property, plant and equipment	1,658	2,109	1,515	-	3,173	2,109
Total assets	$ 47,323	$ 46,008	$ 59,638	-	$ 106,961	$ 46,008
Liabilities and Equity						
CURRENT LIABILITIES:						
Suppliers	$ 2,801	$ 1,263	$ 9,587	-	$ 12,388	$ 1,263
Other account payables	5,250	8,520	12,631	-	17,881	8,520
Provisions	2,233	1,847	-	-	2,233	1,847
Income taxes payable	2,356	2,322	-	-	2,356	2,322
Other payable taxes	262	126	-	-	262	126
Total liabilities	12,902	14,078	22,218	-	35,120	14,078
Total net assets	$ 34,421	$ 31,930	$ 37,420	-	$ 71,841	$ 31,930

b. Summarized statements of income

	Dalkasa		Banyan		Total	
	Year ended on, December 31,		Year ended on, December 31,		Year ended on, December 31,	
	2022	2021	2022	2021	2022	2021
Net sales	$ 65,267	$ 66,813	$ 19,431	$ -	$ 84,698	$ 66,813
Cost of sales	(40,723)	(41,523)	(12,456)	-	(53,179)	(41,523)
Gross profit	24,544	25,290	6,975	-	31,519	25,290
Operating expenses	(17,905)	(17,008)	(14,234)	-	(32,139)	(17,008)
Other expenses - Net	(909)	(2,106)	(55)	-	(964)	(2,106)
Net finance costs	(149)	(191)		-	(149)	(191)
Income tax	(1,478)	(1,587)		-	(1,478)	(1,587)
Non-controlling interest		-		-	-	-
Profit (loss) net	**$ 4,103**	**$ 4,398**	**$ (7,314)**	**$ -**	**$ (3,211)**	**$ 4,398**

As of December 31, 2022 and 2021 Dalkasa and Banyan are private companies and there is no observable market available for their shares.

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

Investment contingencies and commitments:

As of December 31, 2022 and 2021, the Company had no contingencies related with the investment in the associates.

As of December 31, 2022 and 2021, the Company had no restrictions on the cash and cash equivalents in the investment in associates.

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

	Dalkasa		Banyan		Total	
	Year ended on, December 31,		Year ended on, December 31,		Year ended on, December 31,	
	2022	2021	2022	2021	2022	2021
Summarized financial information						
Net assets as of January 1,	$ 31,930	$ 27,040	$ 46,332	$ -	$ 78,262	$ 27,040
Profit (loss) for the year	4,103	4,398	(7,314)	-	(3,211)	4,398
Investments		-		-	-	-
Currency translation effect	(1,612)	492	(1,598)	-	(3,210)	492
Net assets at period end,	**$ 34,421**	**$ 31,930**	**$ 37,420**	**$ -**	**$ 71,841**	**$ 31,930**

Grupo Rotoplas' interest participation:

	Dalkasa		Banyan		Total	
	Year ended on, December 31,		Year ended on, December 31,		Year ended on, December 31,	
	2022	2021	2022	2021	2022	2021
Summarized financial information						
Net assets as of January 1,	$ 34,421	$ 31,930	$ 37,420	$ -	$ 71,841	$ 31,930
Percentage of interest	49.88%	49.88%	21.58%	21.58%		
Participation of Grupo Rotoplas, S.A.B. de C.V.	17,169	15,927	8,075	-	25,244	15,927
Impairment		-		-		-
Net assets as of January 1,	**$ 17,169**	**$ 15,927**	**$ 8,075**	**$ -**	**$ 25,244**	**$ 15,927**

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

	Year ended on December 31,	
	2022	2021
Dalkasa		
Net profit of the associate	$ 4,103	$ 4,398
Investment in associate	49.88%	49.88%
Share of net profit in associate	**$ 2,047**	**$ 2,194**
Banyan		
Net profit of the associate	$ (7,314)	$ -
Investment in associate	21.58%	21.58%
Share of net profit in associate	**$ (1,578)**	**$ -**
Net profit sharing in associate	**$ 468**	**$ 2,194**

NOTE 17

Intangibles:

	Goodwill	Trademarks	Client relationship	Non-compete agreement	Software and SAP licenses	Total
Balance as of January 1, 2022:	$ 2,585,938	$ 439,436	$ 350,523	$ 2,537	$ 182,601	$ 3,561,035
Translation and restatement effect	41,242	40,174	29,074	319	(6,469)	104,340
Impairment	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Acquisitions	-	-	-	-	174,798	174,798
Disposals	-	-	-	-	-	-
Amortization of disposals	-	-	-	-	-	-
Amortization of the period	-	-	(11,805)	(318)	(55,399)	(67,522)
Balance as of December 31, 2022	**$ 2,627,180**	**$ 479,610**	**$ 367,792**	**$ 2,538**	**$ 295,531**	**$ 3,772,651**
Net book value: Cost	$ 2,627,180	$ 479,610	$ 415,013	$ 3,811	$ 751,188	$ 4,276,802
Accumulated amortization			(47,221)	(1,273)	(455,657)	(504,151)
Balance as of December 31, 2022	**$ 2,627,180**	**$ 479,610**	**$ 367,792**	**$ 2,538**	**$ 295,531**	**$ 3,772,651**

	Goodwill	Trademarks	Client relationship	Non-compete agreement	Software and SAP 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**

As of December 31, 2022 and 2021, the charge for amortization is included in operating expenses by $67,522 and $74,773, respectively. (Refer to Note 27).

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

	December 31,	
	2022	2021
CGU		
Rotoplas Argentina	$ 479,610	$ 439,436
	$ 479,610	**$ 439,436**

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	**2022**	**2021**
Rotoplas Argentina [1]	$ 907,607	$ 831,583
United States (USA) [2]	583,462	618,244
Sytesa	1,136,111	1,136,111
	$ 2,627,180	**$ 2,585,938**

(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.

(2) Formerly known as E-Commerce

The long-lived assets including goodwill were tested for impairment purposes, no impairment loss was deemed necessary to be recognized as of December 31, 2022 and 2021.

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

	Argentina		Sytesa		United States (USA)	
	December 31,					
	2022 (%)	2021 (%)	2022 (%)	2021 (%)	2022 (%)	2021 (%)
Gross margin	33.30	37.70	33.33	11.50	14.73	28.90
Long-term growth rate	54.25	50.16	8.00	32.25	3.50	37.52
Discount rate	71.76	75.52	14.04	12.90	9.40	8.02

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, 2022 and 2021, the value-in-use of the CGU is higher than the carrying value of goodwill, significant variances in the key assumptions used in the determination of the value-in-use, are mainly external economical changes, which were used the Company to decrease the expected growth for the CGUs.

NOTE 18

Derivative financial instruments:

Derivative negotiable financial instruments 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 between the follow 12 months.

The Company uses hedging financial instruments with the objective of reducing the risk of 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]

					Fair value at December 31	
Notional amount	Hiring	Maturity	Instrument	Interest rate Debt	2022	2021
4,248	June, 2022	Jan 2023	Exchange rate	21.0900	$ (6,587)	-
4,312	June, 2022	Feb-23	Exchange rate	21.0900	(6,214)	-
4,340	June, 2022	Mar-23	Exchange rate	21.0900	(5,724)	-
4,052	June, 2022	Apr-23	Exchange rate	21.0900	(4,817)	-
5,076	June, 2022	May-23	Exchange rate	21.0900	(5,426)	-
3,971	June, 2022	Jun-23	Exchange rate	21.0900	(3,754)	-
4,420	June, 2022	Jul-23	Exchange rate	21.0900	(3,671)	-
4,387	June, 2022	Ago-23	Exchange rate	21.0900	(3,137)	-
4,588	June, 2022	Sep-23	Exchange rate	21.0900	(2,738)	-
4,432	June, 2022	Oct-23	Exchange rate	21.0900	(2,214)	-
4,598	June, 2022	Nov-23	Exchange rate	21.0900	(1,837)	-
4,097	June, 2022	Dic-23	Exchange rate	21.0900	(1,216)	-
4,248	November, 2022	Jan-23	Exchange rate	20.0350	(2,153)	-
4,312	November, 2022	Feb-23	Exchange rate	20.0350	(1,750)	-
4,340	November, 2022	Mar-23	Exchange rate	20.0350	(1,275)	-
4,052	November, 2022	Apr-23	Exchange rate	20.0350	(706)	-
5,076	November, 2022	May-23	Exchange rate	20.0350	(328)	-
3,971	November, 2022	Jun-23	Exchange rate	20.0350	191	
4,420	November, 2022	Jul-23	Exchange rate	20.0350	679	
4,387	November, 2022	Aug-23	Exchange rate	20.0350	1,135	
4,588	November, 2022	Sep-23	Exchange rate	20.0350	1,684	
4,432	November, 2022	Oct-23	Exchange rate	20.0350	2,018	
4,598	November, 2022	Nov-23	Exchange rate	20.0350	2,513	
4,097	November, 2022	Dic-23	Exchange rate	20.0350	2,619	-
					$ (42,708)	**-**

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 BNP Paribas, and the objective 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 maturity date.

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 counterparties.

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. The key assumptions used were the exchange rate of USD/MXN, using a fixed exchange rate as shown in the previous table.

The following table summarizes the quantitative information of each significant non-observable inputs used in the measurements of the Level 2 fair value:

	Fair value as of December 31,			Input range (probability – weighted average)	
	2022	2021		2022	2021
Description			**Non-observable inputs**		
Derivative financial instruments	**$ (42,708)**	**$ -**	Fix exchange rate USD/MXN	19.46 -19.47	-

NOTE 19

Debt:

19.1 BOND CERTIFICATES:

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

	December 31,	
Description	2022	2021
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,	
	2022	2021
Long-term portion of the bonds:		
Series 17-2x	$ 3,998,640	$ 3,998,337
	3,998,640	3,998,337
Short-term portion of the bonds:		
Series 17-2x	10,572	8,650
	10,572	8,650
Total	**$ 4,009,212**	**$ 4,006,987**

On June 28, 2017, the Company issued a sustainable bond on 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 TIIE 28 plus 68 base points bearing interests each 28 days and with a 3 years maturity; the second tranche identified with the board ticker "Agua 17-2x" for and amount of $1,400,000, at a fixed interest rate of 8.65%, payable each 182 days and a 10 years maturity; a third tranche was issued and it is an extension of the sustainable bond issued under ticker "Agua 17-2x with the same maturity and rate conditions. On February 19, 2020 an additional extension to the sustainable bond was issued to 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, 2022 and 2021 they represent $56,665 and $69,276, 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 the investing public knowledge that, 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, an anticipated amortization was carried out at a $100.01 for each certificate plus accrued ordinary interests and paid over the principal of the certificates in the market, calculated on February 5, 2020 and February 13, 2020, meaning, a total of $1,090,666.67 of accrued ordinary interests not paid; resulting in a total payable amount of $601,160,026.67. Furthermore, it was made to the investing 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 base points and has a coupon of 8.65% annual, with a 182 days interest payment and a mature date on June 16, 2027; due to this the Company received $90,241 on February 21, 2020 premium worth, for the 16 million bond certificates issued, 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, 2022 and 2021 the net book value of the premium is ($55,304) and ($67,613), respectively.

The effective interest rates are shown as follows:

	December 31,	
	2022 (%)	**2021 (%)**
Serie 17-2x	**8.84**	**8.84**

The fair value of the loans is as follows:

	December 31,	
	2022	**2021**
Fair value		
Bank loans:	$ 4,009,212	$ 4,006,987
Serie 17-2x	**$ 4,009,212**	**$ 4,006,987**

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

	December 31,	
	2022 (%)	**2021 (%)**
Fair value		
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, 2022	December 31, 2021
Loans in Mexican pesos	$ 4,009,212	$ 4,006,987
Total in Mexican pesos	**$ 4,009,212**	**$ 4,006,987**

19.2 NET DEBT RECONCILIATION:

December 31, 2022

	Opening Balance	Leases	Proceeds	Disposals	Deferred income	Finance costs	Premium amortization	Debt payments	Lease payments	Interests paid	Translation effects	Closing balance
Bond certificate series 17-2x	$ 4,006,987	-	-	-	-	339,760	12,309	-	-	(349,844)	-	4,009,212
Other	-		-	-	-	136,044	-	-	(136,044)	-	-	-
Lease	237,922	29,718	-	(18,591)	-	38,651	-	-	(46,703)	-	(22,448)	218,549
Total	**$ 4,244,909**	**29,718**	**-**	**(18,591)**	**-**	**514,455**	**12,309**	**-**	**(182,747)**	**(349,844)**	**(22,448)**	**4,227,761**

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
Other	-	-	-	-	-	119,565	-	-	-	(119,565)	-	-
Lease	233,094	110,774	-	(70,081)	-	32,665	-	-	(56,857)	-	(11,673)	237,922
Total	**$ 4,349,810**	**$ 110,774**	**$ 85,880**	**$ (70,081)**	**$ -**	**$ 510,675**	**$ 12,309**	**$ (209,216)**	**$ (56,857)**	**$ (489,055)**	**$ 670**	**$ 4,244,909**

NOTE 20

Suppliers:

	December 31, 2022	December 31, 2021
Indelpro, S. A. de C. V.	$ 46,950	$ 87,237
Norwesco Inc.	40,962	27,840
Dow Internacional Mexicana, S. A. de C. V.	19,578	26,740
Equistar Chemicals, LP	18,490	61,479
Xingfa International Co. Ltda.	8,726	12,391
Ningbo Hidrotek Co., LTD	8,689	9,244
Vinmar Overseas LTD	7,056	52,428
Hovomex S. A. de C. V.	6,772	9,620
Procesos de Alta Tecnología, S. A. de C. V.	6,452	4,773
Arco Colores, S. A. de C. V.	5,644	1,844
Snyder Industries Inc.	5,147	5,120
Ternium Argentina S. A.	4,106	9,375
Parker Hannifin Corporation	3,666	9,679
Vatsalya metal industries	1,694	6,345
KBK Industries, LLC	745	8,808
Tricon Energy, LTD	-	6,818
Marangon Danilo & Co., S. de R. L.	-	14,974
Other	577,592	402,413
	$ 762,269	**$ 757,128**

NOTE 21

Other accounts payable:

	December 31,			
	2022		2021	
Sundry creditors	$	144,596	$	186,379
Contingent consideration		25,435		25,435
Accrued expenses and other accounts payable*		354,872		477,586
		524,903		689,400
Less long-term portion		112,874		116,294
Total short-term	**$**	**412,029**	**$**	**573,106**

* Accrued expenses refer to rendered received services.

NOTA 22

Provisions:

		Legal demands
For the 2022 period		
As of January 1, 2022,	$	23,934
Effect of currency translation		(5,377)
Charge to the profit and loss		2,649
Cancellations		(2,938)
Payments		(22)
As of December 31, 2022,	**$**	**18,246**
For the 2021 period		
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, 2022,	**$**	**23,934**

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 statement of financial position.

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

Year ended on December 31, 2022:		Buildings		Transportation equipment		Total
Opening balances	$	205,663	$	15,272	$	220,935
Translation effect		(695)		4,345		3,650
New contracts		38,907		-		38,907
Disposals		-		(18,591)		(18,591)
Disposal depreciation		-		18,591		18,591
Depreciation of the year		(51,838)		(8,396)		(60,234)
Closing balance	**$**	**192,037**	**$**	**11,221**	**$**	**203,258**

Year ended on December 31, 2022:		Buildings		Transportation equipment		Total
Cost	$	305,440	$	26,168	$	331,608
Accumulated depreciation		(113,403)		(14,947)		(128,350)
Closing balances	**$**	**192,037**	**$**	**11,221**	**$**	**203,258**

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**

b. Minimum non-discounted future lease payments as of December 31, 2022 are as follows:

Region		Monthly rent		Up to 1 year		Between 1 and 5 years	Period of the contract
Peru	$	431	$	5,170	$	25,849	Dec 2030
Mexico		3,030		39,426		30,586	Mar 2024, May 2024, Jun 2025, Dec 2022 and Dec 2024
Honduras		27		349		1,223	Jul 2026
Nicaragua		66		1,489		3,694	Oct 2025
Costa Rica		43		515		988	November 24
Argentina		1,252		15,028		61,442	Jun 2024 and Jun 2028
USA	$	1,806		21,522		64,116	Oct 2022, Mar 2023, Dec 2023, Mar 2024, Sep 2024, Jul 2025, Feb 2026, Apr 2026, Oct 2026, Jan 2029 and Mar 2031
	$	**6,655**	**$**	**83,499**	**$**	**187,898**	

c. The discounted future lease payments are as follows:

	December 31,			
		2022		2021
2022	$	-	$	58,517
2023		63,866		45,155
2024		44,985		51,836
2025-2031		109,698		82,714
		218,549		238,222
Short-term liability		63,866		58,517
Long-term liability	**$**	**154,683**	**$**	**179,705**

d. The interest expense related to the leases, for the year ended on December 31, 2022 and 2021 was $38,651 and $32,665, respectively and the charge to profit and loss for depreciation concept of leased assets was $60,234 and $50,510, respectivel.

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, 2022 and 2021 the Company recognized an amount in profit and loss of $2,668 and $3,012, 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, 2022 and 2021 the lease income is as follows:

	December 31,	
	2022	2021
Fixed rents	**$ 156,520**	**$ 185,740**

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

	December 31,	
	2022	2021
Up to 1 year	$ 88,249	$ 136,526
Between 1 and 5 years	154,246	204,579
More than 5 years	3,503	13,697
Total of minimum agreed payments	**$ 245,998**	**$ 354,802**

NOTE 24

Employee benefits:

As of December 31, 2022 and 2021, the value of obligations for benefits acquired $77,290 and $60,719, respectively.

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

	December 31,			
	2022		2021	
Pension plan for benefits acquired	$	46,659	$	33,643
Seniority premium		30,631		27,076
Current situation	**$**	**77,290**	**$**	**60,719**
Present value of non-funded obligations	**$**	**77,290**	**$**	**60,719**
Liability in the statement of financial position	**$**	**77,290**	**$**	**60,719**

DBO movements were as follows:

	Seniority premium			
	December 31,			
	2022		2021	
Balance as of January 1,	$	60,719	$	45,548
Net cost for the period (NCP)		15,793		15,306
Net cost for the period (NCP)		(124)		(686)
Actuarial losses (gains)		902		551
Balance as of December 31,	**$**	**77,290**	**$**	**60,719**

The NCP is as follows:

	Seniority premium			
	December 31,			
	2022		2021	
Cost of service for the period	$	10,951	$	11,880
Financial costs - Net		4,842		3,426
Balance as of December 31,	**$**	**15,793**	**$**	**15,306**

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

	December 31,	
	2022 (%)	2021 (%)
Mexico		
Discount rate	10.3	8.3
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 followst:

	Impact on the OBD		
	Change in inputs (%)	Incremento en hipótesis (%)	Decrease in inputs (%)
December 31, 2022			
Discount rate	1.0	Decrease of 9.3	Increase of 11.3
Salary increase rates	1.0	Increase of 6.8	Decrease of 4.8

	Impact on the OBD		
	Change in inputs (%)	Increase in inputs (%)	Decrease in inputs (%)
December 31, 2021			
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

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, 2022 and 2021, the RVUs granted were 7,031 and 5,330, respectively, as of December 31, 2022 and 2021 the RVUs released were $1,628 and $3,444 and their fair value was $29,255 and $29,255, respectively.

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

	2022		2021	
	Weight average value	RVUs number	Weight average value	RVUs number
January 1,	$ 28.06	5,330	$ 16.50	3,747
Granted		1,701		1,583
Cancelled		-		-
Exercised		-		-
December 31,	$ 26.42	7,031	$ 28.06	5,330

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

			Outstanding RVUs	
Granted	Maturity date June 30	Assignment value	2022	2021
2009-2013	2019 (1)	$ 8.11	549	473
2011-2015	2021 (1)	9.30	390	390
2012-2016	2022 (1)	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	1,377	1,398
2020-2024	2030	16.54	1,528	1,583
2021-2025	2031	28.03	1,701	-
			7,031	**5,330**

(1) The entitled employees to receive the consideration of the RVUs benefit have decided not to exercise this option in 2022, without meaning losing the right to receive such consideration.

Weight average fair value of the granted RVUs during the period, is determined utilizing the binomial model, that allows the description of different paths that the value of the stock can follow during the life of the option.

NOTE 25

Equity:

The capital stock is comprised as follows:

Stocks*		Description	Description			
2022	2021			2022		2021
15	15	Represents the minimum fixed portion of equity with no withdrawal rights (Class I)	$	87	$	94
486,220	486,220	Represents the variable portion of capital with withdrawal rights (Class II)		2,627,749		2,843,120
486,235	486,235	Historical capital stock		2,627,836		2,843,214
		Restatement increase up to 1997		71,391		71,391
				2,699,227		2,914,605
(15,069)	(4,102)	Treasury stock		(413,486)		(111,694)
471,166	482,133	Capital stock	$	2,285,741	$	2,802,911

* Nominal ordinary stocks, single series, with no par value as of December 31, 2022 and 2021 fully subscribed and paid..

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

	Year ended on December 31,			
		2022		2021
Profit attributable to Company's controlling interest	**$**	**768,852**	**$**	**318,035**
Weighted average of common stocks in circulation (in thousands)		476,038		458,990
Basic and diluted earnings per stocks		**1.62**		**0.69**

Reconciliation of treasury stocks is shown as follows:

	Number of shares		Total
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
Own stocks acquired **	22,770		644,125
Own stocks sold **	(11,803)		(342,333)
Balance as of December 31, 2022	**15,069**		**413,486**

** 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 2022 and 2021, the Company acquired 22,770 and 12,446 of its own stocks, respectively, at an average price of $28.29 and $29.05 per stock, respectively, the total amount of bought stock during these periods was $644,125 and $361,533, respectively, with the objective of managing liquidity exceeds.

In 2022 and 2021, the Company sold 11,803 and 1,919 of its own equity stocks, respectively, at an average price of $29.00 and $28.68 per stock, respectively, the total amount of sold stock during these periods was $342,333 and $59,076, respectively, with the objective of managing liquidity exceeds.

On April 29, 2022 at the General Ordinary and Extraordinary Stockholders' Meeting a numeral reimbursement, through a decrease of the common stock in its fixed and variable portions, proportionally and without cancelling any stock, for an amount of $215,378 (two hundred fifty thousand and three hundred seventy eight 65/100 MXN), at a ratio of $0.45 (forty five cents MXN) per stock, in numeral and in one exhibition, payable in cash on May 9, 2022 through the S.D. INDEVAL, the total amount of equity reimbursement was decreased in its fixed portion by $6 and in the variable portion by $215,371.

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 $766,940 (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 (Two hundred six million three hundred twenty five thousand and two hundred seventy one pesos 80/100 MXN) at a ratio of $0.45 (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.

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, 2022 and 2021, the CUFIN balance was $2,667 and $2,478, respectively.

As of December 31, 2022 and 2021, the balance of the CUCA was $5,578,750 and $5,383,768, 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 2022, the Company determined a combined tax profit of $835,931 (2020: $1,573,156). In 2022, the Company amortized prior years' combined tax losses of $172,107 (2021: $101,785). 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. 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.

iii. 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 September 30, 2022, the Company did not have impacts to the consolidated financial statements for such modifications.

In general, the modifications relate to the sub hiring prohibition and to incorporate rules to the legislation that allow the legal entities and physical personas to hire only specialized services to execute the specialized work, as long as they do not form part of the objectives set forth in the bylaws of the entity nor be the most significant economical stream to the beneficiaries.

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

	Year ended on December 31,	
	2022	2021
Current IT	$ 168,171	$ 185,657
Prior year adjustment to current IT		11,400
Deferred IT	(141,857)	(19,888)
Prior year adjustment to deferred IT		(45,227)
Total charges to consolidated profit and loss	**$ 26,314**	**$ 131,942**

The main components of the deferred income tax and the movement in the asset and liability of deferred tax during 2022 and 2021 are as follows:

The main concepts that originate the deferred tax liability as of December 31, 2022, and 2021 are as follows:

Deferred tax

	December 31,	
	2022	2021
Allowance for doubtful accounts	$ 8,058	$ 7,174
Inventory	16,077	15,740
Prepaid expenses	(10,238)	(84,847)
Property, plant, and equipment	(285,109)	(343,446)
Intangible assets and other assets	(79,908)	(82,279)
Client prepayments	54,366	37,051
Finance lease	6,917	5,424
Provisions	23,043	128,189
Payroll accruals	23,175	18,216
Interest deductibility limit	11,499	11,328
Unamortized tax losses	160,683	108,542
	$ (71,437)	**$ (178,908)**

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

	December 31,			
	2022		2021	
Deferred tax asset	$	159,056	$	65,009
Deferred tax liability		230,493		243,917
	$	**(71,437)**	**$**	**(178,908)**

The reconciliation of movements is as follows:

Concept	Labor obligations	Provisions	Property plant and equipment	Lease	Unamortized tax losses	Inventories	Prepaid expenses	Client prepayments	Allowance for doubtful accounts	Intangible assets	Deductibility limit	Total
Opening balance as of January 1, 2022	$ 18,216	$ 66,064	$ (343,446)	$ 5,424	$ 108,542	$ 15,740	$ (22,722)	$ 37,051	$ 7,174	$ (82,279)	$ 11,328	$ (178,908)
Net movement of the, year	4,959	(43,021)	92,723	1,493	52,141	337	12,484	17,315	884	2,371	171	141,857
Translation effect	-	-	-	-	-	-	-	-	-	-	-	-
OCI	-	-	(34,386)	-	-	-	-	-	-	-	-	(34,386)
Closing balance as of December 31, 2022	**$ 23,175**	**$ 23,043**	**$ (285,109)**	**$ 6,917**	**$ 160,683**	**$ 16,077**	**$ (10,238)**	**$ 54,366**	**$ 8,058**	**$ (79,908)**	**$ 11,499**	**$ (71,437)**

Concept	Labor obligations	Provisions	Property plant and equipment	Lease	Unamortized tax losses	Inventories	Prepaid expenses	Client prepayments	Allowance for doubtful accounts	Intangible assets	Deductibility limit	Financial derivative instruments	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)**

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

	Year ended on December 31,			
	2022		2021	
Profit before income taxes	$	817,136	$	443,724
Statutory IT rate		30%		30%
IT at statutory rate		245,141		133,117
Plus (less) income tax effect of the following permanent items:				
Inflation annual adjustment		(139,822)		(42,374)
Effect of different tax rates*		(454)		(1,596)
Non-deductible expenses		14,868		90,428
Discontinued operation		(57,732)		-
Tax losses		(21,305)		(65,417)
Other		(14,382)		17,784
	$	**26,314**	**$**	**131,942**
Effective IT rate		**3%**		**30%**

* 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	35
Brazil	34
Peru	29.5
Guatemala	25
Mexico	30
USA	27
Nicaragua	30
Costa Rica	30
Honduras	30

Accrued unamortized income tax losses

As of December 31, 2022, the Company has accrued income tax losses for a total of $1,306,295, which right to be amortized against future profits expires as follows:

Tax loss' Year	MAC	Rotoplas	Centro America	Brazil	Comercializadora	Rieggo	Sytesa	Updated amount	Expiry date
2015	$ -	$ -	$ -	$ -	$ 768	$ -	$ -	$ 768	2025
2016	-	-	-	74,524	-	-	-	74,524	Indefinite
2017	160,384	-	-	-	-	-	-	160,384	2037
2017	-	-	-	33,661	-	-	-	33,661	Indefinite
2018	142,792	-	-	-	-	-	-	142,792	2038
2018	-	-	-	92,139	-	-	-	92,139	Indefinite
2019	-	-	-	133,741	-	-	-	133,741	Indefinite
2020	24,218	-	-	-	-	-	-	24,218	2040
2020	-	-	-	94,477	-	-	-	94,477	Indefinite
2020	-	-	1,508	-	-	-	-	1,508	2023
2021	-	-	-	90,420	-	-	-	90,420	Indefinite
2021	-	284,686	-	-	-	16,713	-	301,399	2031
2022	-	-	-	2,331	-	-	-	2,331	Indefinite
2022	19,941	-	-	-	-	-	-	19,941	2042
2022	-	-	-	-	-	9,888	124,104	133,992	2031
Total	**$ 347,335**	**$ 284,686**	**$ 1,508**	**$ 521,293**	**$ 768**	**$ 26,601**	**$ 124,104**	**$ 1,306,295**	

* As of December 31, 2022 and 2021 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, 2022 and 2021 an amount of $521,293 and $520,468 respectively do not have sufficient evidence of their recoverability. As of December 31, 2022 Brazil has sale transactions of PTARS, for which the Company considers it can amortize the carried losses.

NOTE 27

Analysis of costs by nature:

	Year ended on December 31,	
	2022	2021
Raw material and production materials consumptions	$ 5,519,102	$ 4,975,756
Direct labor	484,284	428,634
Depreciation and amortization	241,108	214,181
Installation costs	76,198	160,853
Electrical power	118,879	113,760
Energy (gas)	96,553	88,478
Indirect manufacturing expenses	794,422	779,448
Total	**$ 7,330,546**	**$ 6,761,110**

NOTE 28

Analysis of operating expenses by nature:

	Year ended on December 31,	
	2022	2021
Salaries and remuneration to employees[1]	$ 1,420,892	$ 1,178,275
Distribution and logistics	571,431	542,616
Hired services	502,892	322,332
Advertising	402,171	279,157
Depreciation and amortization	156,207	164,514
Repair and maintenance	75,820	58,277
Travel expenses	74,529	37,178
Donations	-	19,266
Fuels and lubricants	16,986	13,560
Impairment	-	3,664
Leases	2,668	3,012
Other	635,704	467,106
Total expenses	**$ 3,859,300**	**$ 3,088,957**

1 The Company is subject to ESPS payment, which is calculated applying the procedures established on the ITL. In 2022 and 2021, the Company determined a current ESPS in Mexico of $9,246 and $5,081, respectively and a current ESPS in Peru of $3,753 and $21,637, respectively.

Current ESPS was allocated in accordance with the type of employee in 2022 in cost of sales and operating expenses of $15,888, $18,569 (2021: $14,310, $15,737).

NOTE 29

Finance income and costs:

	Year ended on December 31,	
	2022	2021
Finance income		
Interest income	$ 117,985	$ 68,206
Profit from derivative financial instruments	80,134	34,970
	$ 198,119	$ 103,176
Finance costs		
Interest expense	$ (514,455)	$ (510,675)
Cost of derivative financial instruments	(104,102)	(148,692)
Loss in net monetary position	(289,573)	(66,724)
Foreign exchange loss	(57,754)	-
	(965,884)	(726,091)
	$ (767,765)	**$ (622,915)**

NOTE 30

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 dollars.

Commitments:

a. Brazilian government agencies.

As mentioned in Note 9, in 2013 Dalka do Brasil engaged in several contracts with Brazilian government agencies; as of the date of these consolidated financial statements these contracts are not in compliance or have overdue accounts receivable of more than 90 days, in this regard the Brazilian Law 8666 allows the temporarily suspension of their execution or, if necessary, their cancelation.

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

	December 31,	
	2022	2021
Accounts receivable, net, and other accounts receivable	$ 94,616	$ 242,638
Long-term accounts receivable	220,771	-
Total accounts receivable from the Brazilian government	**$ 315,387**	**$ 242,638**

Contingencies:

As of December 31, 2022 and 2021, and at the date of issuance of the accompanying consolidated financial statements, there are no contingencies.

NOTE 31

Restricted cash:

Due to the business acquisition of IPS in Argentina that was concluded on July 2, 2018 there is restricted cash for an amount of USD5,500 thousand (equivalent to $109,644), such amount is currently hold to the former owners in guarantee for fulfilling the contingent consideration obligation and/or in case of any adjustment to the "Performance Guarantee Price". In 2019 the entity received an amount of USD$2,378 thousand (equivalent to $47,004) due to the price adjustments for performance guarantee, based on the agreed-on section 5.06 of the contract. The Company does not have immediate access to these deposits, and requires authorization for their disposals, since they are subject to the contract restrictions and therefore are not available for their general use.

In agreement with the contract the first cash unwind became 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 Price, 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, 2022 and 2021 the restricted cash is equivalent to $25,435 and $25,435, respectively.

	December 31,	
	2022	2021
Opening balance	$ 25,435	$ 62,120
First payment	-	(32,251)
Contingent liabilities payment	-	(4,434)
	$ 25,435	**$ 25,435**

As of December 31, 2022 and 2021 the contingent liability is included in the other accounts payable balance, refer to Note 21.

NOTE 32

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 33

Authorization of issuance of consolidated financial statements:

The undersigning officers thereto, authorized the accompanying consolidated financial statements and notes for issuance on April 20, 2023.

Carlos Rojas Aboumrad
Chief Executive Officer

Mario A. Romero Orozco
Finance and Administrative Vice-president