Unifin Financiera, S. A. B. de C. V. and subsidiaries

Consolidated Financial Statements

December 31, 2020 and 2019

Unifin Financiera, S. A. B. de C. V. and subsidiaries
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Report of Independent Auditors Translated from Spanish

To the Shareholders and Board of Directors of
Unifin Financiera, S. A. B. de C. V. and Subsidiaries

Opinion

We have audited the consolidated financial statements of Unifin Financiera, S. A. B. de C. V. and its subsidiaries (Company), which comprise the consolidated Statement of Financial Position as at December 31, 2020, and the related consolidated Statements of Income, Other Comprehensive Income, of Changes in Stockholders' equity and of Cash Flows for the year then ended and notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the Professional Code of Ethics of Mexican Institute of Public Accountants together with other requirements applicable to our audit of the consolidated financial statements in Mexico. We have fulfilled our other ethical responsibilities in accordance with those requirements and Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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Key audit matter *(Thousands of Mexican Pesos)*	How our audit has addressed the issue
Valuation of derivative instruments As mentioned in Notes 3d and 6, the Company enters into transactions with derivative financial instruments for hedging purposes: Interest rate swaps, foreign currency swaps and options. The asset position of derivative financial instruments amounts to $5,521,074 and represents 6.46% of total assets. The liability position of derivative financial instruments amounts to $4,695,254 and represents 6.51% of total liabilities. Most of these transactions are plain vanilla and are carried out in the over-the-counter market. Their counterparties are mainly national and international banking institutions and brokerage firms with contracts for financial guarantees enforceable in cash and determined on a daily basis. We have focused on this account during our audit basically because of the significance of the carrying amount of derivative financial instruments and because Management uses its judgment in determining their fair value and the key assumptions used in those models, as these instruments are traded in the over-the-counter market. Particularly, we have focused our audit efforts on the model and key assumptions used in the valuation of derivative financial instruments: i) interest rate curves, and ii) foreign exchange rate curves.	**The following procedures were performed as part of our audit:** • We considered the design and operation of the controls implemented by Management over the valuation process, including the assumptions and models used. Particularly, we considered the key controls relating to the obtainment of market inputs and key assumptions for the valuation models. • We compared the interest rate curves and the foreign exchange rate curves with the data obtained from independent market sources. • With the support of our valuation experts, we confirmed that the valuation model used by the Company is commonly accepted for this type of instruments. • Furthermore, we independently determined the fair value of a sample of derivative instruments using other valuation models commonly accepted in the industry and gathering data from market sources, and compared them with the values determined by Management.
Determination of the allowance for expected credit losses of accounts and notes receivable As mentioned in Note 5 to the Financial Statements, the Company's accounts receivable are classified into: Lease, Factoring and Loan. Recoverability of these accounts is assessed periodically by recognizing the allowance for expected credit losses based on a model, which means identifying for each type of client the risk phase (determined based on their payment behavior), the exposure to default (amounts due	**The following procedures were performed as part of our audit:** • We evaluated and considered the policies and procedures to determine the allowance for expected credit losses by comparing them with the usual practices in the industry. • We compared, for a sample of accounts receivable, their risk and rating based on

and payable net of percentages covered by the guarantees received from clients at the date of the consolidated Statement of Financial Position), the probability of default and loss given default. To estimate the probability of default, the Company classifies accounts receivable based on payment behavior, considering the type of product, customer and days in arrears. To estimate loss given default, the type of product, customer and existing pending litigation at the rating date are also considered. We have focused on this account during our audit basically because of the significance of the carrying amount of accounts receivable and the related allowance of expected credit losses ($65,124,986 and $2,537,261, at December 31, 2020, respectively), as well as its increase owing to the delay of clients which were affected by the business activity reduction due to the COVID-19 pandemic in Mexico and because this estimate requires the application of judgment by Management. We have devoted audit efforts to: i) the probability of default and the prospective economic scenarios constructed to estimate it as well as the macroeconomic variables considered: a) global economic activity indicator; b) national consumer price index, and c) gross domestic product, and ii) the loss given default.	the type of product, customer, days in arrears and payment behavior. • We evaluated the percentages of probability of default and loss given default applied to the balances of the different credit ratings to determine the allowance for expected credit losses, considering the historical trends of the unrecoverable balance ratio in each category obtained from prior year audited accounting records. • We evaluated the prospective economic scenarios constructed to estimate the probability of default considering historical and projected information and comparing the macroeconomic variables considered with public sources recognized in the industry and their historical correlation with the past probability of default. • We have evaluated the key inputs based on selective tests, as follows: Amounts due and payable to date, which we recalculated considering the original amount of the credit obtained from the contract and the collections received according to the deposits arising from the Company's account statements. - Type of customer and type of product, which we have compared with client contracts. - Days in arrears, which we have recalculated considering the table of amortization, as shown in the contract, and the latest date of past due receivables, as shown in the Company's account statements. - We have compared the payment behavior by type of product and type of customer with the account statements and payments made. - Percentages covered by the credit guarantees, which we have compared with the percentage set out in the

Drilling rig valuation As mentioned in Note 9 to the Financial Statements, in 2019, the Company acquired a semi-submersible drilling rig for deep and shallow waters to be leased. This asset is classified as drilling rig and measured at fair value based on periodical valuations conducted by an external valuation expert. As part of our audit, we focused on this item mainly due to the significant carrying amount of the drilling rig amounted $5,126,138 at December 31, 2020, recorded under Property, plant and equipment in the Consolidated Statement of Financial Position. Furthermore, determining its fair value involves the use of judgments by Management. In particular, we have devoted audit efforts to the valuation techniques and significant assumptions used: (i) for certain components for which market values are not available, the replacement cost of a similar asset and an estimated useful life were considered; and ii) for those components for which market values are available, the quoted price for similar assets in the market and the approval and adjustment factors applied to them were considered.	credit agreement. - Existence of pending litigation at the rating date, which we have compared with the confirmation obtained from the Company's legal department. • With the support of our team of specialists, we independently reprocessed, for a sample of accounts receivable, the calculation of the allowance for expected credit losses based on the data indicated above. **The following procedures were performed as part of our audit:** • We evaluated and considered the policies and procedures used by Management to determine the fair value of the drilling rig. • With the support of our team of experts: - We compared the techniques used for different components by the Company's external valuation expert with those used in the industry for this type of assets. - We assessed key assumptions as follows: i. The replacement cost of a similar asset compared with information provided by industry-specialized agencies and the useful life considered to estimate its depreciation compared with the useful lives of similar assets in the market. ii. Quoted prices for similar assets for sale compared with prices of transactions involving similar assets in the market and the approval and adjustment factors applied compared with those factors which are commonly used in the industry.

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) and the annual information presented to shareholders, (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 do not and will not express any form of assurance conclusion thereon.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Other Matter

This version of our report is a translation from the original report, which was prepared in Spanish. In all matters of interpretation of information, views or opinions, the original Spanish language version of our report takes precedence over this translation.

PricewaterhouseCoopers, S.C.

Nicolás Germán Ramírez
Audit Partner

Mexico City, April 22, 2021

Unifin Financiera, S. A. B. de C. V. and subsidiaries
Consolidated Statements of Financial Position
December 31, 2020 and 2019

Thousands of Mexican Pesos

	2020	2019
Assets:		
Current assets		
Cash and cash equivalents (Note 4)	$ 3,670,283	$ 3,831,330
Accounts and notes receivable, net (Note 5)	29,566,707	27,797,479
Derivative financial instruments (Note 6)	494,895	66,176
Other current assets (Note 7)	301,380	97,134
Recoverable Income Tax (Note 16)	697,150	634,663
Total current assets	34,730,415	32,426,782
Non-current assets held for sale (Note 8)	1,736,165	1,384,358
Non-current assets		
Accounts and notes receivable, net (Note 5)	33,021,018	29,513,381
Property, furniture and equipment, net (Note 9)	6,577,812	6,435,531
Investment properties (Note 10)	745,271	250,190
Intangible assets (Note 11)	159,652	110,054
Derivative financial instruments (Note 6)	5,026,179	4,909,667
Deferred taxes (Note 16)	2,998,487	3,657,037
Other non-current assets (Note 7)	464,783	93,308
Total non-current assets	48,993,202	44,969,168
Total assets	$ 85,459,782	$ 78,780,308
Liabilities:		
Current liabilities		
Bank loans (Note 12)	$ 15,839,144	$ 8,432,249
Debt instruments (Note 13)	4,736,605	4,437,736
Senior notes (Note 13)	751,793	1,020,712
Suppliers and other accounts payable (Note 14)	1,807,341	1,816,870
Derivative financial instruments (Note 6)	1,825,621	1,330,321
Total current liabilities	24,960,504	17,037,888
Non-current liabilities		
Bank loans (Note 12)	3,898,286	6,234,794
Debt instruments (Note 13)	5,974,251	10,197,836
Senior notes (Note 13)	34,297,473	32,611,250
Derivative financial instruments (Note 6)	2,869,633	1,645,988
Other accounts payable	151,247	153,280
Total non-current liabilities	47,190,890	50,843,148
Total liabilities	72,151,394	67,881,036
Stockholders' equity:		
Capital stock (Note 15)	1,083,892	958,242
Premium on issuance of shares (Note 15)	3,949,303	1,935,900
Legal reserve	274,062	274,062
Treasury stock (Note 15)	(1,082,924)	(1,325,054)
Perpetual notes (Note 15)	4,531,330	4,531,330
Retained earnings	4,455,852	3,670,481
Hedging derivative financial instruments (Note 6)	(2,133,188)	(1,524,723)
Asset revaluation surplus (Note 9)	2,431,595	2,379,034
Reserve for investment in subsidiary (Note 2c.)	(201,534)	-
Total Stockholders' Equity	13,308,388	10,899,272
Total Liabilities and Stockholders' Equity	$ 85,459,782	$ 78,780,308

Sergio José Camacho Carmona Chief Executive Officer	Sergio Manuel Cancino Rodríguez Chief Financial Officer	Luis Xavier Castro López Corporate Controller

Unifin Financiera, S. A. B. de C. V. and subsidiaries
Consolidated Statements of Income
For the years ended December 31, 2020 and 2019

Thousands of Mexican Pesos, except for earnings per share

	2020	2019
Interest income from leasing (Note 3p.)	$ 8,547,857	$ 8,109,566
Interest income from factoring (Note 3p.)	373,289	656,137
Interest income from car loans (Note 3p.)	437,164	459,540
Interest on other loans (Note 3p.)	1,522,562	1,332,200
Other lease benefits (Note 3p.)	212,699	204,365
Total income	11,093,571	10,761,808
Interest expense (Notes 12 and13)	7,028,493	6,945,341
Allowance for expected credit losses of accounts and notes receivable (Notes 3b. and 5)	1,432,993	427,679
Total cost	8,461,486	7,373,020
Gross margin	2,632,085	3,388,788
Loss from the derecognition of financial assets at amortized cost	50,290	7,340
Exchange gains	(2,856,636)	(1,333,425)
Exchange losses	2,288,464	1,176,413
Interest from investments and commissions	(252,040)	(390,532)
Other expenses (products)	(82,148)	19,596
Administrative and promotion expenses	1,733,533	1,539,922
	881,463	1,019,314
Profit before income from associated companies	1,750,622	2,369,474
Income from associates	37,844	33,614
Profit before Income tax	1,788,466	2,403,088
Income tax expenses (Note 16)	424,447	454,067
Consolidated net income	$ 1,364,019	$ 1,949,021
Basic and diluted earnings per share	$ 3.77	$ 5.97

Sergio José Camacho Carmona
Chief Executive Officer

Sergio Manuel Cancino Rodríguez
Chief Financial Officer

Luis Xavier Castro López
Corporate Controller

Unifin Financiera, S. A. B. de C. V. and subsidiaries
Consolidated Statements of Other Comprehensive Income
For the years ended December 31, 2020 and 2019

Thousands of Mexican Pesos

	2020	2019
Consolidated net income	$ 1,364,019	$ 1,949,021
Items that may be reclassified to profit or loss:		
Changes in the effective portion of the fair value of cash flow hedges (Note 6)	(565,444)	(941,833)
Deferred Income tax associated with the valuation of certain hedging derivative financial instruments (Note 16)	(42,981)	(37,511)
	(608,425)	(979,344)
Items that will not be reclassified to profit or loss:		
Asset revaluation surplus (Note 9)	75,086	3,398,613
Income tax relating to these items (Note 16)	(22,525)	(1,019,579)
	52,561	2,379,034
Other comprehensive income for the period, net of tax	(555,864)	1,399,690
Comprehensive income for the year	$ 808,155	$ 3,348,711

Sergio José Camacho Carmona	Sergio Manuel Cancino Rodríguez	Luis Xavier Castro López
Chief Executive Officer	Chief Financial Officer	Corporate Controller

Unifin Financiera, S. A. B. de C. V. and subsidiaries

Consolidated Statements of Changes in Stockholders' equity

For the years ended December 31, 2020 and 2019

Thousands of Mexican Pesos

	Stockholders' equity									
	Capital Stock	Premium on issuance of shares	Legal reserve	Treasury Stock	Perpetual notes	Retained earnings	Hedging derivative financial instruments	Asset revaluation surplus	Reserve for investment in subsidiary	Stockholders' equity
Balance as of January 1, 2019	$ 958,242	$ 1,935,900	$ 274,062	$ -	$ 4,531,330	$ 2,471,295	$ (545,379)	$ -	$ -	$ 9,625,450
Transactions with stockholders in their capacity as such:										
Repurchase of shares	-	-	-	(1,325,054)	-	-	-	-	-	(1,325,054)
Declaration of dividends to Perpetual Note holders	-	-	-	-	-	(420,868)	-	-	-	(420,868)
Declaration of cash dividends	-	-	-	-	-	(328,967)	-	-	-	(328,967)
	-	-	-	(1,325,054)	-	(749,835)	-	-	-	(2,074,889)
Transactions other than stockholders in their capacity as such:										
Loss from cash flow hedge derivatives	-	-	-	-	-	-	(979,344)	-	-	(979,344)
Revaluation surplus, net of taxes	-	-	-	-	-	-	-	2,379,034	-	2,379,034
Consolidated net income	-	-	-	-	-	1,949,021	-	-	-	1,949,021
	-	-	-	-	-	1,949,021	(979,344)	2,379,034	-	3,348,711
Balances as of December 31, 2019	958,242	1,935,900	274,062	$ (1,325,054)	4,531,330	3,670,481	(1,524,723)	2,379,034	-	10,899,272
Transactions with stockholders in their capacity as such:										
Repurchase of shares	-	-	-	(69,720)	-	-	-	-	-	(69,720)
Cancelation of shares	(311,850)			311,850						-
Issuance of new shares	437,500	2,013,403	-	-	-	-	-	-	-	2,450,903
Declaration of dividends to										-
Perpetual Note holders	-	-	-	-	-	(578,648)	-	-	-	(578,648)
Declaration of cash dividends	-	-	-	-	-	-	-	-	-	-
	125,650	2,013,403	-	242,130	-	(578,648)	-	-	-	1,802,535
Transactions other than stockholders in their capacity as such:										
Loss from cash flow hedge derivatives	-	-	-	-	-	-	(608,465)	-	-	(608,465)
Revaluation surplus, net of taxes	-	-	-	-	-	-	-	52,561	-	52,561
Reserve for investment in subsidiary	-	-	-	-	-	-	-	-	(201,534)	(201,534)
Consolidated net income	-	-	-	-	-	1,364,019	-	-	-	1,364,019
	-	-	-	-	-	1,364,019	(608,465)	52,561	(201,534)	606,581
Balances as of December 31, 2020	$ 1,083,892	$ 3,949,303	$ 274,062	$ (1,082,924)	$ 4,531,330	$ 4,455,852	$ (2,133,188)	$ 2,431,595	$ (201,534)	$ 13,308,388

Sergio José Camacho Carmona
Chief Executive Officer

Sergio Manuel Cancino Rodríguez
Chief Financial Officer

Luis Xavier Castro López
Corporate Controller

Unifin Financiera, S. A. B. de C. V. and subsidiaries
Consolidated Statements of Cash Flows
For the years ended December 31, 2020 and 2019

Thousands of Mexican Pesos

	2020	2019
Net profit	$ 1,364,019	$ 1,949,021
Adjustments to reconcile net income to cash provided by (used in) operating activities:		
Depreciation and amortization	253,702	162,792
Allowance for expect credit losses (Note 5)	1,432,993	427,679
Income tax expense (Note 16)	424,447	445,623
Interest income	(10,880,871)	(10,557,445)
Interest expense	7,028,492	6,945,341
Exchange gains	(2,856,636)	(1,333,425)
Exchange losses	2,288,464	1,176,413
Changes in fair value of derivative financial instruments for trading purposes	186,950	(129,278)
	(758,440)	(913,279)
Operating activities		
Changes in:		
Accounts and notes receivable, net	(5,830,365)	(12,488,695)
Other non-current assets	(17,825)	432,311
Derivative financial instruments	4,684,511	821,474
Suppliers	(1,174,639)	584,769
Interest paid	(6,728,770)	(6,455,273)
Interest collected	10,295,141	9,679,050
Non-current assets held for sale	68,218	(638,500)
Income tax paid	(516,016)	(958,183)
Net cash flows from operating activities	780,255	(9,023,047)
Investment activities		
Payments for acquisition of property, machinery and equipment	(977,767)	(2,207,510)
Payments for the acquisition of intangible assets	(49,599)	(20,143)
Acquisition of entities subject to equity method (Note 7)	(370,380)	-
Net cash flows from investing activities	(1,397,746)	(2,227,653)
Financing activities		
Payments for repurchased shares (Note 15)	(69,720)	(1,325,054)
Bank loans obtained (Note 12)	15,347,378	14,582,865
Repayment of bank loans (Note 12)	(10,858,733)	(12,226,423)
Proceeds from the issuance of debt instruments (Note 13)	-	2,750,000
Repayment of debt instruments (Note 13)	(4,120,923)	(3,527,127)
Proceeds from placement of senior notes (Note 13)	-	12,357,914
Repayment of senior notes (Note 13)	(666,519)	-
Dividend payment in cash (Note 15)	(578,648)	(749,836)
Office lease payments (Note 9)	(55,690)	(61,370)
Proceeds from the issuance of shares	2,200,903	-
Net cash flows from financing activities	1,198,048	11,800,969
Net increase in cash and cash equivalents	(177,882)	(363,010)
Cash and cash equivalents at the beginning of period	3,831,330	4,282,274
Effect of exchange rate changes on cash and cash equivalents for the period	16,835	(87,934)
Cash and cash equivalents at period-end (Note 4)	$ 3,670,283	$ 3,831,330

Sergio José Camacho Carmona	Sergio Manuel Cancino Rodríguez	Luis Xavier Castro López
Chief Executive Officer	Chief Financial Officer	Corporate Controller

Thousands of Mexican Pesos [$] Note 2a and foreign currency, except for exchange rates, nominal value, number of securities, shares and earnings per share

Note 1 - Description of the business:

Unifin Financiera, S. A. B. de C. V. and subsidiaries (formerly, Unifin Financiera, S. A. B. de C. V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada) (Company or UNIFIN), was incorporated on February 3, 1993 in accordance with Mexican laws. Its tax domicile and main place of business is 111 Pdte. Masaryk Ave., Col. Polanco III Sección, 11550, in Mexico City.

The Company's ultimate controlling interest belongs to a group of individuals who directly or indirectly hold 51.60% of shares in the Company and the remaining percentage belongs to investors.

The Company is mainly engaged in providing leases for automotive vehicles, machinery and equipment, among other lease arrangements, and in granting loans, carrying out factoring operations, acting as administrator for guaranteed trusts, obtaining loans, guaranteeing obligations through different means, and issuing, subscribing, accepting, endorsing, selling, discounting and pledging all types of credit.

The Company does not have any employees, and all legal, accounting and administrative services are provided by related parties.

On May 22, 2015, the Company issued its Initial Public Offer on the Mexican Stock Exchange (BMV, for its acronym in Spanish), and for international purposes it made the issue under rule 144 A/Reg S for a total of $3,606,400, comprised of 50% primary shares and 50% of secondary shares. The amount includes the over-allotment option, comprising 15% of the total offer. On May 22, 2015, the Company started trading its shares on the BMV. As a result, it changed its business name to Sociedad Anónima Bursátil de Capital Variable (S. A. B. de C. V.).

The General Stockholders' Meeting dated March 21, 2019, decided to modify the Company's By-laws, changing the business name from an S. A. B. de C. V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada, to an S. A. B. de C.V. The Company was a non-regulated financial institution (or Sociedad Financiera de Objeto Múltiple, Entidad No Regulada), as specified in article 87-B of General Law on Credit Organizations and Auxiliary Activities (LGOAAC, for its acronym in Spanish). Therefore, the Company adopted International Financial Reporting Standards (IFRS) for the preparation of its financial information. This change in regime and accounting standards provided the Company with more flexibility in its corporate structure to continue with its growth strategy and guarantee financial information comparability for public investors.

Significant changes occurring in the reporting period

The coronavirus (COVID-19) identified for the first time in Wuhan, China, in December 2019, has spread to almost all regions in the world. In Mexico, the Government continues to apply various strategies to contain the virus and protect the population, which include quarantines, school closings, suspension of all non-essential economic activity, cancellation of public events, and strict guidelines on hygiene and social distancing. All these measures have contributed to an unprecedented slowdown in the Mexican economy. A long period of time may be required to fully contain the pandemic outbreak, with widespread infections reappearing.

During the second and third quarters of 2020, the Company launched a COVID-19 support plan aimed at eligible clients, which consisted of a new credit. This support plan was offered on a case-by-case basis to clients who were not delinquent and operated in an industry or type of business affected by the pandemic. The first stage of our COVID-19 Support Plan included 1,205 contracts and totaled $1,291,597 for those clients who accepted the plan. The second stage of our COVID-19 Support Plan was offered to 548 clients (including 528 clients who had participated in the first stage), and consisted in extending the term of maturity of their agreements for up to 3 months. Deferred payment for the second stage amounted to $602,107. Compliance under the Support Plans accounted for 96.4% of the outstanding amounts.

In addition, the drop in the oil prices initially caused by the conflict between Russia and Saudi Arabia when the latter agreed to increase production of barrels, in addition to the COVID-19 outbreak, has reduced demand for crude oil as people have suspended travel and the countries were forced to lower their level of economic activity. The Mexican oil mix price fell by 16.00% between December 31, 2019 and December 31, 2020, from US 56.14 to US 47.16 per barrel. As mentioned in Note 9, the Company acquired an asset associated with the oil industry, and has executed a lease agreement with an option to renew it or elect a new lessee.

The benchmark interest and exchange rates experienced significant fluctuations in 2020 due to the economic slowdown. At December 31, 2019 and 2020, the 28-day Interbank Equilibrium Interest Rate (TIIE by its acronym in Spanish) was 7.55% and 4.48%, respectively, and the exchange rate of the Mexican peso against the US dollar settled at $18.87 and $19.93, respectively.

In the fiscal year ended December 31, 2020, the Company's financial position and performance were particularly affected by the following events and transactions:

- The account receivables experienced a combined growth of $6,513,886 or 11.1% across the entire portfolio, including a decrease of $1,775,955 or 54.5% in factoring transactions as a result of an internal preventive origination strategy implemented by Management in March 2020 for new factoring contracts. As previously described, the Company launched a Support Plan for eligible clients through the execution of new loan agreements that totaled $1,893,704 registered as new credit lines. The Company increased its allocation of expected credit losses from accounts receivable by $1,432,993 as a result of an increase in credit risk based on the Company's expected credit losses model (see Note 5), mainly driven by the reduction in economic activity associated with the COVID-19 strain.

  The COVID-19 Support Plan for lease clients is considered on an individual client basis, taking their original lease agreements to assess the expected changes in cash flows due to the nature of the plan and the benefits granted to clients, for example, extending the term of maturity of their lease agreements for up to 3 months. Whenever there is a change in expected cash flows under the original agreement, the accounting effects are calculated as the difference between the present value of original and modified cash flows, both discounted at the effective interest rate of the original transaction. Based on the number of lease clients that accepted the plan, the effects had no material impact for the Company.

- The Company entered into new bank loan agreements and disposals totaling $15,347,378 to fund Company´s operations (see Note 12).

- A decrease of net position in Derivative financial instruments of $1,173,714 as a result of market moves on interest and exchange benchmark rates as of December 31, 2020 (see Note 6).

- The amortization of a portion of Debt instruments securities (stock structures) amounts to $4,120,923 under the terms and conditions of theirs trust programs. Two series of these securities were paid off (see Note 13).

- The change in Senior Notes was manly driven by the notes redemption of US 39,964 (see Note 13) and increase derived from valuation due to Peso depreciation of $1.06 MXN per $1USD in 2020; the Peso depreciation also generated an important fluctuation in the exchange gain and loss within Consolidated Statements of Income.

- An increase of $2,520,000 (140,000,000 new shares) resulted in $2,013,403 of Premium of capital of shares and $437,500 of Capital stock, net of registration expenses of $69,097 (see Note 15).

Note 2 – Basis of preparation

a. Basis of preparation:

i. Statement of compliance

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretation Committee (IFRIC). The Consolidated Financial Statements comply with IFRS as issued by the International Accounting Standards Board (IASB). They have been prepared under the assumption that the Company operates on a going concern basis.

ii. Authorization of Financial Statements

The issuance of these Consolidated Financial Statements and their notes as of December 31, 2020 and 2019, were authorized on April 22, 2021 by Sergio José Camacho Carmona, Chief Executive Officer, Sergio Manuel Cancino Rodríguez, Chief Finance Officer, and Luis Xavier Castro López, Corporate Controller.

In accordance with the Mexican Corporations Law (LGSM, for its acronym in Spanish) and Company Bylaws, the stockholders are empowered to amend the financial statements after their issuance. The consolidated financial statements authorized by the officers mentioned in the preceding paragraph of this note will be submitted to the next Stockholders' Meeting for their approval.

iii. Functional and reporting currency

The Financial Statements are presented in Mexican pesos, which is the Company's functional and reporting currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated, generating rounding of the final unit only and resulting in immaterial divergences.

iv. Use of judgments and estimates

In preparing these Consolidated Financial Statements, Management has made judgments and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgments are reviewed on an ongoing basis, according to past experience and other factors, including the probability of occurrence of future events that are considered reasonable in the circumstances.

- Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the Consolidated Financial Statements is included in the following notes:

- Note 3 (b, i) - Lease classification

Based on the technical assessments performed on the characteristics of lease agreements established by the accounting lease standard, agreements were classified as finance or operating lease, to identify who maintains the risks and benefits associated to the leased asset. It was concluded that, substantially, all risks and benefits are transferred to the lessee. See Note 5.

- Assumptions and estimates uncertainties

Information about assumptions and estimates uncertainties as of December 31, 2020 and 2019 that have a significant risk of resulting in material adjustments to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 3 (b, iv) and 5 - Impairment estimates regarding the adoption of IFRS 9, Financial Instruments.

- Note 3 (e., i.) and 9 - Revaluation surplus. The conditions of unobservable inputs are determined according to the Company's best estimate based on the assumptions established by the experts hired for such purpose about unobservable inputs and internal and external elements. The Company periodically analyses the valuation of the Drilling Rig to verify whether there are indicators of the need to revalue those assets.

b. Historical cost

The Consolidated Financial Statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments) and certain property, plant and equipment measured at fair value.

- Assets held for sale measured at fair value less costs to sell.

c. Basis of consolidation

Business combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of an affiliate comprises the:

- Fair values of the assets transferred
- Liabilities incurred to the former owners of the acquired business
- Equity interests issued by the Company
- Fair value of any asset or liability resulting from a contingent consideration arrangement, and
- Fair value of any pre-existing equity interest in the affiliate.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Company recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

The excess of the:

- Consideration transferred,
- Amount of any non-controlling interest in the acquired entity, and
- Acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Company's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Business combination under common control

Business combinations under common control are excluded from the scope of IFRS 3. There are currently no specific guidance on this subject in IFRS. Therefore, the Company uses its judgment to develop an accounting policy that provides relevant and reliable information in accordance with International Accounting Standard ("IAS") 8. The choice of the Company's accounting policy for the business combination under common control is the "predecessor method, which consists the accounting for transferred assets and incurred liabilities at the acquired entity's predecessor carrying amounts on the date the transaction occurs. Any difference between the consideration paid and the predecessor values is recognized in stockholders' equity within the caption of "Reserve for investment in subsidiary".

i. Subsidiaries

Subsidiaries are all entities over which the Company has control. The Company controls an entity where the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those profits through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. until the date on which control over the subsidiary ceases.

Intercompany transactions, balances and unrealized gains on transactions between the consolidated companies are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of the asset.

Non-controlling interest in subsidiaries' profit or loss and equity is not representative and, therefore, it is not disclosed separately.

The Consolidated Financial Statements include balances of the Company and its subsidiaries as of December 31, 2020 and 2019, in which the Company has control as follows:

		Interest%	
Entity	**Activity**	**December 31, 2020**	**December 31, 2019**
Unifin Credit, S. A. de C. V. SOFOM E.N.R. (Unifin Credit)	Factoring	99.99%	99.99%
Unifin Autos, S. A. de C. V.	Car lease	99.99%	99.99%
Inversiones Inmobiliarias Industriales, S. A. P. I. de C. V.	Real Estate lease	94.08%	94.08%
Unifin Administración Corporativa, S. A. de C. V. [1]	Service provider	99.99%	
Unifin Servicios Administrativos, S. A. de C. V. [1]	Service provider	99.99%	
Respaldamos tu Necesidad, S. A. de C. V. SOFOM E.N.R. [1]	Financial services	100.00%	
Fideicomisos de Emisión de Certificados Bursátiles (Structured entities)	Issuance of certificates	100.00%	100.00%

[1] Entities acquired

Entities acquired in 2020

In August 2020 the Company acquired 99.9% of the issued share capital of Unifin Servicios Administrativos, S. A. de C. V. ("USA") and Unifin Administración Corporativa, S. A. de C. V. ("UAC"). In October 2020, the Company acquired 50 ordinary, nominative shares, fully subscribed Series "A" of Respaldamos Tu Necesidad, S. A. P. I. de C. V. SOFOM, ENR (Respaldamos). The Company assessed the acquisition bases, the main factors evaluated were, (i) consideration paid, (ii) if liabilities were incurred, (iii) if equity holdings were issued and (iv) if the company becomes an affiliate.

The purpose of the acquisition was to consolidate the Company as a strong and independent group, equipped with the necessary resources for the continuity and increase of the operation in market. Details of the purchase consideration, the net assets acquired, and goodwill are as follows:

	USA	UAC	Respaldamos	Total
Purchase consideration	$ 150,003	$ 150,003	$ 50	$300,506

For the purposes of the acquisition, the Company carried out technical assessments in accordance to IFRS as follows:

a) USA and UAC

Management evaluated the following considerations:

- If the operation qualified as a business or asset acquisition.

- If the Company has control over UAC and the USA.

- If the acquisition of USA and UAC qualify as transactions under common control.

Based on these evaluations, the Company concluded the following:

- The difference between assets and liabilities measured at book value and the consideration paid was recognized in stockholders' equity.

- Derivative that the transaction qualifies as a "transaction under common control" and therefore implies the recognition at its book value.

The difference between the purchase consideration of UAC and USA and its book value was recorded as a Reserve for investment in subsidiary on the stockholder´s equity in the Consolidated Financial Statements as it is a transaction under common control, the reserve is attributable to profitability of the acquired entities and amounts to $201,534 and will not be deductible for tax purposes.

b) Respaldamos

In October 2020, the Company acquired 50 ordinary, nominative shares, fully subscribed Serie "A" of Respaldamos, from individuals, the purchase consideration amounted $50 thousand pesos, having the 100% of the entity's shareholding as follows:

Shareholders	**Serie "A" shares**	**Capital stock (pesos)**	**% Interest**
Unifin Financiera, S. A. B. de C. V.	49	$49,000	98%
Unifin Credit, S. A. de C. V. SOFOM ENR	1	$1,000	2%

This entity was incorporated in August 2020. As a result, this entity only held the subscribed capital stock without having any operations to be analyzed as assets or liabilities, therefore the acquisition of it was made at its cost.

In July 2020, the Company acquired 735 common, registered, fully subscribed Class I shares, representing the capital of Soporte Impulsa, S. A. P. I. de C. V. SOFOM ENR (Soporte Impulsa), acquired from individuals, the consideration paid amounted $735 thousand pesos, representing 49% of the shareholding of Soporte Impulsa. On December 28, 2020, the Company sold the acquired shares, transferring the 735 shares at the same acquisition price.

During the period of the shareholding, Soporte Impulsa did not carry out any transaction.

There were no acquisitions in the year ending December 31, 2019

ii. Associates

Associates are all entities over which the Company has significant influence but not control or joint control. This is generally the case where the Company holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

When the Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term account receivables, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in these entities. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

iii. Equity method

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Company's share of the post-acquisition profits or losses of the investee, and the Company's share of movements in other comprehensive income. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of the investment.

iv. Structured entities

As described in Notes 3k and 13 ii), the Company assigns certain rights over financial assets to a securitization vehicle (usually a trust) so that the vehicle may issue securities that are placed among investors, in accordance with laws and regulations applicable to the stock market in Mexico. The Company has consolidated these Trusts when determining the existence of control considering the characteristics of the trust contracts and applicable legislation.

d. Segment reporting

The Chief Executive Officer is responsible for decision-making about the resources that are allocated to the different segments and for assessing their performance.

Company Management has identified the following main segments: leases, factoring and other loans including car loans, and it does a continuous follow-up of each of the segments through the statement of income.

e. Foreign currency translation

i. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates, are recognized in the Statement of Comprehensive Income under Exchange gains (loss).

Foreign exchange gains and losses that relate to loans, cash and cash equivalents are disclosed in the Statement of Income, under Exchange gains and losses. The remaining foreign exchange gains and (losses) are disclosed in the Statement of Income on a net basis.

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

Note 3 - Summary of significant accounting policies:

A summary of the most significant accounting policies is shown below, which have been applied consistently to those of the reporting years, unless otherwise specified.

a. Cash and cash equivalents

Cash and cash equivalents include cash on hand, banks and short-term deposits in financial institutions, highly liquid investments with original maturities of three days or less that are, readily convertible to cash and which are subject to an insignificant risk of changes in value.

b. Accounts and notes receivable

Factoring, car loans and other loans are financial assets classified at amortized cost. This classification depends on the business model of the Company to manage its financial instruments and the terms of the instrument's contractual cash flows. Assets held for the collection of contractual cash flows when said cash flows solely represent the payment of principal and interest are measured at amortized cost.

At initial recognition, the Company measures a financial asset at fair value and later at amortized cost applying the effective interest rate, less Allowance for expected credit losses of accounts and notes receivable described in paragraph iv) below.

Income from those financial assets is included in profit or loss applying the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss. Impairment losses are disclosed as a separate line item in the Statement of Income as Allowance for expected credit losses of accounts and notes receivable.

Regular purchases and sales of financial assets are recognized at the transaction date, which is the date on which the Company commits to purchase or sell the asset. Financial assets are no longer recognized when the rights to receive cash flows from financial assets have expired or been transferred and the Company has transferred substantially all the risks and benefits arising from ownership.

Financial instruments disclosed under short-term and long-term assets and liabilities represent rights and obligations with maturities of less than 12 months (Current) and rights and obligations with maturities of more than 12 months (Non-current).

i. Leases

Lessor

The Company classifies each of its leases as operating leases or finance leases based on a technical analysis of each lease agreement considering the following: Whether a lease is a finance lease, or an operating lease depends on the economic substance of the transaction rather than the form of the agreement.

Lease classification is made at the inception date and is reassessed only in case of an amendment to the lease agreement. Changes in estimates (for example, changes in estimates of the economic life or of the residual value of the underlying asset), or changes in circumstances (for example, non-compliance by the lessee), do not give rise to a new classification of a lease for accounting purposes.

ii. Operating lease

Leases in which the risks and benefits relating to the underlying asset are retained by the Company (lessor) are classified as operating leases. Revenues received under an operating lease are charged to income, based on the straight-line method over the lease term. Accounts receivable from operating leases relate to amounts due pursuant to the contractual terms. Leases paid in advance are recorded under deferred credits and early collections and are applied to leases as monthly rent payments come due.

iii. Finance lease

Leases in which the risks and benefits relating to the underlying asset are transferred to the lessee are classified as finance leases. The lessor will derecognize the underlying asset of its plant, furniture and equipment and recognize an account receivable for the net investment in the lease. The Company will also recognize profit over the lease term, based on a pattern reflecting a constant interest return rate on the lessor's investment in the lease.

The Company manages the risks associated with the leased asset by contemplating certain policies to guarantee recovery of the asset at any stage of the lease agreement, including the recovery of residual values until termination of the lease term.

Some of the asset insurance policies that may be applied jointly or specifically, depending on the operating risk associated with the type of asset and the transaction amount, include, but are not limited to, insurance taken out for the asset itself the beneficiary of which is the Company, additional guarantees on properties or other assets, execution of contracts as legal depository and security interests.

Lessee

The Company recognizes, for each of its lease agreements as a lessee, a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. The lease liability is initially measured at the present value of the minimum lease and subsequently, the lease payments are distributed between the financial expenses and the reduction of the lease obligations to reach a constant base on the remaining balance of the liability.

The right-of-use asset of the leased assets is initially calculated at cost on a present value basis and it is subsequently measured at cost less accumulated depreciation and impairment losses.

The Company chose to apply IFRS 16 practical expedient, by type of underlying asset to avoid separating non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component. This determination involves measuring the lease liability including payments associated with service components.

iv. Factoring

Factoring operations are initially recognized at fair value and subsequently at amortized cost, for which an advance is made on the document that the Company receives for factoring. The maximum term of a factoring agreement is 120 days.

The Company considers the probability of non-compliance upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of default occurring on the asset as of the reporting date with the risk of default as of the date of initial recognition considering available reasonable historical information.

The Company assesses the possibility of writing off factoring accounts receivable when there are no reasonable expectations of recovery. When those assets have been written-off, the Company continues with its efforts to recover the amounts due. When recovery occurs, the respective amounts are recognized in other income, in the statement of income.

v. Car consumer and commercial loans (Car loans) and other loans

Loans are granted after analyzing the financial position of the borrower, the economic feasibility of investment projects and other general factors established in the Company's internal manuals and policies.

In case of delays with payment, the borrower is considered in one of the stages of the model described in paragraph iv) below. When a loan is in stage 3 (non-performing) it is kept in that stage if payments have not been settled in full in the terms originally agreed upon, considering the following:

- If the balance due consist of loans with a single payment of principal and interest at maturity and are 30 or more calendar days overdue.

- If the balance due consist of loans with a single payment at maturity and with periodic interest payments, and the respective interest payment is 90 or more calendar days past due, or principal is 30 or more calendar days past due.

- If the balance due consist of loans with partial payments of principal and interest and are 90 or more calendar days overdue.

Loans classified from the outset as revolving loans being restructured or renewed at any time are considered to be performing loans only when the borrower has paid all interest accrued, the loan shows no past due invoicing periods, and there are elements demonstrating the debtor’s payment capacity, that is to say, when it is highly likely that the debtor will make the payment.

Loans with a one-off payment of principal upon maturity and periodical interest payments that are not met when due are identified for operating purposes as past due loans.

vi. Allowance for expected credit losses of accounts and notes receivable.

The Company considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Company in full.

- The payment delay is more than 90 days due.

- For factoring purposes, the payment delay is more than 60 days due.

- The borrower has been declared bankrupt.

Inputs used in the assessment of whether a financial instrument is in default may vary over time to reflect changes in circumstances.

Expected Credit Loss (ECL) Measurement

Main inputs related to ECL measurement are usually the following:

- Probability of Default (PD);
- Loss Given Default (LGD), and
- Exposure at Default (EAD).

ECL methodology considers information of statistical models using historical data.

The Company estimates LGD parameters based on the history of recovery rates of claims against defaulted loans. LGD model considers cash and collateral recoveries. EAD represents the expected exposure at the moment of default.

The EAD of a financial asset is the gross carrying amount at default. In addition, the undrawn amount of a financial asset is considered based on potential future amounts that may be drawn.

In case of factoring portfolio, IFRS 9 simplified approach has been applied, as it is a product with a lifetime of less than a year, recognizing 12-month default elements only.

Significant increase in credit risk

The Company on a forward-looking basis assesses the expected credit losses associated to their financial assets at amortized cost.

The impairment methodology applied depends on whether there has been a significant increase in the credit risk. Once the Company has classified its financial assets according to its credit risk, they are individually or collectively assessed for impairment to recognize the allowance for expected credit losses of accounts and notes receivable arising from credit risk.

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition, the Company considers reasonable and sustainable information that is relevant and available without disproportionate cost or effort, including quantitative and qualitative information. Additionally, the Company assumes that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due.

The expected credit losses model is based on changes in credit quality since initial recognition and considers the following stages:

Stage	Definition	Basis for recognition of allowance for expected credit losses of accounts and notes receivable
Stage 1	This stage includes loans that have not had a significant increase in credit risk.	12-month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.
Stage 2	This stage includes loans that have had a significant increase in credit risk since initial recognition but for which there is no objective evidence of impairment. Interest revenue is still calculated on the gross carrying amount of the asset.	Expected losses for the remaining lifetime of the loan.
Stage 3 (non-performing)	This stage includes loans with objective evidence of impairment as of the reporting date. Interest revenue is calculated on the net carrying amount (net of allowance for doubtful accounts and notes receivable).	Expected losses for the remaining lifetime of the loan.
Write-off	Loans with no reasonable expectation of recovery. The Company classifies loans in this stage when debtor has been declared bankrupt in accordance with the Bankruptcy Law or when the Management of the Company has decided to write-off the loan.	Upon authorization of the credit committee, the account receivable is written off from the consolidated Statement of Financial Position; however, collection efforts continue.

For stage 1, the PD estimates the probability that the credit will default in the next 12 months, while the PD in stage 2 is the result of the probabilities of default for the remaining lifetime of the loan. The probability of default in stage 3 is defined as 100%.

Forward-looking information incorporated in ECL

The Company uses forward-looking information for each type of account receivable considering historic data and past experience in the management of that information. In addition, the Company performed a historical analysis to identify key macroeconomic variables affecting expected credit losses.

The Company analyses and considers possible prospective scenarios. The number of scenarios and their considerations are reassessed on a quarterly basis.

c. Fair value measurement

Different accounting and disclosure policies of the Company require fair value measurement of financial and non-financial assets and liabilities.

The Company has set a control framework for fair value measurement.

This control includes a team responsible for supervising all significant fair value measurements; this team reports directly to the Chief Financial Officer.

The Company's valuation team periodically revises the significant unobservable inputs and the valuation adjustments. For the purposes of fair value measurement, the information provided by third parties, such as pricing providers, and market indicators are used to support the conclusion that those valuations meet the IFRS requirements, including the fair value hierarchy level at which financial instruments should be classified.

In estimating the fair value of an asset or a liability, the Company uses observable market inputs as far as possible. Fair values are classified into different fair value hierarchies based on inputs used in the valuation techniques, as shown below:

- Level 1: (unadjusted) prices quoted in active markets for identical financial instruments.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or the liability, whether directly (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3: Asset or liability inputs not based on observable market inputs, that is, unobservable inputs.

If the inputs used in determining fair value of an asset or a liability fall within different levels of the fair value hierarchy, the fair value measurement is fully classified into the same level of the fair value hierarchy as the lowest level of the significant inputs for full measurement.

The following notes include more information about the assumptions made in fair value measurement:

- Note 3 (d) Derivative financial instruments.
- Note 3 (e, i) Property, plant and equipment – Drilling rig.

d. Derivative financial instruments (DFI)

Derivative financial instruments are initially recognized at fair value on the contract date and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative financial instruments are designated as a hedge instrument and, if so, the nature of the item being hedged.

For hedging purposes, the Company designates derivative financial instruments of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges).

Derivative financial instruments are offset and the net amount is disclosed in the Consolidated Statement of Financial Position when there is an enforceable legal right to offset recognized amounts and there is an intention to settle them on a net basis or realize the asset and settle the liability simultaneously. These assumptions are presented as current assets or liabilities as long as they are expected to be settled within 12 months following the presentation date or in the long term if settled after 12 months.

The Company documents, at the inception of the hedge, the relationships between hedging instruments and hedged items, as well as the objective of its risk management and strategy for undertaking various hedging transactions. The Company also documents its assessment both at the inception of the hedge and on an ongoing basis of whether the derivative financial instruments used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

Movements on the hedging reserve in stockholders' equity are disclosed in Note 6. Full fair value of a hedging derivative financial instrument is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Fair values of derivative financial instruments used for hedging purposes are disclosed in Note 6 - Hedge Accounting*.*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in Stockholders' equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss under Interest expense.

Amounts accumulated in Stockholders' equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any accumulated gain or loss existing in equity at that time remains in stockholders' equity and is recognized when the forecast transaction is recognized in the Statement of Income. When a forecast transaction is no longer expected to occur, the accumulated gain or loss reported in stockholders' equity is immediately transferred to the Statement of Comprehensive Income under Other expenses (products).

As of December 31, 2020 and 2019, the Company does not hold embedded derivatives requiring to be excluded from the main contract and recorded separately in compliance with IFRS 9.

Rebalancing of hedging instruments

If the main features of our hedges, such as exchange rate and interest rate, are not within the current market conditions for economic management purposes, but the risk management goal remains unaffected and the hedge qualifies for hedge accounting, the hedging relationship is rebalanced adjusting either the volume of the hedge instrument or the volume of the hedged item so that the hedge relationship is aligned with the relationship used for risk management. It is considered as a continuation of the hedging relationship.

Any hedge ineffectiveness is calculated and accounted for in profit or loss in interest income or expenses in the Statement of Income at the moment of rebalancing the hedging relationship.

e. Property, furniture and equipment

Property, furniture and equipment except for drilling rig described in paragraph i) of this point- are recognized at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenses directly attributable to assets acquisition.

Depreciation is calculated according to the straight-line method, which is applied to the cost or revalued carrying amount (in the case of the drilling rig) of assets up to their residual value, based on their estimated useful lives, or over the lease term, if shorter, in the case of leasehold improvements.

Subsequent costs are included in the asset carrying amount or recognized as a separate asset, as appropriate, only when it is likely that they generate future economic benefits for the Company and the cost can be measured reliably. The carrying amount of any component recognized as a separate asset is derecognized when replaced. All other repairs and maintenance costs are charged to the Statement of Income during the reporting period in which they are incurred.

i. Drilling rig:

The drilling rig is recognized at fair value, based on periodical valuations by independent valuation experts, less subsequent depreciation. Valuations are to be made with a sufficient frequency (on an annual basis) to make sure that the fair value of a revalued asset will not differ significantly from its carrying amount. The revaluation surplus is recorded in Other Comprehensive Income (OCI), within the stockholders’ equity. When the revalued asset is sold, amounts included in Other Comprehensive Income are transferred to accumulated gains/losses.

Increases in the carrying amounts arising on revaluation of the drilling rig are recognized, net of tax, in OCI and are accumulated in the revaluation surplus within the stockholders’ equity. To the extent that the increase reverses a decrease in the same asset previously recognized in profit or loss, the increase is first recognized in profit or loss. 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 profit or loss. Each year, the difference between depreciation calculated based on the revalued carrying amount of the asset charged to profit or loss, and depreciation based on the original cost of the asset must be transferred from revaluation surplus to retained earnings.

The useful lives used in the calculation of the straight-line depreciation of the main groups of assets are shown below:

	Years
Property	20
Drilling rig	16
Leasehold improvements	5
Transportation equipment	5
Computer equipment	5
Furniture and office equipment	5
Others	5

Depreciation expenses are recognized in the Statement of Income during the reporting period in which they are incurred.

Assets' useful lives and residual values are reviewed and adjusted, if necessary, at the closing date of each year. When the carrying amount of an asset exceeds its estimated recoverable value, an impairment loss is recognized to reduce the carrying amount to its recoverable value.

For lease assets, residual value, useful lives and depreciation method are reviewed when the lease operation has finished and the assets are returned to the Company. At that moment, the depreciation method is adjusted with the Company's internal policy, giving the same treatment as any other Company's asset, as described in the previous paragraph.

An item of property, furniture and equipment is written off when it is sold or when it is not expected to obtain future economic benefits from the continuous use of the asset.

The carrying amount of a property, furniture and equipment item is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

Gains and losses from assets' disposals are determined by comparing the fair value of the consideration collected with carrying amount. These are included under Other expenses (products) in the Statement of Income.

f. Investment properties

Investment properties represent an industrial plant that is leased to a third party and a plot of land for rent, to generate goodwill, or both. Investment properties are measured initially at cost, including related transaction costs and borrowing costs, where applicable.

After initial recognition, investment properties are measured at cost. Subsequent disbursements are capitalized at the carrying amount of the asset only if it is probable that the economic benefits associated with the expenses will flow to the Company and the cost of the item can be determined reliably. The rest of repair and maintenance costs are expensed as incurred. When part of an investment is replaced the carrying value of the replaced part is written off.

Investment properties are written off upon their disposal or when they are permanently retired from use and are not expected to generate future economic benefits.

The estimated useful life of the industrial plant is 10 years.

g. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount is expected to be recovered through a sale and a sale is considered highly probable. They are stated at the lower of their carrying amount or fair value less costs to sell. At present, this account is represented by real property and transportation equipment obtained through foreclosure of guarantees for loans granted.

An impairment loss is recognized for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognized for any subsequent increases in the fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the non-current asset is recognized at the date of derecognition.

Non-current assets are not depreciated while they are classified as held for sale.

h. Intangible assets

i. Intangible assets (internally developed software)

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

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

Capitalized development costs are recorded as intangible assets and amortized from the moment in which the asset is ready for use by applying the straight-line method.

i. Impairment of non-financial assets

Non-financial assets are tested for impairment when events or changes in circumstances indicate that the carrying amount cannot be recovered. An impairment loss is recognized for the amount by which the asset's carrying amount exceeding its recoverable value. The recoverable amount is the higher of the assets' fair value less costs of disposal and value in use. For the purposes of assessing impairment assets are grouped at the lowest levels for which there are separately identifiable cash flows, which are, largely, independent of other assets or groups of assets cash inflows (Cash-Generating Units, CGU). Impaired non-financial assets are reviewed to determine the possible impairment reversal at the end of each reporting period.

j. Other assets

Advance payments and advances to suppliers recorded under other assets represent expenses incurred by the Company where the risks and rewards inherent in the goods being acquired or the services being received have not been transferred. Advance payments and advances to suppliers are recorded at cost and are disclosed in the Consolidated Statement of Financial Position as other assets, depending on the heading of the destination item. Prepayments and advances to suppliers in foreign currencies are recognized at the exchange rate in effect at the transaction date.

Once goods and/or services relating to prepayments and advances to suppliers are received, they are recognized as an asset or as an expense in the Statement of Income for the period, according to their nature.

Other assets are presented in the short term if they are recovered within 12 months, and in the long term if they are recovered after 12 months.

k. Financial liabilities

Financial liabilities include bank loans, debt instruments and senior notes, which are initially recognized at fair value, net of transaction costs incurred. They are subsequently measured at amortized cost. Any difference between the yield (net of the transaction costs) and the redeemable amount is recognized in profit or loss over the period of the financial liabilities using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the loan facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Debt instruments through a stock structure represent a transaction whereby certain assets are transferred to a vehicle created for such purpose (usually a trust) so that the vehicle may issue debt securities to be placed among investors.

Debt instruments through a private stock structure represent a transaction whereby certain collection rights are assigned to a Trust as trust assets to guarantee payment of cash draw-downs under revolving loans taken out with banking institutions.

l. Perpetual Notes

Perpetual notes are recognized at nominal value in stockholders' equity deducting the amount of the cost attributable to their issuance; the yields paid to their holders, if applicable, are deducted from retained earnings in stockholders' equity.

The perpetual notes neither have no fixed date of redemption, nor they may be redeemable at the discretion of the holders of the note. Any payment related to these notes is subject to the terms and conditions set forth in the corresponding offering documents, and completely discretionary for the Company.

m. Income Tax

The Income Tax item in the Statement of Income represents the sum of the Income Tax payable and the deferred Income Tax.

Income Tax disclosed in the Statement of Income represents the current Income Tax at the end of the reporting period, as well as the effects of deferred Income Tax determined by the asset and liability method, applying the rate established by tax laws passed or substantially passed at the date of the Consolidated Statement of Financial Position where the Company operates and generates taxable income to the total of temporary differences resulting from comparing the accounting and tax values of assets and liabilities that are expected to be applied when the deferred asset tax is realized or the deferred tax liability is settled, considering, where appropriate, the tax losses to be amortized, previous analysis of their recovery.

The effect due to a change in current tax rates is recognized in profit or loss for the period in which the rate change is determined.

Management periodically assesses positions taken in tax returns regarding the situations in which applicable tax regulation is subject to interpretation. It establishes the necessary provisions based on the amounts expected to be paid to the tax authorities. According to this assessment, as of December 31, 2020 and December 31, 2019 there are no uncertain fiscal positions.

Deferred tax assets are recognized only if it is probable that future taxable profits will be available against which temporary differences and losses may be offset.

To deferred Income Tax assets or liabilities are recognized for temporary differences between the carrying amounts and the tax bases of investments in which the Company can control the time of reversal of the temporary differences and it is probable that those differences will not be reversed in the foreseeable future.

Deferred Income Tax on temporary differences arising from investments in subsidiaries is recognized, except when the period of reversal of temporary differences is controlled by the Company and temporary differences might not be reversed in the near future.

Deferred tax assets and liabilities are offset against each other when there is a legal right to offset current tax assets and liabilities and when the deferred tax balances are related to the same tax authority.

n. Stockholders' equity

Stockholders' equity, share premium, legal reserve and prior years' profit or loss are stated at historical cost.

Treasury stock represent shares of stock purchased for the share repurchase reserve. When shares issued by the Company are purchased, they are recognized at acquisition cost, including the costs directly attributable to that acquisition (net of taxes), or are recognized as a reduction of Company's stockholders' equity until the shares are paid or re-issued. When the shares are re-issued, they are recognized at average cost.

The reserve for investment in subsidiary represents the difference between the book value of the acquired entities and the purchase consideration.

The net share premium represents the surplus between the payment for subscribed shares and the nominal value of $3.1250 per share at the date of subscription.

o. Other comprehensive income (OCI)

Comprehensive income (loss) comprises the net profit (loss), the effects from valuation of derivative financial instruments, the revaluation surplus and the deferred Income Tax associated to these items, which is reflected in stockholders' equity and does not constitute capital contributions, reductions and distributions.

p. Income and Cost

Income includes interest generated by accounts receivable from leases, factoring, car loans, changes in the fair value of financial assets and net foreign exchange gains, which are recognized directly in profit or loss.

Interest on other receivables is interest on unsecured loan agreements.

Interest income are recognized in profit or loss as accrued, by applying the effective interest rate method.

Other lease benefits include income from insurance financing to customers through the collection of fees not directly related to the lease agreement.

Interest income accrued on investments in short-term deposits is recognized in Interest on investments and commissions.

Costs include interest expense on bank loans, debt instruments and senior notes, changes in the fair value of financial assets and impairment losses on financial assets, and are recognized directly in profit or loss.

Incremental costs that are directly associated to the acquisition or creation of a financial liability are recognized in profit or loss using the effective interest rate method.

q. Dividends

Dividend amount recognized as dividend distributions among the stockholders over the period and the respective amount per share are disclosed in the Statement of Changes in Stockholders' Equity or Note 15.

r. Basic earnings per share

Basic earnings per share is calculated by dividing:

- The profit attributable to owners of the Company, excluding any expenses for managing shares other than ordinary shares.

- By the weighted average outstanding ordinary shares outstanding the financial year.

s. Diluted earnings per share

The Company does not have any instrument that can dilute the profit per share.

t. Employee´s benefits

i. Defined contribution plans

Obligations for contributions to defined contribution plans are recognized as an expense as the related service is rendered. Prepaid contributions are recognized as an asset as long as a cash refund or a reduction in future payments is available.

ii. Defined benefit plans

The net obligation related to defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current period and in previous periods, discounting that amount and deducting the fair value of the plan assets.

The calculation of Defined Benefit Obligations (OBD by its acronyms is Spanish) is determined annually by a qualified actuarial service provider using the projected unit credit method. When the calculation results in a possible asset for the Company, the recognized asset is limited to the present value of the economic benefits available in the form of future plan reimbursements or reductions in future contributions to it. To calculate the present value of economic benefits, any minimum funding requirement must be considered.

Remeasurements of the defined net benefit liability, which includes actuarial gains and losses, return on plan assets (excluding interest), and the effect of the top limit asset (if any, excluding interest), they are recognized immediately in other comprehensive income. The Company determines the net interest expense (income) for the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the benefit liability (asset) defined net benefits, considering any change in the liability (asset) for net defined benefits during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in the consolidated statement of income.

When there is a modification or reduction in the benefits of a plan, the resulting modification in the benefit that relates to past service or the gain or loss from the reduction is immediately recognized in income. The Company recognizes gains and losses on the settlement of a defined benefit plan when this occurs.

Note 4 - Cash and cash equivalents:

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents includes cash, banks and short-term deposits. Cash and cash equivalents at year-end as disclosed in the Statement of Cash Flows can be reconciled with the related items in the Consolidated Statement of Financial Position as follows:

	Local currency		Foreign currency restated to Mexican pesos		Total	
	December 31,		December 31,		December 31,	
	2020	2019	2020	2019	2020	2019
Local and foreign banks	$ 32,953	$ 98,661	$ -	$ 127,236	$ 32,953	$ 225,897
Short-term deposits	2,118,634	3,507,869	1,518,696	97,564	3,637,330	3,605,433
Total cash and cash equivalents	$ 2,151,587	$ 3,606,530	$ 1,518,696	$ 224,800	$ 3,670,283	$3,831,330

The balances of banks in foreign currency as of December 31, 2020 and 2019, correspond to US. 76,182 and US.11,911, respectively, converted at the exchange rate $19.93 and $18.87, per dollar, respectively.

The Company invests excess cash flow in short-term deposits in banking institutions. The interest rate earned daily related to these short-term deposits is approximately 4.79% and 6.79% for the years ended December 31, 2020 and 2019, respectively.

Note 5 - Accounts and notes receivable:

As of December 31, 2020 and 2019, Accounts and notes receivable are made up as follows:

	December 31,	
	2020	2019
Current accounts and notes receivable		
Leases	$ 20,286,328	$ 16,478,851
Financial factoring	1,479,793	3,255,748
Car consumer loans	30,901	36,383
Car commercial loans	1,227,162	1,114,669
Other loans	7,472,231	7,229,593
Subtotal	30,496,415	28,115,244
Allowance for expected credit losses	929,708	317,765
Current subtotal	29,566,707	27,797,479

Non-current accounts and notes receivable

Leases	28,112,375	26,503,369
Car consumer loans	22,808	35,785
Car commercial loans	1,206,456	1,708,210
Other loans	5,286,932	2,248,492
Subtotal	34,628,571	30,495,856
Allowance for expected credit losses	1,607,553	982,475
Non-current subtotal	33,021,018	29,513,381
Total Accounts and notes receivable, net	$ 62,587,725	$ 57,310,860

The following is a breakdown of the allowance for expected credit losses of accounts, notes receivable balances by stages and the percentage that represent the allowance in the balance of account receivable in each stage:

Leases:

	December 31, 2020			December 31, 2019		
Stage	**Balance**	**Allowance for expected credit losses**	**% Allowance for expected credit losses**	**Balance**	**Allowance for expected credit losses**	**% Allowance for expected credit losses**
1	$ 37,972,816	$ 511,325	1.35%	$ 36,495,271	$ 151,013	0.41%
2	7,780,128	350,392	4.50%	4,541,116	321,751	7.09%
3	2,645,759	837,752	31.66%	1,945,833	620,540	31.89%
	$ 48,398,703	$ 1,699,469		$ 42,982,220	$ 1,093,304	

Financial factoring:

	December 31, 2020			December 31, 2019		
Stage	**Balance**	**Allowance for expected credit losses**	**% Allowance for expected credit losses**	**Balance**	**Allowance for expected credit losses**	**% Allowance for expected credit losses**
Non-defaulting	$ 1,111,535	$ 33,779	3.04%	$ 3,160,247	$ 65,433	2.07%
Defaulting	368,258	368,258	100%	95,501	35,181	36.84%
	$ 1,479,793	$ 402,037		$ 3,255,748	$ 100,614	

On March 21, 2020, given the macroeconomic context affecting our clients and prospects, and in compliance with risk management policies in force, the Company implemented an internal preventive strategy to restrict factoring contracts. This strategy mainly aims at containing the exposure of this business line. Notwithstanding the above, existing clients that keep their payments up to date could renew the factoring credit lines with the Company.

Car commercial loans:

	December 31, 2020			December 31, 2019		
Stage	**Balance**	**Allowance for expected credit losses**	**% Allowance for expected credit losses**	**Balance**	**Allowance for expected credit losses**	**% Allowance for expected credit losses**
1	$ 2,196,558	$ 17,897	0.81%	$ 2,727,746	$ 2,375	0.09%
2	85,865	15,941	18.56%	41,346	10,786	26.09%
3	151,195	151,195	100%	53,787	53,781	99.99%
	$ 2,433,618	$ 185,033		$ 2,822,879	$ 66,942	

Car consumer loans:

	December 31, 2020			December 31, 2019		
Stage	**Balance**	**Allowance for expected credit losses**	**% Allowance for expected credit losses**	**Balance**	**Allowance for expected credit losses**	**% Allowance for expected credit losses**
1	$ 34,016	$ 206	0.60%	$ 63,712	$ 367	0.58%
2	2,384	455	19.08%	585	49	8.38%
3	17,309	17,309	100%	7,871	6,126	77.83%
	$ 53,709	$ 17,970		$ 72,168	$ 6,542	

Other loans:

	December 31, 2020			December 31, 2019		
Stage	**Balance**	**Allowance for expected credit losses**	**% Allowance for expected credit losses**	**Balance**	**Allowance for expected credit losses**	**% Allowance for expected credit losses**
1	$ 12,759,163	$ 232,752	1.82%	$ 9,478,085	$ 32,838	0.35%

Allowance for expected credit losses of accounts and notes receivable

As of December 31, 2020 and 2019, the movements of the allowance recognized in the Consolidated Statement of Financial Position for expected credit losses of accounts and notes receivable are shown below:

Leases:

	Allowance for expected credit losses			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
As of January 1, 2019	$ 213,270	$ 245,107	$ 313,206	$ 771,583
Remeasurement of financial assets remaining in the same stage	$ (61,634)	$ 9,198	$ 364,266	$ 311,830
From stage 1 to stage 2	(127,604)	127,604	-	-
From stage 1 to stage 3	(43,161)	-	43,161	-
From stage 2 to stage 1	5,755	(5,755)	-	-
From stage 2 to stage 3	-	(76,969)	76,969	-
From stage 3 to stage 1	333	-	(333)	-
From stage 3 to stage 2	-	52,551	(52,551)	-
Financial assets granted over the period	82,252	63,481	51,971	197,704
Remeasurement of financial assets which changed stage over the period	146,792	5,936	(91,975)	60,753
Financial assets written off over the period	(64,990)	(99,402)	(84,174)	(248,566)
As of December 31, 2019	$ 151,013	$ 321,751	$ 620,540	$ 1,093,304
Remeasurement of financial assets remaining in the same stage	$ 238,190	$ (38,897)	$ 123,482	$ 322,775
From stage 1 to stage 2	(174,282)	174,282	-	-
From stage 1 to stage 3	(58,405)	-	58,405	-
From stage 2 to stage 1	9,653	(9,653)	-	-
From stage 2 to stage 3	-	(438,212)	438,212	-
From stage 3 to stage 1	4,969	-	(4,969)	-
From stage 3 to stage 2	-	29,852	(29,852)	-
Financial assets granted over the period	161,405	91,835	11,694	264,934
Remeasurement of financial assets which changed stage over the period	210,674	294,916	(267,936)	237,654
Financial assets written off over the period	(31,892)	(75,482)	(111,824)	(219,198)
As of December 31, 2020	$ 511,325	$ 350,392	$ 837,752	$ 1,699,469

Factoring:

	January 1, 2019	**Movement**	**December 31, 2019**	**Movement**	**December 31, 2020**
Non-defaulting	$ 24,837	$ 40,596	$ 65,433	$ (31,654)	$ 33,779
Defaulting	92,720	(57,539)	35,181	333,077	368,258
	$ 117,557	$ (16,943)	$ 100,614	$ 301,423	$ 402,037

Car commercial loans:

	Allowance for expected credit losses			
	Stage 1	Stage 2	Stage 3	Total
As of January 1, 2019	$ 9,623	$ 3,484	$ 5,960	$ 19,067
Remeasurement of financial assets remaining in the same stage	$ (5,712)	$ 181	$ 14,866	$ 9,335
From stage 1 to stage 2	(9,300)	9,300	-	-
From stage 1 to stage 3	(30,820)	-	30,820	-
From stage 2 to stage 1	7	(7)	-	-
From stage 2 to stage 3	-	(2,113)	2,113	-
From stage 3 to stage 1	-	-	-	-
From stage 3 to stage 2	-	-	-	-
Financial assets granted over the period	989	455	1,752	3,196
Remeasurement of financial assets which changed stage over the period	38,119	1,580	(660)	39,039
Financial assets written off over the period	(531)	(2,094)	(1,070)	(3,695)
As of December 31, 2019	$ 2,375	$ 10,786	$ 53,781	$ 66,942
Remeasurement of financial assets remaining in the same stage	$ 9,180	$ -	$ 2,678	$ 11,858
From stage 1 to stage 2	(14,988)	14,988		
From stage 1 to stage 3	(88,155)		88,155	
From stage 2 to stage 1	236	(236)		
From stage 2 to stage 3		(13,693)	13,693	
From stage 3 to stage 1				
From stage 3 to stage 2		17	(17)	
Financial assets granted over the period	6,635	933	2,898	10,466
Remeasurement of financial assets which changed stage over the period	102,715	5,445	(88)	108,072
Financial assets written off over the period	(101)	(2,299)	(9,905)	(12,305)
As of December 31, 2020	$ 17,897	$ 15,941	$ 151,195	$ 185,033

Car consumer loans:

	Allowance for expected credit losses			
	Stage 1	Stage 2	Stage 3	Total
As of January 1, 2019	$ 435	$ 46	$ 1,754	$ 2,235
Remeasurement of financial assets remaining in the same stage	$ (216)	$ (12)	$ 3,978	$ 3,750
From stage 1 to stage 2	(46)	46	-	-
From stage 1 to stage 3	(739)	-	739	-
From stage 2 to stage 1	-	-	-	-
From stage 2 to stage 3	-	(17)	17	-
From stage 3 to stage 1	-	-	-	-
From stage 3 to stage 2	-	-	-	-
Financial assets granted over the period	224	1	70	295
Remeasurement of financial assets which changed stage over the period	766	3	(1)	768
Financial assets written off over the period	(57)	(18)	(431)	(506)
As of December 31, 2019	$ 367	$ 49	$ 6,126	$ 6,542

Remeasurement of financial assets remaining in the same stage	$ 54	$	$ 806	$ 860
From stage 1 to stage 2	(455)	455		
From stage 1 to stage 3	(12,297)		12,297	
From stage 2 to stage 1				
From stage 2 to stage 3		(316)	316	
From stage 3 to stage 1				
From stage 3 to stage 2				
Financial assets granted over the period	46			46
Remeasurement of financial assets which changed stage over the period	12,500	279	-	12,779
Financial assets written off over the period	(9)	(12)	(2,236)	(2,257)
As of December 31, 2020	$ 206	$ 455	$ 17,309	$ 17,970

Unsecured loan

	January 1, 2019	Movement	December 31, 2019	Movement	December 31, 2020
Stage 1	$ 42,082	$ 9,244	$ 32,838	$ 199,914	$ 232,752

Effects of COVID-19 on the expected credit losses model

As mentioned in Note 1, as a result of the COVID-19 pandemic and its economic consequences, in 2020 the Company granted a significant number of loans for working capital financing so that clients could meet their contractual obligations with the Company. Thus, additional qualitative criteria were implemented to the stage classification:

1. In the case of clients benefiting from a COVID-19 support plan, their economic sectors were identified and a prospective impact (High, Medium or Low) was determined according to the expert consensus on the economic outlook of each sector.

2. In accordance with the prospective impact determined for each client in the previous step, the stage based on support effects was determined, considering the maximum delay in the last four months, including the rating month, and the delay in the rating month.

   Subsequently, the maximum delay in the last four months was used to observe a period of at least three months of sustained payment, in line with the standard applicable in some financial institutions in Mexico.

   The time window — determined once all the historical information enabling the assessment of its performance is available — will be constantly monitored.

Variations in the allowance for expected credit losses of accounts and notes receivable are analyzed as follows:

Balance as of January 1, 2019:	$ 952,524
(+) Increases in allowance	427,679
(-) Uses	(79,963)
Balance as of December 31, 2019:	$ 1,300,240

(+) Increases in allowance	1,432,993
(-) Uses	(195,992)
Balance as of December 31, 2020:	$ 2,537,241

Leasing accounts and notes receivable

The breakdown of the leasing portfolio as of December 31, 2020 and 2019, is as follows:

	Minimum payments	Residual value	Financial income to be accrued	Accounts receivable for lease
December 31, 2020	$ 54,344,115	$ 12,624,773	$ (18,570,185)	$ 48,398,703
December 31, 2019	$ 46,406,953	$ 11,352,830	$ (14,777,563)	$ 42,982,220

As of December 31, 2020 and 2019, accounts and notes receivable from the leases granted support loans received from banking institutions and debt securities. See notes 12 and 13.

The Company has entered into leasing agreements with an average term of 4 years.

Lease agreements

The minimum charges for the next five years, established in the lease agreements are as follows:

	Value of minimum future payments December 31, 2020	**2019**
2020	$ -	$ 24,567,880
2021	31,953,943	14,735,111
2022	16,393,565	11,634,624
2023	10,942,519	5,429,867
2024 onwards	4,908,131	1,392,301
2025 onwards	2,770,731	-
	$ 66,968,889	$ 57,759,783

Fair value of accounts and notes receivable

For the measurement of fair value of accounts and notes receivable, market rates for similar products to those of other lessors are used in the specific case of the lease product. For other products, some bank rates are used in addition to those of lessors. Fair value measurement of this item is Level 2, since it uses comparative market values.

The Company's valuation team periodically revises the significant unobservable inputs and the valuation adjustments. For the purposes of fair value measurement, the information provided by third parties, such as pricing providers, and market indicators are used to support the conclusion that those valuations meet the IFRS requirements, including the fair value hierarchy level at which financial instruments should be classified.

The methodology for measuring fair value of accounts and notes receivable is the discount of future cash flows considering the above-mentioned rates applicable to similar products.

The inputs used in fair value measurement include:

- Interest rates
- Surcharges
- Interest payment periods

Accounts and notes receivable valuation to fair value compared with the valuation at amortized cost is as follows:

December 31, 2020	**Amortized cost**	**Fair Value**	**Above (Below)**
Lease	$ 48,398,704	$ 50,246,444	$ 1,847,740
Financial factoring	1,479,793	1,525,469	45,676
Car consumer loans	56,935	53,051	(3,884)
Car commercial loans	2,451,698	2,293,383	(158,315)
Other loans	12,737,836	12,104,205	(633,631)
Total	$ 65,124,966	$ 66,222,552	$ 1,097,586

December 31, 2019	**Amortized cost**	**Fair Value**	**Above (Below)**
Lease	$ 42,982,220	$ 41,794,350	$ (1,187,870)
Financial factoring	3,255,748	3,330,153	74,405
Car consumer loans	72,168	71,857	(311)
Car commercial loans	2,822,879	2,851,010	28,131
Other loans	9,478,085	9,507,715	29,630
Total	$ 58,611,100	$ 57,555,085	$ (1,056,015)

Nota 1 - Note 6 - Risk management:

This note explains the Company's exposure to financial risks and how these risks could affect the Company's future financial performance.

Risk	Exposure arising from	Measurement	Management
Market risk – foreign exchange	• Future commercial transactions. • Recognized financial assets and liabilities denominated in US dollars (US).	• Sensibility analysis • Liquidity monitoring	• Cross Currency Swaps (CCS) and Foreign exchange option contracts (Call Spread).
Market risk - interest rate	• Long-term debt issued at variable rates	• Sensibility analysis • Liquidity monitoring	• Interest rate Swaps (IRS). • Interest rate options (CAP).
Credit risk (Note 5)	• Accounts and notes receivable, net	• Analysis of due dates • Determination of credit estimates	• Diversification of credit limits and accounts and notes receivable
Liquidity risk	• Borrowing and other liabilities	• Rolling cash flow forecast	• Availability of committed credit lines and borrowing facilities

The Company's Risk Management Division is responsible for establishing and supervising the Company's risk management structure and therefore it disclaims liability on the different areas of UNIFIN, such as treasury, portfolio administration, comptrollership and internal control through the policies adopted by the Board of Directors. This Division has created the Risk Management Committee, which is responsible for the development and monitoring of the Company's risk management policies. This Committee regularly reports on its activities to the Board of Directors.

The Company identifies, assesses and covers the financial risks in close co-operation with the group's operating units. The Company's risk management policies are established to identify and analyze the risks faced by the Company, set limits and adequate risk controls, and monitor the risks and compliance with those limits. The risk management policies and systems are reviewed regularly so that they reflect the changes in the market conditions and in the Company's business activities. Through its management rules and procedures, the Company seeks to develop a disciplined and constructive control environment in which all employees may understand their roles and responsibilities.

The Company's Audit Committee supervises how the Management controls compliance with the risk management policies and procedures and checks whether the risk management framework is appropriate for the risks faced by UNIFIN. This committee is assisted by internal audit in its supervisory role. Internal audit performs regular reviews of the risk management controls and procedures the results of which are reported to the Audit Committee.

The Board of Directors issued general policies related to financial risks management and policies on specific risks, such as exchange rate risk, interest rate risk, credit risk, use of derivative financial instruments, and investment of excess liquidity.

The Company applies its hedging policy to mitigate the risks associated with the exchange rate and the interest rate accrued on debt instruments and senior notes issued, as well as the bank loans acquired.

a. IFD

As of December 31, 2020 and 2019, the Company has derivative financial instruments as follows:

	December 31, 2020	**December 31, 2019**
Current assets		
Cross Currency Swaps – cash flow hedge	$ 39,333	$ -
Foreign exchange option contract (Call Spread) – cash flow hedge	244,857	-
Interest rate options – cash flow hedge		1,157
Interest rate Swaps – held for trading	210,705	65,019
Total in current assets	494,895	66,176
Non-current assets		
Cross Currency Swaps – cash flow hedge	149,810	1,825,098
Foreign exchange option contracts (Call Spread) – cash flow hedge	4,582,741	2,879,107
Interest rate options – cash flow hedge	-	1,052
Cross Currency Swaps – held for trading	82,516	-
Interest rate Swaps – cash flow hedge	211,112	-
Interest rate Swaps – held for trading	-	204,409
Total non-current assets	5,026,179	4,909,667
Total in assets	$ 5,521,074	$4,975,842

Current liabilities		
Cross Currency Swaps – cash flow hedge	$ 1,353,793	$1,207,479
Foreign exchange option contract (Call Spread) – cash flow hedge	-	5,304
Cross Currency Swaps – cash flow hedge	45,434	73,708
Interest rate Swaps – cash flow hedge	426,394	-
Interest rate Swaps – held for trading		43,830
Total in current liabilities	1,825,621	1,330,321
Non-current liabilities		
Cross Currency Swaps – cash flow hedge	2,443,538	1,403,439
Cross Currency Swaps – held for trading	-	63,787
Interest rate Swaps – cash flow hedge	426,095	-
Interest rate Swaps – held for trading		178,762
Total non-current liabilities	2,869,633	1,645,988
Total in liabilities	$ 4,695,254	$2,976,309
Net position	$ 825,820	$1,999,533

Fair value of derivative financial instruments

The fair values of derivative financial instruments per hierarchical level and some characteristics of their measurement are shown below:

	12/31/2020 Level 2	**12/31/2019 Level 2**
Financial assets:		
Derivative financial instruments	5,521,074	4,975,843
Financial liabilities:		
Derivative financial instruments	4,695,254	2,976,309

Aspects used in fair value measurement:

- The following fair value measurement methodology is used:

  - Swaps

    1. Fair value is measured by applying the standard market methodology through the discount of cash flows, considering the rates applicable to each exchange period.

    2. Fixed rates are used directly.

    3. In the case of variable rates, the forward rate for each period is obtained.

- Options

  1. Fair value is determined to the standard methodology through the Black Scholes model.

- The inputs used in fair value measurement include:

  - Risk-free nominal curves
  - Interbank Equilibrium Interest Rate (TIIE by its acronym in Spanish) curve
  - Basis Swap curve
  - LIBOR curves
  - Volatilities

Transactions entered into Operations acquired

The transactions entered into in the fiscal year 2020 and still in effect at the end of that year are as follows:

Type of derivatives	Notional amount in US dollars	Beginning	Due date	Underlying instrument
Foreign exchange option contracts (Call Spread)	US 5 m	Mar 2020	Dec 2020	Exchange rate
Foreign exchange option contracts (Call Spread)	US 5 m	Mar 2020	Jun 2021	Exchange rate
Foreign exchange option contracts (Call Spread)	US 5 m	Mar 2020	Dec 2021	Exchange rate
Foreign exchange option contracts (Call Spread)	US 5 m	Mar 2020	Jun 2022	Exchange rate
Foreign exchange option contracts (Call Spread)	US 3.75 m	Mar 2020	Apr 2021	Exchange rate
Foreign exchange option contracts (Call Spread)	US 3.75 m	Mar 2020	Oct 2021	Exchange rate
Foreign exchange option contracts (Call Spread)	US 3.75 m	Mar 2020	Apr 2022	Exchange rate
Foreign exchange option contracts (Call Spread)	US 3.75 m	Mar 2020	Oct 2022	Exchange rate
Foreign exchange option contracts (Call Spread)	US 4.686 m	Mar 2020	Feb 2021	Exchange rate
Foreign exchange option contracts (Call Spread)	US 4.686 m	Mar 2020	Aug 2021	Exchange rate
Foreign exchange option contracts (Call Spread)	US 4.686 m	Mar 2020	Feb 2022	Exchange rate
Foreign exchange option contracts (Call Spread)	US 4.686 m	Mar 2020	Aug 2022	Exchange rate
Foreign exchange option contracts (Call Spread)	US 4.686 m	Mar 2020	Feb 2023	Exchange rate
Foreign exchange option contracts (Call Spread)	US 4.686 m	Mar 2020	Aug 2023	Exchange rate

Type of derivatives	Notional amount in US dollars	Beginning	Due date	Underlying instrument
Foreign exchange option contracts (Call Spread)	US 4.884 m	Mar 2020	Feb 2024	Exchange rate
Cross currency swaps (CCS)	US 62.5 m	Dec 2020	Sep 2023	Exchange rate
Foreign exchange option contracts (Call Spread)	US 62.5 m	Dec 2020	Sep 2023	Exchange rate
Cross currency swaps (CCS)	US 125 m	Dec 2020	Jan 2025	Exchange rate
Foreign exchange option contracts (Call Spread)	US 125 m	Dec 2020	Jan 2025	Exchange rate

At December 31, 2020, profit from hedging derivatives at fair value through Other Comprehensive Income amounted to $608,465 (including $776,789 as fair value in the rebalancing of financial derivatives), and changes in the fair value of economic business derivatives totaled $42,822 under interest expenses in the gross margin.

Considering the economic conditions and to keep a more effective portfolio in 2020, with the approval of the Risk Management Committee, the Risk Management Division of the Company performed partial terminations and other renegotiations with its counterparties of certain derivative hedges with an accrued fair value valuation amounting to $608,465 recorded under hedging derivatives financial instruments in the Consolidated Statement of Changes in Stockholders' Equity.

The Management assessed the effectiveness of the hedge on previous transactions. Changes in the terms of the hedged item and the terms of the hedge instrument did not cause a material impact on the effectiveness of the hedge, since the new terms were implemented in accordance with the Company's hedge policy.

In 2020, the Company redeemed Senior Notes amounting to US 39,964; as a result, the Company recorded profits for US 4,410 in interest expenses in the Consolidated Statement of Income for the year ended on December 31, 2020.

The transactions entered into in the fiscal year 2019 and still in effect at the end of that year are as follows:

Type of derivatives	Notional amount in US dollars	Beginning	Due date	Underlying instrument
Cross currency swaps (CCS)	US 75 m	Jul 2019	Jan 2028	Exchange rate
Cross currency swaps (CCS)	US 75 m	Jul 2019	Jan 2028	Exchange rate
Cross currency swaps (CCS)	US 150 m	Jul 2019	Jan 2028	Exchange rate
Cross currency swaps (CCS)	US 150 m	Jul 2019	Jan 2028	Exchange rate
Foreign exchange option contracts (Call Spread)	US 75 m	Jul 2019	Jan 2028	Exchange rate
Foreign exchange option contracts (Call Spread)	US 75 m	Jul 2019	Jan 2028	Exchange rate
Contratos de opciones en moneda extranjera (CSPRD)	US 150 m	Jul 2019	Jan 2028	Exchange rate

Type of derivatives	Notional amount in US dollars	Beginning	Due date	Underlying instrument
Contratos de opciones en moneda extranjera (CSPRD)	US 150 m	Jul 2019	Jan 2028	Exchange rate
Cross currency swaps (CCS)	US 60.63 m	Jul 2019	Jun 2022	Exchange rate
Cross currency swaps (CCS)	US 100 m	Jul 2019	Jun 2022	Exchange rate
Cross currency swaps (CCS)	US 60 m	Jul 2019	Jun 2022	Exchange rate
Cross currency swaps (CCS)	US 70 m	Aug 2019	Aug 2022	Exchange rate
Cross currency swaps (CCS)	US 50 m	Aug 2019	Aug 2022	Exchange rate
Interest rate Swaps (IRS)	US 2,500 m	Mar 2019	Mar 2025	Exchange rate

Liabilities covered by the derivative financial instruments accrue interests on a quarterly and half-yearly basis. The foreign exchange effects of payments made at the payment date are recognized in the Statement of Income under Foreign exchange gain (loss).

As of December 31, 2020 and 2019, the Company has not granted cash nor financial assets as security interests for liabilities resulting from derivatives.

Hedge accounting

Derivatives are only used for economic hedging purposes and not for speculation investments. However, when they fail to meet the hedge accounting criteria, they are classified as “held for trading” for accounting purposes and are recorded at fair value through profit or loss, giving rise to an economic hedging.

Coverage relationships description

The Company is exposed to foreign exchange risk, mainly relating in the issuance of senior notes and bank loans in foreign currency (US dollar).

The purpose of hedging foreign exchange risk is to minimize the exchange rate volatility in cash flows of interest payments in dollars.

The risk management policy is to hedge 100% of expected cash flows from financial liabilities using a combination of cross-currency swaps, foreign exchange option contracts, interest rate swaps and interest rate options to hedge its exposure to rate and foreign currency risk.

During the periods ended on December 31, 2020 and 2019, the movements of the valuation effects recognized in stockholders' equity by valuation of derivative financial instruments, segmented by type of instrument, are detailed below:

	Cross-currency swaps (CCS)	Foreign exchange option (Call Spread)	Interest rate options (CAP)	Total
Initial balance as of January 1, 2019	$3,013,652	$1,523,165	$77,889	$4,614,706
Change in the fair value of the hedging instrument recognized in OCI for the year	($ 852,143)	$ -	($89,690)	($ 941,833)
Derivative financial instruments recognized in the Statement of Income	(2,947,329)	1,350,639	14,009	(1,582,681)
Closing balance as of December 31, 2019	($ 785,820)	$2,873,804	$ 2,208	$2,090,192

	Cross-currency swaps (CCS)	Foreign exchange option (Call Spread)	Interest rate options (CAP)	Total
Initial balance as of January 1, 2020	$ (785,820)	$ 2,873,804	$ 2,208	$ 2,090,192
Change in the fair value of the hedging instrument recognized in OCI for the year	(237,012)	61,627	(390,059)	(565,444)
Derivative financial instruments recognized in the Statement of Income	(2,585,356)	1,892,167	(42,822)	(736,011)
Closing balance as of December 31, 2020	$(3,608,188)	$ 4,827,598	$(430,673)	$ 788,737

Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that there is an economic relationship between the hedged item and the hedging instrument.

The hedging relationship must be assessed from inception and during all subsequent phases, as the minimum evaluation period, through the sum of the discounted flows, considering the current and future market conditions affecting the valuation. The objective is to mitigate the foreign exchange risk and interest exposure, as the Company is exposed to assets funding, to provide feasibility and certainty to the leasing, factoring and other accounts and notes receivable relating to loan performed by the Company, ensuring effective control of the financial hedge account receivable.

The Company initially assesses the effectiveness of the derivative financial instruments acquired by using the qualitative approach, the simplest effectiveness assessment method that does not require calculations to assess the hedge effectiveness prospectively, as it considers the hedge relationship will be highly effective if at least the following terms match exactly those of the primary position:

- Notional
- Due date
- Payment date(s)
- Interest rate “reset” dates
- Underlying instrument(s), such as prices, indexes, interest rates, exchange rates, etc.

The coverage ratio is obtained from comparing the flows from the derivative financial instruments and the flows from the hedged item. This designation must not show a significant imbalance between the proportion of the hedged instrument and the hedging instrument. In this regard, the Company has adopted a range of tolerance considering some aspects, as follows:

i. The Mexican financial market shows highly volatile variables, including those that have a direct impact on the valuation of the derivative financial instruments held by the Company; those variables are the exchange rates and the local and international market interest rates.

ii. Considering that the Company's main business activity does not consist in the purchase and sale of derivative financial instruments, as it occurs in the case of investment funds, hedge funds or money desks, the Company is not entitled to the preferential benefits regarding conditions for recalibrating positions, therefore in view of the high volatility of the above-mentioned indicators, it is advisable to set a range based on the historical data documented by the Company.

iii. As of December 31, 2020 and 2019, the results confirm that the hedge is highly effective.

Interest expense, in the Statement of Income, includes $42,822 y $129,278, as of December 31, 2020 and 2019, respectively, for transactions with interest rate derivative financial instruments that did not qualify as hedges.

i. Market Risk Exchange rate

The Company's exposure to the foreign exchange risk at period-end is as follows:

	December 31, 2020	**December 31, 2019**
Risk Exposure / Hedging instrument		
Market risk - Exchange rate		
Cross currency swaps (CCS)	$ (3,571,106)	$ (923,315)
Foreign exchange option (Call Spread)	4,827,598	2,873,803
Total	$ 1,256,492	$ 1,950,488
Risk Exposure/Hedged item		
Market risk - Exchange rate		
Foreign currency bank loans	$ 6,459,939	$ 6,609,999
International debt in foreign currency	35,049,267	33,631,961
Total	$ 41,509,206	$ 40,241,960

Sensitivity of results to exchange rates fluctuations arises mainly from financial instruments denominated in US dollars designated as cash flow hedges:

	Increase	Increase	Decrease	Decrease
December 31, 2020				
Market risk - Exchange rate	+8%	+4%	-4%	-8%
Interest rate swaps and Principal in other currency (CCS)	$1,176,493	$ 588,246	$ (565,621)	$ (1,089,345)
Foreign exchange option contracts (Call Spread)	1,284,322	648,623	(618,050)	(1,170,852)
Total	$2,460,815	$1,236,869	$(1,183,672)	$ (2,260,197)
December 31, 2019				
Market risk - Exchange rate	+8%	+4%	-4%	-8%
Cross currency swaps (CCS)	$2,627,021	$1,313,511	$(1,313,511)	$ (2,627,021)
Foreign exchange option contracts (Call Spread)	573,290	292,088	(298,532)	(598,559)
Total	$3,200,311	$1,605,599	$(1,612,043)	$ (3,225,580)

ii. Interest rate

The Company's main interest rate risk arises from debt with variable rates. Over the periods ended on December 31, 2020 and 2019, variable interest rate loans were denominated mainly in Mexican pesos and US dollars.

The exposure of debt to changes in interest rates and the contractual maturities at the end of each reporting period is shown below:

	December 31, 2020	% of total loans	December 31, 2019	% of total loans
Bank loans with variable rates:				
< 1 year	$15,864,353	50.04%	$ 8,406,160	32.42%
1-3 years	3,124,334	9.85%	6,260,884	24.14%
3-5 years	244,916	0.77%	-	00.00%
5-10 years	598,584	1.89%	-	00.00%
	$19,832,187	62.55%	$14,667,044	56.56%
Debt instruments with variable rates:				
< 1 year	$ 4,736,605	14.94%	$ 3,030,418	11.69%
1-3 years	4,203,417	13.26%	5,237,918	20.20%
3-5 years	2,931,858	9.25%	2,994,453	11.55%
5 – 10 years		00.00%	-	00.00%
	11,871,880	37.45%	11,262,789	43.44%
Total	$31,704,067	100.00%	$25,929,833	100.00%

Sensitivity of results to interest rate fluctuations derives mainly from variable rate financial instruments known as cash flow hedges:

	Increase 50pb	Increase 25pb	Decrease -25pb	Decrease -50pb
December 31, 2020				
Market risk - interest rate				
Interest Rate Swaps (IRS)	$ 73,420	$ 36,838	$ (37,096)	$ (74,453)
Interest rate options (CAP)	-	-	-	-
Foreign exchange option contracts (Call Spread)	(289)	(692)	1,809	4,753
Cross Currency Swap (CCS)	(178,430)	(90,359)	92,697	187,782
Total	$ (105,299)	$ (54,213)	$ 57,410	$ 118,082
December 31, 2019				
Market risk - interest rate				
Interest Rate Swaps (IRS)	$ 27,291	$ 14,125	$ (12,543)	$ (26,050)
Interest rate options (CAP)	6,790	4,172	(402)	(656)
Foreign exchange option contracts (Call Spread)	(118,686)	(61,705)	58,289	121,496
Cross Currency Swap (CCS)	(45,152)	(21,412)	30,290	58,390
Total	$ (129,757)	$ (64,820)	$ 75,634	$ 153,180

Profit or loss is sensitive to higher or lower financial income from cash and cash equivalents as a result of changes in interest rates.

Interest rate benchmark reform

Following the financial crisis, the reform and replacement of benchmark interest rates such as GBP LIBOR and other interbank offered rates (‘IBORs’ *Inter-bank Offered Rates*) has become a priority for global regulators. The Company is approaching all its financial counterparties, to discuss the adoption of an alternative overnight risk-free rate. This adoption will be in full compliance of the IBOR Protocol, or bilateral amendments in its legacy transactions, to apply terms of the IBOR Protocol, without the need to adhere to it. The company will be in a constant discussion to find the most certain alternative, to determine a reference rate as a fallback to the current hedges or other products.

All of the new derivatives transactions to be incorporated in 2021, are expected to be adhered under the amended version of ISDA (International Standard Derivate Association), when it became effective, and is expected to include all the possible fallbacks.

Even though there is no cut-off date to adhere to the terms of the IBOR Protocol and therefore changing the current contracts, relevant changes are planned to be discussed and executed in the short term and before a pre-cessation or permanent cessation of any of the relevant LIBORS.

As of December 31, 2020, the Company held bank loans with credit lines of $9,760,511 (US 489,612) o 49.4% out of the total Company´s bank loan agreements, referenced with LIBOR rate. The Company has four credit lines for $3,096,183 (US 155,312) with variable rate that referenced to the LIBOR rate and maturity after December 31, 2021, however, the Company has a hedge for three of these credit lines and the exposed to this change is $726,638 (US 36,450).

As of December 31, 2020, the Company held 27 CCS with a fair value of ($3,571,105) and 53 call spreads with a fair value of $4,827,598 out of 80 contracts which are valued using LIBOR curves, and those contracts are hedging US 2,334,083 in notional, which is the current exposure to this reform.

Also, the fair value disclosure of the Senior Notes is measured using LIBOR reference. The rest of the Company's liabilities are measured under different references such as Mexican TIIE.

The Company's systems calculate fair market value using LIBOR curves; however they are ready to use new reference whenever it's needed. The Company will conduct an analysis later in 2021 in order to anticipate impacts on fair market value in our derivative contracts due to the new reference rate.

Relief applied

The Company has applied the following reliefs that were introduced by the amendments made to IFRS 9 Financial Instruments in September 2019:

- When considering the 'highly probable' requirement, the Company has assumed that the LIBOR interest rate on which the Company's hedged debt is based does not change as a result of IBOR reform.

- In assessing whether the hedge is expected to be highly effective on a forward-looking basis the Company has assumed that the LIBOR interest rate on which the cash flows of the hedged debt and the interest rate swap that hedges it are based is not altered by LIBOR reform.

Assumptions made

In calculating the change in fair value attributable to the hedged risk of floating-rate debt, the Company has made the following assumptions that reflect its current expectations:

- The floating-rate debt will move to an alternative overnight risk-free rate during 2022 and the spread will be similar to the spread included in the interest rate swap used as the hedging instrument.

- No other changes to the terms of the floating-rate debt are anticipated.

- The Company has incorporated the uncertainty over when the floating-rate debt will move to an overnight risk-free rate, the resulting adjustment to the spread, and the other aspects of the reform that have not yet been finalized by adding an additional spread to the discount rate used in the calculation.

Credit risk

Credit risk is managed at Company level. Accounts and notes receivable are subject to the expected credit loss model described in section "Allowance for expected credit losses of accounts and notes receivable", in Notes 3 (b.iv) and 5. Regarding banks and institutions with which derivative financial instruments transactions are performed (Counterparties), only those with "A" risk ratings are accepted.

Such ratings are frequently monitored and disclosed every time a new derivative instrument is agreed upon in the so-called hedge files of each transaction. In case a Counterparty is downgraded under the level accepted by the Company, no new derivative transactions can be made with such Counterparty.

Ratings available for each Counterparty are indicated below:

Counterparty	Rating	Agency	Scale
Citibanamex	mxAAA	S&P	Local
Barclays	mxAA	S&P	Local
Bank of America (Bofa)	mxAAA	S&P	Local
Credit Suisse	mxAA+	S&P	Local
Goldman Sachs	mxAA+	S&P	Local
Morgan Stanley	mxAA+	S&P	Local
Santander	mxAAA	S&P	Local
Scotiabank	mxAAA	S&P	Local

Liquidity risk

Liquidity risk management involves maintaining sufficient cash and negotiable instruments and the availability of financing through an adequate amount of credit lines to meet obligations at maturity and settle trading positions.

The Company's projected cash flows and the information generated by the Finance department are focused on oversight the projections on liquidity requirements and thus ensuring that the Company has sufficient resources to meet the operational needs and agreed obligations and avoid the failure to comply with its contractual obligations. As of December 31, 2020 and 2019 the Company has satisfactorily fulfilled such needs and obligations. The projections consider financing plans through debt, compliance with contractual obligations and compliance with financial ratios based on the consolidated statement of financial position.

The tables shown below analyze the financial liabilities according to their contractual maturities:

As of December 31, 2020

Item	1 year	> 1 - 3 years	> 3 - 5 years	> 5 years	Contractual cash flows
Bank loans	$15,839,144	$ 3,124,334	$ 244,916	$ 598,584	$ 19,806,978
Debt instruments	4,736,605	4,203,417	2,931,858		11,871,880
Senior notes	0	11,921,668	8,822,323	14,342,679	35,086,670
Suppliers	417,704				417,704
Lease liabilities	59,078	119,073			178,151
Derivative financial instruments	9,887,625	26,010,893	17,794,491	9,771,527	63,464,537
Total	$30,940,156	$45,379,385	$29,793,588	$24,712,790	$130,825,920

As of December 31, 2019

Item	1 year	> 1 - 3 years	> 3 - 5 years	> 5 years	Contractual cash flows
Bank loans	$ 8,250,311	$ 6,259,213	$ -	$ -	$ 14,509,524
Debt instruments	4,454,782	7,370,930	2,500,000	520,833	14,846,545
Senior notes	1,074,796	3,774,540	7,549,080	22,647,240	35,045,656
Suppliers	330,094	-	-	-	330,094
Lease liabilities	55,691	155,547	8,315	-	219,553
Derivative financial instruments	5,499,663	13,120,366	14,192,292	26,389,479	59,201,800
Total	$19,665,337	$30,680,596	$24,249,687	$49,557,552	$124,153,172

Equity management

The following are the Company's objectives relating to capital risk management:

- Safeguard its ability to continue operating as a going concern.
- Distribute returns to stockholders and benefits to other stakeholders.
- Maintain an optimal equity structure to reduce costs.

In order to maintain or adjust the Stockholder's Equity structure, the Company may vary the amount of dividends to be paid to the stockholders, make a capital stock reduction, issue new shares of stock or sell assets and reduce its debt.

The Company monitors its Stockholder's Equity structure based on the following financial ratios:

- Financial leverage: Financial liabilities (excluding asset securitizations)/Total Stockholder's Equity
- Capitalization (net portfolio): Total Stockholder's Equity/net portfolio
- Capitalization (total assets): Total Stockholder's Equity/total assets

The Company's strategy as of December 31, 2020 and 2019 was to keep the financial leverage ratio below a seven fold (7x), the capitalization to net portfolio ratio above 13.5%, the capitalization to total assets ratio above 9% as well as an 'A' credit rating at local scale. The credit rating has remained unchanged over such periods. Below are the financial ratios as of December 31, 2020 and 2019::

	December 31, 2020	December 31, 2019
Financial liabilities (excluding Debt instruments)	$ 54,786,697	$ 48,299,005
Total Stockholder's Equity	13,308,388	10,899,272
Financial leverage ratio	4.1x	4.43x
Total Stockholder's Equity	$ 13,308,388	$ 10,899,272
Accounts and notes receivable, net	62,587,725	57,310,860
Capitalization ratio (to Accounts and notes receivable, net)	21.3%	19.0%
Total Stockholder's Equity	$ 13,308,388	$ 10,899,272
Total assets	85,459,782	78,780,308
Capitalization ratio (to total assets)	15.6%	13.8%

The hedge portfolio management strategy implemented during 2020 consisted in transactions to make the portfolio more efficient given market circumstances, as well as in the natural hedge of dollar-denominated assets of the Company.

Additionally, the volatile economic scenario and the weakening of the dollar provided an opportunity to manage the derivatives portfolio, thus correcting the initial expectations that the market had adjusted at the end of third quarter as a consequence of the COVID-19 pandemic, when a significant depreciation of the Mexican peso was observed: the spot rate reached levels of around 25.00 MXN/USD, while the forward rate for contracts of up to eight years reached levels of around 38.00 MXN/USD.

The adjustment, consisting in the peso appreciation and its distancing from the previously disclosed levels, suggested that notional hedges, made up of call spreads, could experience a decrease exclusively in ceiling prices, thus allowing for the consistency of the hedge portfolio, in line with the appreciation of the peso to levels of around 22.00 MXN/USD in the spot market and 32.00 MXN/USD in the forward market for contracts of eight years.

Note 7 – Other assets:

As of December 31, 2020 and 2019 Other assets are made up as follows:

	December 31, 2020	December 31, 2019
Other current assets:		
Advances to suppliers	$ 276,583	$ 49,549
Guarantee deposits	9,663	5,604
Prepaid expenses	15,134	41,981
Total other current assets	301,380	97,134
Other non-current assets:		
Investments in associates	464,783	93,308
Total other non-current assets	464,783	93,308
Total	$ 766,163	$190,442

In 2020 the Company cut down the advanced to suppliers due to a marketing expense reduction as some of Company´s public events were canceled because of the COVID-19 sanitary restrictions established by local healthcare authorities.

The investments in associates as of December 31, 2020 and 2019, are comprised as follows:

	December 31, 2020	December 31, 2019
Other current assets:		
Blue Phnx, S. A. P. I. de C. V. [2]	$ 370,380	$ -
Unifin Agente de Seguros y Fianzas, S. A. de C. V.	50,724	49,629
Unidoc JV, S. A. de C. V. [1]	40,000	40,000
Other investments	3,679	3,679
Total	$ 464,783	$ 93,308

The nature and stockholding of investments held in associates as of December 31, 2020 and 2019 are shown below:

Company	Shareholding
Unifin Agente de Seguros y Fianzas, S. A. de C. V.	49.00%
Unidoc JV, S. A. de C. V. [1]	66.67%
Blue Phoenix, S. A. P. I. de C. V. [2]	50.00%

[1] Consumer goods entity, in accordance with the corporate bylaws and stockholders' agreements, the Company exerts no control over such entity for consolidation purposes.

[2] In 2020 the Company acquired 50% of ordinary shares, nominatives, fully subscribed of Blue Phoenix, S. A. P. I. de C. V. (Blue Pnhx) an entity in the oil and gas industry, in accordance with the

corporate bylaws and stockholders' agreements, the Company exerts no control over such entity for consolidation purposes.

Note 8 - Non-current assets held for sale:

As of December 31, 2020 and 2019 assets held for sale refers to foreclosed assets and are made up as follows :

	December 31,	
	2020	**2019**
Assets held for sale:		
Property	$ 1,557,596	$ 1,169,393
Transportation equipment	178,569	209,559
Machinery and equipment	-	5,406
Total	$ 1,736,165	$ 1,384,358

As of December 31, 2020 and 2019 the Company reclassified $263,450 and $85,114 respectively, from Investment properties to Non-current assets held for sale as these assets became productive.

Foreclosures are operating activities that do not involve cash flows exchange. For the years ended December 31, 2020 and 2019 foreclosures amounted to $399,016 and $638,500, respectively.

In 2020 the Company increased the assets held for sale due to the early termination of some lease agreements affected by the sanitary restrictions derived from COVID-19 emergency. Additionally, other assets which met the requirements to classified as assets for sale were reclassified in this financial statement line item.

The sale plans to all these assets are current, however due to the sanitary restrictions derived from the COVID -19 pandemic, the sales and sale promotion processes were slowed down.

Note 9 - Property, plant and equipment:

As of December 31, 2020 and 2019 property, plant and equipment are broken down as follows:

	Property	Transportation equipment	Computer equipment	Furniture and equipment	Drilling rig	Right-of-use assets and other assets	Leasehold improvements	Total
Year ended December 31, 2019								
Net initial balance in books	$ 395,887	$ 49,794	$ 17,439	$ 14,049	$ -	$ 265,422	$ 153,819	$ 896,410
Additions	-	24,765	10,153	37,982	1,687,580	442,835	79,922	2,283,237
Revaluation surplus	-	-	-	-	3,398,613	-	-	3,398,613
Disposals	-	(4,132)	(278)	-	-	-	(3,253)	(7,662)
Depreciation charges	(300)	(17,769)	(8,913)	(6,712)	-	(38,475)	(10,342)	(82,511)
Net book amount	$ 395,587	$ 52,658	$ 18,401	$ 45,319	$ 5,086,193	$ 669,782	$ 220,146	$ 6,488,086
Leased assets								
Additions	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Depreciation charges	-	-	-	-	-	(52,555)	-	(52,555)
Net book amount	$ -	$ -	$ -	$ -	$ -	$ (52,555)	$ -	$ (52,555)
Cost or fair value	$ 416,606	$122,618	$ 59,334	$ 85,001	$ 5,086,193	$ 768,371	$ 266,415	$ 6,804,537
Accumulated depreciation	(21,019)	(69,960)	(40,933)	(39,682)	-	(151,144)	(46,269)	(369,006)
Net book value As of December 31, 2019	$ 395,587	$ 52,658	$ 18,401	$ 45,319	$ 5,086,193	$ 617,227	$ 220,146	$ 6,435,531
Year ended December 31, 2020								
Net initial balance in books	$ 395,587	$ 52,658	$ 18,401	$ 45,319	$ 5,086,193	$ 617,227	$ 220,146	$ 6,435,531
Additions		$ 38,873	$ 3,272	$ 8,562	$ -	$ 479,357	$ 19,015	$ 549,079
Revaluation surplus					198,889			198,889
Disposals	(154,601)	(49,035)	(24,273)	(19,358)	16	(175,984)	(26,370)	(449,605)
Depreciation of disposals	21,019	44,535	21,405	16,906	(16)	32,555	20,839	157,243
Depreciation charges	(1,480)	(18,854)	(9,341)	(11,650)	(158,944)	(47,632)	(12,430)	(260,331)
Net book amount	$ (135,062)	$ 15,519	$ (8,937)	$ (5,541)	$ 39,945	$ 288,296	$ 1,054	$ 195,275
Leased assets								
Additions	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Depreciation charges	-	-	-	-	-	(52,994)	-	(52,994)
Net book amount	$ -	$ -	$ -	$ -	$ -	$ (52,994)	$ -	$ (52,994)
Cost or fair value	$ 262,005	$ 87,031	$ 18,805	$ 51,429	$ 5,285,082	$ 953,155	$ 233,630	$ 6,891,137
Accumulated depreciation	(1,480)	(18,854)	(9,341)	(11,650)	(158,944)	(100,626)	(12,430)	(313,325)
Net book value As of December 31, 2020	$ 260,525	$ 68,177	$ 9,464	$ 39,779	$ 5,126,138	$ 852,529	$ 221,200	$ 6,577,812

Depreciation recorded in the Statement of Income as of December 31, 2020 and 2019 amounted to $193,531 and $135,066, respectively.

Disposals

The disposals of property, plant and equipment derived from sales in the period or when the assets change its usage, in the last case the asset are reclassified to other financial statements line items such as Non-current asset held for sale or Investment properties.

In 2020, the Company reclassified $263,483 to non-current asset held for sales as they met the requirements to be sold.

Drilling rig

On October 18, 2019, the Company entered into a purchase agreement for the acquisition of a semi-submersible drilling rig for deep and shallow waters to be leased to the participants of the oil industry in Mexico. Management has incurred in different transportation costs, taxes, fees, commissions and the purchase of the necessary equipment to put the asset in working condition for $529,217, all of which are included in its carrying amount.

As described in Note 3e., the drilling rig's value is frequently assessed by third-party appraisers, as of December 31, 2020 and 2019 the fair value amounted to $5,285,082 and $5,086,193, respectively. The revaluation surplus recognized in OCI as of December 31, 2020 and 2019 was $198,889 ($139,222 - net of deferred Income Tax) and $3,398,613 ($2,379,034 - net of deferred Income Tax) respectively. The depreciation of revaluation surplus in other comprehensive income as of December 31, 2020 was $123,801 ($86,661 - net of deferred Income Tax).

Fair value of drilling rig

i. Fair value hierarchy

The Company classified its non-financial asset into one of the three levels indicated by the accounting standard. The drilling rig measured at fair value has a Level 2 hierarchy, as valuation techniques used are mainly based on international markets data.

No level transfers were made for fair value measurements during the year ended December 31, 2020 and 2019.

ii. Valuation techniques used to measure fair value

Below are the approaches applied in the valuation prepared by a third-party appraiser:

a. *Cost approach:* According to this approach, the value of an asset is comparable with the amount required to replace or reproduce a new asset that is equally desirable and with a similar utility to that appraised. Impairment losses due to physical deterioration (age and preservation condition), economic, functional and technological obsolescence should be considered for each type of appraised asset based on its characteristics.

The cost approach provides an indication of value using the economic principle that a buyer will not pay more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction. This approach provides an indication of value by calculating the current replacement or reproduction cost of a vessel, considering the physical deterioration and other relevant forms of obsolescence.

For the calculation of the Net Replacement Cost, a search of the new cost of reproduction of drilling rigs with similar features in the international market was conducted. This search provided for three rigs with similar capacities and features to the one bought.

b. *Market approach:* This approach establishes that a well-informed buyer will not pay for an asset more than the purchase price of another similar asset. Its utility must be supported and the approval factors must be clearly specified. Below are the main variables to be used in the approval of comparable assets that most influence in the price of an equipment: Length overall, power, main features, deadweight, age and type.

This approach is applicable as long as some of the following scenarios occur:

- There are frequent and/or recent observable transactions of similar assets.

- The substantially similar assets are publicly traded.

- Information on market transactions is available, but the comparable assets have significant differences to the subject asset, potentially requiring subjective adjustments.

Another appropriate technique consists in using the COST-TO-CAPACITY equation, as long as comparable assets are similar to the appraised asset in several aspects, such as those indicated in the paragraph above and the result of this formula is more appropriate to assess the value of the appraised asset.

$$\frac{\text{Cost A}}{\text{Cost B}} = \left[\frac{\text{Capacity A}}{\text{Capacity B}}\right]^{r}$$

r= exponent of correlation

c. Measurement of fair value

For the drilling rig valuation, Level 2 input was used as no significant adjustments were applied to the prices obtained from international markets. The main input used is analyzed as follows:

- New cost of reproduction of drilling rigs with similar capacities and features in the international market.

- Offer sales prices of similar assets.

- Useful lives of similar assets.

d. The carrying amount that would have been recognized if the drilling rig had been recorded at cost

If the drilling rig had been recorded at its historical cost, the amount would have been $1,687,580.

e. Company's valuation process

The Assets Management department carries out periodical analysis necessary to report the fair value of the drilling rig in the consolidated financial statements. This department reports directly to the Chief Financial Officer of the Company and must verify that the conditions set forth in this accounting policy for the annual revaluation are still in force at each reporting date.

The drilling rig valuation report as of December 31, 2020 and 2019 was prepared by VIP Estates, S. de R. L. de C. V. ("VIP Estates"), who is a third-party appraiser. Based on the Management's and the third-party appraiser's discussions, it has been established that unobservable inputs, such as preservation conditions, physical and economic obsolescence and desirability index estimated by VIP Estates, as well as local economic factors on which valuations are based are comparable with the prices in the respective industry and location.

The relation between unobservable inputs and the fair value measurement is that the higher the preservation conditions and desirability index and the lower the physical obsolescence index, the higher the fair value.

Revaluation surplus

The conditions of unobservable inputs are determined according to the Company's best estimate based on the assumptions established by the experts hired for such purpose about unobservable inputs and internal and external elements. The Company periodically analyses the valuation of drilling rigs to verify whether there are indicators of the need to revalue those assets.

Properties as lessee

The Company conducts lease transactions as lessee relating to the lease of its main offices for the ordinary course of business.

The agreements as of December 31, 2020 and 2019 contains the below characteristics:

- No extension or termination options are included to give rise to an obligation or change in the contractual cash flows.
- No obligation is generated in addition to regular rents.
- No additional liability or variable rent to be recognized are included that have an impact on the contractual cash flows expected from the agreement.
- There are clauses for safeguarding the asset relating to the general terms of use of real property that do not give rise to any change in contractual cash flows.
- No clause for asset restoration upon termination is included.
- There is no commitment for residual values no obligations to act or not to act.

As of December 31, 2020 and 2019, the Company did not enter into any lease agreement as lessee with a future effective date.

Properties as lessee are recognized in property, furniture and equipment for the right-of-use and in Suppliers and other accounts payable, current and non-current, as applicable, for the minimum lease payment. Changes in assets are as follows:

	December 31, 2019	Increase	Decrease	December 31, 2020
Right-of-use assets (Property)	$ 301,349	$ 4,924	$ -	$ 306,273
Depreciation	(104,293)	(50,202)	-	(154,495)
Right-of-use assets, net of their depreciation	$ 197,056	$ (45,278)	$ -	$ 151,778

Right-of-use assets are financing activities that required no cash flows exchange.

The movements of the Company’s lease liabilities as lessee are shown below:

	December 31, 2019	Increase	Decrease	Interest	Payment	Exchange rate effect	December 31, 2020
Lease liabilities	$ 205,374	$ 4,924	$ -	$ 6,012	$ (55,690)	$ 8,465	$ 169,085

The maturities of the Company’s lease liabilities as lessee are shown below:

	2020	2019
Less than a year	$ 59,078	$ 55,691
1-5 years	119,074	163,862
	178,152	219,553
(-) finance charges	(9,067)	(14,179)
Total	$ 169,085	$ 205,374
Part of long-term liability recorded in:		
Other accounts payable	$ 114,714	$ 153,280

Note 10 - Investment properties:

Investment properties include an industrial plant that is leased to a third party and a plot of land. The lease is for a non-cancellable period of five years and subsequent renovations are negotiated with the lessee:

	December 31,	
	2020	**2019**
Industrial plant and land	$ 186,001	$ 271,115
Properties under operating lease agreements	582,985	-
Accumulated depreciation	(23,715)	(20,925)
Total	$ 745,271	$ 250,190

In 2020 and 2019 the Company transferred $263,450 and $85,114, respectively, for a piece of property (land) from non-current assets held for sale to investment property, as an opportunity for a better revaluation in the local real estate market was identified. This transfer had no impacts on the income/loss for the year. As of December 31, 2020 and 2019 the Company made no other transfers; additionally the Company acquired an office building amounted $319,535.

Minimum lease payments to be accrued for the lease of the industrial plant are $19,200 as of December 31, 2020 and 2019.

The amounts recognized in profit or loss associated with the industrial plant are as follows:

	December 31,	
	2020	**2019**
Operating lease income	$ 53,595	$ 49,518
Depreciation of investment properties	(2,790)	(19,225)
Total	$ 50,805	$ 30,293

Note 11 – Intangible assets:

As of December 31, 2020 and 2019 intangible assets were made up as follows:

Non-current assets	**Software**
Opening carrying amount as of January 1, 2019	$ 121,107
Additions – internal development	20,143
Amortization	31,196
Closing carrying amount as of December 31, 2019	$ 110,054
Opening carrying amount as of January 1, 2020	$ 110,054
Additions – internal development	82,762
Amortization	33,164
Closing carrying amount as of December 31, 2020	$ 159,652

The Company is developing new software that could replace UNICS, its current operating system. It has incurred research and development expenses as of December 31, 2020 and 2019 of $82,762 and $20,143, respectively. In 2019 started the two first system phases, as a result, was recognized and amortization expense in administrative and promotion expenses for $33,164 and $31,196 as of December 31, 2020 and 2019, respectively.

Note 12 – Bank loans:

As of December 31, 2020 and 2019, Bank loans is made up as follows:

	December 31, 2020								
Entities	Credit line	Currency	Principal	Accrued interest payable	Commissions and expenses	Total	Interest rate	Maturity	Guarantee
Current:									
Nacional Financiera[9]	$. 3,750,000	MXN	$ 2,456,965	$ 7,698	$ -	$ 2,464,663	Variable	Oct-23*	Accounts receivable for factoring, other loans and car loans
		US	154,097	1,664	-	155,761	Variable	Nov-30*	Accounts receivable for factoring, other loans and car loans
Banamex	2,000,000	MXN	2,000,000	8,495	-	2,008,495	Variable	May-24*	Accounts receivable for lease
Scotiabank	750,000	MXN	323,884	1,439	-	325,323	Variable	Feb-21	Accounts receivable for lease
Scotiabank [1]	1,000,000	MXN	1,000,000	1,359	-	1,001,359	Variable	Jun-21	Accounts receivable for lease
Scotiabank [WH]	500,000	MXN	500,000	860	-	500,860	Variable	Jun-21	Accounts receivable for lease
Banamex	398,704	US	398,704	105	-	398,809	Variable	Jan-21	Accounts receivable for lease
Banamex Loan [1]	500,000	MXN	500,000	1,041	-	501,041	Variable	Jan-21	Unsecured
Bancomext	1,000,000	MXN	420,411	2,149	-	422,560	Variable	Oct-22*	Accounts receivable for lease
		US	38,414	144	-	38,558	Fixed	Oct-22*	Accounts receivable for lease
Santander	1,000,000	MXN	1,000,000	3,767	-	1,003,767	Variable	Jan-21	Accounts receivable for lease
Bladex	4,163,789	US	2,256,184	88,623	(6,943)	2,337,864	Variable	Jun-22*	Unsecured
Barclays	1,283,344	US	1,355,594	12,417	(4,086)	1,363,925	variable	Aug-21	Rights of received Excess Assets of trusts
Barclays [3]	1,295,788	US	1,295,788	19,441	-	1,315,229	Variable	Jul-21	Unsecured
CI Banco [5]	250,000	MXN	250,000	677	-	250,677	Variable	Jan-21	Accounts receivable for car loans
Deustche Loan [4]	498,380	US	498,380	3,101	(2,112)	499,369	Variable	Sep-21	Unsecured
Blue Orchard [2]	187,960	US	187,960	22,116	(2,419)	207,657	Variable	Feb-24*	Unsecured
BTG [8]	398,704	US	398,704	55	(4,984)	393,775	Fixed	Dec-21	Unsecured
Responsability [6]	647,894	US	647,894	6,223	(4,665)	649,452	Variable	Oct-22*	Unsecured
Total			$ 15,682,979	$ 181,374	$ (25,209)	$ 15,839,144			
Non-current:									
Nacional Financiera		MXN	398,190		-	398,190	Variable	Oct-23	Accounts receivable for factoring, other loans and car loans
Nacional Financiera		US	654,572		-	654,572	Variable	Nov-30	Accounts receivable for factoring, other loans and car loans
Bladex		US	1,592,244		(7,846)	1,584,398	Variable	Jun-22	Unsecured
Scotiabank		MXN	109,238		-	109,238	Variable	Jan-22	Accounts receivable for lease
Bancomext		MXN	364,276		-	364,276	Variable	Jul-23	Accounts receivable for lease
Bancomext		US	72,952		-	72,952	Fixed	Oct-22*	Accounts receivable for lease
Blue Orchard		US	469,901		(2,918)	466,983	Variable	Feb-24	Unsecured
Responsability		US	249,190		(1,513)	247,677	Variable	Oct-22	Unsecured
Total			$ 3,910,563		$ (12,277)	$ 3,898,286			

* Corresponds to the last maturity of the disposals made in the credit line.

(1) Banamex

In November 2020, the Company disbursed $500,000 from its bilateral credit line with Banco Nacional de México (Banamex). The line has a 2-month maturity.

(2) Blue Orchard

On February 6, 2020 the Company subscribed a note with Blue Orchard Microfinance Fund for US 33,000. The loan contains a “grace period” of one year and has semiannual repayments until February 6, 2024.

(3) Barclays

On June 33, 2020, the Company signed a loan agreement with Barclays for US 70,000. The loan has a 1-year maturity.

(4) Deutsche Bank

On September 3, 2020, the Company signed a loan agreement with Deutsche Bank AG for US 25,000. The loan has a 1-year maturity. with payments in three-month periods over the term of the loan.

(5) CI Banco

On December 18, 2020, the Company disbursed $250,000 from its credit line with CI Banco. The maturity day was on January 15, 2021. The Company paid it off in January 2021.

(6) Responsability Management Company

On December 17, 2020, the Company subscribed promissory notes in favor of ResponsAbility Management Company for US 15,000. Outstanding amounts form these notes are due on October 22, 2022.

(7) Banobras

On December 23, 2020, the Banco Nacional de Obras y Servicios Públicos, S. N. C. authorized a credit line of up to $4,000,000, with a maximum term of 360 months. The Management expects to signed the loan agreements and disburse the loan in the second quarter of 2021.

(8) BTG Pactual

On December 29, 2020, the Company signed a loan agreement of up to US 20,000 with BTG Pactual, S. A. Cayman Branch. The maturity date was December 30, 2021. This loan was paid in full in February 2021.

(9) Nacional Financiera

On October 28, 2020, the Company obtained an increase of $1,250,000 in its credit line with Nacional Financiera in order to fund the factoring and loan operations.

The obligations to do and not to do of the above new loans did not affect the prior conditions of the prior agreements.

	December 31, 2019								
Entities	**Credit line**	**Currency**	**Principal**	**Accrued interest payable**	**Commissions and expenses**	**Total**	**Interest rate**	**Maturity**	**Guarantee**
Current:									
Nacional financiera	$ 2,500,000	MXN	$ 2,500,000	$ 11,749	$ -	$ 2,511,749	Variable	Apr-20	Accounts receivable for factoring
Banamex	2,000,000	MXN	2,000,000	13,905	-	2,013,905	Variable	Mar-20	Unsecured
Scotiabank	750,000	MXN	305,086	2,561	-	307,647	Variable	Jan-22*	Accounts receivable for lease
Scotiabank (1)	1,000,000	MXN	1,000,000	1,118	-	1,001,118	Variable	Dec-20	Unsecured
Banamex	377,454	US	377,454	1,951	-	379,405	Variable	Jan-20	Unsecured
Bancomext	1,000,000	MXN	451,265	4,752	-	456,017	Variable	Jul-23*	Accounts receivable for lease
Santander	1,000,000	MXN	1,000,000	3,120	-	1,003,120	Variable	Mar-20	Accounts receivable for lease
Bladex (2)	4,163,789	US	520,474	148,544	(19,167)	649,851	Variable	Jun-22*	Unsecured
Barclays	1,283,344	US	-	19,835	(6,116)	13,719	variable	Aug-21*	Unsecured
Responsability	690,739	US	94,363	1,631	(276)	95,718	Variable	Oct-20	Accounts receivable for lease
Total			$ 8,248,642	$ 209,166	$ (25,559)	$ 8,432,249			
Non-current:									
Barclays		US	$ 1,283,344		$ (3,655)	$ 1,279,689	Variable	Aug-21	Rights of received Excess Assets of trusts
Bladex (2)		US	3,643,316		(17,880)	3,625,436	Variable	Jun-22	Unsecured
Scotiabank		MXN	266,948		(4,553)	262,395	Variable	Jan-22	Accounts receivable for lease
Bancomext		MXN	501,093		-	501,093	Variable	Jul-23	Unsecured
Responsability (3)		US	592,269		(26,088)	566,181	Variable	Oct-22	Unsecured
Total			$ 6,286,970		$ (52,176)	$ 6,234,794			

* Corresponds to the last maturity of the disposals made in the credit line.

During the year ended December 31, 2019, the Company executed addenda to the agreements with Nacional Financiera, Banamex and Scotiabank for the renewal of the loan agreements, updating main conditions, such as guarantees, financial ratios and credit line amounts.

1 On December 26, 2019, the Company signed an unsecured loan agreement with Scotiabank Inverlat (in addition to the already existing line of credit) with a 12-month maturity and interest payable on a monthly basis over the term of the loan.

2 On June 28, 2019, the Company signed a syndicated unsecured loan agreement with Bladex and Nomura acting as structured leader agents and underwriters for US 220,625 with interest payable in six-month periods over the term of the loan.

3 In June and October 2019, the Company subscribed promissory notes in favor of ResponsAbility Management Company and ResponsAbility SICAV (collectively referred to as “Responsability”) for US 15,500 and US 19,500, respectively, with interest payable in six-month periods over the term of the notes.

For the periods ended December 31, 2020 and 2019, interest charged to expense from bank loans amounted to $1,899,920 and $831,626, respectively.

The unused amounts of the credit lines received by the Company are as follows:

	December 31, 2020	**December 31, 2019**
Azteca	P$ 3,000,000	$ -
Nafin	86,173	-
Banco del Bajío	175,000	175,000
Bancomext	104,251	47,641
Banobras	4,000,000	-
Scotiabank	316,879	177,967
Total	$ 7,682,303	$ 400,608

Fair value of bank loans:

The following is considered to measure the fair value of bank loans:

- The fair value hierarchy level for transactions is Level 2.
- The standard valuation technique is used to measure the fair value through future cash flows discount.
- The inputs used in fair value measurement include:
    - Interest rates
    - Surcharges
    - Interest payment periods
    - Risk free nominal curves

As of December 31, 2020 and 2019, the Company made no fair value hierarchy level reclassifications. The analysis of discounted cash flows was used as a valuation technique to measure the fair value of financial instruments.

Financial liabilities at fair value compared to valuation at amortized cost :

	As of December 31, 2020		As of December 31, 2019	
	Amortized cost	**Fair value**	**Amortized cost**	**Fair value**
Bank loans	$19,737,430	$ 18,240,364	$ 14,667,043	$ 13,280,726

Reconciliation of liabilities for financing activities

Liabilities for financing activities	Balance as of 12/31/2019	Cash flows (inflow)	Cash flows (outflows)	Accrued interest	Interest paid	Exchange effect	Balance as of 12/31/2020
Bank loans	Ps.14,667,043	Ps.15,347,378	Ps.(10,858,733)	Ps. 1,889,920	Ps.(1,862,130)	Ps.553,951	Ps.19,737,430

Liabilities for financing activities	Balance as of 12/31/2018	Cash flows (inflow)	Cash flows (outflows)	Accrued interest	Interest paid	Exchange effect	Balance as of 12/31/2019
Bank loans	Ps.12,395,911	Ps.14,734,922	Ps.(12,226,423)	Ps.1,238,554	Ps.(1,323,866)	Ps. (152,055)	Ps.14,667,043

Contractual obligations:

Some of the loan agreements contain different covenants requiring compliance with certain financial ratios. As of December 31, 2020 and 2019, the main covenants under those loan agreements require compliance with the following ratios:

- Capitalization Ratio (total stockholders’ equity / total assets): ≥ 9.99%

- Capitalization Ratio (total stockholders’ equity / accounts and notes receivable): ≥ 13.5%

- Consolidated Leverage Ratio (total liabilities, excluding debt instruments / total stockholders’ equity): ≤ 7.5x

- Consolidated Leverage Ratio (financial liabilities, excluding debt instruments / total stockholders’ equity): ≤ 7x

- Past due accounts and notes receivable (past due accounts and notes receivable / total accounts and notes receivable): ≤ 7.0%

- Debt Coverage Ratio of past due lease accounts and notes receivable (allowance for lease accounts and notes receivable / total past due lease accounts and notes receivable): ≥ 0.4x

- Coverage Ratio of past due factoring accounts and notes receivable (allowance for factoring accounts and notes receivable / total past due factoring accounts and notes receivable): ≥ 1x

- Coverage Ratio of past due car loan accounts and notes receivable (allowance for car loan accounts and notes receivable and other loans / total past due car loan accounts and notes receivable): ≥ 1x

- Debt Coverage Ratio (cash and cash equivalents plus accounts and notes receivable, net / total financial liabilities, excluding debt instruments): ≥ 1x

As of December 31, 2020 and 2019, the Company was in compliance with all contractual covenants.

Note 13 - Debt securities and senior notes:

	December 31, 2020	**December 31, 2019**
Current:		
Senior notes (accrued interest)	$ 751,793	$ 1,020,712
Debt instruments:		
Stock structure (accrued interest)	14,278	33,928
Private stock interest (accrued interest)	663,730	7,278
Stock structure	4,058,597	4,396,530
Total debt instruments	4,736,605	4,437,736
Total current	$ 5,488,398	$ 5,458,448
Non-current:		
Senior notes	$34,297,474	$ 32,611,250
Debt instruments:		
Stock structure	1,703,418	5,304,106
Private stock structure	4,270,833	4,893,730
Total debt instruments	5,974,251	10,197,836
Total non-current	$ 40,271,725	$ 42,809,086
Total debt instruments and senior notes	$ 45,760,123	$ 48,267,534

The Company's exposure to various risks associated with financial instruments is discussed in Note 6.

i. Senior notes:

In 2020, the Company redeemed senior notes for US. 39,964 as follow:

Senior notes	Amount in USD	Payment in USD	Balance as of December 31, 2020
2023	400,000	1,979	398,021
2025	450,000	7,450	442,550
2026	300,000	8,533	291,467
2028	450,000	22,002	427,998
	US. 1,600,000	US 39,964	US.1,560,036

a. On August 8, 2019, the Company concluded a private offering and placement of debt securities in the form of Senior Notes in foreign markets relating of rule 144 A and Regulation S of the US Securities Act of 1933 and the regulations applicable in the countries in which the offering was made.

- Amount issued: US 200,000. ($3,774,540).
- Agreed annual rate: 7.000%.
- Payable at maturity: 3 years (maturing in August 2022).
- Interest payable in six-month periods over the term of the Notes.
- Place of issuance of the Note listing: Luxembourg Stock Exchange.
- Ratings granted: BB / BB / HR BBB - (Standard & Poor's, Fitch Ratings and HR Ratings).
- Guarantors: Unifin Credit and Unifin Autos.

b. On July 11 2019, the Company concluded a private offering and placement of debt securities in the form of Senior Notes in foreign markets relating to rule 144 A and Regulation S of the US Securities Act of 1933 and the regulations applicable in the countries in which the offering was made.

- Amount issued: US 450,000 ($8,492,715).
- Agreed annual rate: 8.375%.
- Payable at maturity: 9 years (maturing in January 2028).
- Interest payable in six-month periods over the term of the Notes.
- Place of issuance of the Note listing: Luxembourg Stock Exchange.
- Ratings granted: BB / BB / HR BBB - (Standard & Poor's, Fitch Ratings and HR Ratings).
- Guarantors: Unifin Credit and Unifin Autos.

c. On February 8 2018, the Company concluded a private offering and placement of debt securities in the form of Senior Notes in foreign markets relating to rule 144 A and Regulation S of the US Securities Act of 1933 and the regulations applicable in the countries in which the offering was made.

- Amount issued: US 300,000 (Ps.5,661,810).
- Agreed annual rate: 7.375%.
- Payable at maturity: 8 years (maturing in February 2026).
- Interest payable in six-month periods over the term of the Notes.
- Place of issuance of the Note listing: Luxembourg Stock Exchange.
- Ratings granted: BB / BB / HR BBB - (Standard & Poor's, Fitch Ratings and HR Ratings).
- Guarantors: Unifin Credit and Unifin Autos.

d. On May 10, 2017, the Company concluded a private offering and placement of debt securities in the form of Senior Notes in foreign markets relating to rule 144 A and Regulation S of the US Securities Act of 1933 and the regulations applicable in the countries in which the offering was made.

* Amount issued: US 450,000 (Ps.8,492,715).
* Agreed annual rate: 7.000%.
* Payable at maturity: 7.8 years (maturing in January 2025).
* Interest payable in six-month periods over the term of the Notes.
* Place of issuance of the Note listing: Luxembourg Stock Exchange.
* Ratings granted: BB / BB / HR BBB - (Standard & Poor's, Fitch Ratings).
* Guarantors: Unifin Credit and Unifin Autos.

e. On September 22, 2016, the Company concluded a private offering and placement of debt securities in the form of Senior Notes in foreign markets relating to rule 144 A and Regulation S of the US Securities Act of 1933 and the regulations applicable in the countries in which the offering was made.

- Amount issued: US 400,000 (Ps.7,549,080).
- Agreed annual rate: 7.250%.
- Payable at maturity: 7 years (maturing in September 2023).
- Interest payable in six-month periods over the term of the Notes.
- Place of issuance of the Note listing: Luxembourg Stock Exchange.
- Ratings granted: BB / BB / HR BBB - (Standard & Poor's, Fitch Ratings).
- Guarantors: Unifin Credit and Unifin Autos.

Senior notes commitments

Senior notes impose certain provisions to the Company that limit its ability to incur additional debt, create liens, pay dividends, make certain investments, reduce its share capital, among others. It also establishes that the Company and its subsidiaries may partially or totally merge or dispose of their assets if the respective transaction meets certain requirements, as well as minimum requirements for carrying out portfolio securitizations, and limits the Company's ability to enter into transactions with related parties.

As of December 31, 2020 and 2019, the Company had fulfilled the commitments described above.

ii. Debt instruments

In 2020, the Company amortized the below securities:

Ticker symbol	Issuing Trust	Amortization
UFINCB15	F/2539	$ 402,776
UNFINCB16	F/179866	1,190,212
UNFINCB16-2	F/179866	508,476
UFINCB16	F/2720	508,476
UNFINCB17	F/180295	600,099
UNFINCB17-2	F/180295	600,099
UNFINCB17-3	F/180295	221,989
UNFINCB17-4	F/180295	88,796
		$ 4,120,923

a Stock structure

The stock structure corresponds to trust promissory notes as per a securitization program whereby the Company transfers certain rights over certain financial assets to a securitization vehicle created for that specific purpose (usually, a trust), for that vehicle to issue securities to be placed among the general investing public and for the Company to diversify its funds and increase its operating capacity. The Company entered into an agreement for management, commercial commission and deposit services for those rights to be transferred back to the Company for management purposes.

Additionally, a pledge agreement was entered into by the Company (collateral guarantor) and the trustee (Pledgee), whereby the Company pledges in first order of preference for payment each of the leased assets -from which the abovementioned collection rights are derived- on behalf of the Pledgee to guarantee timely and full payment of all accounts payable by each of the Company's clients, in accordance with the lease agreements these clients have entered into.

On November 19, 2013 and September 8, 2015, the National Banking and Securities Commission (the Commission or CNBV) issued letters number 153/7644/2013 and 153/5726/2015, authorizing the revolving trust bonds programs (Trustee programs) for an amount of up to $20,000,000 and $10,000,000, respectively.

On September 14, 2017, April 5, 2017, November 29, 2016, February 9, 2016, September 8, 2015 and February 4, 2015, the CNBV issued letters number 153/10740/2017, 153/10194/2017, 153/105977/2016, 153/105236/2016, 153/5727/2015 and 153/5047/2015, authorizing the public offering of Trust Bonds under the respective trust bond programs (Trustee programs). Those bonds were issued under ticker symbols UNFINCB17-4 and UNFINCB17-3, UNFINCB17-2 and UNFINCB17, UNFINCB16-2 and UNFINCB16, UFINCB16, UFINCB15 and UNFINCB15, for an amount of up to $1,000,000, $2,500,000, $1,500,000, $1,500,000, $1,250,000, $1,250,000, $2,500,000, $2,000,000 and $2,000,000, respectively.

The Company has conducted issuances under such Trust programs, entering into trust agreements whereby it acts as trustor of the Trust; as trustees, Banco Nacional de México, S. A., Institución de Banca Múltiple, Grupo Financiero Banamex División Fiduciaria (Banamex) and INVEX Banco, Institución de Banca Múltiple, Invex Grupo Financiero, Fiduciario; Monex Casa de Bolsa, S. A. de C. V., Grupo Financiero Monex as common representative; and the holders of stocks and the Company as primary and secondary trustees, respectively.

According to the supplements to the Trustee Programs, the Company and the issuing trustee are not responsible for paying amounts due under these debt securities in the event that the equity of the issuing trust is insufficient to pay in full the amounts owed under the debt securities, and the holders of those debt securities are not entitled to claim from the trustor nor the trustee payment thereof. The trustor and trustee are responsible for ensuring the Trust equity is sufficient to cover amounts owed.

Current issues of trust programs as of December 31, 2020 and 2019, are described below:

	As of December 31, 2020						
Ticker symbol	**Issuing trust**	**Number of securities**	**Maturity**	**Interest rate**	**Amount at amortized cost**	**Rating**	**Trustees**
UNFINCB16	F/179866	12,500,000	Sep-2021	TIIE+2.20	$ 399,218	mxAAAS&P/HRAAA	Banamex
UNFINCB16-2	F/179866	12,500,000	Sep-2021	9.47	398,733	mxAAAS&P/HRAAA	Banamex
UNFINCB17	F/180295	15,000,000	Mar-2022	TIIE+2.10	894,985	mxAAAS&P/HRAAA	Banamex
UNFINCB17-2	F/180295	15,000,000	Mar-2022	9.62	896,026	mxAAAS&P/HRAAA	Banamex
UNFINCB17-3	F/180406	25,000,000	Sep-2022	TIIE+2.10	2,272,297	mxAAAS&P/HRAAA	Banamex
UNFINCB17-4	F/180406	10,000,000	Sep-2022	9.38	900,756	mxAAAS&P/HRAAA	Banamex
Total					5,762,015		
Accrued interest (short-term)					14,278		
Total current issues and interest					$ 5,776,293		

	As of December 31, 2019						
Ticker symbol	**Issuing trust**	**Number of securities**	**Maturity**	**Interest rate**	**Amount at amortized cost**	**Rating**	**Trustees**
UFINCB15	F/2539	20,000,000	Sep-2020	TIIE+1.60	$ 295,698	mxAAAS&P/HRAAA	Invex
UFINCB16	F/2720	25,000,000	Feb-2021	TIIE+1.80	1,174,696	mxAAAS&P/HRAAA	Invex
UNFINCB16	F/179866	12,500,000	Sep-2021	TIIE+2.20	903,504	mxAAAS&P/HRAAA	Banamex
UNFINCB16-2	F/179866	12,500,000	Sep-2021	9.47	896,515	mxAAAS&P/HRAAA	Banamex
UNFINCB17	F/180295	15,000,000	Mar-2022	TIIE+2.10	1,472,801	mxAAAS&P/HRAAA	Banamex
UNFINCB17-2	F/180295	15,000,000	Mar-2022	9.62	1,487,568	mxAAAS&P/HRAAA	Banamex
UNFINCB17-3	F/180406	25,000,000	Sep-2022	TIIE+2.10	2,492,365	mxAAAS&P/HRAAA	Banamex
UNFINCB17-4	F/180406	10,000,000	Sep-2022	9.38	977,490	mxAAAS&P/HRAAA	Banamex
Total					9,700,637		
Accrued interest (short-term)					33,927		
Total current issues and interest					$ 9,734,564		

For the years ended December 31, 2020 and 2019, the interest charged to profit or loss for debt instruments amounted to $1,066,689 and $1,270,572, respectively.

As of December 31, 2020 and 2019, the settlement of those issues has been fulfilled under the conditions established in the corresponding issuance program.

b Private stock structure

On March 14, 2019, the Company, in its capacity as Trustor and Second Beneficiary, entered into an Irrevocable Transfer of Ownership Trust agreement “F/18247-6” (Trust), with Banco Nacional de México, S. A., member of Grupo Financiero Banamex, División Fiduciaria as Trustee (Banamex) and Banco Santander México, S. A., Institución de Banca Múltiple, Grupo Financiero Santander México (Santander), as First Beneficiary, whereby the collection rights (trust assets) were assigned to secure payment of cash withdrawals from the revolving credit line of $2,500,000, respectively, entered into by Banamex and Santander on that date.

On November 30, 2012, the Company in its capacity as Trustor and Second Beneficiary, entered into Irrevocable Transfer of Ownership Trust agreement “F/1355” (Trust), with Banco Invex, S. A., Institución de Banca Múltiple, Invex Grupo Financiero as Trustee (Invex) and Scotiabank Inverlat, S. A., Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat (Scotiabank) as first Beneficiary, whereby the collection rights (Trust equity) are assigned to secure the payment of cash withdrawals from the revolving credit line of $2,250,000 (amount of the credit line as of March 31, 2019) contracted by Invex with Scotiabank on that date.

On July 26, 2019, the initial conditions of the revolving credit line were amended, increasing its amount by 250 million, from $2,250,000 to $2,500,000. Furthermore, as part of the amendments, the term of the credit line was extended and the rate spread was reduced by 20 basis points. The current conditions are as follows:

- Amount issued: $2,500,000.
- Agreed annual rate : TIIE + 200bps.
- Revolving period : 2 years.
- Amortization period will start after two years and will expire on July 14, 2025.
- Interest payable monthly over the term .

As of December 31, 2020 and 2019, private stock structure is made up as follows:

	December 31, 2020	**December 31, 2019**	**Currency**	**Maturity**	**Rate**	**Type**
Invex	$2,453,202	$ 2,426,841	MXN	07/14/25	TIIE + 2.00	Collection
Santander	2,472,212	2,466,889	MXN	04/11/25	TIIE + 2.20	Collection
Subtotal	4,925,414	4,893,730				
Accrued interest	9,149	7,278				
	$ 4,934,563	$ 4,901,008				

As of December 31, 2020 and 2019, collection rights assignments amount to $5,387,612 and $3,347,481, respectively.

The Company and Invex entered into an agreement for management, commercial commission and deposit services for the purpose of managing collection rights.

Debt instrument commitments

Debt instruments contain covenants restricting the Company's and its subsidiaries' ability to make certain dividend payments, redeem capital stock and make certain investments; transfer and sell assets, engage in lease securitizations and receivables transactions for less than fair market value; enter into agreements that would limit the ability of subsidiaries to pay dividends or make distributions, create liens, effect a consolidation, merger or sale of assets and enter into transactions with affiliates, each subject to certain conditions and/or exclusions.

As of December 31, 2020 and 2019, the Company is in compliance with all financial contractual obligations to do and not to do.

Fair value of debt instruments and senior notes:

The following is considered to measure the fair value of debt instruments and senior notes:

- The fair value hierarchy level is Level 2.
- Information publicly available by financial data service providers, such as Bloomberg and/or Valmer (BMV), is used in measuring fair value. If no information is found from those sources, the future discounted cash flow standard methodology is used.
- The inputs used in fair value measurement include:
    - Interest rates
    - Surcharges
    - Interest payment periods
    - Risk-free nominal curves

As of December 31, 2020 and 2019, the Company made no transfers between the levels of the fair value hierarchy .

The valuation techniques used for fair value measurement of financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- Discontinued cash flow analysis.

Financial liabilities at fair value compared to valuation at amortized cost:

	As of December 31, 2020		As of December 31, 2019	
	Amortized cost	Fair value	Amortized cost	Fair value
Debt instruments	$10,710,856	$ 10,637,411	$ 14,635,572	$ 14,686,669
Senior notes	35,049,267	34,957,767	33,631,961	37,590,348

Reconciliation of liabilities for financing activities

Financial liabilities	Balance as of 12/31/2019	Cash flow (inflows)	Interest accrued	Interest paid	Exchange effect	Balance as of 12/31/2020
Debt instruments	$ 14,635,572	$ (4,120,923)	$ 1,300,456	$ (1,104,249)	$ -	$10,710,856
Senior notes	33,631,962	(666,519)	3,978,169	(3,762,390)	1,868,044	35,049,266

Financial liabilities	Balance as of 12/31/2018	Cash flow (inflows)	Cash flow (outflows)	Interest accrued	Interest paid	Balance as of 12/31/2019
Debt instruments	$ 15,418,204	$ 2,750,000	$ (3,527,127)	$ 1,615,005	$ (1,620,510)	$ 14,635,572
Senior notes	21,938,653	12,357,914	-	2,074,024	(2,738,629)	33,631,962

Note 14 - **Suppliers and other accounts payable:**

As of December 31, 2020, 2019, Other accounts payable are made up as follows:

	December 31,	
	2020	2019
Suppliers	$ 417,704	$ 330,094
Fees and commissions payable	553,029	798,313
Provisions	22,037	322,195
Guarantee deposits	354,193	314,174
Taxes and other payable contributions	406,008	-
Lease liabilities	54,370	52,094
Total current	1,807,341	1,816,870
Employee benefits	36,533	-
Lease liabilities	114,714	153,280
Total non-current	151,247	153,280
Total suppliers and other accounts payable	$ 1,958,588	$1,970,150

Labor Reform

On November 12, 2020, the Federal Executive power presented to the Chamber of Deputies an initiative with a draft Decree amending the following laws: Federal Labor Law, Social Security Law, INFONAVIT Law, Federal Tax Code, Income Tax and Value Added Tax Law. Such initiative is aimed at prohibiting the figure of Personnel Subcontracting (“outsourcing” / “insourcing”).

As an exception, specialized services or execution of specialized jobs may be provided and received by a contractor, which will not be considered Subcontracting of Personnel, as long as certain requirements are met.

The Company's Management is in the process of evaluating this initiative.

Note 15 - Stockholders' equity:

i. Stockholders' equity

As of December 31, 2020 and 2019, Stockholders' equity is made up as follows:

	Number of shares of stock		**Amount**	
	December 31,		**December 31,**	
	2020	**2019**	**2020**	**2019**
Fixed capital Series "A"	320,000	320,000	$ 1,000	$ 1,000
Variable capital Series "A" *	484,980,000	352,480,000	1,082,892	957,242
Total	485,300,000	352,800,000	$ 1,083,892	$ 958,242

* Include share issuance, placement and registration expenses for $144,258.

a. The fixed minimum capital stock and the variable part of the Company's capital stock will be represented by Series "A" shares of stock.

b. The capital stock is composed of nominative common shares with a par value of $3.125 per share. All shares of stock are fully subscribed and paid.

c. The Company's equity shall be variable and shall be represented by ordinary, registered Series "A" shares of stock without a par value. The variable part of the capital stock is unlimited. All the ordinary shares of stock will grant their holders equal rights and imply equal obligations.

d. The stockholders owning shares representative of variable capital stock shall not be entitled to first refusal rights under the terms of Section 50 (fifty) of the Mexican Securities Act.

At the Stockholders' Meeting held on June 5, 2020, the Stockholders authorized an increase of the variable portion of its capital stock in the amount of up to $2,520,000 through the issuance of 140,000,000 new shares to be offered to the Stockholders at a subscription price of $18.00 per share and a theoretical value of $3.125 per share. The Company published the pre-emptive rights notice in the electronic system of the Ministry of Economy and the Mexican Stock Exchange. The capital increase was constituted as a contribution of $437,500 in the Company´s Capital Stock and $2,013,403 as a Premium in subscription of shares (Net of registration expenses of $ 69,097).

ii. Perpetual note

On January 24, 2018, the Company concluded a private offering and placement of debt securities in the form of subordinated perpetual promissory notes in the United States and other foreign markets in accordance with rule 144A and Regulation "S" of the US Securities Act of 1933 and applicable regulations in the countries in which said offer was made. The net proceeds obtained amounted to $4,531,330. The main characteristics of the international promissory notes issued were the following:

- Amount issued: US 250,000 ($4,699,500)
- Agreed annual rate: 8.875%
- Payable at maturity: Perpetual
- Interest payable in six-month periods over the term of the Notes (subject to the Company's criteria).
- Place of issuance of the bond listing: Luxembourg Stock Exchange.
- Ratings granted: B / B + (Standard & Poor's and Fitch Ratings).

iii. Retained earnings

Dividends will not be subject to Income Tax if they come from the Net Tax Income Account (CUFIN). Dividends in excess of CUFIN and reinvested CUFIN will give rise to a tax equivalent to 42.86% based on the law in force as of December 31, 2019. Accrued tax shall be payable by the Institution and may be offset against Income Tax for the fiscal year or the two immediately following fiscal years. Dividends payable from profits previously subject to Income Tax will not be subject to any tax withholding or additional tax liability.

In 2020, the Ordinary Stockholders' General Meeting agreed not to pay dividends to the Company´s Stockholders.

On March 21, 2019, the Ordinary Stockholders' General Meeting agreed to pay dividends of $328,967, arising from prior years' retained earnings. Dividends were paid on April 30, 2019 in the amount of $1 per share (excluding shares of stock in the reserve for stock purchase).

In 2020 and 2019 at the Ordinary Stockholders' General Meeting resolved not to increase the Company's legal reserve as the current legal reserve is above of 20% of the capital stock of the Company.

At the Stockholders' Meetings held on April 25, 2018 and March 21, 2019, the redemption of Series "A" shares of variable capital stock for 2,500,000 and 5,000,000, respectively, was approved. On January 22 and 24, 2020, the Company received authorization from the CNBV to update registration with the National Securities Register of the shares representative of its variable capital stock. Consequently, its ordinary, registered Series "A" shares representative of capital stock, without a par value, were taken from 352,800,000 to 345,300,000.

At the Ordinary Stockholders' General Meeting held on June 5, 2020, the Stockholders authorized a fund for the repurchase of Company's own shares. The fund operates as established by the Securities Act and up to the limits approved by the Board of Directors. As of December 31, 2020 and 2019 were repurchased 26,439,503 y 32,347,132 shares, respectively, the cost associated with these repurchases was $1,082,924 and $1,325,054, respectively, these amounts are disclosed under Treasury Stock, in the Stockholders' Equity.

iv. Basic and diluted earnings per share

	2020	2019
Net income attributable to:		
Profit attributable to interest:		
Subject to calculation	$ 1,364,019	$ 1,949,021
Basic and diluted earnings per share (Mexican pesos)	3.77	5.97
Weighted average of shares used as denominator	331,384,053	326,582,611

Note 16 - Current and deferred Income Tax:

The Company Tax income differs from accounting income mainly in those items which are accumulated over time and deducted differently for accounting and tax purposes, in the recognition of the effects of inflation for tax purposes, as well as in those items which only affect the accounting or tax income.

The Income Tax Law sets a tax rate of 30% of taxable profits applicable for fiscal years beginning on or after 2014.

In 2020 and 2019, the Company recorded Income Tax expenses amounting to $424,447 and $454,067, respectively.

The income tax expense is analyzed below:

	December 31,	
	2020	2019
Current Income Tax	$ 76,556	$ 133,677
Deferred Income Tax	347,891	320,390
Total	$ 424,447	$ 454,067

Deferred tax recognized in other comprehensive income for revaluation surplus of assets measured at fair value and valuation of hedging derivative financial instruments as of December 31, 2020 and 2019 amounted to $732,401 y $780,085, respectively.

The main temporary differences based on which deferred Income Tax is recognized are as follows:

	December 31, 2020	December 31, 2019
Account receivable from Leases	$3,011,470	$3,234,498
Property, plant and equipment	59,117	83,249
Commissions paid [(1)]	-	737,758
Other current and non-current assets:	(1,808)	(14,276)
Tax loss carry forwards	376,642	-
Provisions	398,658	395,893
	3,844,079	4,437,122
Items recognized in Other comprehensive income:		
Hedging derivative financial instruments	196,513	239,494
Revaluation surplus of fixed assets measured at fair value	(1,042,105)	(1,019,579)
	(845,592)	(780,085)
Deferred Income Tax assets	$2,998,487	$3,657,037

1 Corresponds to fees paid in 2016 to open certain derivative contracts with banking institutions pursuant to the Company's risk management policies.

The reconciliation of the effective Income Tax rate is as follows:

	December 31, 2020	December 31, 2019
Profit before Income Tax	$1,788,466	$2,403,088
Income Tax rate payable	30%	30%
Income Tax at the statutory rate	536,540	720,926
Plus (less) effect of the following permanent items:		
Property, plant and equipment, net	(138,080)	(216,108)
Annual adjustment for inflation	458,784	301,649
Financing expenses	(426,045)	(360,573)
Tax loss carry forwards	(8,108)	
Non-deductible expenses	1,356	8,173
Income Tax recognized in profit or loss	$ 424,447	$ 454,067

Income Tax reconciliation is shown below:

	Deferred assets (liabilities) December 31, 2020	Increases		Decreases		Deferred assets (liabilities) December 31, 2019	Increases		Decreases		Deferred assets (liabilities) January 1, 2019
		Net income	Other comprehensive income	Net income	Other comprehensive income		Net income	Other comprehensive income	Net income	Other comprehensive income	
Accounts receivable from leases	$ 9,978,824			$ (802,836)		$ 10,781,660	$ -	$ -	$ (2,639,377)	$ -	$ 13,421,037
Property, furniture and equipment	197,056			(80,441)		277,497	-	-	-134,520	-	412,017
Commissions paid				(2459193)		2459193	-	-	-	-	2459193
Other current and non-current assets	(6,027)	41,558				(47,585)	-	-	584,416		-632,001
Hedging derivative financial instrument (1)	655,042		(143,270)			798,312	-	(125,038)	-	-	923,350
Asset revaluation surplus	(3,473,684)		(75,087)			(3,398,597)	-	(3,398,597)	-	-	-
Provisions	1,388,272			68,630		1,319,642	1,302,842	-	-	-	16,797
	8,739,483	41,558	(218,357)	(3,273,840)		12,190,122	1,302,842	(3,523,635)	(2,189,481)	-	16,600,393
Applicable Income Tax rate	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Tax loss carry forwards	376,642										
Income Tax asset	$ 2,998,487	12,467	(65,507)	$ (982,152)	-	$ 3,657,037	$ 390,853	$ (1,057,091)	$ (656,844)	$ -	$ 4,980,118

In 2020 the Company determined a tax loss of $1,255,474 due to the realization of deferred tax income effects from termination of some hedging derivative financial contracts. The Company has recorded a deferred tax asset of $376,642 due to tax losses may be amortized against future taxable income.

2020 Tax Reform

Based on the tax reform applicable for the year 2020, which was published in the Official Gazette of the Federation on December 9, 2019 in which they mention that in accordance with the addition of section XXXII to article 28 of the current income tax law, Net interest for the year that exceeds the amount resulting from multiplying the adjusted tax profit by 30% will not be deductible. However, this differential may be considered as an authorized deduction in the following years until 2031.

The aforementioned modifications did not have an impact on the determination of the tax for fiscal year 2020

Note 17 - Segment reporting:

Reportable segments determined by the Management are described below:

Leases: as mentioned in Note 1, the Company's main business activity is the granting of leases for motor vehicles (including cars, trucks, helicopters, aircraft and ships); machinery, equipment and other assets of different industries in the middle-sized enterprises sector.

Factoring: Through its factoring business, the Company provides liquidity and financial solutions to its customers, acquiring or discounting accounts receivable from its customers or customer suppliers, as the case may be.

Other loans: Include loans granted for the acquisition of brand new or used vehicles for individuals and legal entities, and other receivables for financing working capital, the purchase of other capital goods. Infrastructure investments and the loans derived from the clients´ Support plan.

The Company's main business activity is the granting of leases for motor vehicles, machinery and equipment, among others; its complementary activities include factoring, car loans and unsecured loan transactions.

On this basis, the Company includes leases, factoring and other loans as representative operating segments in its financial statements, to provide an analysis of its assets, liabilities and results.

The Gross margin is the key indicator used by the decision maker of the Management to make strategic decisions for each segment.

The main assets and liabilities per Company segment follow below:

	December 31, 2020			
	Leases	**Factoring**	**Other loans**	**Total**
Assets				
Cash and cash equivalents	$ 3,445,505	$ 83,398	$ 141,380	$ 3,670,283
Accounts and notes receivable, net	46,378,852	1,262,562	14,946,311	62,587,725
Derivative financial instruments	5,521,075	-	-	5,521,075
Non-current assets held for sale	1,359,283	-	376,882	1,736,165
Property, furniture and equipment	6,153,894	37,504	386,415	6,577,812
Investment properties	745,271	-	-	745,271
Intangible assets	118,648	3,628	37,376	159,652
Deferred taxes	2,228,376	68,133	701,979	2,998,488
Other assets	1,087,485	33,250	342,577	1,463,311
	$ 67,038,389	$ 1,488,475	$ 16,932,920	$ 85,459,782
Liabilities				
Bank loans	$ 7,398,887	$ 1,600,696	$ 10,737,848	$ 19,737,430
Debt instruments	10,710,856	-	-	10,710,856
Senior notes	29,783,661	-	5,265,605	35,049,266
Suppliers and other accounts payable	1,807,341	-	-	1,807,341
Derivative financial instruments	4,695,255	-	-	4,695,255
Other accounts payable	112,402	3,437	35,409	151,246
	$ 54,508,402	$ 1,604,133	$ 16,038,862	$ 72,151,394

	December 31, 2019			
	Leases	**Factoring**	**Other loans**	**Total**
Assets				
Cash and cash equivalents	$ 3,191,716	$ 442,154	$ 197,460	$ 3,831,330
Accounts and notes receivable, net	41,888,916	3,155,134	12,266,810	57,310,860
Derivative financial instruments	4,975,843	-	-	4,975,843
Non-current assets held for sale	1,007,476	-	376,882	1,384,358
Property, furniture and equipment	6,435,531	-	-	6,435,531
Investment properties	-	-	250,190	250,190
Intangible assets	80,798	6,113	23,143	110,054
Deferred taxes	3,046,521	422,039	188,477	3,657,037
Other assets	605,088	45,833	174,184	825,105
	$ 61,231,889	$ 4,071,273	$ 13,477,146	$ 78,780,308
Liabilities				
Bank loans	$ -	$ 3,495,910	$ 11,171,133	$ 14,667,043
Debt instruments	14,635,572	-	-	14,635,572
Senior notes	31,568,810	-	2,063,152	33,631,962
Suppliers and other accounts payable	1,816,870	-	-	1,816,870
Derivative financial instruments	2,976,309	-	-	2,976,309
Other accounts payable	127,690	17,690	7,900	153,280
	$ 51,125,251	$ 3,513,600	$ 13,242,185	$ 67,881,036

As Management considers that the usual information for stakeholders is the gross margin, as of December 31, 2019 and 2018, the respective information is as follows:

	Year ended December 31, 2020			
	Leases	**Factoring**	**Other loans**	**Total**
Financial income	$ 8,760,556	$ 373,289	$ 1,959,726	$ 11,093,571
Financial expenses	(5,425,904)	(244,976)	(1,357,613)	(7,028,493)
Allowance for expected credit losses of accounts and notes receivable	(1,072,202)	(121,071)	(239,720)	(1,432,993)
	$ 2,262,450	$ 7,242	$ 362,393	$ 2,632,085

	Year ended December 31, 2019			
	Leases	**Factoring**	**Other loans**	**Total**
Financial income	$ 8,109,203	$ 656,137	$ 1,996,468	$ 10,761,808
Financial expenses	(5,213,629)	(351,808)	(1,379,904)	(6,945,341)
Allowance for expected credit losses of accounts and notes receivable	(452,194)	81,427	(56,912)	(427,679)
	$ 2,443,380	$ 385,756	$ 559,652	$ 3,388,788

Note 18 - Transactions with related parties:

The breakdown of the main balances with related parties as of December 31, 2020 and 2019, is as follows:

	December 31, 2020	**December 31, 2019**
Commercial loans receivable:		
Related parties:		
Administradora Bríos, S. A. de C. V. (1)	$ 534,201	$ 301,511
Unifin Administración Corporativa, S. A. de C. V. (1)	-	133,219
Unifin Servicios Administrativos, S. A. de C. V. (1)	-	88,116
	534,201	522,846
Allowance of impairment of accounts and notes receivable	7,116	2,020
Commercial loans, net	$ 527,085	$ 520,826

The Company has granted several commercial loans to its affiliates to finance their ongoing operations. Outstanding balances are recognized under Accounts and notes receivable in the Financial Statements. The term of commercial loans and credit lines are 24 months and 48 months, respectively.

	December 31, 2020	**December 31, 2019**
Accounts payable:		
Related parties:		
Administradora Bríos, S. A. de C. V. 2	$ 6,600	$ -
Unifin Administración Corporativa, S. A. de C. V. 3	-	153,192
Unifin Servicios Administrativos, S. A. de C. V. 3	-	149,386
Total	$ 6,600	$302,578

Transactions over the periods ended on December 31, 2020 and 2019, were as follows:

	December 31, 2020	December 31, 2019
Income		
Related parties:		
Administradora Bríos, S. A. de C. V.	$ 58,875	$ 15
Unifin Administración Corporativa, S. A. de C. V. [1]	-	3,392
Unifin Servicios Administrativos, S. A. de C. V. [1]	-	247
Other income	58,875	3,654
Expenses		
Related parties:		
Administradora Bríos, S. A. de C. V. [2]	$ 11,379	$ 11,779
Unifin Administración Corporativa, S. A. de C. V. [3]	-	531,696
Unifin Servicios Administrativos, S. A. de C. V. [3]	-	515,143
	11,379	1,058,618
Donations [4]	21,696	15,554
Total expenses	$ 33,075	$1,074,172

[1] The Company has executed unsecured loan contracts and generated interest income.

[2] The Company has administrative services agreements with Administradora Bríos, S. A. de C. V., which provides advisory services.

[3] The Company has administrative services agreements with Unifin Administración Corporativa, S. A. de C. V. and Unifin Servicios Administrativos, S. A. de C. V., which provide consulting, accounting and finance services, among others.

[4] The Company has granted several donations for Fundación Unifin, S. C. to a non-for-profit organization.

In August 2020 the Company acquired Unifin Servicios Administrativos, S. A. de C. V. and Unifin Administración Corporativa, S. A. de C. V. ("UAC"). See Note 2c.

Compensation of relevant Members of the Board

In 2020 and 2019, the total amount paid to the relevant Members of the Company's Board amounted to $146,173 and $126,760, respectively, including fixed, variable and other benefits under the applicable law.

The Board of Directors approves, based on the favorable opinion of the Audit and Corporate Practices Committee, the full remuneration of the Chief Executive Officer and other relevant Members of the Board. Additionally, this Committee issues its opinion on the full remuneration of the other relevant Members of the Board.

The Ordinary General Stockholders' Meeting determines the emoluments payable to the Members of the Board for the services rendered to the Company in that capacity. The Ordinary and Extraordinary Annual General Stockholders' Meeting held on June 5, 2020 and March 21, 2019, approved to pay each of the independent Members of the Board of Directors and the non-member Secretary of the Board, the amount of $70 for each session of the Board they attend to, as well as the amount of $70 to the Chairman of the Audit and Corporate Practices Committee and the amount of $35 to the members of that Committee for each Committee session they attend to.

Note 19 - Subsequent events:

New financial liabilities

On January 5, 2021 the Company signed a loan agreement with Banco Azteca, S. A., Institución de Banca Múltiple for a principal amount of up to $3,000,000, the maturity date is January 5, 2025. During 2021 the Company has used $460,000 out of the total amount available. This loan is guaranteed with certain account receivables from our lease portfolio. The proceeds from this loan were used for general corporate purposes.

On January 25, 2021 the Company concluded a private offering and placement of debt securities in the form of Senior Notes in the United States of America and other foreign markets under the rule 144 A and Regulation S of the US Securities Act of 1933 and the regulations applicable in the countries in which the offering was made.

- Amount issued: US 400,000.
- Agreed annual rate: 9.875%.
- Payable at maturity: 8 years (maturing in January 2029).
- Interest payable in six-month periods over the term of the Notes.
- Place of issuance of the Note listing: Luxembourg Stock Exchange.
- Ratings granted: BB- / BB / HR BBB - (Standard & Poor's, Fitch Ratings and HR Ratings).
- Guarantors: Unifin Credit and Unifin Autos.

As mentioned in Note 14, the initiative with a draft Decree by which several laws are reformed to regulate the Outsourcing of Personnel (“outsourcing” / “insourcing”), was approved on April 20, 2021 by the Senate in Mexico. As of the date of the financial statements, the Company is in the process of evaluating the impact of these reforms.