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

Consolidated Financial Statements

December 31, 2021 and 2020

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 (the Company), which comprise the consolidated Statement of Financial Position as at December 31, 2021, 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, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

Basis for Opinion

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

Key Audit Matters

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

Key audit matter *(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 $7,107,146 and represents 7.47% of total assets. The liability position of derivative financial instruments amounts to $2,800,606 and represents 3.40% 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	**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.

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 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 ($73,839,330 and $2,624,776 at December 31, 2021, respectively) 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. **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.	• We compared, for a sample of accounts receivable, their risk and rating based on 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.

As part of our audit, we focused on this item mainly due to the significant carrying amount of the drilling rig amounted $4,795,835 at December 31, 2021, 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.	- 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 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.

Our opinion on the consolidated financial statements does not cover the other information and we do 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 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 and issue the report required by the CNBV over the annual report. If, based on the work we have performed, we conclude that there is a material misstatement on this other information, we are required to report that fact. We have nothing to report in this regard.

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.

Rodrigo García Aspe Mena
Audit Partner

Mexico City, April 29, 2022

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

Consolidated Statements of Financial Position

December 31, 2021 and 2020

Thousands of Mexican Pesos

	2021	2020
Assets		
CURRENT ASSETS:		
Cash and cash equivalents (Note 4)	$ 4,378,167	$ 3,670,283
Accounts and notes receivable, net (Note 5)	32,143,798	29,566,707
Derivative financial instruments (Note 6)	678,676	494,895
Other current assets (Note 7)	133,509	301,380
Recoverable Income Tax	330,805	697,150
Total current assets	37,664,955	34,730,415
Non-current assets held for sale (Note 8)	1,860,759	1,736,165
NON-CURRENT ASSETS:		
Accounts and notes receivable, net (Note 5)	39,070,756	33,021,018
Property, furniture and equipment, net (Note 9)	5,932,008	6,577,812
Investment properties (Note 10)	925,785	745,271
Intangible assets (Note 11)	232,920	159,652
Derivative financial instruments (Note 6)	6,428,470	5,026,179
Deferred taxes (Note 16)	2,428,836	2,998,487
Other non-current assets (Note 7)	570,991	464,783
Total non-current assets	55,589,766	48,993,202
Total assets	$ 95,115,480	$ 85,459,782
Liabilities		
CURRENT LIABILITIES:		
Bank loans (Note 12)	$ 15,533,227	$ 15,839,144
Debt instruments (Note 13)	111,780	4,736,605
Senior notes (Note 13)	5,510,455	751,793
Suppliers and other accounts payable (Note 14)	1,224,243	1,807,341
Derivative financial instruments (Note 6)	1,237,134	1,825,621
Total current liabilities	23,616,839	24,960,504
NON-CURRENT LIABILITIES:		
Bank loans (Note 12)	7,714,590	3,898,286
Debt instruments (Note 13)	8,324,973	5,974,251
Senior notes (Note 13)	39,027,533	34,297,473
Derivative financial instruments (Note 6)	1,563,472	2,869,633
Suppliers and other accounts payable (Note 14)	2,008,882	151,247
Total non-current liabilities	58,639,450	47,190,890
Total liabilities	82,256,289	72,151,394
STOCKHOLDERS' EQUITY:		
Capital stock (Note 15)	1,083,892	1,083,892
Premium on issuance of shares (Note 15)	3,949,303	3,949,303
Legal reserve	303,313	274,062
Treasury stock (Note 15)	(1,232,369)	(1,082,924)
Perpetual notes (Note 15)	4,531,330	4,531,330
Retained earnings	5,020,404	4,455,852
Hedging derivative financial instruments (Note 6)	(1,125,758)	(2,133,188)
Cash flow hedge cost reserve	(1,755,615)	-
Asset revaluation surplus (Note 9)	2,286,225	2,431,595
Reserve for investment in subsidiary (Note 2c)	(201,534)	(201,534)
Total Stockholders' Equity	12,859,191	13,308,388
Total Liabilities and Stockholders' Equity	$ 95,115,480	$ 85,459,782

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

Sergio José Camacho Carmona	Sergio Manuel Cancino Rodríguez	Luis Xavier Castro López
Chief Executive Officer	Chief Financial Officer	Comptrolling Director

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

Consolidated Statements of Income

For the years ended December 31, 2021 and 2020

Thousands of Mexican Pesos, except for earnings per share

	2021	2020
Interest income from leasing (Note 3p.)	$ 8,310,343	$ 8,547,857
Interest income from factoring (Note 3p.)	323,811	373,289
Interest income from car loans (Note 3p.)	363,044	437,164
Interest on other loans (Note 3p.)	2,457,161	1,522,562
Other financing benefits from leasing contracts (Note 3p.)	213,576	212,699
Interest expense (Notes 12 and13)	(7,806,473)	(7,028,493)
Net interest income	3,861,462	4,065,078
Allowance for expected credit losses of accounts and notes receivable (Notes 3b. and 5)	613,490	1,432,993
Gross margin	3,247,972	2,632,085
Loss from the derecognition of financial assets at amortized cost	80,142	50,290
Exchange gains	(2,239,745)	(2,856,636)
Exchange losses	2,035,140	2,288,464
Interest from investments and commissions	(131,675)	(252,040)
Other expenses (products)	(155,637)	(82,148)
Administrative and promotion expenses	1,908,662	1,733,533
	1,496,887	881,463
Profit before income from associated companies	1,751,085	1,750,622
Income from associates	111,537	37,844
Profit before Income tax	1,862,622	1,788,466
Income tax expenses (Note 16)	367,728	424,447
Consolidated net income	$ 1,494,894	$ 1,364,019
Basic and diluted earnings per share	$ 3.29	$ 3.77

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

Sergio José Camacho Carmona	Sergio Manuel Cancino Rodríguez	Luis Xavier Castro López
Chief Executive Officer	Chief Financial Officer	Comptrolling Director

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

Consolidated Statements of Other Comprehensive Income
For the years ended December 31, 2021 and 2020

Thousands of Mexican Pesos

	2021	2020
Consolidated net income	$ 1,494,894	$ 1,364,019
Items that may be reclassified to profit or loss:		
Changes in the effective portion of the fair value of cash flow hedges and items recycled to statement of income (Note 6)	1,203,943	(565,444)
Cash flow hedge cost reserve (Note 15)	(1,755,615)	-
Deferred Income tax associated with the valuation of certain hedging derivative financial instruments (Note 16)	(196,513)	(42,981)
	(748,185)	(608,425)
Items that will not be reclassified to profit or loss:		
Asset revaluation surplus (Note 9)	(207,671)	75,086
Income tax relating to these items (Note 16)	62,301	(22,525)
	(145,370)	52,561
Other comprehensive income for the year – Net of taxes	(893,555)	(555,864)
Comprehensive income for the year	$ 601,339	$ 808,155

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

Sergio José Camacho Carmona	Sergio Manuel Cancino Rodríguez	Luis Xavier Castro López
Chief Executive Officer	Chief Financial Officer	Comptrolling Director

Unifin Financiera, S. A. B. de C. V. and subsidiaries
Consolidated Statements of Changes in Stockholders' equity
For the years ended December 31, 2021 and 2020

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
Balances as of January 1, 2020	$ 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
Transactions with stockholders in their capacity as such:										
Repurchase of shares	-	-	-	(737,978)	-	-	-	-	-	(737,978)
Transfer to legal reserve	-	-	29,251	-	-	(29,251)	-	-	-	-
Declaration of dividends to										
Perpetual Note holders	-	-	-	-	-	(541,241)	-	-	-	(541,241)
Declaration of dividends in kind	-	-	-	588,533	-	(359,850)	-	-	-	228,683
	-	-	29,251	(149,445)	-	(930,342)	-	-	-	(1,050,536)
Transactions other than stockholders in their capacity as such:										
Loss from cash flow hedge derivatives	-	-	-	-	-	-	1,007,430	-	-	1,007,430
Revaluation surplus, net of taxes	-	-	-	-	-	-	-	(145,370)	-	(145,370)
Cash flow hedge cost reserve	-	-	-	-	-	-	(1,755,615)	-	-	(1,755,615)
Consolidated net income	-	-	-	-	-	1,494,894	-	-	-	1,494,894
	-	-	-	-	-	1,494,894	(748,185)	(145,370)	-	601,339
Balances as of December 31, 2021	$ 1,083,892	$ 3,949,303	$ 303,313	$ (1,232,369)	$ 4,531,330	$ 5,020,404	$ (2,881,373)	$ 2,286,225	$ (201,534)	$ 12,859,191

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

Sergio José Camacho Carmona
Chief Executive Officer

Sergio Manuel Cancino Rodríguez
Chief Financial Officer

Luis Xavier Castro López
Comptrolling Director

Unifin Financiera, S. A. B. de C. V. and subsidiaries
Consolidated Statements of Cash Flows
For the years ended December 31, 2021 and 2020

Thousands of Mexican Pesos

	2021	2020
Net profit	$ 1,494,894	$ 1,364,019
Adjustments to reconcile net income to cash provided by (used in) operating activities:		
Depreciation and amortization	381,075	253,702
Allowance for expect credit losses (Note 5)	613,490	1,432,993
Income tax expense (Note 16)	367,728	424,447
Interest income	(11,454,359)	(10,880,871)
Interest expense	7,806,473	7,028,492
Exchange gains	(2,239,745)	(2,856,636)
Exchange losses	2,035,140	2,288,464
Changes in fair value of derivative financial instruments for trading purposes	(62,057)	186,950
	(1,057,361)	(758,440)
Operating activities		
Changes in:		
Accounts and notes receivable, net	(9,240,319)	(5,830,365)
Other non-current assets	(106,208)	(17,825)
Derivative financial instruments	(3,418,663)	4,684,511
Suppliers and other accounts payable	3,418,072	(1,174,639)
Interest paid	(7,243,849)	(6,728,770)
Interest collected	11,586,034	10,295,141
Non-current assets held for sale	(124,594)	68,218
Income tax paid	(127,557)	(516,016)
Net cash flows from operating activities	(5,257,084)	780,255
Investment activities		
Payments for acquisition of property, machinery and equipment	(125,213)	(977,767)
Payments for the acquisition of intangible assets	(73,268)	(49,599)
Acquisition of entities subject to equity method (Note 7)	-	(370,380)
Net cash flows from investing activities	(198,481)	(1,397,746)
Financing activities		
Payments for repurchased shares (Note 15)	(737,978)	(69,720)
Bank loans obtained (Note 12)	28,809,069	15,347,378
Repayment of bank loans (Note 12)	(25,544,988)	(10,858,733)
Proceeds from the issuance of debt instruments (Note 13)	3,460,035	-
Repayment of debt instruments (Note 13)	(5,789,962)	(4,120,923)
Proceeds from placement of senior notes (Note 13)	7,768,537	-
Repayment of senior notes (Note 13)	(127,827)	(666,519)
Dividend payment in cash (Note 15)	(541,241)	(578,648)
Office lease payments (Note 9)	(94,928)	(55,690)
Proceeds from the issuance of shares	-	2,200,903
Net cash flows from financing activities	7,200,717	1,198,048
Net increase in cash and cash equivalents	687,791	(177,882)
Cash and cash equivalents at the beginning of period	3,670,283	3,831,330
Effect of exchange rate changes on cash and cash equivalents for the period	20,093	16,835
Cash and cash equivalents at period-end (Note 4)	$ 4,378,167	$ 3,670,283

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

Sergio José Camacho Carmona	Sergio Manuel Cancino Rodríguez	Luis Xavier Castro López
Chief Executive Officer	Chief Financial Officer	Comptrolling Director

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 - Descripción del negocio:

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

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.).

Significant changes occurring in the reporting period 2021

During the second and third quarter of 2020, the Company launched a COVID-19 support plan aimed at eligible clients, which consisted of a new credit. The first stage totaled $1,291,597 and the second stage consisted in extending the term of maturity of their agreements for $602,107. As of December 31, 2021, COVID-19 support plan granted to clients finished by paying off all stages of the plan. In 2021 the Company did not offer new plans or additional stages of COVID-19 support plan granted in 2020.

After the drop in the oil prices initially caused by the conflict between Russia and Saudi Arabia, Mexican oil mix price had fell to US47.16 per barrel as of December 31, 2020. Nevertheless, continued recovering up to US71.29 per barrel on December 31, 2021. As described in Note 9, the Company acquired an asset related with petrol industry, during 2021 and to date it has maintained continuity in its use as a leased asset.

The benchmark interest and exchange rates experienced fluctuations in 2021 due to the economic slowdown. As of December 31, 2021 and 2020, Interbank Equilibrium Interest Rate (TIIE by its acronym in Spanish) was 5.71% and 4.48%, respectively, and exchange rate of Mexican peso against US dollar was $20.51 and $19.93, respectively.

In the fiscal year ended December 31, 2021, the Company's financial position and performance were particularly affected by the following events and transactions:

- The account receivables experienced a combined growth of $8,714,344 or 13.4% in the whole portfolio, including an increase of $7,459,337 or 58.5% in other loans. This portfolio gained a significant increase boosted by the normalization of market demand of working capital of our clients to leverage their operations given the conditions that existed at the beginning of the year and also due to the originations of Uniclick.

- In 2020 the Company launched Uniclick, a digital platform whose objective is to become the leader in displaying new products showcasing and client acquisition in the Small and Medium Entities (SME), during the 2021 Uniclick demonstrated its capacity to support SME's financial needs through its innovate digital platform, closing the year by $1,439,181 with 1,161 new clients (see Note 3).

- The allowance for expected credit losses as of December 31, 2021 and 2020 was $2,624,776 and $2,537,261, respectively, which represented an increase of 3.4%. The main increase was in the provision for the lease portfolio and other credits due to the accumulation of delays. The model derived from delays therein assigns incremental factors according to the consecutive delays presented by the portfolio itself, as occurs in stage 3 of lease portfolio (see Note 3).

- The company signed new loan agreements totaling $12,603,214 to fund Company's operations (see Note 12).

- In September, the Company reaffirmed its commitment to sustainability by closing the first sustainable financing with the Eco-Business Fund for $923,207 (US45,000).

- An increase of net position on Derivative financial instruments of $1,642,159 as a result of market moves on interest and exchange benchmark rates as of December 31, 2021 (see Note 6).

- In January, the Company concluded a private offering of US400,000 ($8,206,280), in the form of Senior Notes 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 (Senior notes 2029), subsequently the Company celebrated a tender offer exchange amounted US129,993 ($2,666,897) from Senior notes 2023 and 2025.

- The change in Senior notes was boosted by the issuance of Senior notes 2029 and redemption of USD6,043 (see Note 13).

- In abril, the Company issued debt instruments by $3,000,000 through a private stock structure (see Note 13).

- Amortizations of Debt Instruments in the form of stock structures of $5,762,015 under the terms and conditions of the Trustee Programs (ver Nota 13).

- In May, the Company paid $588,533 as a dividend in kind of 15,000,000 of shares (ver Nota 15).

Significant changes occurring in the reporting period 2020

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, 2021 and 2020, were authorized on february 9, 2022 by Sergio José Camacho Carmona, Chief Executive Officer, Sergio Manuel Cancino Rodríguez, Chief Finance Officer, and Luis Xavier Castro López, Comptrolling Director.

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:

- Nota 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, 2021 and 2020 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:

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

- Nota 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.
- 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.
- 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, de 2021 and 2020, in which the Company has control as follows:

		Interest %	
Entity	**Activity**	**December 31, 2021**	**December 31, 2020**
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. (Unifin Autos)	Car buy and sell	99.99%	99.99%
Inversiones Inmobiliarias Industriales, S. A. P. I. de C. V. (Inversiones Inmobiliarias)	Real state lease	94.08%	94.08%
Unifin Administración Corporativa, S. A. de C. V. (UAC) [4]	Service provider	99.99%	99.99%
Unifin Servicios Administrativos, S. A. de C. V. (USA) [4]	Service provider	99.99%	99.99%
Respaldamos tu Necesidad, S. A. de C. V. SOFOM, E.N.R. [4]	Financial services	100.00%	100.00%
Vita, Impulsando tus Proyectos, S. A. P. I. de C.V. SOFOM, E.N.R. [1]	Financial services	100.00%	-
Click Pyme, S. A. de C. V. SOFOM, E. N. R. [2]	Financial services	100.00%	-
Doctor Payment Solutions, S. A. P. I. de C. V. [3]	Financial services	85.00%	-
Fideicomisos de Emisión de Certificados Bursátiles (Structured entities)	Issuance of certificates	100.00%	100.00%

1. In June 2021, the Company acquired 100% of the ordinary, nominative shares Serie “A” of Vita, Impulsando tus Proyectos, S. A. P. I. de C. V. SOFOM, E.N.R. from a third party, the consideration paid was $50, the Company is planning to expand its offer of financial services through this entity.

2. Click Pyme, S. A. de C. V. SOFOM, E. N. R. was incorporated in January 2021, the Company is planning to complement the Company’s financial product offering through this brand-new entity.

3. Doctor Payment Solutions, S. A. P. I. de C. V. was incorporated in July 2021, this brand-new entity is expected to offer financial services.

4 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	$ 300,056

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

ii. 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.

iii. Asociates

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.

iv. 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.

v. 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:

- Nota 3 (d) Derivative financial instruments.

- Nota 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, 2021 and 2020, 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 bellow:

	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, 2021 and December 31, 2020 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. Cash Flow hedge cost reserve

The Company can contract derivative financial instruments to hedge new financial instruments that include the payment of premiums. The assets by premiums represent benefits in relation to mitigating the effects of liabilities by premiums. Premiums will be recognized at cost and subsequently, will be measured at amortized cost, that amortization will be recorded in interest expense.

p. 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.

q. 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, cost of premiums associated with the hedged item 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.

r. 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.

s. 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.

t. Diluted earnings per share

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

u. 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,	
	2021	2020	2021	2020	2021	2020
Local and foreign banks	$ 176,092	$ 32,953	$ 562,295	$ -	$ 738,387	$ 32,953
Short-term deposits	2,217,196	2,118,634	1,422,584	1,518,696	3,639,780	3,637,330
Total cash and cash equivalents	$ 2,393,288	$ 2,151,587	$ 1,984,879	$1,518,696	$ 4,387,167	$3,670,283

The balances of banks in foreign currency as of December 31, 2021 and 2020, correspond to US. 96,749 and US.76,182, respectively, converted at the exchange rate $20.51 and $19.93, 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 3.78% and 4.79% for the years ended December 31, 2021 and 2020, respectively.

Note 5 - Accounts and notes receivable:

As of December 31, 2021 and 2020, Accounts and notes receivable are made up as follows:

	December 31, 2021	December 31, 2020
Current accounts and notes receivable		
Leases	$ 21,526,515	$ 20,286,328
Financial factoring	1,066,826	1,479,793
Car consumer loans	18,651	30,901
Car commercial loans	1,099,549	1,227,162
Other loans	9,898,865	7,472,231
Subtotal	33,610,406	30,496,415
Allowance for expected credit losses	1,466,608	929,708
Current subtotal	32,143,798	29,566,707
Non-current accounts and notes receivable		
Leases	28,795,893	28,112,375
Car consumer loans	12,853	22,808
Car commercial loans	1,100,543	1,206,456
Other loans	10,319,635	5,286,932
Subtotal	40,228,924	34,628,571
Allowance for expected credit losses	1,158,168	1,607,553
Non-current subtotal	39,070,756	33,021,018
Total Accounts and notes receivable, net	$ 71,214,554	$ 62,587,725

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, 2021			December 31, 2020		
Stage	Balance	Allowance for expected credit losses	% Allowance for expected credit losses	Balance	Allowance for expected credit losses	% Allowance for expected credit losses
1	$ 40,315,411	$ 267,400	0.66%	$ 37,972,816	$ 511,325	1.35%
2	7,419,879	563,732	7.60%	7,780,128	350,392	4.50%
3	2,587,118	1,032,263	39.90%	2,645,759	837,752	31.66%
	$ 50,322,408	$ 1,863,395		$ 48,398,703	$ 1,699,469	

Financial factoring:

	December 31, 2021			December 31, 2020		
Stage	Balance	Allowance for expected credit losses	% Allowance for expected credit losses	Saldo	Allowance for expected credit losses	% Allowance for expected credit losses
Non-defaulting	$ 1,024,082	$ 59,182	5.78%	$ 1,111,535	$ 33,779	3.04%
Defaulting	47,744	21,763	50.91%	368,258	368,258	100.00%
	$ 1,066,826	$ 80,945		$ 1,479,793	$ 402,037	

Car commercial loans:

	December 31, 2021			December 31, 2020		
Stage	Balance	Allowance for expected credit losses	% Allowance for expected credit losses	Balance	Allowance for expected credit losses	% Allowance for expected credit losses
1	$ 1,953,915	$ 4,556	0.23%	$ 2,196,558	$ 17,897	0.81%
2	83,396	13,729	16.46%	85,865	15,941	18.56%
3	162,781	97,090	59.64%	151,195	151,195	100.00%
	$ 2,200,092	$ 115,375		$ 2,433,618	$185,033	

Car consumer loans:

	December 31, 2021			December 31, 2020		
Stage	Balance	Allowance for expected credit losses	% Allowance for expected credit losses	Balance	Allowance for expected credit losses	% Allowance for expected credit losses
1	$ 21,650	$ 87	0.40%	$ 34,016	$ 206	0.60%
2	718	102	14.21%	2,384	455	19.08%
3	9,136	7,052	77.19%	17,309	17,309	100%
	$ 31,504	$ 7,241		$ 53,709	$17,970	

Other loans:

	December 31, 2021			December 31, 2020		
Stage	**Balance**	**Allowance for expected credit losses**	**% Allowance for expected credit losses**	**Balance**	**Allowance for expected credit losses**	**% Allowance for expected credit losses**
1	$ 19,822,582	$ 262,032	1.32%	$12,759,163	$232,752	1.82%
2	100,393	35,903	35.76%	-	-	
3	295,525	259,885	87.94%	-	-	
	$ 20,218,500	$ 557,820		$12,759,163	$232,752	

Allowance for expected credit losses of accounts and notes receivable

As of December 31, 2021 and 2020, the movements of the allowance recognized in the Consolidated Statement of Financial Position for expected credit losses of accounts and notes receivable are shown bellow:

Leases:

	Allowance for expected credit losses			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
As of January 1, 2020	$ 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
Remeasurement of financial assets remaining in the same stage	$(241,800)	$ 40,161	$ 262,700	$ 61,061
From stage 1 to stage 2	(294,501)	294,501	-	-
From stage 1 to stage 3	(118,180)	-	118,180	-
From stage 2 to stage 1	11,849	(11,849)	-	-
From stage 2 to stage 3	-	(39,371)	39,371	-
From stage 3 to stage 1	554	-	(554)	-
From stage 3 to stage 2	-	15,573	(15,573)	-
Financial assets granted over the period	130,580	49,090	49,357	229,027
Remeasurement of financial assets which changed stage over the period	335,268	(115,808)	(23,180)	196,280
Financial assets written off over the period	(67,695)	(18,957)	(235,790)	(322,442)
As of December 31, 2021	$ 267,400	$ 563,732	$1,032,263	$ 1,863,395

Factoring:

	January 1, 2020	Movement	December 31, 2020	Movement	December 31, 2021
Non-defaulting	$ 65,433	$ (31,654)	$ 33,779	$ 25,403	$ 59,182
Defaulting	35,181	333,077	368,258	(346,495)	21,763
	$ 100,614	$ 301,423	$ 402,037	$(321,092)	$ 80,945

On March, 21 2020, due to the macroeconomic environment that affected our clients and prospects, and in accordance with the current Risk management policies, the Company implemented an internal preventive strategy to limit the origination of financial factoring contracts. Thar strategy was mainly aimed at limiting the exposure of this line of business. Despite the above, existing customers who kept their payments current were able to renew their factoring lines of credit with the Company.

As of December 31, 2021, the Company continued with the strategy implemented in 2020.

Car commercial loans

	Allowance for expected credit losses			
	Stage 1	Stage 2	Stage 3	Total
As of January 1, 2020	$ 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
Remeasurement of financial assets remaining in the same stage	$ (12,968)	$ (65)	$ (33,895)	$ (46,928)
From stage 1 to stage 2	(11,920)	11,920	-	-
From stage 1 to stage 3	(12,471)	-	12,471	-
From stage 2 to stage 1	96	(96)	-	-
From stage 2 to stage 3	-	(5,605)	5,605	-
From stage 3 to stage 1	44	-	(44)	-
From stage 3 to stage 2	-	-	-	-
Financial assets granted over the period	2,260	1,597	9,169	13,026
Remeasurement of financial assets which changed stage over the period	22,667	(8,702)	(28,212)	(14,247)
Financial assets written off over the period	(1,049)	(1,261)	(19,199)	(21,509)
As of December 31, 2021	$ 4,556	$ 13,729	$ 97,090	$ 115,375

Car consumer loans

	Allowance for expected credit losses			
	Stage 1	Stage 2	Stage 3	Total
As of January 1, 2020	$ 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
Remeasurement of financial assets remaining in the same stage	$ (70)	$ -	$ (1,503)	$ (1,573)
From stage 1 to stage 2	(14)	14	-	-
From stage 1 to stage 3	(217)	-	217	-
From stage 2 to stage 1	-	-	-	-
From stage 2 to stage 3	-	(272)	272	-
From stage 3 to stage 1	3	-	(3)	-
From stage 3 to stage 2	-	-	-	-
Financial assets granted over the period	32	87	1,275	1,394
Remeasurement of financial assets which changed stage over the period	167	(33)	(183)	(49)
Financial assets written off over the period	(20)	(149)	(10,332)	(10,501)
As of December 31, 2021	$ 87	$ 102	$ 7,052	$ 7,241

Other loans

	Allowance for expected credit losses			
	Stage 1	Stage 2	Stage 3	Total
As of January 1, 2020	$ 32,838	$ -	$ -	$ 32,828
Remeasurement of financial assets remaining in the same stage	$ -	$ -	$ -	$ -
From stage 1 to stage 2	-	-	-	-
From stage 1 to stage 3	-	-	-	-
From stage 2 to stage 1	-	-	-	-
From stage 2 to stage 3	-	-	-	-
From stage 3 to stage 1	-	-	-	-
From stage 3 to stage 2	-	-	-	-
Financial assets granted over the period	199,914	-	-	199,914
Remeasurement of financial assets which changed stage over the period	-	-	-	-
Financial assets written off over the period	-	-	-	-
As of December 31, 2020	$ 232,752	$ -	$ -	$ 232,752

	Allowance for expected credit losses			
	Stage 1	Stage 2	Stage 3	Total
Remeasurement of financial assets remaining in the same stage	$ (23,590)	$ -	$ -	$ (23,590)
From stage 1 to stage 2	-	-	-	-
From stage 1 to stage 3	(138,558)	-	138,558	-
From stage 2 to stage 1	-	-	-	-
From stage 2 to stage 3	-	-	-	-
From stage 3 to stage 1	-	-	-	-
From stage 3 to stage 2	-	-	-	-
Financial assets granted over the period	230,901	35,903	121,327	388,131
Remeasurement of financial assets which changed stage over the period	137,146	-	-	137,146
Financial assets written off over the period	(176,619)	-	-	(176,619)
As of December 31, 2021	$ 262,032	$ 35,903	$ 259,885	$ 557,820

In 2021, the Other loans presented delays, causing the change in the stages according to the policy of the Allowance for expected credit losses of accounts and notes receivable, delays corresponded mainly to structured credit and Uniclick, products in growth during the year.

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.

As mentioned in Note 1, the additional loans granted under the COVID-19 support plan were liquidated as of December 31, 2021.

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

Balance as of January 1, 2020:	$ 1,300,240
(+) Increases in allowance	1,432,993
(-) Uses	(195,992)
Balance as of December 31, 2020:	$ 2,537,241
(+) Incrementos en la reserva	613,490
(-) Aplicaciones	(525,955)
Balance as of December 31, 2021:	$ 2,624,776

Leasing accounts and notes receivable

The breakdown of the leasing portfolio as of December 31, 2021 and 2020, is as follows:

	Minimum payments	**Residual value**	**Financial income to be accumulated**	**Accounts receivable for lease**
December 31, 2021	$ 53,963,851	$ 14,422,126	$ (18,063,569)	$ 50,322,408
December 31, 2020	$ 54,344,115	$ 12,624,773	$ (18,570,185)	$ 48,398,703

As of December 31, 2021 and 2020, 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,	
	2021	**2020**
2021	$ -	$ 31,953,943
2022	31,469,342	16,393,565
2023	15,447,128	10,942,519
2024	9,065,947	4,908,131
2025 onwards	6,847,047	2,770,731
2026 onwards	5,556,513	-
	$ 68,385,977	$ 66,968,889

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, 2021	**Amortized cost**	**Fair Value**	**Above (Below)**
Lease	$ 50,322,408	$ 49,575,881	$ (746,527)
Financial factoring	1,066,826	1,085,811	18,985
Car consumer loans	31,504	32,156	652
Car commercial loans	2,200,092	2,197,127	(2,965)
Other loans	20,218,500	20,918,634	700,134
Total	$ 73,839,330	$ 73,809,609	$ (29,721)

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

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. DFI

As of December 31, 2021 and 2020, the Company has derivative financial instruments as follows:

	December 31, 2021	December 31, 2020
Current assets		
Cross Currency Swaps (CCS) – cash flow hedge	$ 191,060	$ 39,333
Foreign exchange option contract (Call Spread) – cash flow hedge	432,319	244,857
Interest Rate Swaps (IRS) – cash flow hedge	55,297	210,705
Total in current assets	678,676	494,895
Non-current assets		
Cross Currency Swaps (CCS) – cash flow hedge	683,042	149,810
Foreign exchange option contract (Call Spread) – cash flow hedge	5,448,332	4,582,741
Cross Currency Swaps (CCS) – held for trading	125,166	82,516
Interest Rate Swaps (IRS) – cash flow hedge	171,930	211,112
Total non-current assets	6,428,470	5,026,179
Total in assets	$ 7,107,146	$ 5,521,074
Current liabilities		
Cross Currency Swaps (CCS) – cash flow hedge	$ 1,093,997	$ 1,353,793
Foreign exchange option contract (Call Spread) – cash flow hedge	52,958	-
Cross Currency Swaps (CCS) – held for trading	26,026	45,434
Interest Rate Swaps (IRS) – cash flow hedge	64,153	426,394
Total in current liabilities	1,237,134	1,825,621

	December 31, 2021	December 31, 2020
Non-current liabilities		
Cross Currency Swaps (CCS) – cash flow hedge	1,318,266	2,443,538
Foreign exchange option contract (Call Spread) – cash flow hedge	142,519	-
Interest Rate Swaps (IRS) – cash flow hedge	102,687	426,095
Total non-current liabilities	1,563,472	2,869,633
Total in liabilities	$ 2,800,606	$4,695,254
Net position	$ 4,306,540	$ 825,820

Fair value of DFI

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

	December 31, 2021	December 31, 2020
	Level 2	Level 2
Financial assets:		
Derivative financial instruments	7,107,146	5,521,074
Financial liabilities:		
Derivative financial instruments	2,800,606	4,695,254

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

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

Type of DFI	Notional amount in millions	Beginning	Due date	Underlying instrument
Cross Currency Swaps (CCS)	US 200 m	Jan 2021	Jan 2025	Exchange rate
Cross Currency Swaps (CCS)	US 100 m	Jan 2021	Jan 2025	Exchange rate
Cross Currency Swaps (CCS)	US 226 m	Jan 2021	Jan 2025	Exchange rate
Foreign exchange option contracts (Call Spread)	US 300 m	Feb 2021	Jan 2029	Exchange rate
Foreign exchange option contracts (Call Spread)	US 100 m	Feb 2021	Jan 2029	Exchange rate
Foreign exchange option contracts (Call Spread)	US 126 m	Feb 2021	Jan 2029	Exchange rate
Cross Currency Swaps (CCS)	US 5 m	Mar 2021	Mar 2025	Exchange rate
Foreign exchange option contracts (Call Spread)	US 5 m	Apr 2021	Mar 2025	Exchange rate
Cross Currency Swaps (CCS)	US 20.8 m	Apr 2021	Apr 2024	Exchange rate
Cross Currency Swaps (CCS)	US 20.8 m	Apr 2021	Apr 2024	Exchange rate
Cross Currency Swaps (CCS)	US 23.5 m	Apr 2021	Apr 2024	Exchange rate
Foreign exchange option contracts (Call Spread)	US 44.3 m	May 2021	Apr 2024	Exchange rate
Cross Currency Swaps (CCS)	US 42 m	Mar 2021	Sep 2022	Exchange rate
Cross Currency Swaps (CCS)	US 67.5 m	Jun 2021	Sep 2022	Exchange rate
Foreign exchange option contracts (Call Spread)	US 67.5 m	Jun 2021	Sep 2022	Exchange rate
Interest Rate Swaps (IRS)	$3,000	Jun 2021	Apr 2025	Interest rate
Cross Currency Swaps (CCS)	US 6 m	Jun 2021	Sep 2022	Exchange rate
Foreign exchange option contracts (Call Spread)	US 6 m	Jun 2021	Sep 2022	Exchange rate
Cross Currency Swaps (CCS)	US 50 m	Aug 2021	Aug 2022	Exchange rate
Cross Currency Swaps (CCS)	US 50 m	Aug 2021	Aug 2024	Exchange rate
Cross Currency Swaps (CCS)	US 50 m	Aug 2021	Aug 2024	Exchange rate
Foreign exchange option contracts (Call Spread)	US 50 m	Aug 2021	Aug 2022	Exchange rate
Foreign exchange option contracts (Call Spread)	US 50 m	Sep 2021	Aug 2024	Exchange rate
Foreign exchange option contracts (Call Spread)	US 50 m	Sep 2021	Aug 2024	Exchange rate
Cross Currency Swaps (CCS)	US 8.8 m	Sep 2021	Apr 2024	Exchange rate
Cross Currency Swaps (CCS)	US 8.8 m	Nov 2021	Apr 2024	Exchange rate
Cross Currency Swaps (CCS)	US 5 m	Nov 2021	Apr 2024	Exchange rate

Type of DFI	Notional amount in millions	Beginning	Due date	Underlying instrument
Foreign exchange option contracts (Call Spread)	US 8.8 m	Nov 2021	Apr 2024	Exchange rate
Foreign exchange option contracts (Call Spread)	US 5 m	Nov 2021	Apr 2024	Exchange rate

At December 31, 2021, profit from hedging derivatives at fair value through Other Comprehensive Income amounted to $1,007,430 (including $548,713 as fair value in the rebalancing of financial derivatives), and changes in the fair value of economic business derivatives totaled $62,057 under interest expenses in the gross margin.

Considering the economic conditions and to keep a more effective portfolio in 2021, 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 $1,007,430 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 2021, the Company redeemed Senior Notes amounting to US 6,043; as a result, the Company recorded profits for US 915 in interest expenses in the Consolidated Statement of Income for the year ended on December 31, 2021.

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

Type of DFI	Notional amount in millions	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

Type of DFI	Notional amount in millions	Beginning	Due date	Underlying instrument
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
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.

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, 2021 and 2020, 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.

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:

1. Notional.
2. Due date.
3. Payment date(s).
4. Interest rate “reset” dates.
5. 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.

As of December 31, 2021 and 2020, the results confirm that the hedge is highly effective.

Interest expense, in the Statement of Income, includes $62,057 and $42,822, as of December 31, 2021 and 2020, respectively, for transactions with interest rate derivative financial instruments that did not qualify as hedges.

Market Risk

i. Exchange rate

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

	December 31, 2021	December 31, 2020
Risk Exposure / Hedging instrument		
Market risk - Exchange rate		
Cross currency swaps (CCS)	$ (1,439,021)	$ (3,571,106)
Foreign exchange option (Call Spread)	5,685,174	4,827,598
Total	$ 4,246,153	$ 1,256,492
Risk Exposure / Hedged item		
Market risk - Exchange rate		
Foreign currency bank loans	$ 12,726,208	$ 6,459,939
International debt in foreign currency	44,537,988	35,049,267
Total	$ 57,264,196	$ 41,509,206

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, 2021				
Market risk - Exchange rate	+8%	+4%	-4%	-8%
Interest rate swaps and Principal in other currency (CCS)	$ 1,629,257	$ 814,628	$ (783,297)	$ (1,508,571)
Foreign exchange option contracts (Call Spread)	894,730	496,280	(547,462)	(1,088,454)
Total	$ 2,253,987	$ 1,310,908	$ (1,330,759)	$ (2,597,025)
31 de diciembre de 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)

ii. Interest rate

The Company's main interest rate risk arises from debt with variable rates. Over the periods ended on December 31, 2021 and 2020, 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, 2021	**% of total loans**	**December 31, 2020**	**% of total loans**
Bank loans with variable rates:				
< 1 year	$ 14,349,749	46.86%	$ 15,864,353	50.04%
1-3 years	6,308,101	20.60%	3,124,334	9.85%
3-5 years	766,941	2.50%	244,916	0.77%
5-10 years	583,316	1.91%	598,584	1.89%
	$ 22,008,107	71.88%	$ 19,832,187	62.55%
Debt instruments with variable rates:				
< 1 year	$ 111,780	0.37%	$ 4,736,605	14.94%
1-3 years	2,462,500	8.04%	4,203,417	13.26%
3-5 years	3,950,000	12.90%	2,931,858	9.25%
5 – 10 years	2,087,500	6.82%		00.00%
	8,611,780	28.12%	11,871,880	37.45%
Total	$ 30,619,887	100.00%	$ 31,704,067	100.00%

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

	Increase 50bp	Increase 25bp	Decrease -25bp	Decrease -50bp
December 31, 2021				
Market risk - interest rate				
Interest Rate Swaps (IRS)	$ 109,798	$ 55,136	$ (55,614)	$(111,710)
Foreign exchange option contracts				
(Call Spread)	(272,060)	(134,214)	129,921	254,890
Cross Currency Swap (CCS)	(165,701)	(83,626)	85,205	172,015
Total	$ (327,963)	$(162,704)	$159,512	$ 315,195

	Increase 50bp	Increase 25bp	Decrease -25bp	Decrease -50bp
December 31, 2020				
Market risk - interest rate				
Interest Rate Swaps (IRS)	$ 73,420	$ 36,838	$ (37,096)	$ (74,453)
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

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

The ‘phase 2’ amendments address issues arising during interest rate benchmark reform, including specifying when the ‘phase 1’ amendments will cease to apply, when hedge designations and documentation should be updated, and when hedges of the alternative benchmark rate as the hedged risk are permitted.

The ‘phase 1’ amendments provided temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by IBOR reform. The reliefs had the effect that IBOR reform should not generally cause hedge accounting to terminate prior to contracts being amended.

However, any hedge ineffectiveness continued to be recorded in the income statement. Furthermore, the amendments set out triggers for when the reliefs would end, which included the uncertainty arising from interest rate benchmark reform no longer being present.

For the year ended December 31, 2021, the Company has adopted the following hedge accounting reliefs provided by 'Phase 2' of the amendments:

- Hedge designation: When the phase 1 amendments cease to apply, the Company will amend its hedge designation to reflect changes which are required by IBOR reform, but only to make one or more of these changes:

  a. Designating an alternative benchmark rate (contractually or non-contractually specified) as a hedged risk;

  b. Amending the description of the hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or

  c. Amending the description of the hedging instrument.

The Company will update its hedge documentation to reflect this change in designation by the end of the reporting period in which the changes are made. These amendments to the hedge documentation do not require the Company to discontinue its hedge relationships. The Company has not made any amendments to its hedge documentation in the reporting period relating to IBOR reform.

Amounts accumulated in the cash flow hedge reserve: When the Company amends its hedge designation as described above, the accumulated amount outstanding in the cash flow hedge reserve is deemed to be based on the alternative benchmark rate [for example, Secured Overnight Financing Rate (SOFR), when that rate replaces USD LIBOR]. For discontinued hedging relationships, when the interest rate benchmark on which the hedged future cash flows were based is changed as required by IBOR reform, the amount accumulated in the cash flow hedge reserve is also deemed to be based on the alternative benchmark rate for the purpose of assessing whether the hedged future cash flows are still expected to occur.

The reliefs applied under 'phase 1' of the amendments are detailed within the existing hedge accounting policies detailed within the consolidated financial statements as of December 31,2020.

Financial instruments measured using amortized cost measurement

Phase 2' of the amendments requires that, for financial instruments measured using amortized cost measurement, changes to the basis for determining the contractual cash flows required by interest rate benchmark reform are reflected by adjusting their effective interest rate. No immediate gain or loss is recognized. This expedient is only applicable to changes that are required by interest rate benchmark reform, which is the case if, and only if, the change is necessary as a direct consequence of interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis (that is, the basis immediately preceding the change). Where some or all of a change in the basis for determining the contractual cash flows of a financial asset and liability does not meet the above criteria, the above practical expedient is first applied to the changes required by interest rate benchmark reform, including updating the instrument's effective interest rate. Any additional changes are accounted for in the normal way (that is, assessed for modification or derecognition, with the resulting modification gain / loss recognized immediately in profit or loss where the instrument is not derecognized).

As of December 31, 2021 and 2020, the Company held bank loans with credit lines of $11,379,325 (US554,664) or 48.9% and $9,760,511 (US489,612) or 49.4%, respectively, of the total Company´s bank loan agreements, referenced with LIBOR rate. The Company has eight credit lines for $5,680,274 (US276,874) with variable rate that referenced to the LIBOR rate and maturity after December 31, 2022; sin embargo, however, the Company has a hedge for five of these credit lines and the exposed to this change is $3,442,691 (US167,808).

As of December 31, 2021, the Company held 42 CCS with a fair value of ($1,439,021) and 93 call spreads with a fair value of $3,864,893 out of 146 contracts which are valued using LIBOR curves, and those contracts are hedging US2,957,422, in notional, which is the current exposure to that reform. 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 US2,334,083 in notional.

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.

On October 23, 2020, the International Swaps and Derivatives Association (ISDA) published amendments to its 2006 ISDA definitions for derivatives related to reserve provisions for IBOR rates. These changes are effective from January 25, 2021. The alternatives incorporated in the modified definitions are considering the characteristics of the risk-free rates (RFR), chosen as replacements for the IBOR, which incorporate a spread to adjust the differences between the IBOR and RFR. In addition to the amendment to include these supporting provisions in new contracts, ISDA has published a protocol (the "ISDA protocol") to ensure that legacy contracts can also be based on these provisions. The change to the ISDA protocol is the replacement of an existing IBOR-based fallback clause with a new alternative benchmark-based fallback clause.

The Company's systems calculate fair market value using LIBOR curves; however, they are ready to use new reference whenever it's needed and for derivatives contracted from January 1, 2022.

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	AAA	Moody's	Local
Barclays	AAA	S&P	Local
Bank of America (Bofa)	AAA	S&P	Local
Deutsche Bank	AAA	Moody's	Local
Credit Suisse	AAA	Moody's	Local
Goldman Sachs	AAA	Fitch	Local
Morgan Stanley	AAA	Fitch	Local
Nomura	AAA	Nomura	Local
Santander	AAA	Moody's	Local
Scotiabank	AAA	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, 2021 and 2020 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, 2021					
Item	**1 year**	**> 1 - 3 years**	**> 3 - 5 years**	**> 5 years**	**Contractual cash flows**
Bank loans	$ 15,600,747	$ 6,345,175	$ 786,099	$ 583,316	$ 23,315,337
Debt instruments	111,780	2,462,500	3,950,000	2,087,500	8,611,780
Senior notes	5,561,743	6,525,080	14,012,059	19,501,988	45,600,870
Suppliers	203,332				203,332
Lease liabilities	65,190	65,259	-	-	130,449
Derivative financial instruments	16,530,564	32,906,940	2,707,723	19,231,454	71,376,681
Total	$ 38,073,356	$ 48,304,954	$ 21,455,881	$ 41,404,258	$ 149,238,449

	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	-	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

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, 2021 and 2020 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, 2021 and 2020:

	December 31, 2021	December 31, 2020
Financial liabilities (excluding Debt instruments)	$ 67,785,805	$ 54,786,697
Total Stockholder's Equity	12,859,191	13,308,388
Financial leverage ratio	5.3x	4.1x
Total Stockholder's Equity	$ 12,859,191	$ 13,308,388
Accounts and notes receivable, net	71,214,554	62,587,725
Capitalization ratio (to Accounts and notes receivable, net)	18.1%	21.3%
Total Stockholder's Equity	$ 12,859,191	$ 13,308,388
Total assets	95,115,480	85,459,782
Capitalization ratio (to total assets)	13.5%	15.6%

The hedge portfolio management strategy implemented during 2021 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, 2021 and 2020 Other assets are made up as follows:

	December 31,	
	2021	2020
Other current assets:		
Advances to suppliers	$ 105,970	$276,583
Guarantee deposits	14,824	9,663
Prepaid expenses	12,715	15,134
Total other current assets	133,509	301,380
Other non-current assets:		
Investments in associates	570,991	464,783
Total other non-current assets	570,991	464,783
Total	$ 704,500	$766,163

In February 2021, the Company contracted derivative financial instruments to hedge Senior notes 2029 which include the payment of premiums with a mandatory portion until 2025 and an optional portion after January 1, 2026, the liability balance represents the payment obligation and the asset recorded in other assets in the short and long term the benefits for access to that instruments.

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, 2021 and 2020, are comprised as follows:

	December 31,	
	2021	**2020**
Other non-current assets:		
Blue Phnx, S. A. P. I. de C. V. [2]	$ 352,364	$ 370,380
Unifin Agente de Seguros y Fianzas, S. A. de C. V.	96,077	50,724
Unidoc JV, S. A. de C. V. [1]	118,817	40,000
Otras inversiones	3,733	3,679
Total	$ 570,991	$ 464,783

The most relevant change during the year was the increase in the value of the UNIDOC JV investment measured with the equity method, due to the results obtained during the year and the acquisition of an asset for commercial and operational purposes.

The nature and stockholding of investments held in associates as of December 31, 2021 and 2020 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, 2021 and 2020 assets held for sale refers to foreclosed assets and are made up as follows:

	December 31,	
	2021	**2020**
Assets held for sale:		
Property	$ 1,697,611	$ 1,557,596
Transportation equipment	163,148	178,569
Total	$ 1,860,759	$ 1,736,165

As of December 31, 2021 and 2020 the Company reclassified $143,720 and $263,450, 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, 2021 and 2020 foreclosures amounted to $194,658 and $399,016, respectively.

In 2021 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, 2021 and 2020 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, 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
Year ended December 31, 2021								
Net initial balance in books	$ 260,525	$ 68,177	$ 9,464	$ 39,779	$ 5,126,138	$ 852,529	$ 221,200	$ 6,577,812
Additions	32,538	$ 40,013	$ 1,825	$ 9,053	$ -	$ 17,001	$ 17,654	$ 118,084
Disposals	(296,567)	(29,017)	(316)	(574)	-	(8,014)	(3,448)	(337,936)
Depreciation of disposals	37,334	17,939	180	543	-	1,845	345	58,186
Depreciation charges	(897)	(24,175)	(5,334)	(7,559)	(330,303)	(55,681)	(10,176)	(434,125)
Net book amount	$ (227,592)	$ 4,760	$ (3,645)	$ 1,463	$ (330,303)	$ (44,849)	$ 4,375	$ (595,791)
Leased assets								
Additions	$ -	$ -	$ -	$ -	$ -	$ 7,129	$ -	$ 7,129
Depreciation charges	-	-	-	-	-	(50,013)	-	(50,013)
Net book amount	$ -	$ -	$ -	$ -	$ -	$ (42,884)	$ -	$ (42,884)
Cost or fair value	$ (2,024)	$ 98,027	$ 20,314	$ 59,908	$ 5,285,082	$ 962,142	$ 247,836	$ 6,671,285
Accumulated depreciation	34,957	(25,090)	(14,495)	(18,666)	(489,247)	(204,475)	(22,261)	(739,277)
Net book value								
As of December 31, 2021	$ 32,933	$ 72,937	$ 5,819	$ 41,242	$ 4,795,835	$ 757,667	$ 225,575	$ 5,932,008

Depreciation recorded in the Statement of Income as of December 31, 2021 and 2020 amounted to $302,882 and $193,531, 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 2021, the Company reclassified $180,692 to non-current asset held for sales as they met the requirements to be sold and $115,875 to Investment properties as an opportunity for a better revaluation in the local real estate market was identified. Those reclassifications did not involve cash flow exchange.

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, 2021 and 2020 the fair value amounted to $4,795,835 and $5,285,082, respectively. The revaluation surplus recognized in OCI as of December 31, 2020 was $198,889 ($139,222 - net of deferred Income Tax), in 2021 the Company did not recognized revaluation surplus. The depreciation of revaluation surplus in other comprehensive income as of December 31, 2021 was $207,671 ($145,370 - 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, 2021 and 2020.

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, 2021 and 2020 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, 2021 and 2020 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, 2021 and 2020, 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, 2020	Increase	Decrease	December 31, 2021
Right-of-use assets				
(Property)	$ 306,273	$ 4,179	$ -	$ 310,452
(Computer equipment)	-	8,140	-	8,140
Depreciation	(154,495)	(50,013)	-	(204,508)
Right-of-use assets, net of their depreciation	$ 151,778	$ (37,964)	$ -	$ 114,084

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, 2020	Increase	Decrease	Interest	Payment	Exchange rate effect	December 31, 2021
Lease liabilities	$ 169,085	$ 12,319	$ -	$ 5,392	$ (59,559)	$ 3,212	$ 130,449

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

	2021	2020
Less than a year	$ 65,190	$ 59,078
1-5 years	76,704	119,074
	141,894	178,152
(-) finance charges	(11,445)	(9,067)
Total	$ 130,449	$ 169,085
Part of long-term liability recorded in:		
Other accounts payable	$ 65,259	$ 114,714

Note 10 - Investment properties:

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

	December 31,	
	2021	**2020**
Properties under operating lease agreements	$ 669,378	$ 683,872
Properties and lands	301,369	85,114
Accumulated depreciation	(44,962)	(23,715)
Total	$ 925,785	$ 745,271

In 2021 and 2020 the Company transferred $143,720 and $263,450, respectively, from non-current assets held for sale to investment property, as an opportunity to gain appreciation in the local real estate market. This transfer had no impacts on the income/loss for the year. As of December 31, 2021 and 2020 the Company made no other transfers. In 2020, 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, 2021 and 2020.

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

	December 31,	
	2021	**2020**
Operating lease income	$ 358,940	$ 53,595
Depreciation of investment properties	(105,475)	(2,790)
Total	$ 253,465	$ 50,805

Note 11 - Intagible assets:

As of December 31, 2021 and 2020 intangible assets were made up as follows:

Non-current assets	**Software**
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
Opening carrying amount as of January 1, 2021	$ 159,652
Additions – internal development	143,363
Amortization	70,095
Closing carrying amount as of December 31, 2021	$ 232,920

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, 2021 and 2020 of $143,363 and

$82,762, respectively. In 2020 started the two first system phases, as a result, was recognized and amortization expense in administrative and promotion expenses for $70,095 and $33,164 as of December 31, 2021 and 2020, respectively.

Note 12 - Bank loans:

As of December 31, 2021 and 2020, Bank loans is made up as follows:

	December 31, 2021								
Entities	Credit line	Currency	Principal	Accrued interest payable	Commissions and expenses	Total	Interest rate	Maturity	Guarantee
Current:									
Nacional Financiera	$ 3,750,000	MXN	$ 2,275,372	$ 11,747	$ -	$ 2,287,119	Variable	Sep-25*	Accounts receivable for factoring, other loans and car loans
		US	145,907	950	-	146,857	Variable	Nov-30*	Accounts receivable for factoring, other loans and car loans
Banco Azteca [1]	3,000,000	MXN	725,586	-	(10,718)	714,868	Variable	Dec-24*	Accounts receivable for lease
Banamex	2,000,000	MXN	2,000,000	19,744	-	2,019,744	Variable	Apr-22	Accounts receivable for lease
Bladex	4,163,789	US	1,697,354	20,261	(2,113)	1,715,502	Variable	Jun-22*	Unsecured
Bladex 2 [8]	2,051,570	US	256,446	18,582	(26,373)	248,655	Variable	Aug-24*	Unsecured
Scotiabank	1,000,000	MXN	1,000,000	470	-	1,000,470	Variable	May-22	Accounts receivable for lease
Scotiabank [WH]	500,000	MXN	500,000	1,886	-	501,886	Variable	Jan-22	Accounts receivable for lease
Scotiabank	750,000	MXN	249,956	2,765	-	252,721	Variable	Jul-26*	Accounts receivable for lease
Santander	1,000,000	MXN	1,000,000	2,558	-	1,002,558	Variable	Jan-22	Accounts receivable for lease
Banamex	410,314	US	410,314	458	-	410,772	Variable	Mar-22	Accounts receivable for lease
Bancomext	2,000,000	MXN	393,298	1,491	-	394,789	Variable	Jul-25*	Accounts receivable for lease
		US	154,715	199	-	154,914	Variable	Nov-30*	Accounts receivable for lease
Banobras	4,000,000	MXN	97,459	104	-	97,563	Variable	Jun-22	Accounts receivable for lease
Barclays [7]	1,384,810	US	1,384,810	5,669	(8,688)	1,381,791	variable	Sep-22	Unsecured
CI Banco	250,000	MXN	250,000	182	-	250,182	Variable	Jan-21	Accounts receivable for car loans
Deustche Bank [2]	861,659	US	646,245	241	(2,824)	643,662	Variable	Sep-22	Unsecured
Blue Orchard	657,861	US	192,273	8,818	(2,215)	198,876	Variable	Feb-24*	Unsecured
Blue Orchard 2 [3]	225,673	US	46,940	3,637	(1,325)	49,252	Variable	Aug-25*	Unsecured
Blue Orchard 3 [13]	205,157	US	51,289	948	(991)	51,246	Variable	Nov-25*	Unsecured
Bank of China [4]	200,000	MXN	66,667	2,285	(1,270)	67,682	Variable	May-24*	Accounts receivable for lease
BTG [9]	1,128,364	US	1,128,364	5,770	(9,444)	1,124,690	Variable	Aug-22	Unsecured
Nomura [5]	1,192,909	US	170,416	17,239	-	187,655	Fixed	Apr-24*	Unsecured
Nomura 2 [12]	664,708	US	94,958	8,297	-	103,255	Variable	Apr-24*	Unsecured
Responsability	256,446	US	256,446	1,381	(1,330)	256,497	Variable	Oct-22	Unsecured
Responsability 2 [14]	205,157	US	205,157	299	-	205,456	Variable	Dec-22	Unsecured
Keb Hana [6]	60,000	MXN	60,000	-	(232)	59,768	Variable	Dec-21	Unsecured
Eco-Business Fund [11]	923,207	US	-	1,970	-	1,970	Variable	May-22	Unsecured
GM Financial [10]	500,000	MXN	2,810	17	-	2,827	Fixed	Jul-25*	Collateral
Total			$ 15,462,782	$ 137,968	$ (67,523)	$ 15,533,227			
Non-current:									
Nacional Financiera		MXN	$ 539,606	$ -	$ -	$ 539,606	Variable	Sep-25	Accounts receivable for factoring, other loans and car loans
Nacional Financiera		US	744,626	-	-	744,626	Variable	Nov-30	Accounts receivable for factoring, other loans and car loans
Banco Azteca [1]		MXN	540,025	-	-	540,025	Variable	Dec-24	Unsecured
Bladex 2 [8]		US	1,795,124	-	-	1,795,124	Variable	Aug-24	Unsecured
Scotiabank		MXN	468,184	-	-	468,184	Variable	Jul-26	Accounts receivable for lease
Bancomext		MXN	218,609	-	-	218,609	Variable	Jul-25	Accounts receivable for lease
Bancomext		US	164,885	-	-	164,885	Variable	Nov-30	Accounts receivable for lease
Blue Orchard		US	292,472	-	-	292,472	Variable	Feb-24	Unsecured
Blue Orchard 2 [3]		US	178,733	-	-	178,733	Variable	Aug-25	Unsecured
Blue Orchard 3 [13]		US	153,868	-	-	153,868	Variable	Nov-25	Unsecured
Bank of China [4]		MXN	100,000	-	-	100,000	Variable	May-24	Accounts receivable for lease
Eco-Business Fund [11]		US	923,207	-	-	923,207	Variable	Jun-26	Unsecured
Nomura [5]		US	1,022,493	-	-	1,022,493	Variable	Apr-24*	Unsecured
Nomura 2 [12]		US	569,750	-	-	569,750	Variable	Apr-24*	Unsecured
GM Financial [10]		MXN	3,008	-	-	3,008	Variable	Jul-25	Collateral
Total			$ 7,714,590	$	$ -	$ 7,714,590			

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

1 Banco Azteca

On January 5, 2021, the Company signed a loan agreement with Banco Azteca for $3,000,000. The line has not been disbursed in full. Disbursed portion of the credit will be paid through monthly amortizations of principal and interest over the term of the loan.

2 Deutsche Bank

On March 25, 2021, the Company signed an unsecured loan agreement with Deutsche Bank for $861,659 (US42,000) with interest payable in six-month periods over the term of the loan.

[3] Blue Orchard 2

On March 26, 2021, the Company subscribed a loan agreement with Blue Orchard for $225,673 (US11,000) with interest payable in six-month periods over the term of the notes. It was disbursed in two tranches: i) US5,000 on March 26, 2021 and ii) US6,000 on August 6, 2021.

[4] Bank of China

On April 19, 2021, the Company signed a loan agreement with Bank of China for $200,000 with interest payable monthly. The line was disbursed on August 4, 2021.

[5] Nomura

On April 26, 2021, the Company signed a loan agreement with Nomura for $909,734 (US44,343) with interest payable in three-month periods over the term of the loan. This contract has been renewed for an additional amount of $213,175 (USD13,803) on September 20, 2021.

[6] Keb Hana

On May 28, 2021, the Company signed a loan agreement with Keb Hana for $60,000 with interest payable monthly over the term of the loan.

[7] Barclays

On June 4, 2021, the Company signed a loan agreement with Barclays for $1,384,910 (US67,500) with interest payable in three-month periods over the term of the loan.

[8] Bladex 2

On August 9, 2021, the Company signed a loan agreement with Bladex for $1,877,186 (US91,500) with interest payable in three-month periods over the term of the loan. This contract was renewed for an additional amount of $174,384 (US8,500 on September 27, 2021).

[9] BTG Pactual

On August 19, 2021, the Company signed a loan agreement with BTG for $1,025,785 (US50,000) with interest payable in three-month periods over the term of the loan. On December 16, 2021, the Company received a credit increase of $102,579 (Dls.5,000).

[10] GM Financial

On August 30, 2021, the Company signed a loan agreement with GM Financial of $500,000. The line has not been disbursed in full.

[11] Eco-Business Fund

On September 23, 2021, the Company signed a loan agreement with Eco-Business Fund for $923,207 (US45,000) with interest payable in three-month periods over the term of the loan. Through this financing, the Company makes clear its commitment to implement an Environmental and Social Risk Analysis System, in line with the best international practices. The resources of this financing will be used to develop products that promote responsible environmental and social practices in SME in Mexico.

12 Nomura 2

On October 29, 2021, the Company signed a syndicated loan agreement leaded by Nomura for $664,708 (US32,400) with interest payable in three-month periods over the term of the loan.

13 Blue Orchard 3

On November 29, 2021, the Company signed a loan agreement with Blue Orchard for $205,157 (US10,000) with interest payable in six-month periods over the term of the loan.

14 Responsability 2

On December 22, 2021, the Company signed a loan agreement with Responsability for $205,157 (US10,000) with interest payable in six-month periods over the term of the loan.

	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 July 22, 2020, the Company signed a loan agreement with Barclays for US70,000. 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 US25,000. 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 US15,000. 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 US20,000 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.

For the periods ended December 31, 2021 and 2020, interest charged to expense from bank loans amounted to $1,615,858 and $1,899,920, respectively.

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

	December 31, 2021	December 31, 2020
Banco Azteca	$ 1,734,389	$ 3,000,000
Nacional Financiera	44,489	86,173
Banco del Bajío	-	175,000
Bancomext	1,068,493	104,251
Banobras	3,902,541	4,000,000
GM Financial	494,182	-
Scotiabank	31,860	316,879
Total	$ 7,275,954	$ 7,682,303

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, 2021 and 2020, the Company made no fair value hierarchy level reclassifications.

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

	As of December 31, 2021		As of December 31, 2020	
	Amortized cost	Fair value	Amortized cost	Fair value
Bank loans	$23,247,817	$ 21,373,696	$ 19,737,430	$ 18,240,364

Reconciliation of liabilities for financing activities

Financial liabilities	Balance as of 12/31/2020	Cash flows (inflows)	Cash flows (outflows)	Accrued interest	Interest paid	Exchange effect	Balance as of 12/31/2021
Bank loans	$19,737,430	$ 28,809,069	$ (25,544,988)	$ 1,615,858	$ (1,697,181)	$ 327,629	$ 23,247,817

Financial liabilities	Balance as of 12/31/2019	Cash flows (inflows)	Cash flows (outflows)	Accrued interest	Interest paid	Exchange effect	Balance as of 12/31/2020
Bank loans	$14,667,043	$ 15,347,378	$ (10,858,733)	$ 1,889,920	$ (1,862,130)	$ 553,951	$ 19,737,430

Contractual obligations:

Some of the loan agreements contain different covenants requiring compliance with certain financial ratios. As of December 31, 2021 and 2020, 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): ≥ 1 x

As of December 31, 2021 and 2020, the Company was in compliance with all contractual covenants.

Note 13 - Debt securities and senior notes:

	December 31, 2021	December 31, 2020
Current:		
Senior notes	$ 4,051,901	$ -
Senior notes (accrued interest)	1,458,554	751,793
Total senior notes	5,510,455	751,793
Debt instruments:		
Stock structure (accrued interest)	-	14,278
Private stock interest (accrued interest)	111,780	663,730
Stock structure	-	4,058,597
Total debt instruments	111,780	4,736,605
Total current	$ 5,622,236	$ 5,488,398
Non-current:		
Senior notes	$ 39,027,533	$ 34,297,474
Debt instruments:		
Stock structure	-	1,703,418
Private stock structure	8,324,973	4,270,833
Total debt instruments	8,324,973	5,974,251
Total non-current	$ 47,352,506	$ 40,271,725
Total debt instruments and senior notes	$ 52,974,741	$ 45,760,123

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

i. Deuda senior:

In 2021, the Company redeemed senior notes for US6,043 as follows:

Senior notes	Initial balance in USD	Payment in USD	Balance as of December 31, 2021
2025	$ 392,525	1,000	$ 391,525
2028	427,998	4,757	423,241
2029	527,634	286	527,348
	$ 1,348,157	$ 6,043	$ 1,342,114

a. On January 25, 2021, 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. Related transaction costs amounted to $437,743.

- Amount issued: US400,000. ($8,206,280).
- 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.

b. 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: US200,000. ($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.

c. 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: US450,000 ($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.

d. 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: US300,000 ($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.

e. 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: US450,000 ($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 and Fitch Ratings).
- Guarantors: Unifin Credit and Unifin Autos.

f. 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: US400,000 ($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 and 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, 2021 and 2020, the Company had fulfilled the commitments described above.

ii. Debt instruments

In 2021, the Company amortized the below securities:

Ticker symbol	Issuing Trust	Amortization
UNFINCB16	F/179866	$ 399,218
UNFINCB16-2	F/179866	398,733
UNFINCB17	F/180295	894,985
UNFINCB17-2	F/180295	896,026
UNFINCB17-3	F/180406	2,272,297
UNFINCB17-4	F/180406	900,756
		$ 5,762,015

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.

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.

As of December 31, 2021 there were no current issuance of stock structures.

Current issues of trust programs as of December 31, 2020 are described bellow:

	As of December 31, 2020						
Ticker symbol	**Issuing Trust**	**Number of securities**	**Maturity**	**Interest rate (%)**	**Amount at amortized cost**	**Rating**	**Trustee**
UNFINCB16	F/179866	12,500,000	Sep-2022	TIIE+2.20	$ 399,218	mxAAAS&P/HRAAA	Banamex
UNFINCB16-2	F/179866	12,500,000	Sep-2022	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		

For the years ended December 31, 2021 and 2020, the interest charged to profit or loss for debt instruments amounted to $966,569 and $1,066,689, respectively.

As of December 31, 2021 and 2020, the settlement of those issues has been fulfilled under the conditions established in the corresponding issuance program.

b Private stock structure

On April 22, 2021, the Company, in its capacity as Trustor and Second Beneficiary, entered into an Irrevocable Transfer of Ownership Trust agreement “F/3581” (Trust), with CI Banco, S. A. As Trustee (CI Banco) and Banco Nacional de México, S. A. (Banamex), as First Beneficiary, whereby the collection rights of lease portfolio (trust assets) were assigned to secure payment of cash withdrawals from the revolving credit line of $3,000,000, respectively, entered into by Banamex and Santander on that date.

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 June 10, 2021, the initial term of the revolving credit line of $2,500,000 were extended and the rate spread was increased by 60 basis points. The current conditions are as follows:

- Amount issued: $2,500,000.
- Agreed annual rate: TIIE + 280bps.
- Revolving period: 2 years.
- Amortization period will start after two years and will expire on June 30, 2027.
- Interest payable monthly over the term.

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 $250,000, 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.

On July 19, 2021, the initial conditions of the revolving credit were amended, increasing its amount by $500,000, from $2,500,000 to $3,000,000. 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: $3,000,000.
- Agreed annual rate: TIIE + 200bps.
- Revolving period: 2 years.
- Amortization period will start after two years and will expire on June 21, 2027.
- Interest payable monthly over the term.

As of December 31, 2021 and 2020, private stock structure is made up as follows:

	December 31,					
	2021	**2020**	**Currency**	**Maturity**	**Rate**	**Type**
Invex	$ 2,909,020	$ 2,453,202	MXN	6/21/27	TIIE + 2.00	Collection
Santander	2,471,752	2,472,212	MXN	6/30/27	TIIE + 2.80	Collection
CI Banco	2,944,201	-	MXN	4/22/29	TIIE + 3.50	Collection
Subtotal	8,324,973	4,925,414				
Intereses devengados	111,780	9,149				
	$ 8,436,753	$ 4,934,563				

As of December 31, 2021 and 2020, collection rights assignments amount to $11,596,642 and $5,387,612, 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, 2021 and 2020, 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, 2021 and 2020, 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, 2021		As of December 31, 2020	
	Amortized cost	Fair value	Amortized cost	Fair value
Debt instruments	$ 8,436,753	$ 9,071,211	$ 10,710,856	$ 10,637,411
Senior notes	44,537,988	39,485,901	35,049,267	34,957,767

Reconciliation of liabilities for financing activities:

	Balance as of 12/31/2020	Cash flow (inflows)	Cash flow (outflows)	Interest accrued	Interest paid	Exchange effect	Balance as of 12/31/2021
Debt instruments	$10,710,856	$ 3,460,035	$ (5,789,962)	$ 966,569	$ (910,745)	$ -	$ 8,436,753
Senior notes	35,049,266	7,768,537	(127,827)	5,224,046	(4,635,923)	1,259,889	44,537,988

	Balance as of 12/31/2019	Cash flow (inflows)	Cash flow (outflows)	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

Note 14 - Suppliers and other accounts payable:

As of December 31, 2021, 2020, Other accounts payable are made up as follows:

	December 31, 2021	December 31, 2020
Suppliers	$ 203,332	$ 417,704
Fees and commissions payable from derivatives contracts	33,196	553,029
Provisions	69,627	22,037
Guarantee deposits	439,280	354,193
Taxes and other payable contributions	413,617	406,008
Lease liabilities	65,191	54,370
Total current	1,224,243	1,807,341

	December 31, 2021	2020
Fees and commissions payable from derivatives contracts	1,842,036	-
Employee benefits	51,208	36,533
Lease liabilities	65,259	114,714
Provisions	50,379	-
Total non-current	2,008,882	151,247
Total suppliers and other accounts payable	$ 3,233,125	$1,958,588

In February 2021, the Company enter into derivative financial instrument contracts to hedge the Senior notes 2029 which include the payment of premiums with a mandatory portion until 2025 and an optional portion after January 1, 2026, the liability balance represents the payment obligation and the asset recorded in other assets in the short and long term the benefits for access to that instruments.

Labor Reform

On April 23, 2021, several amendments and dispositions were published in Federal Labor Law, Social Security Law, INFONAVIT Law, Federal Tax Code, Income Tax and Value Added Tax Law in order to regulate Personnel Subcontracting (“outsourcing” / “insourcing”).

In general, the key items were: a) prohibit the subcontracting of personnel; b) incorporate rules into the current legislation that allow legal and companies contract only specialized services or the execution of specialized works, provided that they are not part of the corporate purpose or the predominant economic activity of the beneficiary thereof; c) establish maximum amounts for the payment of Employee Profit Sharing (PTU by its acronym in Spanish), and d) create the Registry of Providers of Specialized Services and Specialized Works (REPSE, for its acronym in Spanish) of the Ministry of Labor and Social Welfare (STPS, for its acronym in Spanish).

These entered into force the day after their publication, except for what refers to the obligations indicated in fiscal matters, which entered into force on August 1, 2021 and those of the regulation of Section B), of the Federal Law of the Workers in the Service for Government that will enter into force in 2022.

The Company carried out an analysis on the application of these new provisions and the following activities were carried out for their adoption:

i. Transfer of employees between subsidiaries of the Company for the assignment of employees according to their function in each entity.

ii. Adequacy and update of employee benefits, including actuarial calculations of long-term benefits of transferred employees.

iii. Change of the corporate purpose of the subsidiaries that will provide services classified as specialized and processing of their registration in the REPSE registry.

iv. Review of regulatory compliance with the provisions with suppliers that provide services classified as specialized.

v. Review and determination of the participation of workers in current and deferred profit.

These activities did not have an impact on results at the consolidated level. There were no uncertain fiscal positions derived from compliance with the new dispositions.

Note 15 - Stockholders' equity:

i. Capital contable

As of December 31, 2021 and 2020, Stockholders' equity is made up as follows:

	Number of shares of stock		Amount	
	December 31,		December 31,	
	2021	2020	2021	2020
Fixed capital Series "A"	320,000	320,000	$ 1,000	$ 1,000
Variable capital Series "A" *	484,980,000	484,980,000	1,082,892	1,082,892
Total	485,300,000	485,300,000	$ 1,083,892	$ 1,083,892

* 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 April 30, 2021, the Stockholders agreed to pay dividends in kind consisted in 15,000,000 of shares series "A" of variable capital stock paid on May 17, 2021 (settlement date). For purposes of the Company's corporate and accounting records, the decree and payment of the dividend, as well as the delivery of the shares representing the Company's capital stock, neither meant an increase in the Company's authorized capital stock, nor an increase in subscribed and paid shares. The payment of the dividend was recorded as a debit to the Retained Earnings Account for the amount equivalent to the market price of the shares on the settlement date of $23.99, giving a total of $359,850, as well as a decrease in the account of reserve shares of the repurchase fund at the acquisition value of said shares at an average cost of $39.24 totaling $588,533.

At the Stockholders' Meeting held on April 21, 2021, 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, 2021 and 2020, were repurchased 27,324,635 and 26,439,503 shares, respectively, associated costs to repurchases of shares were $1,232,369 and $1,082,924, respectively, these amounts are disclosed under Treasury Stock, in the Stockholders' Equity.

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).

In February 2021, the Company entered into hedging derivative financial instrument contracts to hedge the exposure to exchange risk of the Senior notes 2029, whose initial cost was $1,970,276 and is being amortized during the mandatory and optional term. The amount amortized during fiscal year 2021 was $214,661 recorded as interest expense in the income statement (See Note 3q).

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: US250,000 ($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).

In 2021 and 2020 the Company paid $541,241 and 578,648 as dividends to Perpetual Note holders.

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, 2021. 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 Abril 30, 2021, the Ordinary Stockholders' General Meeting resolved to increase the Company's legal reserve by $29,151 with the prior year profit.

In 2020 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 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, 2021 and 2020 were repurchased 27,324,635 and 26,439,503 shares, respectively, the cost associated with these repurchases was $1,232,369 and $1,082,924, respectively, these amounts are disclosed under Treasury Stock, in the Stockholders' Equity.

iv. Basic and diluted earnings per share

	2021	2020
Net income attributable to:		
Profit attributable to interest:		
Subject to calculation	$ 1,494,894	$ 1,364,019
Basic and diluted earnings per share (Mexican pesos)	3.29	3.77
Weighted average of shares used as denominator	454,978,796	331,384,053

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 2021 and 2020, the Company recorded Income Tax expenses amounting to $367,728 and $424,447, respectively.

The income tax expense is analyzed below:

	December 31,	
	2021	**2020**
Current Income Tax	$ -	$ 76,556
Deferred Income Tax	367,728	347,891
Total	$ 367,728	$ 424,447

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, 2021 and 2020 amounted to $974,479 and $732,401, respectively. The Income tax of the year 2021 considered the amortization of tax losses carry forwards from previous years.

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

	December 31,	
	2021	**2020**
Account receivable from Leases	$2,571,566	$3,011,470
Property, plant and equipment	26,902	59,117
Other current and non-current assets	-	(1,808)
Tax loss carry forwards	463,247	376,642
Provisions	346,925	398,658
	3,408,640	3,844,079
Items recognized in Other comprehensive income:		
Hedging derivative financial instruments	-	196,513
Revaluation surplus of fixed assets measured at fair value	(979,804)	(1,042,105)
	(979,804)	(845,592)
Deferred Income Tax assets	$2,428,836	$2,998,487

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

	December 31,	
	2021	**2020**
Profit before Income Tax	$1,862,622	$1,788,466
Income Tax rate payable	30%	30%
Income Tax at the statutory rate	558,786	536,540
Plus (less) effect of the following permanent items:		
Property, plant and equipment, net	(237,260)	(138,080)
Annual adjustment for inflation	466,351	458,784
Financing expenses	22,140	(426,045)
Tax loss carry forwards	(443,550)	(8,108)
Non-deductible expenses	1,261	1,356
Income Tax recognized in profit or loss	$ 367,728	$ 424,447

Income Tax reconciliation is shown below:

	Deferred assets (liabilities) December 31, 2021	Increases		Decreases		Deferred assets (liabilities) December 31, 2020	Increases		Decreases		Deferred assets (liabilities) January 1, 2020
		Net income	Other comprehensive income	Net income	Other comprehensive income		Net income	Other comprehensive income	Net income	Other comprehensive income	
Accounts receivable from leases	$ 8,571,888	$	$	$ (1,406,936)	$	$ 9,978,824	$	$	$ (802,836)	$	$ 10,781,660
Property, furniture and equipment	89,673			(107,383)		197,056			(80,441)		277,497
Commissions paid									(2,459,193)		2,459,193
Other current and - non-current assets	-			6,027		(6,027)	41,558				(47,585)
Hedging derivative financial instrument	-				(655,042)	655,042		(143,270)			798,312
Asset revaluation surplus	(3,266,013)				207,671	(3,473,684)		(75,087)			(3,398,597)
Provisions	1,156,416			(231,856)		1,388,272			68,630		1,319,642
	6,551,964			(1,710,148)	(447,371)	8,739,483	41,558	(218,357)	(3,273,840)		12,190,122
Applicable Income Tax rate	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Tax loss carry forwards	463,247	86,605				376,642					
Income Tax asset	$ 2,428,836	$ 86,605		$ (522,044)	$(134,211)	$ 2,998,487	$ 12,467	$ (65,507)	$ (982,152)	$ -	$ 3,657,037

As of December 31, 2021, as a result of realization of the effects in the deferred tax for the changes and terminations of certain hedging derivatives financial instrument contracts the Company recognized a tax loss carry forward of $1,544,156. This loss represent a future benefit, so then a deferred tax asset of $463,247 was recognized.

Tax reform 2022

On October 26, 2021, the Congress of the Union approved various amendments to the Income Tax Law and the Federal Tax Code (CCF, for its acronym in Spanish). Based on the tax reform applicable for fiscal year 2022, which was published in the Official Gazette of the Federation on November 12, 2021; highlighting the following:

The deduction of allowance for expected credit losses in the case of credits whose main fate is greater than 30,000 investment units may be made until the collection efforts have been exhausted or it was impossible to execute a favorable resolution. In this topic there is still the mention that the Company may have other situations that generate the practical impossibility of collection.

Taxpayers with cumulative income in the previous fiscal year greater than $1,650,490 must have their financial statements audited by a certified public accountant under the fiscal Mexican authority (SAT, for its acronym in Spanish); while its related parties residing in Mexico that do not exceed those incomes must present the declaration with the report of their fiscal situation.

Those modifications did not have an impact on the determination of the tax for fiscal year 2021.

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, 2021			
	Leases	**Factoring**	**Other loans**	**Total**
Assets				
Cash and cash equivalents	$ 4,182,623	$ 63,255	$ 132,289	$ 4,378,167
Accounts and notes receivable, net	48,362,631	1,026,151	21,825,772	71,214,554
Derivative financial instruments	7,107,146	-	-	7,107,146
Non-current assets held for sale	1,483,877	-	376,882	1,860,759
Property, furniture and equipment	5,612,005	14,517	305,486	5,932,008
Investment properties	925,785	-	-	925,785
Intangible assets	158,738	3,365	70,817	232,920
Deferred taxes	1,686,905	33,657	708,274	2,428,836
Other assets	673,949	16,393	344,963	1,035,305
	$ 70,193,659	$ 1,157,338	$ 23,764,483	$ 95,115,480

	December 31, 2021			
	Leases	**Factoring**	**Other loans**	**Total**
Liabilities				
Bank loans	$ 5,210,415	$ 1,139,836	$ 16,897,566	$ 23,247,817
Debt instruments	8,436,753	-	-	8,436,753
Senior notes	38,129,483	-	6,408,505	44,537,988
Suppliers and other accounts payable	818,432	18,409	387,402	1,224,243
Derivative financial instruments	2,800,606	-	-	2,800,606
Other accounts payable	2,008,882	-	-	2,008,882
	$ 57,404,571	$ 1,158,245	$ 23,693,473	$ 82,256,289

	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

	December 31, 2020			
	Leases	Factoring	Other loans	Total
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

As Management considers that the usual information for stakeholders is the gross margin, as of December 31, 2021 and 2020, the respective information is as follows:

	Year ended December 31, 2021			
	Leases	Factoring	Other loans	Total
Financial income	$ 8,523,042	$ 323,811	$ 2,831,082	$ 11,667,935
Financial expenses	(5,614,621)	(102,780)	(2,089,072)	(7,806,473)
Allowance for expected credit losses of accounts and notes receivable	(112,770)	(176,555)	(324,165)	(613,490)
	$ 2,795,651	$ 44,476	$ 417,845	$ 3,247,972

	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

Note 18 - Transactions with related parties:

The breakdown of the main balances with related parties as of December 31, 2021 and 2020, is as follows:

	December 31,	
	2021	2020
Commercial loans receivable		
Related parties:		
Administradora Bríos, S. A. de C. V. [1]	$ 635,506	$ 534,201
Allowance of impairment of accounts and notes receivable	5,461	7,116
Commercial loans, net	$ 630,045	$ 527,085

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, 2021	December 31, 2020
Accounts payable:		
Related parties:		
Administradora Bríos, S. A. de C. V. [2]	$ -	$ 6,600
Total	$ -	$ 6,600

Transactions over the periods ended on December 31, 2021 and 2020, were as follows:

	December 31, 2021	December 31, 2020
Income		
Related parties:		
Administradora Bríos, S. A. de C. V. [1]	$ 61,369	$ 58,875
Expenses		
Related parties:		
Administradora Bríos, S. A. de C. V. [2]	$ 11,379	$ 11,379
Donations [3]	36,821	21,696
Total expenses	$ 48,200	$ 33,075

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 granted donations to Fundación Unifin, A. 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").

Compensation of relevant Members of the Board

In 2021 and 2020, the total amount paid to the relevant Members of the Company's Board amounted to $184,946 and $146,173, 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 April 30, 2021 and June 5, 2020 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:

Conflict between Russia and Ukraine

In February 2022, Vladimir Putin, President of Russia, ordered an attack against Donbas starting hostilities against Ukraine. This conflict has developed uncertainty at the international level because it could trigger the following, among many aspects:

1. Involving of United States of America.

2. Movements to the international economics, including Mexico.

3. Oil and commodity price increases.

Sanctions have been imposed on Russia by the United States of America, the United Kingdom, the European Union and other countries. It is likely that these sanctions will be increased, as well as other measures established in the short term. These sanctions are expected to have a significant global impact on economic growth, financial markets and interest rates.

In Mexico, there could be potential impacts on inflation rate, public finances and financial markets. The rising price of oil could benefit public finances despite the subsidies granted to gasoline. Different analysts indicate that the size of the Russian and Ukrainian economies are not large enough in terms of trade and financial flows to have a significant impact; however, the Company has decided to keep abreast of any movement that could directly or indirectly affect it.

The impact on the Company's financial statements from this event is expected to be insignificant; however, an escalation of the conflict could lead to greater risk if it spreads beyond these countries.

New financial liabilities

On January 25, 2022 the Company signed a loan agreement with Société de Promotion et de Participation Pour la Coopération Économique, S. A. (Proparco), for a principal amount of up to US65,000. The line was disbursed on February 7, 2022 and will be paid in three-month installments over the term of the loan in March 2027.

On February 3, 2022 the Company signed a loan agreement with Keb Hana for $50,000 with interest payable monthly until its maturity in February 2023.

On February 23, 2022, the CNBV, through official letter number 153/2622/2022, authorized the public offering of ordinary trust promissory notes issued at a variable rate with the ticker symbol “UNIFIN 00122” under the corresponding Program for an amount of up to $3,000,000 and due date in February 2023.

Redemption of Senior notes

In the first quarter of 2022, the Company redeemed senior notes for US49,751 as follows:

Senior notes	Balance as of December 31, 2021	Amount in USD redeemed	Final Balance
2025	$ 391,525	$ 10,556	$ 380,969
2026	291,467	2,400	289,067
2028	423,241	20,045	403,196
2029	527,348	16,750	510,598
	$ 1,633,581	$ 49,751	$ 1,583,830