Grupo Rotoplas, S. A. B. de C. V. and subsidiaries

Independent Auditors' Report and Consolidated Financial Statements

December 31, 2023 and 2022

Grupo Rotoplas, S. A. B. de C. V. and subsidiaries
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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, 2023 and the consolidated statements of income, of comprehensive income, of changes in equity and of cash flows for the year then ended and the notes to the consolidated financial statements, comprising material accounting policy information 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, 2023, 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 Accounting Standards).

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 International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") and the ethical requirements of the Professional Code of Ethics of Mexican Institute of Public Accountants that are relevant to our audit of the consolidated financial statements in México. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Professional Code of Ethics of Mexican Institute of Public Accountants . 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 13.1 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, 2023 ($192,064 thousands and $191,064 thousands, respectively), due to the possible impacts in the value of these assets, the inflationary effects in that country, the devaluation of the exchange rate between the 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.: • 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. • We compare market prices of comparable land and buildings with recognized observable data sources in the industry. • We compared that the disclosures made by Company's Management in the notes of the consolidated financial statements are consistent with the information obtained.
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 thousands as of December 31, 2023); 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 in: the model and the relevant assumptions considered when determining the recovery value such as: revenue increase rates and the weighted-average cost of capital (WACC).	As part of our audit, we performed the following procedures: • We evaluated the projected future cash flows, considering whether they are consistent with those approved by the Board of Directors. • 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: • Compared the model used by the Company, with those models generally accepted in the industry for similar assets.

Key Audit matter	How our audit addressed the matter
	• We compared the projected revenue growth rates to the historical financial trends of the Company and projected market data. • Compared the discount rate (WACC) with the cost of capital of the Company and comparable entities, as well as, with other market conditions and the country industry specifics. • We evaluated the sensitivity analysis prepared by the Company for each CGU, considering the grade in which the main inputs could be modified to be in the presence of a potential impairment; and we discussed with Management the probabilities of such modifications. • Finally, we evaluated the consistency of the disclosed information in the notes with the abovementioned information provided by the Company

Other information

Management is responsible for the other information. The other information comprises the annual report presented to Comisión Nacional Bancaria y de Valores (CNBV) but does not include the consolidated financial statements and our auditor's report thereon, which is expected to be made available to us after the date of this auditor's report.

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

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

When we read the other information not yet received, we will issue the report required by the CNBV and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and, if required, describe the issue in our report.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the [consolidated] financial statements, including the disclosures, and whether the [consolidated] financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company and subsidiaries audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

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

PricewaterhouseCoopers, S. C.

C.P.C. Luis Ricardo Guillén G.
Audit Partner
Mexico City, April 25, 2024

Grupo Rotoplas, S. A. B. de C. V. and subsidiaries
Consolidated Statements of Financial Position
December 31, 2023 and 2022

Thousands of Mexican pesos

Assets	Notes	December 31, 2023	December 31, 2022
CURRENT ASSETS:			
Cash and cash equivalents	7	$ 565,692	$ 672,638
Accounts receivable, net, and other accounts receivable	8	1,491,469	1,668,643
Related parties	9	3,381	12,135
Income tax receivable		300,798	296,779
Other recoverable taxes	10	162,570	236,857
Inventories	11	1,005,876	1,523,726
Prepaid expenses		107,869	111,168
Total current assets		3,637,655	4,521,946
NON-CURRENT ASSETS:			
Related parties	9	142,627	155,475
Long-term accounts receivable	27	286,161	243,993
Financial asset at fair value through profit or loss	12	218,416	174,762
Property, plant, and equipment - Net	13	4,063,493	3,271,583
Investment in associates	14	20,985	25,244
Intangibles	15	3,680,773	3,772,651
Right-of-use of leased assets - Net	20	167,839	203,258
Deferred income tax asset	23	294,553	159,056
Guarantee deposits		17,609	13,591
Restricted cash	28	21,572	25,435
Total non-current assets		8,914,028	8,045,048
Total assets		**$ 12,551,683**	**$ 12,566,994**
Liabilities and equity			
SHORT-TERM LIABILITIES:			
Short-term portion of the long-term debt	17	$ 28,650	$ 10,572
Suppliers		815,633	762,269
Other accounts payable	18	529,006	412,029
Provisions	19	12,176	18,246
Income tax payable		77,017	58,981
Other taxes payable		89,735	102,178
Derivative financial instruments	16	18,266	42,708
Lease liability	20	68,152	63,866
Employees' statutory profit sharing payable		60,003	33,749
Total short-term liabilities		$ 1,698,638	$ 1,504,598
LONG-TERM LIABILITIES:			
Long-term debt	17	3,998,942	3,998,640
Employees' benefits	21	86,836	77,290
Other accounts payable	18	111,132	112,874
Stock appreciation rights	21	64,252	29,255
Deferred income tax liability	23	426,771	230,493
Long-term lease liability	20	114,257	154,683
Total long-term liabilities		$ 4,802,190	$ 4,603,235
Total liabilities		**$ 6,500,828**	**$ 6,107,833**
EQUITY:			
Capital stock	22	1,975,831	2,285,741
Stock subscription premium		33,759	33,759
Retained earnings		4,400,634	4,076,958
Legal reserve		129,115	129,115
Currency translation effect in subsidiaries		(1,611,467)	(855,078)
Cash flow hedge reserve		(18,266)	-
Revaluation surplus		1,036,319	653,009
Capital participation attributable to:			
Controlling interest		5,945,925	6,323,504
Non-controlling interest		104,930	135,657
Total equity		$ 6,050,855	$ 6,459,161
Total liabilities and equity		$ 12,551,683	$ 12,566,994

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 Income
Year ended on December 31, 2023 and 2022

Thousands Mexican pesos

	Notes	Year ended on December 31, 2023	2022
Net sales	6	$ 12,146,209	$12,774,279
Cost of sales	24	6,592,530	7,330,546
Gross profit		5,553,679	5,443,733
Operating expenses	25	3,962,164	3,859,300
Operating profit		1,591,515	1,584,433
Finance income	26	154,895	198,119
Finance costs	26	(1,405,705)	(965,884)
Net finance expense		(1,250,810)	(767,765)
Share of net profit in associates	14	(1,463)	468
Profit before income taxes		339,242	817,136
Income taxes	23	26,833	26,314
Net consolidated profit		$ 312,409	$ 790,822
Profit attributable to:			
Controlling interest		$ 323,676	$ 768,852
Non-controlling interest		(11,267)	21,970
		$ 312,409	$ 790,822
Basic and diluted net profit per share*	2.24 and 22	$ 0.68	$ 1.62

* 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

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, 2023 and 2022

Thousands of Mexican pesos

	Notes	Year ended on December 31, 2023	Year ended on December 31, 2022
Consolidated net profit		$ 312,409	$ 790,822
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Revaluation surplus from land and buildings - net of taxes		383,310	64,441
Items that may be reclassified to profit or loss subsequently:			
Cash flow hedges		(18,266)	-
Foreign currency translation effect*	2.4	(775,849)	(320,857)
Consolidated comprehensive (loss) profit for the year		$ (98,396)	$ 534,406
Consolidated comprehensive (loss) profit for the year attributable to:			
Controlling interest		$ (67,669)	$ 510,287
Non-controlling interest		(30,727)	24,119
		$ (98,396)	$ 534,406

* 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, 2023 and 2022

Thousands of Mexican pesos

	Note	Capital stock	Stock subscription premium	Retained earnings	Legal reserve	Currency translation effect in subsidiaries	Cash flow hedge reserve	Revaluation surplus	Total equity of controlling interest	Non-controlling interest	Total equity
Balances as of December 31, 2022		$ 2,802,911	$ 33,759	$ 3,399,851	$ 37,370	($ 532,072)	$ -	$ 588,568	$ 6,330,387	$ 111,538	$ 6,441,925
Comprehensive income for the period:											
Other comprehensive income		-	-	-	-	(323,006)	-	64,441	(258,565)	2,149	(256,416)
Net profit for the year	2.14.15	-	-	768,852	-	-	-	-	768,852	21,970	790,822
Total comprehensive income		-	-	768,852	-	(323,006)	-	64,441	510,287	24,119	534,406
Transactions with stockholders recognized directly in equity:											
Acquisition of treasury stock	25	(644,125)	-	-	-	-	-	-	(644,125)	-	(644,125)
Treasury stocks sold	25	342,333	-	-	-	-	-	-	342,333	-	342,333
Equity reimbursement	25	(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
Comprehensive income for the period:											
Other comprehensive income		-	-	-	-	(756,389)	(18,266)	383,310	(391,345)	(19,459)	(410,804)
Net profit for the year	2.14.15	-	-	323,676	-	-	-	-	323,676	(11,268)	312,408
Total comprehensive income		-	-	323,676	-	(756,389)	(18,266)	383,310	(67,669)	(30,727)	(98,396)
Transactions with stockholders recognized directly in equity:											
Acquisition of treasury stock	25	(431,541)	-	-	-	-	-	-	(431,541)	-	(431,541)
Treasury stocks granted as equity reimbursement	1.11	394,206	-	-	-	-	-	-	394,206	-	394,206
Treasury stocks sold	25	357,065	-	-	-	-	-	-	357,065	-	357,065
Equity reimbursement	25	(629,640)	-	-	-	-	-	-	(629,640)	-	(629,640)
Total transactions with stockholders recognized directly in equity:		(309,910)	-	-	-	-	-	-	(309,910)	-	(309,910)
Balances as of December 31, 2023		$ 1,975,831	$ $33,759	$ 4,400,634	$ 129,115	($1,611,467)	($ 18,266)	$ 1,036,319	$ 5,945,925	$ 104,930	$ 6,050,855

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, 2023 and 2022

Thousands of Mexican pesos

		Year ended on December 31,	
Operating activities	Notes	2023	2022
Profit before income taxes		$ 339,242	$ 817,136
Adjustments for items not involving cash flows:			
Depreciation and amortization included in expenses and costs	13, 15 and 20	519,830	397,315
Loss on sale of property, plant, and equipment		11,966	6,096
Share of net profit in associates	14	1,463	(468)
Restatement effect loss		265,707	289,573
Financial instrument	16	(67,320)	(32,097)
Allowance for doubtful accounts	8	26,888	35,253
Interest income		(129,927)	(117,985)
Interest expense	17 and 26	514,240	514,455
Employees' benefits net period cost	21	23,235	15,793
Referred value units	21	34,996	-
Changes in assets and liabilities:			
Accounts receivable		(320,227)	(588,849)
Recoverable income tax		(12,705)	5,835
Other recoverable taxes		(5,932)	(3,137)
Inventories		(53,960)	(149,150)
Prepaid expenses		(6,716)	45,207
Secured deposits		(5,315)	187
Financial asset at fair value through profit or loss		-	-
Suppliers		206,671	59,870
Other accounts payable		31,541	(144,743)
Employees' benefits		(7,346)	-
Other taxes payable		23,242	(757)
Employees' statutory profit sharing		27,859	6,979
Cash flows from operating activities		1,417,432	1,156,513
Income taxes paid		(127,679)	(158,503)
Net cash flows from operating activities		1,289,753	998,010
Investing activities	13		
Acquisitions of property, plant, and equipment	15	(496,155)	(484,204)
Proceeds from sale of property, plant, and equipment		138	122
Financial asset at fair value through profit or loss acquired		(19,041)	(38,649)
Acquisition of intangible assets	17	(112,531)	(174,798)
Related parties		21,964	(21,722)
Interests received		129,927	117,985
Net cash flows from investing activities		(475,698)	(601,266)
Financing activities			
Equity reimbursement	22	(235,435)	(215,378)
Acquisition of treasury stock	22	(431,541)	(644,125)
Sell of treasury stock	22	357,065	342,333
Proceeds from loans	17.3	1,167,319	-
Payment of loans obtained	17.3	(1,150,050)	-
Lease payments		(36,916)	(46,703)
Interests paid		(511,849)	(509,562)
Net cash flows from financing activities		(841,407)	(1,073,435)
(Decrease) in cash and cash equivalents		(27,352)	(676,691)
Cash and cash equivalents at the beginning of the year		672,638	1,628,561
Effects of exchange rate changes on cash and cash equivalents		(79,594)	(279,232)
Cash and cash equivalents at the end of the year	8	$ $565,692	$672,638
Non-cash financing activities	1.ii and 22		

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

Thousands of Mexican pesos ($) and thousands of United States Dollars (USD), unless other denomination is specified

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 sites in Mexico City, Guadalajara, Lerma, Monterrey, León, Mérida, Veracruz, Tuxtla Gutiérrez, and Los Mochis. Furthermore, the Group also operates manufacturing sites in Guatemala, Peru, Argentina, and Nicaragua, and distribution centers in El Salvador, Honduras, and Costa Rica, and retail stores in the United States of America "USA", where only products of third parties is commercialized, which enables it to have an extensive market in North America, Central America, and South America.

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

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

Relevant transactions

i. On November 28, 2023, the Company Soluciones y Tratamiento Ecológico, S. A. P. I. de C. V. (Sytesa) signed a purchase contract for the assets of Acuapue, S. A. de C. V., which includes the treatment facility, equipment and licenses. The full purchase consideration price was $68,000.

ii. On November 15, 2023, at the General Extraordinary Stockholders' Meeting an equity reimbursement payment in kind to the stockholders of the entity, through a decrease of the common stock of $394,206. (Refer to Note 22).

iii. On April 27, 2023, at the Annual General Ordinary and Extraordinary Stockholders' Meeting an equity reimbursement payment to the stockholders of the entity, through a decrease of the common stock of $235,436. (Refer to Note 22).

iv. 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.

v. 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 of 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 Company is working in the environmental processes, through the reduction of greenhouse gas emission (GHG) that contribute to climate change. For 2040 the Company has the objective of becoming a zero-carbon company (scope 1 and 2) 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 purifying services.

For internal use, the manufacturing sites, already use renewable sources through auto generative solar panels, also the Company uses machinery that reduces gas consumption and raw materials. There are projects in process such as: the implementation of a comprehensive sustainable packing system, and improvements to our manufacturing sites. We also have Residual Water Treatment Plants (RWTP) to use recycled water.

The Company 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, 2023, the Company 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 when developing cash flows forecasts for impairment purposes and the assessment of the useful 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 consumers' demand. These effects from climate change, could have an impact in the cash flows, the performance and the financial situation of the Company.

Note 2 - Summary of material accounting policies:

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

2.1 Basis of preparation

The consolidated financial statements as of December 31, 2023 and 2022 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and the Interpretations developed by the IFRS Interpretations Committee (IFRIC Interpretations) applicable to entities reporting under the IFRS Accounting Standards. The financial statements comply with the IFRS Accounting Standards as issued by the IASB. As such, the historical cost method has been used for the valuation of captions, except for derivative financial instruments, that have been determined at their fair value, land and buildings, financial asset at fair value through profit or loss and the operations in Argentina that is considered as a hyperinflationary economy in accordance with IAS 29 "Hyperinflationary economies", expressed in terms of the current unit measure at the reporting date.

IFRS Accounting Standards 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 New standards adopted by the Company

The Company has applied he following standards and modifications for the first time for its annual reporting period beginning on January 1, 2023:

- Definition of Accounting Estimates – amendments to IAS 8
- International Tax Reform – Pillar Two Model Rules – amendments to IAS 12
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2. Company's Management reviewed the accounting policies and updated certain in the disclosed information in this Note, in accordance to such modification.

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

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 recognize the business combinations. The consideration for the acquisition of a subsidiary is determined based on the fair values of the net assets transferred, the liabilities assumed, and the equity issued. The consideration in an acquisition also includes the fair value of those contingent amounts to be collected or paid as part of the agreement.

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, either at fair value or at the non-controlling interest's proportionate value of the 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 book value of the previous participation of the acquirer in the acquiree at acquisition date is adjusted at the fair value at the date of the acquisition recognizing any difference in profit or loss.

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

Intercompany transactions, balances and unrealized gains in transactions between Group companies are eliminated. Unrealized losses are also eliminated. When necessary, the amounts reported by the subsidiaries are adjusted to comply with the Group accounting policies.

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

Company	**Participation with voting rights in 2023 and 2022 (%)**	**Activities**
Mexican subsidiaries:		
Rotoplas S. A. de C. V. (Rotoplas)[1]	100	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]	83.40	Sub holding entity
Rotoplas de Latinoamérica, S. A. de C. V. (Latino)[6]	100	Sub-holding entity
Rotoplas Bienes Raíces, S. A. de C. V. (Bienes Raíces)[2]	42.63	Real estate services.
Soluciones y Tratamiento Ecológico, S. A. P. I. de C. V. (Sytesa)[3]	80.00	Residual water treatment
RRG Rotoplas Soluciones Agrícolas, S. A. P. I. de C. V. (Rieggo)[4]	50	Water solutions for the agricultural sector
Acuantia, Inc.	100	Electronic trade platform

1 Rotoplas is the holder of 16.60% of the shares of Rotoplas Comercializadora.

2 Rotoplas is the holder of 56.97% of the shares of 56.97% of the shares of Bienes Raices, and 0.40% is related to a non-controlling interest by Grupo Rotoplas.

3 20% of the shares relates to a non-controlling interest by Grupo Rotoplas. (Refer to subsequent event in Note 29).

4 RRG Rotoplas Rieggo was incorporated 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 the responsible management of performing relevant activities.

Rotoplas is the holding entity of the following tier two company, for consolidated financial statement purposes

Acuantia Global Holding, Corp [1 & 9]	100	Sub-holding entity.

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

Acuantia Digital Solution, LLC.	100	Research and digital development services

Rotoplas Latinoamerica is the holding entity of the following tier two companies, for consolidated financial statement purposes.

Company	Participation with voting rights in 2023 and 2022 (%)	Activities
Rotoplas Argentina, S. A. (Argentina)[5]	98.87	Manufacturing and sale of plastic tanks for water storage.
Dalka do Brasil, Ltda. (Brazil) [6]	99.99	Residual water treatment.
Dalka, S. A. C. (Peru) [7]	99.99	Manufacturing and sale of plastic tanks for water storage.
Tinacos y Tanques de Centroamérica, S. A. and subsidiaries (Guatemala), (Central America)[8]	99.99	Manufacturing and sale of plastic tanks for water storage.

5 Rotoplas Comercializadora, is the holding entity of the 1.13% of the shares in Rotoplas Argentina

6 Grupo Rotoplas, is the holding entity of the 0.01% of the shares of Dalka do Brasil.

7 Rotoplas Comercializadora, is the holding entity of the 0.01% of the shares of Dalka.

8 Rotoplas Comercializadora, is the holding entity of the 0.01% of the shares of Central America, in turn it is also the shareholder of the following tier three companies, for consolidated financial statement purposes.

Company	Participation with vote rights in 2023 and 2022 (%)	Activity
Tanques y Plásticos, S. A. (Costa Rica)	100	Manufacturing and sale of water storage plastic tanks.
Tinacos y Tanques de Nicaragua, S. A.[9]	99.50	Manufacturing and sale of water storage plastic tanks.
Tinacos y Tanques de Honduras, S. A. de C. V. [10]	99.60	Manufacturing and sale of water storage plastic tanks.
Tinacos y Tanques de Centroamérica, S. A de C. V. (El Salvador) [11]	99.50	Manufacturing and sale of water storage plastic tanks.

9 Rotoplas Latinoamerica is the holding entity of the 0.25% of the shares of Tinacos y Tanques de Nicaragua, additionally the 0.25% of the remaining shares are hold by Rotoplas Comercializadora.

10 Rotoplas Comercializadora, is the holding entity of the 0.40% of the shares of Tinacos y Tanques de Honduras.

11 The remaining 0.50% of the company's shares relates to the non-controlling interest by Grupo Rotoplas.

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 stockholders 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, 2023 and 2022, no changes in the participation of subsidiaries existed without loss of control.

2.2.3 Changes in the participation interest

When the Company loses control or significant influence in an entity, any 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 implies that amounts previously recognized in OCI are reclassified to profit or loss in certain cases. As of December 31, 2023, and December 31, 2022, no disposal of subsidiaries occurred.

2.2.4 Associates

Associates are all entities over which the Group has significant influence but not control. Generally in these entities the Company 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 book 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 14).

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, 2023, and 2022, no decrease in the participation in an associate occurred.

The participation of the Company in the profits or losses in associates, subsequent to acquisition, is recognized in the income statement, and the participation in the OCI of associates is recognized as OCI. As of December 31, 2023 and 2022, there was no participation in OCIs of the associates. These post-acquisition movements are accrued and are adjust the carrying amount of the investment. When the Company's share of losses in an associate equal or exceeds he book value of its investment, any unsecured account receivable recorded by the Company with the associate, the Company does not recognize such losses in excess, unless there is the legal or assumed obligation to make such payments on behalf of the associate.

The Company assesses at the year-end of whether there is objective evidence of impairment in the investment in associates. 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, 2023 and 2022, no impairment was recognized in the associates.

Unrealized profits resulting transactions between the Company and its associates are eliminated recognized at the Company's participation percent in the associates. Unrealized losses are also eliminated, except if the transaction provides evidence that the asset transferred is impaired. Accounting policies of associates have been 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 6).

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, that is, their "functional currency". The functional currency by entity is presented in Note 2.4.3. 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 they are required to be included in OCI, as in the case of transactions that qualify as cash flow hedges. Foreign exchange gains and losses are presented in the income statement on a net basis within "finance income or costs".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on non-monetary assets and liabilities carried at fair value through profit and loss are recognized as part of the fair value gain or loss in the income statement. Translation differences on non-monetary financial assets 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 recognized in the statement of financial position presented are translated at the closing exchange rate at the date of such statement of financial position.

b. Income and expenses recognized in the 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 comprehensive income.

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

Goodwill and the fair value adjustments to assets and liabilities arising at the acquisition date of a 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	2023	2022	2023	2022
Brazil	Brazilian real (BRL)	3.49	3.71	3.52	3.74
Argentina	Argentinian peso (ARS)	0.02	0.11	0.03	0.11
Central America	Quetzal (GTQ)	2.16	2.47	2.20	2.49
Peru	Nuevo Sol (PEN)	4.55	5.07	4.61	5.10
USA	Dollar (USD)	16.89	19.36	17.21	19.58

Argentinian companies were qualified as in a hyperinflationary economy, because the inflation in Argentina in the last 3 years reached levels above 100%, refer to Note 2.24 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 sites 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%, or when there is evidence that the book value differs materially from their fair value at financial statement reporting date, the land and buildings are revaluated on a less than five years frequency.

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

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

When the book value of an asset exceeds its estimated recoverable amount, an impairment loss is recognized to decrease the book value to its recoverable amount.

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

The result 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 the fixed 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 fair value at 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 15).

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 synergies of the business combination. Each unit or group of units in which goodwill has been allocated represent the lowest level within the entity at which goodwill is controlled for internal management purposes. Goodwill is monitored at a segment level.

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

2.6.2 Trademarks and licenses

Separately acquired trademarks and licenses are recorded at historical cost. Trademarks and licenses acquired in a business combination are recognized at fair value at the acquisition date. Licenses that have a definite useful life and are recorded at cost less accumulated amortization and impairment losses. Amortization is calculated by the straight-line method based on their useful lives estimated between 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 useful lives estimated between of three to five years. (Refer to Note 15).

Trademarks have an indefinite useful life since it is expected that it will contribute to the net cash flows on an undefined period term, are recognized at their historical cost less accumulated impairment losses. As of December 31, 2023 and 2022, there are no accrued losses for impairment on trademarks.

2.6.3 Computer software

Costs associated with the maintenance of computer software programs are recognized as an expense as incurred. Development costs that are directly attributable to a custom design and test of computer programs, identifiable and controlled by the Company are recognized as intangible assets when the following criteria are met:

- There is the intention of concluding the development of the software for its use or sale.
- There is an ability to use or sell the software.
- It can be demonstrated how the software product will generate future economic benefits.
- There are adequate available resources, either technical, financial, or of other kind to complete the development of the software to allow its use or sale.
- The expenses attributable to the 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 15).

2.6.4 Client relationships

There are relationships with clients that have had operations for an uninterrupted number of years and it is expected that they will continue to have operations in the foreseeable future and will contribute to the generation of expected future revenue, that were 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 their useful live estimated at 30 years and are recognized as an expense in subsequent periods.

2.6.5 Non-compete agreement

The Company has a non-compete agreement with the former owners of IPS (currently Rotoplas Argentina, S. A.) and relates to the legal capacity of Grupo Rotoplas to limit the involvement of these former owners of IPS as competitors. Such agreement arises 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, for example, 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. Impairment losses correspond to the amount that the book value exceeds its recoverable amount. The recoverable value of the assets is the higher between the fair value less costs of disposal and the 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 to identify possible reversal at each reporting date. As of December 31, 2023 and 2022 no impairment losses were identified.

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 instruments 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 financial assets with credit impairment, the revenue from interests is recognized by applying the effective interest rate 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 Company 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 Company has transferred substantially all the risks and rewards of ownership.

Financial assets are initially recognized 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 fair value through other comprehensive income (FVOCI). Movements in the book value 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 income.

FVTPL: Assets that do not meet the criteria for amortized cost are measured at fair value through profit or loss (FVTPL). A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss 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, 2023 and 2022, 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 other comprehensive income, depends on whether the derivative is designated as a hedging instrument or not, as well as the nature of the item being hedged.

At inception of the hedging relation, the Company documents the economic relation between the hedging instruments and the hedged items, even if it is expected that the changes in cash flows from the hedging instruments offset the changes in cash flows of the hedged items. The Company documents its risk management objective and the strategy to perform its hedging transactions.

The fair values of the derivative financial instruments designated as hedges are described in Note 16.

When forward contracts are used to hedge forecast transactions, the Company generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognized in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item ("aligned forward element") is recognized within OCI in the costs of hedge reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognized in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss. Deferred amounts are recognized in last instance in the profit or loss of the period within financing income or expenses.

Derivative financial instruments considered economic hedging are recognized in the profit or loss of the period within financing income or expenses.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remain in equity until the expected transaction occurs, resulting in the recognition of a non-financial asset, such as inventory. When the transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

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 asset or liability when the remaining 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.

Hedging effectiveness is determined at the beginning of the hedging, through prospective assessments of the effectiveness to guarantee that the economic relationship of the hedged item exists with the hedging instrument.

For hedges of purchases in foreign currency, the Company enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The Company therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Company uses the compensation flows method.

In hedges of foreign currency purchases, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of Mexico or the derivative counterparty.

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.

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 11).

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 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held on demand 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, 2023 and 2022, short-term highly liquid investments with maturities of three months or less are invested in bank debt securities and government bonds. (Refer to Note 7).

2.13.1 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 28).

2.14 Equity

2.14.1 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 22).

2.14.2 Stock subscription premium

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

2.14.3 Retained earnings

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

2.14.4 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.

2.14.5 Comprehensive income

Comprehensive income is comprised of the net income for the year, plus other equity reserves, which are comprised 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.

2.14.6 Treasury stock

The stockholders' 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.

2.15 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.

2.15.1 Financial liabilities disposal

The Company disposes the financial liabilities from the statement of financial position if, and only if, the obligations are fulfilled, cancelled, or expired. The difference between the book value amount of the disposed financial liability 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 accounted 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.

2.16 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 17).

Fees paid for obtaining loans are recognized as transaction costs of to the extent that it is probable that some or all the loan will be received. In this case, the fee is deferred until the loan is obtained.

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

2.17 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 using the asset and liabilities method over the temporary differences arising from comparing the book and tax values of all the 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 does not affect 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 23).

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 ventures, 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. As of December 2023 and 2022 there was no impact on the assets or liabilities due to a new transactions.

In October, 2021, more than 130 countries, including Mexico, that represent more than the 90% of the world's Gross Domestic Product (GDP), agreed to enact a minimum tax regime for multinational entities, the 'Pillar two'. In December 2021, the Organization for Economic Co-operation and Development (OECD) published the rules for the model of the Second Pilar (The 'GloBE' Proposal, acronym of Global Anti-Base Erosion) to reform the international corporate contribution. The big multinational companies in scope of the rules must calculate their effective tax rate globally, for each GloBE jurisdiction in which they operate. Management assessed such regime and does not comply with the consolidated revenue threshold contemplated in the applicability of the standard.

2.18 Employees' benefits

2.18.1. 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 corporate bonds in absolute terms in a deep market and, otherwise, it should consider as a reference government bonds denominated in 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.

2.18.2 Other officers’ 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 9c.)

2.18.3 Stock Appreciation Rights

The Company operates a compensation plan, where the entity receives services from its employees in exchange of Stock Appreciation Rights (SAR). 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 (for example, the entity's share price).
- Excluding the impact of any service and non-market performance vesting conditions (for example profitability, sales growth targets and permanence of an employee in the entity over a specified period); and
- Including the impact of any service or performance condition that do not relate to the market that grant the right (for example 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 SAR 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 21).

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 SAR and the charges are treated as cash-settled share-based transactions.

2.18.4 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 n assumed obligation. (Refer to Note 25).

2.19 Provisions

Provisions are recognized when the Company has a present legal or assumed 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 19).

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.

2.20 Revenue recognition

Revenue represents the amount of the consideration that the Company is expected to have the right to from the 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:

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

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 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 lifetime guarantee right for such product and there is no estimate for it.

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

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 have loyalty programs.

2.20.3 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 part of the evaluation a single performance obligation was identified.

2.20.4 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.

2.20.5 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 13).

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.

2.20.6 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.

2.21 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, 2023 and 2022, there are no covenant restrictions to meet.

2.22 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 Accounting Standards for statutory purposes.

2.23 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 2023 and 2022, decreasing such average of such potential dilutive shares. As of December 31, 2023 and 2022, there are no profit dilutive components. (Refer to Note 22).

2.24 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 are not restated, since 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 is published monthly by the FACPCE.

Argentinian subsidiaries calculate the financial statement restatement as follows:

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

- The amounts related to monetary items in the statement of financial position, are not restated.

- The equity items of each statement of financial position are restated as follows:

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

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

- Income and expenses are restated applying the difference of the general price index, from the date they were incurred, to the report date.

- Profit or loss resulting from the net monetary position are recognized in the consolidated statement of comprehensive income.

In the 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.

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 (USD20,932) and (€174) as of December 31, 2023 and (USD19,384) and (€80) as of December 31, 2022.

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

The foreign exchange risk arises from the purchases at a foreign exchange currency to carry out the manufacturing processes. Such purchases expose the Company fluctuation risks of the foreign exchange rate in the cash flows.

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

	December 31,		December 31,	
	2023	2022	2023	2022
	Dollars	Dollars	Euros	Euros
Assets	USD 10,229	USD 11,314	€ -	€ 15
Liabilities	(31,139)	(30,698)	(174)	(95)
Net asset (liability) position	USD (20,910)	USD (19,384)	€ (174)	€ (80)

As of December 31, 2023 and 2022, the exchange rates were $16.89 and $19.36 pesos per Dollar, respectively, and $18.69 and $20,78 pesos per Euro, respectively.

As of April 25, 2024, date of issuance of these financial statements, the exchange rate was $17.11 per Dollar and $18.27 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, 2023 and 2022, 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 $35,361 and $37,532, respectively for the dollar position and $325 and $166, 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 in Mexican Pesos	16.8935	18.6896	19.3615	20.7810
Sensitivity +10% E.R.	18.5829	20.5586	21.2977	22.8591
Sensitivity -10% E.R.	15.2042	16.8206	17.4254	18.7029
Sensitivity + Net position	(388,575)	(3,577)	(412,849)	(1,822)
Sensitivity - Net position	(317,925)	(2,927)	(337,786)	(1,490)

As of December 31, 2023, on the currency forwards, if the exchange rate would be increased in 1 peso, the effect on equity for the fair value would be $94,577 on a favorable direction, if the exchange rate would be decreased in 1 peso, the effect on equity for the fair value would be ($93,808).

The exchange rate of the USD as of December 31, 2023 and 2022 to the currency of the subsidiaries established abroad is as follows:

		Foreign currency equivalent in USD	
		December 31,	
Country	Currency	2023	2022
Argentina	ARS	0.0012	0.0056
Brazil	BRL	0.2066	0.1917
Costa Rica	Costa Rican Colon (CRC)	0.0018	0.0017
Ecuador	USD	1.0000	1.0000
El Salvador	USD	1.0000	1.0000
Guatemala	GTQ	0.1277	0.1273
Honduras	Lempira (HNL)	0.0403	0.0404
Nicaragua	Córdoba (NIO)	0.0273	0.0276
Peru	PEN	0.2693	0.2618

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.

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.

In the event of a 10% increase or decrease in the prices of resin as of December 31, 2023 and 2022, the Company would have experienced an increase or decrease in the cost of sales of approximately ($47,382) and $9,641, 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 2023, the Company's borrowings bearing interest at variable rates were denominated in Pesos, Dollars 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

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 such basis, the loss allowance as of December 31, 2023 and 2022 was determined as follows for trade receivables:

December 31, 2023	Current	Overdue	Under legal procurement	Brazilian Government	Total
Expected loss rate	0.6409%	8.6242%	100%	4.18%	
Gross carrying amount -					
trade receivables	$ 1,178,014	$ 56,919	$ 33,982	$ -	$ 1,268,915
non-current trade receivables	-	-	-	291,872	291,872
Total trade receivables	$ 1,178,014	$ 56,919	$ 33,982	$ 291,872	$ 1,560,787
loss allowance	(7,550)	(4,909)	-	(12,215)	(24,674)
Litigation	-	-	(33,982)	-	(33,982)
Total clients	$ 1,170,464	$ $52,010	$ -	$ 279,657	$ 1,502,131

December 31, 2022	Current	Overdue	Under legal procurement	Brazilian Government	Total
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
loss allowance	(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

During 2023 and 2022, there were no significant changes between the stages.

Credit limits were not exceeded as of December 31, 2023 and 2022 and Management does not expect the Company to incur losses from breach from these entities.

	December 31, 2023	December 31, 2022
Cash at bank and short-term bank deposits (Note 8)		
Counterparties with external credit ratings:		
AAA	$ 78,131	$ 49,949
AA	476,084	577,470
A	11,477	45,219
Total cash and cash equivalents	$ 565,692	$ 672,638

	December 31, 2023	December 31, 2022
Derivative financial instruments (Note 16)		
Counterparties with external credit ratings:		
AAA	($ 18,266)	($ 42,708)
Accounts receivable to related parties (Note 9)		
Counterparties without external credit ratings:		
Group B	$ 142,627	$ 155,475

Group B: Existing related parties with 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, the limits and covenants established in the debt agreements. Projections consider financing plans and compliance with covenants, up to December 31, 2023, due to the obligations at that date.

As of December 31, 2023 and 2022 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, 2023	Less than 3 months	Between 3 months and 1 year	More than 1 year	Total
Debt	$ -	$367,303	$4,827,613	$5,194,916
Suppliers	815,633	-	-	815,633
Sundry payables	188,438	-	-	188,438
Accrued expenses and other accounts payable	451,700	-	-	451,700
Lease liability	-	68,152	114,257	182,409
Total	$1,455,771	$435,455	$4,941,870	$6,833,096

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

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 leverage 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 leverage ratio with a view to avoid exceeding the 50% threshold. The leverage ratios for the reporting periods were as follows:

	December 31, 2023	December 31, 2022
Total Debts (Note 17)	$ 4,027,592	$ 4,009,212
Less: cash and cash equivalents (Note 7)	(565,692)	(672,638)
Excess of cash over debt	3,461,900	3,336,574
Total equity	5,945,925	6,323,504
Total capital - Net	$ 9,407,825	$ 9,660,078
Gearing ratio	36.80%	34.54%

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 active market.

Level 2: data other than quoted prices included within level 1 that can be confirmed for the asset or liability, either directly (that is, prices) or indirectly (that is, derived from prices).

Level 3: data for an asset or liability that cannot be confirmed in active markets, that is, unobservable inputs.

The following table discloses Group's financial assets and liabilities that are measured through fair value. Refer to Note 13.1 to observe the disclosures related to land and buildings that are measured at fair value.

December 31, 2023	Level 1	Level 2	Level 3	Total
Financial asset at fair value through profit or loss	$ -	$ -	$218,416	$218,416
Derivative financial instruments – Liability (Note 16)	$ -	$ 18,266	$ -	$ 18,266
Other accounts payable - contingent consideration	$ -	$ -	$21,572	$ 21,572

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 – Liability (Note 16)	$ -	$ 42,708	$ -	$ 42,708
Other accounts payable - contingent consideration	$ -	$ -	$25,435	$ 25,435

During the years ended on December 31, 2023 and 2022 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 through profit and loss – Convertible payable notes (CPNs) The fair value of the convertible payable notes is estimated on the base of the net realizable value determined by the Managing Partner.

3.4 Offsetting of financial assets and liabilities

As of December 31, 2023 and 2022, 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 8, during 2023 the Company stopped receiving payments from outstanding balances in the agreed periods, as such, Management has performed an analysis of the contracts with the government agencies, and in adherence with the country's legislation, there are enacted laws that could enforce the payment of the government of such debt, due to this fact, the Company has considered reasonable not to increase the impairment estimate for such account receivables. Refer to Note 8

4.1.2 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 2023 the appraisals on the land and buildings to verify the fair value of such assets. (Refer to Note 13.1).

4.1.3 Impairment of intangible assets with indefinite useful life including goodwill

The Company tests annually whether intangibles assets with indefinite 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 15).

As of December 31, 2023 and 2022, the Company performed impairment tests on the other intangible assets and did not identify impairment.

4.1.4 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 a liability 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 23, 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 $5,089 and $12,257 and reduce or increase the deferred tax asset by ($6,611) and ($3,572), for 2023 and 2022, respectively.

4.1.5 Probability assumption of SAR recognition

The Company utilizes several hypothesis and assumptions for the determination of the fair value of the SAR plan such as the volatility of the share, discount, mortality, disability and rotation rates. These assumptions impact directly the calculation of the SAR fair value.

Note 5 - Financial instruments categories:

Financial assets according to the consolidated statement of financial position:

December 31, 2023	Amortized cost	At fair value through profit and loss	Total
Cash and cash equivalents	$ 565,692	$ -	$ 565,692
Restricted cash	21,572	-	21,572
Accounts receivable and other accounts receivable	1,502,131	-	1,502,131
Sundry debtors and employees	63,369	-	63,369
Related parties	146,008	-	146,008
Financial asset at fair value through profit and loss	-	218,416	218,416
	$ 2,298,772	$218,416	$ 2,517,188

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

Financial liabilities according to the consolidated statement of financial position:

December 31, 2023

	Amortized cost	Hedge financial instruments	Total
Debt	$ 4,027,592	$ -	$ 4,027,592
Suppliers	815,633	-	815,633
Other accounts payable	618,566	21,572	640,138
Reference Value Units	-	64,252	64,252
Derivative financial instruments	-	18,266	18,266
Financial liability for the right-of-use asset	182,409	-	182,409
	$ 5,644,200	$ 104,090	$5,748,290

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
Reference Value Units	-	29,255	29,255
Derivative financial instruments	-	42,708	42,708
Financial liability for the right-of-use asset	218,549	-	218,549
	$ 5,489,498	$ 97,398	$5,586,896

The amortized cost of the financial assets and liabilities as of December 31, 2023 and 2022 is similar to their book value.

Note 6 - 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, 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 December 31,		Comprehensive solutions December 31,		Consolidated December 31,	
	2023	2022	2023	2022	2023	2022
Sales to external customers	$11,521,099	$12,335,786	$ 625,110	$ 438,493	$12,146,209	$12,774,279
Profit (loss) before taxes	$ 802,720	$ 1,216,168	$(463,478)	$ (399,032)	$ 339,242	$ 817,136
EBITDA	$ 2,384,706	$ 2,275,790	$(254,176)	$ (294,042)	$ 2,130,530	$ 1,981,748

Profit before tax per period is as follows:

	Year ended on December 31,	
	2023	2022
EBITDA	$ 2,130,530	$1,981,748
Depreciation and amortization	(519,830)	(397,315)
Donations	(19,186)	-
Net financing costs	(1,250,809)	(767,765)
Share of net profit in associates	(1,463)	468
Profit before taxes	$ $339,242	$ 817,136

Geographic information:

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

	Year ended on December 31,	
	2023	2022
Net sales:		
Mexico	$ 6,001,358	$ 6,404,381
Argentina	3,903,484	3,684,336
USA	1,100,740	1,392,811
Other	1,140,627	1,292,751
Total	$12,146,209	$12,774,279

There are revenues of $1,568,434 that are generated from five clients ($1,858,471 in 2022). These revenue are attributable to the geographical areas of Mexico, Argentina, and USA.

Property, plant, and equipment located per geographic market:

	December 31,	
	2023	2022
Mexico	$ 3,283,932	$ 2,563,334
Argentina	588,332	486,338
USA	5,648	18,680
Other	185,581	203,231
	$ 4,063,493	$ 3,271,583

Company's overall information

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

	Year ended on, December 31,	
	2023	2022
Products sales	$ 11,534,166	$ 12,258,349
Revenue from service and maintenance	461,786	430,422
Revenue from operating leases	150,257	85,508
Total	$ 12,146,209	$12,774,279

Note 7 - Cash and cash equivalents:

	December 31,	
	2023	2022
Cash	$ 379	$ 580
Bank deposits on demand	448,388	435,819
Highly liquid investments with maturities of three months or less	116,925	236,239
Total cash and cash equivalents	$ 565,692	$ 672,638

Note 8 - Accounts receivable and other accounts receivable:

	December 31,	
	2023	2022
Clients	$ 1,281,129	$ 1,496,201
Less: impairment estimate	(58,656)	(43,774)
	1,222,473	1,452,427
Sundry debtors*	60,767	99,148
Employees	2,602	7,171
VAT not yet credited	205,627	109,897
	268,996	216,216
	$ 1,491,469	$ 1,668,643

The fair value of accounts receivable as of December 31, 2023 and 2022 is similar to their book value.

Accounts receivable include the following outstanding receivable balances:

	December 31,	
	2023	2022
Home Depot México, S. de R. L. de C. V.	$ 109,069	$ 82,154
Citicon, S. A. de C. V.	98,624	98,624
Brazilian government clients	279,658	315,387
Nueva Wal Mart de México, S. de R. L. de C. V.	63,083	117,316
Tiendas del Mejoramiento del Hogar, S. A.	28,843	39,212
Grupo Boxito, S. A. de C. V.	24,261	28,251
El Surtidor de Observatorio, S. A.	22,550	24,981
Ferretera Unión, S. A. de C. V.	20,556	18,264
Materiales para el Desarrollo de México, S. A. de C. V.	19,092	13,678
Muebles La Juana, S. A.	15,122	8,933
Muebles para Baño, S. A. de C. V.	14,687	11,499
Simón Sistemas Hidráulicos, S. A. de C. V.	13,317	13,931
Kuroda Norte, S. A. de C. V.	13,311	9,847
Tubos y Válvulas San Miguel, S. A. de C. V.	13,275	9,108
Instituto Nacional de la Infraestructura Física Educativa	12,788	6,497
Tuberías de Oriente, S. A. de C. V.	12,634	1,847
Construrama Supply, S. A. de C. V.	12,310	11,369
Ferretería Panal, S. de R. L. de C. V.	8,223	11,627
Homecenters Peruanos, S. A.	8,156	14,084
Fravega, S. A.	6,279	1,361
El Niplito del Sureste, S. A. de C. V.	6,270	11,815
Plomería Universal de Occidente, S. A. de C. V.	6,063	6,712
Grupo Coppel, S. A. de C. V.	5,349	20,319
INC S.A.	4,022	6,107
Electrónica Megatone, S. A.	1,060	3,728
Tenneco Automotive Eastern Europe Automotive Eastern Eur	-	49,336
Other	683,529	737,211
	$ 1,502,131	$ 1,673,198
Long-term accounts receivable	$ 279,658	$ 220,771
Short-term accounts receivable	$ 1,222,473	$ 1,452,427

* 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 $70,273 (BRL18,938).

In 2022, the Company recognized inflation adjustments as part of the account receivable of $3,941 (BRL842); 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, 2023 and 2022 in thousand of Brazilian Reales was $279,658 (BRL84,994) and $315,387 (BRL84,994), respectively. (Refer to Note 27).

As of December 31, 2023 and 2022, an impairment estimate of $15,893 and $21,884, respectively was recognized. The ageing of the balances with such government agencies as of December 31, 2023 and 2022 is shown as follows:

	December 31,	
	2023	2022
Range:		
Not yet due	$	$ 1,092
More than 120 days	279,658	314,295
	$ 279,658	$ 315,387

The account receivable with the Brazilian government is in process of recovery in different locations, however the Company decided to centralize the collection efforts in one location, therefore the accounts receivable could be recovered in more than 12 months. As of December 31, 2023 and 2022, amounts of $221,440 and $220,771, respectively, were determined to be classified as non-current.

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

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

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

	December 31,	
	2023	2022
Book value as of January 1	$ 43,774	$ 22,475
Impairment for the year	26,888	35,253
Recuperation (cancellations) of doubtful accounts - Net	(12,006)	(13,954)
Net book value	$ 58,656	$ 43,774

Increases and reversals 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, 2023 and 2022, accounts receivable from customers of $58,656 and $43,774, 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,			
	2023		2022	
Mexican peso	$	877,541	$	946,712
Argentinian peso	ARS	5,384,037	ARS	2,016,476
Dollar	USD	1,889	USD	1,475
Real	BRL	81,679	BRL	80,503
Sol	PEN	22,783	PEN	27,240
Other in Quetzal (Central America)	GTQ	21,214	GTQ	18,651

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 9 - Related parties:

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

Sell of goods and render of services to associates	Year ended on December 31, 2023	2022
Dalkasa, S. A. (Ecuador)	$ 13,396	$ 29,780
	$ 13,396	$ 29,780

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

Accounts receivable for sell of goods, rendering of services to associates and loans:	December 31, 2023	2022
Dalkasa, S. A.	$ 3,381	$ 12,135
	$ 3,381	$ 12,135

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, 2023 and 2022 the Company had no account receivables past due from related parties. These account receivables had no guarantees nor accrued interest. As of December 31, 2023 and 2022, no impairment estimate has been recognized for these account receivables.

As of December 31, 2023 and 2022, loans granted to key officers are subject to fixed and variable interest rates, are shown below:

Officer	1	2	3	4	5	6	7	
Hiring date	January 1, 2023	January 1, 2023	January 1, 2023	December 15, 2013	March 17, 2017	February 28, 2020	July 20, 2022	Total
Interes rate	UDI	UDI	UDI	6.90%	6.90%	UDI	6.90%	
December 31 2023								
Opening balances	$ 32,763	$ 42,105	$ 14,735	$ 65,219	$ 1	$ 629	$ 23	$ 155,475
Loans granted	-	-	-	-	-	-	-	-
Collections	-	-	-	(8,903)	(1)	(644)	(23)	(9,571)
Reinstatement of the UDIS loans	(4,265)	(3,810)	(1,546)	-	-	-	-	(9,621)
Interests	1,241	1,668	574	2,846	-	15	-	6,344
Total	$ 29,739	$ 39,963	$ 13,763	$ 59,162	$ -	$ -	$ -	$ 142,627

Officer	1		2			3	6		7	8	9	
Hiring date	January 29, 2013	March 13, 2017	January 1, 2013	March 13, 2017	May 2, 2020	January 1, 2013	December 15, 2013	August, 15 2017	March 17, 2017	February 28 2020	July 20 2022	Total
Interes rate	6.90%	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

The fair value of key officers' loans as of December 31, 2023 and 2022 was $157,217 and $166,439, respectively. Loans are due until June 1, 2024.

As of December 31, 2023 and 2022, no impairment estimates were necessary over the values of these loans.

As of December 31, 2023 and 2022, 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,	
	2023	2022
Salaries and other short-term benefits	$ 439,609	$411,349

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 2023 and 2022, 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, 2023 and 2022, 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,	
	2023	2022
Commissions paid	$ 1,201	$ 2,222
Interest collected	$ 462	$ 131

Note 10 - Other recoverable taxes:

	December 31,	
	2023	2022
Recoverable VAT	$ 57,674	$ 86,940
Tax on industrialized products[1]	37,710	42,833
Income tax prepayments	3,010	3,291
Other taxes[2]	64,176	103,793
	$ 162,570	$ 236,857

[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 RWTP business in Brazil and Peru.

Note 11 - Inventories:

	December 31,	
	2023	2022
Raw materials	$ 315,846	$ 557,425
Packaging materials	34,405	42,533
Work in progress	44,732	101,296
Finished goods	564,764	770,159
	1,471,413	1,509,345
Plus:		
Merchandise in transit	45,662	51,701
Restatement effect[1]	467	612
	$1,005,876	$1,523,726

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

Note 12 - Financial asset at fair value through profit or loss:

	B 37 Venture[1]	Sciens Water Opportunities[2]	Total
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
Acquisitions	9,624	9,417	19,041
Recognized profit/(loss) in profit and loss	16,646	7,967	24,613
Balance as of December 31, 2023	$ 174,951	$ 43,465	$ 218,416

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 2023 and 2022 the Company invested in the fund B37 amounts of $9,624 and $15,180, respectively, additionally during December 31, 2023 and 2022 a fair value adjustment to the investment was made, generating a profit in the instrument of $16,199 and $72,193, respectively.

[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. On February 17, 2023, the Company invested in Sciens Water Opportunities Cayman Fund LP an amount of $9,417, additionally on December 31, 2023 and 2022 a fair value adjustment to the investment was made, generating a profit in the instrument of $7,967 and $2,612, respectively.

Note 13 - Property, plant, and equipment:

Year ended on December 31, 2023	Land	Constructions in progress	Buildings and Plants	Machinery and tools	Furniture, fixtures and computer equipment	Transportation equipment	Molds	Leasehold improvements	Treatment Plants	Other	Total
Opening balances	$ 643,475	$ 905,497	$ 578,641	$ 337,222	$ 48,264	$ 7,324	$ 95,956	$ 29,120	$ 470,642	$ 155,442	$ 3,271,583
Translation and restatement effects	15,274	(20,944)	50,332	(22,690)	635	6,742	(4,713)	(4,525)	(160)	-	19,951
Revaluation surplus	225,804	-	406,045	-	-	-	-	-	-	-	631,849
Transfers	-	(708,989)	24,652	429,103	2,690	2,462	55,053	98,085	22,727	74,217	-
Acquisitions	-	504,315	-	(9,811)	-	568	367	716	-	-	496,155
Disposals	-	6,493	-	(3,927)	(2,003)	(847)	(4,375)	-	(87,639)	-	(92,298)
Disposal's depreciation	-	-	-	3,904	1,868	845	4,371	-	82,317	-	93,305
Depreciation of the year	-	-	(42,657)	(146,680)	(17,757)	(2,339)	(26,906)	(6,712)	(59,811)	(14,129)	(316,991)
Depreciation of the year for restatement effect	-	-	(17,350)	(9,727)	(3,516)	(1,105)	(6,441)	(1,922)	-	-	(40,061)
Closing balance	$ 884,553	$ 686,372	$ 999,663	$ 577,394	$ 30,181	$ 13,650	$ 113,312	$ 114,762	$ 428,076	$ 215,530	$ 4,063,493
Balances as of December 31, 2023:											
Cost	$ 884,553	$ 686,372	$2,630,728	$1,286,732	$ 186,098	$ 33,644	$ 493,273	$ 166,615	$ 630,100	$ 254,765	$ 7,252,880
Accumulated depreciation	-	-	(1,631,065)	(709,338)	(155,917)	(19,994)	(379,961)	(51,853)	(202,024)	(39,235)	(3,189,387)
Closing balance	$ 884,553	$ 686,372	$ 999,663	$ 577,394	$ 30,181	$ 13,650	$ 113,312	$ 114,762	$ 428,076	$ 215,530	$ 4,063,493

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	Other	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

As of December 31, 2023 and 2022, the depreciation charge is included in the cost of sales for $351,234 and $241,108, in operating expenses of $38,516 and $28,451, 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,	
	2023	2022
Cost of land	$ 446,762	$ 205,685
Cost of buildings	1,420,224	939,195
Accumulated depreciation of buildings	(774,423)	(667,457)
	645,801	271,738
Net book value	$1,092,563	$ 477,423

As of December 31, 2023 and 2022, 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 $233,262 and $286,573. The lease term periods are up to 10 years, the assets will remain property of the Company at the end of these terms.

As of December 31, 2023 and 2022, the Company has not capitalized financing costs.

As of December 31, 2023 and 2022, the Company does not operate contracts under financial lease.

Note 13.1 - Fair value of land and buildings:

In 2023 and 2022, 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 2023 using non-observable data classified as level 2, is shown as follows:

Description	Fair value as of January 1 2023	Valuation Techniques	Non-observable data	Range of non-observable data weighted-average prices Higher	Used	Lower
Mexico City						
Land	$ 171,470	Price comparison	Price per m^2	18,218	18,218	-
Plants	25,043	Price comparison	Price per m^2	5,346	5,346	-
Total Mexico City	$ 196,513					
Guadalupe, Nuevo Leon						
Land	201,724	Price comparison	Price per m^2	2,680	2,680	-
Plants	159,311	Price comparison	Price per m^2	16,147	16,147	-
Total Guadalupe, Nuevo León	$ 361,035					
Tlajomulco de Zuñiga, Jalisco						
Land	57,003	Price comparison	Price per m^2	707	707	-
Plants	45,243	Price comparison	Price per m^2	14,872	14,872	-
Total Tlajomulco de Zuñiga, Jalisco	$ 102,246					
León Guanajuato						
Land	52,476	Price comparison	Price per m^2	670	670	-
Plants	263,384	Price comparison	Price per m^2	12,706	12,706	-
Total León Guanajuato	$ 315,861					
Los Mochis, Sinaloa						
Land	9,755	Price comparison	Price per m^2	730	730	-
Plants	54,708	Price comparison	Price per m^2	14,636	14,636	-
Total Los Mochis, Sinaloa	$ 64,463					
Lerma, Edo México						
Land	46,904	Price comparison	Price per m^2	3,620	3,620	-
Plants	102,212	Price comparison	Price per m^2	12,076	12,076	-
Total Lerma, Edo México	$ 149,116					
Merida Yucatán						
Land	83,457	Price comparison	Price per m^2	2,810	2,810	-
Plants	60,267	Price comparison	Price per m^2	11,719	11,719	-
Total Merida Yucatán	$ 143,724					
Tejería Veracruz						
Land	55,386	Price comparison	Price per m^2	1,670	1,670	-
Plants	100,736	Price comparison	Price per m^2	15,408	15,408	-
Total Tejería Veracruz	$ 156,121					
Total Mexico	$ 1,489,079					

Description	Fair value as of January 1 2023	Valuation Techniques	Non-observable data	Range of non-observable data weighted-average prices Higher	Used	Lower
Pilar Buenos Aires						
Land	29,900	Price comparison	Price per m^2	1,490	1,490	-
Plants	17,316	Price comparison	Price per m^2	4,318	4,318	-
Total Pilar Buenos Aires	$ 47,216					
Vicente López Buenos Aires						
Land	37,464	Price comparison	Price per m^2	11,167	11,167	-
Plants	13,220	Price comparison	Price per m^2	2,505	2,505	-
Total Vicente López Buenos Aires	$ 50,684					
Loma Hermosa Buenos Aires						
Land	44,231	Price comparison	Price per m^2	3,000	3,000	-
Plants	16,987	Price comparison	Price per m^2	2,105	2,105	-
Total Loma Hermosa Buenos Aires	$ 61,219					
Total Argentina	$ 159,119					
Villanueva, Guatemala						
Land	21,047	Price comparison	Price per m^2	3,490	3,490	-
Plants	22,268	Price comparison	Price per m^2	8,820	8,820	-
Total Villanueva, Guatemala	$ 43,315					
Total Guatemala	$ 43,315					

Information on fair value measurements carried out in 2022 using non-observable data classified as level 2, is shown as follows:

Description	Fair value as of January 1 2023	Valuation Techniques	Non-observable data	Range of non-observable data weighted-average prices Higher	Used	Lower
Loma Hermosa Buenos Aires						
Land	$ 53,962	Price comparison	Price per m^2	-	3,660	3,660
Plants	38,477	Price comparison	Price per m^2	-	4,510	4,510
Total Argentina	$ 92,439					

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

	December 31, Land 2023	Land 2022	Buildings 2023	Buildings 2022	Total 2023	Total 2022
Mexico	$678,175	$ 488,758	$792,871	$ 423,614	$ 1,471,046	$ 912,372
Argentina	192,064	138,365	191,775	137,143	383,839	275,508
Guatemala	14,314	16,352	15,017	17,884	29,331	34,236
	$884,553	$ 643,475	$999,663	$ 578,641	$ 1,884,216	$1,222,116

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

Land and buildings:	December 31, 2023	2022
Opening balances	$ 1,222,116	$1,209,288
Translation effect	(298,045)	(107,963)
Additions	24,652	1,112
Disposals	-	-
Restatement surplus	631,849	48,076
Restatement effect	363,651	119,665
Depreciation	(60,007)	(48,062)
Closing balance	$ 1,884,216	$1,222,116

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 14 - 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, 2023 and 2022, 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 Accounting Standars, 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)

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, 2023 and 2022, 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 Accounting Standards, 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, 2023, and 2022 the percentage of participation in the associate was 15.44%. As of December 31, 2023 and 2022 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 and Banyan is shown below:

a. Summarized statements of financial position

	December, 31					
	Dalkasa		Banyan		Total	
	2023	2022	2023	2022	2023	2022
CURRENT ASSETS:						
Cash and cash equivalents	$ 598	$ 1,980	$ 20,156	$ 32,926	$ 20,754	$34,906
Accounts receivable and other account receivables	22,893	29,630	9,251	17,375	32,144	47,005
Inventories	11,358	13,921	7,616	5,375	18,974	19,296
Prepaid expenses	199	134	-	-	199	134
Other non-current assets	-	-	7,521	2,447	7,521	2,447
Total current assets	35,048	45,665	44,544	58,123	79,592	103,788
Related parties	-	-	-	-	-	-
Property, plant and equipment	1,602	1,658	465	1,515	2,067	3,173
Total assets	$36,650	$47,323	$ 45,009	$ 59,638	$ 81,659	$106,961

Liabilities and Equity

CURRENT LIABILITIES:						
Suppliers	$ 4,911	$ 2,801	$ 4,126	$ 9,587	$ 9,037	$12,388
Other account payables	-	5,250	13,891	12,631	13,891	17,881
Provisions	-	2,233	-	-	-	2,233
Income taxes payable	1,061	2,356	-	-	1,061	2,356
Other payable taxes	285	262	-	-	285	262
Total liabilities	6,257	12,902	18,017	22,218	24,274	35,120
Total net assets	$30,393	$34,421	$ 26,992	$ 37,420	$ 57,385	$71,841

b. Summarized statements of income

	Dalkasa Year ended on, December 31,		Banyan Year ended on, December 31,		Total Year ended on, December 31,	
	2023	2022	2023	2022	2023	2022
Net sales	$38,133	$65,267	$ 61,762	$ 19,431	$ 99,895	$84,698
Cost of sales	(24,936)	(40,723)	(25,536)	(12,456)	(50,472)	(53,179)
Gross profit	13,197	24,544	36,226	6,975	49,423	31,519
Operating expenses	(12,138)	(17,905)	(43,492)	(14,234)	(55,630)	(32,139)
Other expenses - net	(354)	(909)	220	(55)	(134)	(964)
Net finance costs	(386)	(149)			(386)	(149)
Income tax	(203)	(1,478)	-	-	(203)	(1,478)
Profit (loss) net	$ 116	$ 4,103	$ (7,046)	$ (7,314)	$ (6,930)	$ (3,211)

As of December 31, 2023 and 2022 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.

Investments' contingencies and commitments:

As of December 31, 2023 and 2022, the Company had no contingencies related with the investment in the associates.

As of December 31, 2023 and 2022, 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:

Summarized financial information

	Dalkasa Year ended on, December 31, 2023	Dalkasa 2022	Banyan Year ended on, December 31, 2023	Banyan 2022	Total Year ended on, December 31, 2023	Total 2022
Net assets as of January 1,	$34,421	$31,930	$ 37,420	$ 46,332	$ 71,841	$78,262
Profit (loss) for the year	116	4,103	(7,046)	(7,314)	(6,930)	(3,211)
Currency translation effect	(4,144)	(1,612)	(3,382)	(1,598)	(7,526)	(3,210)
Net assets at period end	$30,393	$34,421	$ 26,992	$ 37,420	$ 57,385	$71,841

Grupo Rotoplas' interest participation:

Summarized financial information

	Dalkasa Year ended on, December 31, 2023	Dalkasa 2022	Banyan Year ended on, December 31, 2023	Banyan 2022	Total Year ended on, December 31, 2023	Total 2022
Net assets as of January 1,	$30,393	$34,421	$ 26,992	$ 37,420	$ 57,385	$71,841
Percentage of interest	49.88%	49.88%	21.58%	21.58%		
Grupo Rotoplas, S.A.B. de C.V.	15,160	17,169	5,825	8,075	20,985	25,244
Impairment	-	-	-	-	-	-
Net assets at period end	$15,160	$17,169	$ 5,825	$ 8,075	$ 20,985	$25,244

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

Dalkasa	Year ended on December 31, 2023	2022
Net profit of the associate	$ 116	$ 4,103
Investment in associate	49.88%	49.88%
Share of net profit in associate	$ 58	$ 2,047

Banyan	Year ended on December 31, 2023	2022
Net profit of the associate	$ (7,046)	$ (7,314)
Investment in associate	21.58%	21.58%
Share of net profit in associate	($ 1,521)	($ 1,578)
Net profit sharing in associate	$ (1,463)	$ 468

Note 15 - Intangibles:

	Goodwill	Trademarks	Client relationship	Non-compete agreement	Software and SAP licenses	Total
Balance as of January 1, 2023:	$ 2,627,180	$ 479,610	$ 367,792	$ 2,538	$ 295,531	$ 3,772,651
Translation and restatement effect	(74,749)	(148)	(199)	-	(9,160)	(84,256)
Impairment	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Acquisitions	-	-	-	-	112,531	112,531
Disposals	-	-	-	-	(16,534)	(16,534)
Amortization of disposals	-	-	-	-	-	-
Amortization of the period	-	-	(11,805)	(318)	(91,496)	(103,619)
Balance as of December 31, 2023	$ 2,552,431	$ 479,462	$ 355,788	$ 2,220	$ 290,872	$ 3,680,773
Net book value:						
Cost	$ 2,552,431	$ 479,462	$ 414,814	$ 3,811	$ 838,025	$ 4,288,543
Accumulated amortization	-	-	(59,026)	(1,591)	(547,153)	(607,770)
Balance as of December 31, 2023	$ 2,552,431	$ 479,462	$ 355,788	$ 2,220	$ 290,872	$ 3,680,773

	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

As of December 31, 2023 and 2022, the charge for amortization is included in operating expenses by $103,619 and $67,522, respectively. (Refer to Note 25).

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

	December 31,	
CGU	2023	2022
Rotoplas Argentina	$ 479,462	$ 479,610
	$ 479,462	$ 479,610

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

Allocation of goodwill by CGU is shown as follows:

CGU	December 31, 2023	December 31, 2022
Rotoplas Argentina [1]	$ 907,232	$ 907,607
United States (USA) [2]	509,088	583,462
Sytesa	1,136,111	1,136,111
	$ 2,552,431	$2,627,180

(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.

(2) Formerly known as E-Commerce

Cash flows after that period are extrapolated using the following estimated growth rates, which do not exceed the average long-term growth rate for the business in which each CGU operates.

The long-lived assets including goodwill were tested for impairment purposes, no impairment loss was deemed necessary to be recognized as of December 31, 2023 and 2022.

The Company performs annual tests to know whether goodwill has incurred any impairment. For the reporting periods of 2023 and 2022, the recoverable amount of all Cash Generating Units (CGU) was determined based on value-in-use calculations that requires assumptions. These calculations use future cash flow forecasts based on the approved financial budgets made by management that cover five-year period or more, accordingly.

Cash flows beyond the five-year period are extrapolated using the estimated growing rates that are mentioned as follows. Growth rates are consistent with those forecasts included in the industry specific reports in which the CGUs operate of Argentina and USA. In the case of Sytesa in Mexico, an eight-year period extrapolation was considered, considering an investment level of CAPEX and the period in which the investment returns to the beforementioned forecast.

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

	Argentina		Sytesa		United States (USA)	
	December 31,					
	2023 (%)	2022 (%)	2023 (%)	2022 (%)	2023 (%)	2022 (%)
Revenue growth rate	61.46	63.73	1,138.81	391.22	23.58	22.99
Discount rate	65.42	71.76	10.67	14.04	7.53	9.40

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

Assumption	Approach used in determining the values
Revenue growth rate	Has been budgeted in accordance with the market participation, expected market expectations, economic factors, environmental and regulatory in relation to the responsible usage of water.
Discount rate	Reflects the specific risks related to the relevant segments and the countries in which they operate.

If the forecasted revenue growth considered in the calculation of the value-in-use for the CGU Sytesa, would have been 5% lower from Management's estimate as of December 31, 2023, and the actual value of the CGU would have decreased in $266,442.

If the forecasted revenue growth considered in the calculation of the value-in-use for the CGU Argentina, would have been 5% lower from Management's estimate as of December 31, 2023, and the actual value of the CGU would have decreased in $169,194.

If the forecasted revenue growth considered in the calculation of the value-in-use for the CGU United States, would have been 5% lower from Management's estimate as of December 31, 2023, and the actual value of the CGU would have decreased in $432,708.

As of December 31, 2023 and 2022, 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 16 - 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.

As of Decembre 31, 2023, the Company has the following outstanding derivative financial instruments:

Foreign exchange, with the objective of minimizing the exchange rate volatility risk between the US Dollar and the Mexican peso (USD/$). The Company purchases in a foreign currency (Dollars) in relation to its raw materials used in the manufacturing process, as such it is exposed to an exchange rate volatility between USD/$). As such, the Company hired during 2023, 100 forwards and designated as hedged item the future purchases in Dollars. The conditions of the derivative financial instruments and the considerations of the valuation as a hedging instrument are shown as follows:

Caracteristhics		Year ended in 2023
Currency		Dls.
Reference amount	$	100,000
Strike (Average) USD/$	$	17.6481
Maturity date		Weekly until December 2024
Fair Value booked	$	(18,266)
Change of fair value to measure ineffectiveness	$	(18,516)
Amount recognized in OCI net of reclassifications	$	(18,266)
Change of fair value of the hedged item to measure ineffectiveness	$	(18,266)
Change of fair value in the hedged item to measure ineffectiveness	$	18441
Exposure		Purchases in Dollars

For accounting purposes, the Company has designated forwards that are previously described, as a hedging cash flow for foreign exchange purchases, formally documenting such relation, setting objectives, and management's strategy to cover the risk, the identification of the hedging instrument, the hedged part, the nature of the risk to be covered and the methodology and effectiveness assessment.

As of December 31, 2023, the outcome of the hedging effectiveness confirm that the hedging relationship is highly effective, since the changes to the fair value and cash flows to the hedged item are offset in the effectiveness range established by the Company. The prospective effectiveness test resulted in a 99% effectiveness in 2023, confirming that the economic relation between the hedging instrument and the hedged item. The method used by the Company is using a hypothetical derivative financial instrument cash flows compensation, consisting in comparing the changes to the fair value of the hedging instrument with changes to the fair value from the hypothetical derivative that could result in a perfect hedging to the hedged item.

As of December 31, 2022, the derivative financial instruments were designated as negotiation, since they are economic hedged that do not qualify for hedging accounting.

In accordance with the amount and the form in which the cash flows of the derivative are exchanged, for this hedging strategy, the average hedged ratio is 85% at closing of December 2023. In this hedging relationship, the sources of ineffectiveness are mainly the credit risk and any time mismatching between the derivative liquidation and the purchase of raw material.

As of December 2022, the main used foreign exchange forwards and the hiring positions at closing of each year are shown on next page:

Forward full delivery[1]

Notional amount	Date of Hiring	Date of Maturity	Interest rate Instrument	Reference Exchange rate in Mexican pesos	Fair value at December 31, 2023	Fair value at December 31, 2022
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
5,000	December 2023	Jul-24	Exchange rate	17.5923	(715)	-
4,000	December 2023	May-24	Exchange rate	17.5923	(943)	-
5,000	December 2023	Abr-24	Exchange rate	17.5923	(1,641)	-
4,000	December 2023	Mar-24	Exchange rate	17.5923	(1,672)	-
4,000	December 2023	Feb-24	Exchange rate	17.5923	(1,990)	-
5,000	December 2023	Jan-24	Exchange rate	17.5923	(2,928)	-
2,000	December 2023	Dec-24	Exchange rate	17.5923	714	-
4,000	December 2023	Nov-24	Exchange rate	17.5923	1,192	-
5,000	December 2023	Oct-24	Exchange rate	17.5923	1,047	-
4,000	December 2023	Sep-24	Exchange rate	17.5923	469	-
4,000	December 2023	Aug-24	Exchange rate	17.5923	136	-
4,000	December 2023	Jul-24	Exchange rate	17.5923	(196)	-
2,000	December 2023	Dec-24	Exchange rate	17.7040	516	-
4,000	December 2023	Nov-24	Exchange rate	17.7040	795	-
5,000	December 2023	Oct-24	Exchange rate	17.7040	546	-
4,000	December 2023	Sep-24	Exchange rate	17.7040	66	-
4,000	December 2023	Aug-24	Exchange rate	17.7040	(271)	-
5,000	December 2023	Jul-24	Exchange rate	17.7040	(809)	-
4,000	December 2023	Jun-24	Exchange rate	17.7040	(1,029)	-
4,000	December 2023	May-24	Exchange rate	17.7040	(1,363)	-
5,000	December 2023	Apr-24	Exchange rate	17.7040	(2,173)	-
4,000	December 2023	Mar-24	Exchange rate	17.7040	(2,104)	-
4,000	December 2023	Feb-24	Exchange rate	17.7040	(2,428)	-
5,000	December 2023	Jan-24	Exchange rate	17.7040	(3,483)	-
					($ 18,266)	($ 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:

Description	Fair value as of December 31, 2023	2022	Non-observable inputs	Input range (probability – weighted average) 2023	2022
Derivative financial instruments	($18,266)	($42,708)	Fixed exchange rate USD/$	17.59 -17.70	19.46 19.47

Note 17 - Debt:

17.1 Bank loans:

On August 1, 2023, the Company signed a short-term loan contract with Citibank, N. A. for an amount of USD1,000 with an interest rate of 7.86% with a due date on May 1, 2024, during 2023 an interest expense of USD33 were determined quarterly.

In 2023, accrued interests for an amount of $9,197 were determined from the loans with HSBC.

17.2 Bond certificates:

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

Description	December 31, 2023	2022
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,	
	2023	2022
Long-term portion of the bonds:		
Series 17-2x	$ 3,998,942	$ 3,998,640
	3,998,942	3,998,640
Short-term portion of the bonds:		
Series 17-2x	11,533	10,572
	11,533	10,572
Total	$ 4,010,475	$ 4,009,212

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, 2023 and 2022 they represent $44,053 and $56,665, 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 pesos 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 $1,091 of accrued ordinary interests not paid; resulting in a total payable amount of $601,160. 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 second issuance of the Sustainable Bond, with the board ticker AGUA 17-2X, by a total amount of $1,600,000. 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, 2023 and 2022 the net book value of the premium is ($42,996) and ($55,304), respectively.

The effective interest rates are shown as follows:

	December 31,	
	2023 (%)	2022 (%)
Citibank, N. A.	7.93	-
Serie 17-2x	8.84	8.84

The fair value of the loans is as follows:

	December 31,	
Fair value	2023	2022
Bank loans:		
Citibank, N.A.	$ 17,117	$ -
Serie 17-2x	4,010,475	4,009,212
	$ 4,027,592	$ 4,009,212

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

	December 31,	
Fair value	2023 (%)	2022 (%)
Serie 17 x-2	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,	
	2023	2022
Dollars	1,000	-
Equivalent of Dollars to Mexican pesos	17,117	-
Loans in Mexican pesos	4,010,475	4,009,212
Total in Mexican pesos	$ 4,009,212	$ 4,009,212

17.3 Net debt reconciliation:

As of December 31, 2023

	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	$ 4,009,212	$ -	$ -	$ -	$ -	$ 350,805	$ 302	$ -	$ -	$ (349,844)	$ -	$ 4,010,475
Citibank, N. A.	-		17,269			591				(371)	(372)	17,117
HSBC México S.A.			1,150,050			9,197		(1,150,050)		(9,197)		-
Other	-		-	-	-	108,317	-	-	-	(108,317)	-	-
Leases	218,549	26,022	-	(12,680)	-	45,330	-	-	(36,916)	(45,330)	(12,566)	182,409
Total	$ 4,227,761	$ 26,022	$ 1,167,319	$ (12,680)	$ -	$ 514,240	$ 302	$ (1,150,050)	$ (36,916)	$ (513,059)	$ (12,938)	$ 4,210,001

As of December 31, 2022

	Opening Balance	Leases	Proceeds	Disposals	Deferred income	Finance costs	Premium amortization	Debt payments	Lease payments	Interests paid	Translation effects	Closing balance
Certificados bursátiles serie 17-2x	$ 4,006,987	$ -	$ -	$ -	$ -	$ 339,760	$ 12,309	$ -	$ -	$ (349,844)	$ -	$ 4,009,212
Other	-		-	-	-	136,044	-	-	-	(136,044)	-	-
Leases	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

Note 18 - Other accounts payable:

	December 31, 2023	December 31, 2022
Sundry creditors	$ 188,438	$ 144,596
Contingent consideration (Note 28)	21,572	25,435
Accrued expenses and other accounts payable*	430,128	354,872
	640,138	524,903
Less long-term portion	111,132	112,874
Total short-term	$ 529,006	$ 412,029

* Accrued expenses refer to rendered received services

Note 19 - Provisions:

2023	Legal suits
As of January 1, 2023,	$ 18,246
Effect of currency translation	(6,628)
Charge to the profit and loss	601
Write-offs	(1,175)
Payments	1,132
As of December 31, 2023,	$ 12,176

2022	Legal suits
As of January 1, 2022,	$ 23,934
Effect of currency translation	(5,377)
Charge to the profit and loss	2,649
Write-offs	(2,938)
Payments	(22)
As of December 31, 2023,	$ 18,246

Legal

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 20 - 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.

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

Year ended on December 31, 2023:	Buildings	Transportation equipment	Total
Opening balances	$ 192,037	$11,221	$203,258
Translation effect	(15,268)	6,175	(9,093)
Guarantee deposit	6,813	-	6,813
New contracts	19,597	6,425	26,022
Disposals	(5,775)	(6,905)	(12,680)
Disposal depreciation	5,775	6,905	12,680
Depreciation of the year	(49,547)	(9,614)	(59,161)
Closing balance	$ 153,632	$ 14,207	$ 167,839

Year ended on December 31, 2023:	Buildings	Transportation equipment	Total
Cost	$ 291,551	$ 31,863	$ 323,414
Accumulated depreciation	(137,919)	(17,656)	(155,575)
Closing balances	$ 153,632	$ 14,207	$ 167,839

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

a. Minimum non-discounted future lease payments as of December 31, 2023 are as follows:

Region	Monthly rent	Up to 1 year	Between 1 and 5 years	Period of the contract
Peru	$ 446	$ 5,357	$ 32,142	Dec 30
Mexico	3,457	37,276	17,716	Mar 24, May 24, Jun 24, Dec 24 and Dec 27
Honduras	24	284	450	Jul 26
Nicaragua	29	353	147	Oct 25
Costa Rica	1	13	-	Nov 24
Argentina	2,287	26,329	82,923	Jun 24, Mar 26 and Jun 28
USA	1,587	15,789	35,323	Mar 24, Sep 24, Jul 25, Feb 26, Apr 26, Oct 26, Jan 20 and Mar 31
	$ 7,831	$ 85,401	$ 168,701	

b. The interest expense related to the leases, for the year ended on December 31, 2023 and 2022 was $45,330 and $38,651, respectively and the charge to profit and loss for depreciation concept of leased assets was $59,161 and 60,234, respectively.

c. 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, 2023 and 2022 the Company recognized an amount in profit and loss of $4,362 and 2,668, respectively.

d. 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, 2023 and 2022 the lease income is as follows:

	December 31, 2023	December 31, 2022
Fixed rents	$ 126,472	$ 156,520

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

	December 31, 2023	December 31, 2022
Up to 1 year	$ 62,634	$ 88,249
Between 1 and 5 years	83,495	154,246
More than 5 years	5,219	3,503
Total of minimum agreed payments	$ 151,348	$ 245,998

Note 21 – Employees' benefits:

As of December 31, 2023 and 2022, the value of obligations for benefits acquired $86,836 and $77,290, respectively.

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

	December 31, 2023	**December 31, 2022**
Pension plan for benefits acquired	$ 52,947	$ 46,659
Seniority premium	33,889	30,631
Current situation	$ 86,836	$ 77,290
Present value of non-funded obligations	$ 86,836	$ 77,290
Liability in the statement of financial position	$ 86,836	$ 77,290

DBO movements were as follows:

	Seniority premium year ended on December 31, 2023	2022
Balance as of January 1,	$ 77,290	$ 60,719
Net cost for the period (NCP)	23,235	15,793
Payments from reserve	(7,346)	(124)
(Ganancias) pérdidas actuariales	(6,343)	902
Actuarial losses (gains)	$ 86,836	$ 77,290

The NCP is as follows:

	Seniority premium December 31, 2023	2022
Cost of service for the period	$ 16,221	$ 10,951
Financial costs - Net	7,014	4,842
	$ 23,235	$ 15,793

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

Mexico	December 31, 2023 (%)	2022 (%)
Discount rate	10.6	10.3
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 follows:

		Impact on the OBD	
December 31, 2023	Change in inputs (%)	Increase in inputs (%)	Decrease in inputs (%)
Discount rate	1.0	Decrease of 5.2	Increase of 5.5
Salary increase rates	1.0	Increase of 9.88	Decrease of 9.2

		Impact on the OBD	
December 31, 2022	Change in inputs (%)	Increase in inputs (%)	Decrease in inputs (%)
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

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.

SAR

SARs are granted to directors and certain employees. The exercise price of SARs 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. SARs 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. SARs have a contractual term of ten years. As of December 31, 2023 and 2022, the SARs granted were 8,786 and 7,031, respectively, as of December 31, 2023 and 2022 the SARs released were $1,628 and $3,444 and their fair values as of December 31, 2023, and 2022 were $64,252 and $29,255, respectively.

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

	2023		2022	
	Weight average value	SARs number	Weight average value	SARs number
January 1,	$ 26.42	7,031	$ 28.06	5,330
Granted		1,755		1,701
Cancelled		-		-
Exercised		-		-
December 31,	26.42	8,786	26.42	7,031

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

Granted	Maturity date June 30	Assignment value	Outstanding SARs 2023	Outstanding SARs 2022
2009-2013	2019 (1)	$ 8.11	549	549
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	1,377
2020-2024	2030	16.54	1,528	1,528
2021-2025	2031	28.03	1,701	1,701
2022-2026	2032	27.32	1,755	-
			8,786	7,031

(1) The entitled employees to receive the consideration of the SARs benefit have decided not to exercise this option in 2022 and 2023, without meaning losing the right to receive such consideration.

Fair value as of the grant date is determined independently 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 22 - Equity:

The capital stock is comprised as follows:

Stocks* 2023	Stocks* 2022	Description	December 31, 2023	December 31, 2022
15	15	Represents the minimum fixed portion of equity with no withdrawal rights (Class I)	$ 67	$ 87
486,220	486,220	Represents the variable portion of capital with withdrawal rights (Class II)	1,998,129	2,627,749
486,235	486,235	Historical capital stock	1998,196	2,627,836
		Restatement increase up to 1997	71,391	71,391
			2,069,587	2,699,227
(1,863)	(15,069)	Treasury stock	(93,756)	(413,486)
486,372	471,166	Capital stock	$1,975,831	$ 2,285,741

* Nominal ordinary stocks, single series, with no par value as of December 31, 2023 and 2022 fully subscribed and paid.

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

	Year ended on December 31,	
	2023	2022
Profit attributable to Company's controlling interest	$ 323,676	$ 768,852
Weighted average of common stocks in circulation (in thousands)	472,734	476,038
Basic and diluted earnings per stocks	$ 0.68	$ 1.62

Reconciliation of treasury stocks is shown as follows:

	Number of shares	**Total**
Balance as of December 31, 2021	$ 4,102.00	$ 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
Own stocks acquired **	15,867	431,541
Non-cash equity reimbursement	(15,643)	(394,206)
Own stocks sold**	(13,430)	(357,065)
Saldo al 31 de diciembre de 2023	$ 1,863	$ 93,756

** Represent common, nominative stocks class II, unique series, with no par value. 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 2023 and 2022, the Company acquired 15,867 and 22,770 of its own stocks, respectively, at an average price of $27.20 pesos and $28.29 pesos per stock, respectively, the total amount of bought stock during these periods was $431,541 and $644,125, respectively, with the objective of managing liquidity exceeds.

In 2023 and 2022, the Company sold 13,430 and 11,803 of its own equity stocks, respectively, at an average price of $26.59 pesos and $29.00 pesos per stock, respectively, the total amount of sold stock during these periods was $357,065 and $342,333, respectively, with the objective of managing liquidity exceeds.

On November 15, 2023, the Company informed at the General Extraordinary Stockholders' Meeting an equity reimbursement payment in species to the stockholders of the entity, (non-cash transaction), through a decrease of the fixed and variable portions of the common stock, without write-off of stocks for $394,205. For payment purposes in species the following was determined: i. Use the price per stock of $0.84 (eighty-four cents, M.N.), ii. Deliver a stock for each 30 stocks held of the Society, through a decrease in the common stock, iii. If in any case, the payment in species with stocks resulted in a fraction, such fraction will be paid in cash to the corresponding stockholder. The payment in kind was made on November 24, 2023.

On April 27, 2023, the Company informed at the General Ordinary and Extraordinary Stockholders' Meeting a cash reimbursement, through a decrease of the common stock in its fixed and variable portions, proportionally and without the write-off any stock, for an amount of $235,435, at a ratio of $0.50 (fifty cents, M.N.) per stock, in cash and in one exhibition, payment due on May 9, 2023 through the S.D. INDEVAL, the total amount of equity reimbursement was decreased in its fixed portion by $7 and in the variable portion by $235,438.

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 $215,377, at a ratio of $0.45 (forty five cents M.N.) per stock, in numeral and in one exhibition, payable in cash on May 9, 2023 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 in April 2022.

The profit of 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, 2023 and 2022, the CUFIN balance was $15,227 and $2,667, respectively.

As of December 31, 2023 and 2022, the balance of the CUCA was $5,196,603 and $5,578,750, 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 23 - IT:

i. In 2023, the Company determined a combined tax profit of $799,199 ($835,931 in 2022). In 2023, the Company amortized prior years' combined tax losses of $234,206 ($172,107 in 2022). 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. Charges to profit and loss for income taxes is analyzed as follows:

	Year ended on December 31, 2023	Year ended on December 31, 2022
Current IT	$ 177,907	$ 168,171
Deferred IT	(151,074)	(141,857)
Total charges to consolidated profit and loss	$ 26,833	$ 26,314

The main concepts that generate the deferred income tax at December 31, 2023 and 2022 are the following:

Deferred income tax

	Year ended on December 31, 2023	Year ended on December 31, 2022
Allowance for doubtful.accounts	$ ·15,245	$ 8,058
Inventories·	27,495	16,077
Prepaid expenses	(19,180)	(10,238)
Property, plant, and equipment	(396,934)'	(285,109)
Intangible assets. and other.assets.	(170,276)	(79,908)
Client·prepayments	15,098	54,366
Right-of-use of leased assets	(48,990)	(58,648)
Finance lease·liability	54,729	65,565
ESPS, SAR-and-provisions	111,132	23,043
Payroll accruals	23,711	23,175
Interest·deductibility – limit	159,270	11,499
Unamortized tax losses.	96,482	$ 160,683
Total charges to consolidated profit and loss	$(132,218)	$ (71,437)

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, 2023	December 31, 2022
Deferred tax asset	$ 294,553	$ 159,056
Deferred tax liability	426,771	230,493
	($132,218)	($ 71,437)

2023 movement reconciliation is as follows:

Concept	Labor obligations	ESPS, SAR and 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, 2023	$ 23,175	$ 23,043	$ (285,109)	$ 6,917	$ 160,683	$ 16,077	$ (10,238)	$ 54,366	$ 8,058	$ (79,908)	$ 11,499	$ (71,437)
Net movement of the year	536	88,089	100,030	(1,178)	(64,201)	11,418	(8,942)	(39,268)	7,187	(90,368)	147,771	151,074
Translation effect	-	-	-	-	-	-	-	-	-	-	-	-
OCI	-	-	(211,855)	-	-	-	-	-	-	-	-	(211,855)
Closing balance as of December 31, 2023	$ 23,711	$ 111,132	$ (396,934)	$ 5,739	$ 96,482	$ 27,495	$ (19,180)	$ 15,098	$ 15,245	$ (170,276)	$ 159,270	$ (132,218)

2022 movement reconciliation is as follows:

Concept	Labor obligations	ESPS, SAR and 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)

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

	Year ended on December 31,	
	2023	**2022**
Profit before income taxes	$ 339,242	$ 817,136
Statutory IT rate	30%	30%
IT at statutory rate	101,773	245,141
Plus (less) income tax effect of the following permanent items:		
Inflation annual adjustment	(135,419)	(139,822)
Effect of different tax rates*	(5,717)	(454)
Non-deductible expenses	8,060	14,868
Non-deductible interests	-	(57,732)
Tax losses	57,835	(21,305)
Other	301	(14,382)
	$ 26,833	$ 26,314
Effective IT rate	8%	3%

* 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.

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

Country	(%)
Argentina	25
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, 2023, the Company has accrued income tax losses for a total of $1,236,437, which right to be amortized against future profits expires as follows:

Tax loss Year	Acuantia	Brazil	Argentina	Comercializadora	Rieggo	Sytesa	Reinstated amount	Expiry date
2015	$ -	$ -	$ -	$ 871	$ -	$ -	$ 871	2025
2015	22,832	-	-	-	-	-	22,832	2035
2016	98,100	-	-	-	-	-	98,100	2036
2016	-	70,079	-	-	-	-	70,079	No expiry date
2017	7,466	-	-	-	-	-	7,466	2037
2017	-	31,653	-	-	-	-	31,653	No expiry date
2018	70,736	-	-	-	-	-	70,736	2038
2018	-	86,644	-	-	-	-	86,644	No expiry date
2019	-	125,765	-	-	-	-	125,765	No expiry date
2020	14,825	-	-	-	-	-	14,825	2040
2020	-	88,842	-	-	-	-	88,842	No expiry date
2021	-	85,027	-	-	-	-	85,027	No expiry date
2021	-	-	-	-	17,557	-	17,557	2031
2022	-	2,192	-	-	-	-	2,192	No expiry date
2022	-	-	-	232	-	-	232	2032
2022	-	-	-	-	9,984	127,969	137,953	2032
2023	-	-	203,920	207	4,685	52,643	261,455	2033
2023	127,180	-	-	-	-	-	127,180	2043
2023	-	52,174	-	-	-	-	52,174	No expiry date
Total	$ 341,139	$ 542,376	$ 203,920	$ 1,310	$ 32,226	$ 180,612	$ 1,301,583	

* As of December 31, 2023 and 2022 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, 2023 and 2022 an amount of $938,850 and $1,036,128, respectively. As of December 31, 2023 Brazil has sale transactions of RWTP, for which the Company considers it can amortize the carried losses.

In December 2021, the Organization for Economic Co-operation and Development (OECD) published the tax challenges from the digitalization of the economy: rules of the global model against the tax erosion (Pillar Two): inclusive benchmark about erosion of the taxable base and the profitability allocation (BEPS), subsequently refer as “rules” of the Pillar Two model of the OECD or “the rules”. The rules are designed to guarantee that big multinationals companies within the scope of the rules pay an minimum level of income taxes generated during an specific period at each jurisdiction in which they operate.

In general, the rules apply to a complementary taxable system that increases the total amount of the paid taxes over the excess of the profits of an entity at a certain jurisdiction to a 15% minimum level.

Grupo Rotoplas, is not in the scope of such Second Pilar model rules of the OECD because it does not comply with the consolidated revenue threshold of €750 million, in any of the past years. The Company is not within the scope of the Pillar two rules because this legislation has not been enacted in the jurisdictions where the Company operates.

Note 24 - Analysis of costs by nature:

	Year ended on December 31,	
	2023	**2022**
Raw material and production materials consumptions	$ 4,656,585	$ 5,519,102
Direct labor	467,423	484,284
Depreciation and amortization	318,536	241,108
Installation costs	192,938	76,198
Electrical power	127,611	118,879
Energy (gas)	55,322	96,553
Indirect manufacturing expenses	774,115	794,422
Total	$ 6,592,530	$ 7,330,546

Note 25 - Analysis of operating expenses by nature:

	Year ended on, December 31, 2023	2022
Salaries and remuneration to employees1	$ 1,375,902	$ 1,420,892
Distribution and logistics	532,549	571,431
Hired services2	468,881	502,892
Advertising	416,992	402,171
Depreciation and amortization	201,294	156,207
Repair and maintenance	85,626	75,820
Travel expenses	69,331	74,529
Donations	19,186	-
Fuels and lubricants	16,369	16,986
Commissions	71,253	-
Leases	4,362	2,668
Other	700,419	635,704
Total de gastos	$ 3,962,164	$ 3,859,300

[1] The Company is subject to ESPS payment, which is calculated applying the procedures established on the ITL. In 2023 and 2022, the Company determined a current ESPS in Mexico of $44,772 and $9,246, respectively and a current ESPS in Peru of $11,098 and $3,753, respectively.

Current ESPS was allocated in accordance with the type of employee in 2023 in cost of sales and operating expenses of $15,888, $18,569 and (2022: $15,888, $18,569).

[2] As of December 2023 the Company paid for concept of audit fees, the amount of $13,513 to PricewaterhouseCoopers, S. C.

Note 26 - Finance income and costs:

	Year ended on December 31, 2023	2022
Finance income		
Interest income	$ 129,927	$ 117,985
Profit from derivative financial instruments	24,968	80,134
	$ 154,895	$ 198,119
Finance costs		
Interest expense	$ (514,240)	$ (514,455)
Cost of derivative financial instruments	(312,894)	(104,102)
Loss in net monetary position	(265,707)	(289,573)
Foreign exchange loss	(312,864)	(57,754)
	(1,405,705)	(965,884)
	$ (1,250,810)	$ (767,765)

Note 27 - 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:

Brazilian government agencies.

As mentioned in Note 8, 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. As of December 31, 2023 the Company is involved in a law suit against the Brazilian authorities to collect the accounts receivable.

The suspended contracts are as follows:

Contract number	State	2023 Executed percentage (%)	2022 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

Due to the process that the Company carried out to concentrate all the lawsuits, it was concluded to reclassify the short term receivable to long term as follows:

	December 31, 2023	December 31, 2022
Accounts receivable, net, and other accounts receivable	$	$ 94,616
Long-term accounts receivable		220,771
Total accounts receivable from the Brazilian government	$ 279,658	$ 315,387

Contingencies:

As of December 31, 2023 and 2022, and at the date of issuance of the accompanying consolidated financial statements, there are no contingencies.

Note 28 - 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 $109,644 (USD5,500), such amount is currently held 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 $47,004 (USD$2,378) 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 accordance with the contract, the first cash release became effective on December 31, 2020 for an amount of $81,929 (USD4,125) less the "Performance Guarantee Price" adjustment of $32,251 (USD1,556), 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 $25,435 (USD$1,321).

In 2023, several cash releases were made for an amount of $3,863 (USD211).

As of December 31, 2023 and 2022 the restricted cash is equivalent to $21,572 and $25,435, respectively.

	December 31,	
	2023	2022
Opening balance	$ 25,435	$ 25,435
First payment	(3,863)	-
Contingent liabilities payment	-	-
	$ 21,572	$ 25,435

As of December 31, 2023 and 2022 the contingent liability is included in the other accounts payable balance, refer to Note 18.

Note 29 - Subsequent events:

On March 7, 2024, Grupo Rotoplas acquired the remaining 20% of the shares of Sytesa. Therefore, after such acquisition, Grupo Rotoplas is 100% owner of the shares of Sytesa.

Note 30 - Authorization of issuance of consolidated financial statements:

The undersigning officers thereto, authorized the accompanying consolidated financial statements and notes for issuance on April 25, 2024.

Carlos Rojas

Carlos Rojas Aboumrad
Chief Executive Officer

Mario A. Romero Orozco
Finance and Administrative Vice-president