

PRIMA UNIÓN PLÁSTICOS, S.A.

FINANCIAL STATEMENTS  
AT MARCH 31, 2024 AND 2023

Guatemala, April 19, 2024

PRIMA UNIÓN PLÁSTICOS, S.A.

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and  
Stockholders of  
**PRIMA UNIÓN PLÁSTICOS, S.A.**

### **Report on the audit of the financial statements:**

#### **Opinion:**

We have audited the accompanying financial statements of PRIMA UNIÓN PLÁSTICOS, S.A., which comprise the balance sheet for the period from January 1 to March 31, 2024 and 2023, and the statements of: income, changes in net equity and cash flows corresponding to the period then ended, and the notes to the financial statements, as well as a summary of the significant accounting policies and other explanatory information. The financial statements have been prepared by the administration, with certain fiscal criteria of accounting of the Income Tax Law of the Republic of Guatemala.

In our opinion, the accompanying financial statements of PRIMA UNIÓN PLÁSTICOS, S.A., for the period ended March 31, 2024 and 2023, have been prepared, in all material respects, according to the accounting requirements established by the Income Tax Law of the Republic of Guatemala (described in Note 2).

#### **Basis for opinion**

We have executed our audit according to the International Standards on Auditing Standards (ISAs). Our responsibilities under such standards are described in detail in the section Auditor's responsibilities on the audit of the financial statements of our report. We are independent from the Company in accordance to ethical requirements that are relevant for our audit of the financial statements in Guatemala – Code of Ethics for Professional Accountants issued by the International Ethics Standards Board (IESBA) of the International Federation Accountants (IFAC) – and we have complied with our other ethical responsibilities according to this code. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion

#### **Emphasis paragraph:**

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the accounting basis used for the preparation of said statements, which differs in some aspects from the international financial reporting standards as indicated in the Note 19. The financial statements have been prepared with the purpose of serving as a basis for the preparation of the Income tax return for the year and to comply with the legal requirement to present them attached to the same. As a result of this, the financial

statements may not be appropriate for other purpose. Our report is intended for the use of the Company, partners and tax authorities. Our opinion is not modified regarding this matter.

**Responsibilities of management and those charged with governance of the Company for the financial statements.**

Management is responsible for the preparation of the accompanying financial statements in accordance with the fiscal criteria of accounting included in the law of the income tax of Guatemala, Note 2, and the internal control that management deems necessary to allow the preparation of the financial statements being free of material misstatements due to fraud or error.

In the preparation of the financial statements, management is responsible of assessing the ability of the Company to continue operating as a going concern, revealing the matters related to the going concern business and using the going concern basis of accounting, unless management intends to cease operations or has no other realistic alternative but to do so.

Those charged with governance of the Company are responsible to supervise the process of financial information of the Company.

**Auditor's responsibilities for the financial statements audit**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether they are derived from fraud or error, and issue the auditor's report which includes our opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit carried out according to the International Standards on Auditing- ISAs will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or as a whole, said misstatements are reasonable expected to affect the economic decisions taken by the users based on the financial statements.

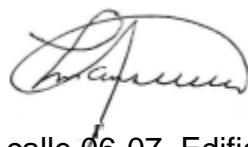
As part of an audit, and according to the International Standard on Auditing - ISAs- we exercise professional judgment, and we maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements in the financial statements, due to fraud or error, design and execute audit procedures responsive to those risks and obtain sufficient and appropriate audit evidence to provide the bases for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for the one resulting from error as fraud involves collusion, forgery, intentional omissions, misrepresentations or override of the internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures appropriate under the circumstances and not for the purpose to express an opinion on the effectiveness of the internal control of the Company.

- Evaluate the appropriateness of the accounting policies used, and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the accounting bases of the going concern company, and based on the gathered evidence, whether there is a material uncertainty related to events or conditions that may give rise to a significant doubt on the capacity of the Company 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 information disclosure related to the financial statements or, if such disclosure is 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- The auditor's responsibilities are to obtain enough and appropriate audit evidence regarding the financial information of the entities or commercial activities within the Company to express an opinion on the financial statements. We are responsible of the management, supervision and making of the audit engagement of the Company. We are the only responsible for our audit opinion.

We communicated with those charged with governance regarding the expected scope and the moment of conducting the audit and the important audit results, among other matters, including potential significant deficiencies in the internal control that we identified during our audit.

Guatemala, April 19, 2024



14 calle 06-07, Edificio Vasanta,  
7º. Nivel, oficina 704, Zona 10  
Guatemala, ciudad

**MAO** | MANSILLA  
ORTIZ  
& ASESORES  
Consultores y Auditores Financieros

*Licda. Lisbet Mansilla de Ortiz*  
CONTADORA PUBLICA Y AUDITORA  
COLEGIADA No. CPA-3748

PRIMA UNIÓN PLÁSTICOS, S.A.  
**STATEMENT OF FINANCIAL POSITION**  
(Expressed in quetzales - Note 3)

	AT MARCH 31	
	2024	2023
<b>ASSETS</b>		
Current assets:		
Cash and banks (Note 4)	Q 13,644,066	Q 5,344,197
Accounts receivable:		
Customers	6,999,301	4,650,122
Affiliated companies [Note 5 a)]	4,627,781	2,187,207
(-) Reserve for uncollectible accounts	(348,812)	(205,120)
Taxes receivable [Note 10 a)]	6,586,925	6,888,180
Advances to creditors (Note 6)	329,701	326,133
Other accounts receivable	437,636	72,321
	<u>18,632,532</u>	<u>13,918,843</u>
Inventories (Note 7)	5,008,387	8,180,322
Total current assets	<u>37,284,984</u>	<u>27,443,362</u>
Non current assets:		
Machinery and equipment, computer equipment, furniture and equipment, tools and improvements in leased properties - net- (Note 8)	10,006,144	12,849,068
Other assets (Note 9)	285,466	198,284
Total non current assets	<u>10,291,609</u>	<u>13,047,352</u>
Total assets	<u>Q 47,576,594</u>	<u>Q 40,490,714</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Suppliers and creditors (Note 11)	Q 3,103,736	Q 6,709,864
Affiliated companies [Note 5 b)]	7,792	5,321
Taxes payable [Note 10 b)]	1,360,431	1,325,724
Bank Loans (Note 12)	918,285	1,505,032
Labor benefits payable	43,751	34,791
Accumulated charges to pay	11,016	745,728
Total current liabilities	<u>5,445,011</u>	<u>10,326,460</u>
Non current liabilities:		
Reserve for severance payments (Note 2)	225,565	169,872
Bank Loans (Note 12)	380,354	1,672,180
Total liabilities	<u>6,050,930</u>	<u>12,168,512</u>
Stockholders' equity and accumulated earnings:		
Authorized, subscribed and paid in social capital (Note 13)	3,992,000	3,992,000
Legal Reserve	1,480,740	829,319
Asset revaluation (Note 8)	6,948,316	6,948,316
Accumulated earnings (Note 14)	29,104,607	16,552,567
Total stockholders' equity and accumulated earnings	<u>41,525,664</u>	<u>28,322,202</u>
Total liabilities, stockholders' equity and accumulated earnings	<u>Q 47,576,594</u>	<u>Q 40,490,714</u>

Notes 1 to 19 are an integral part of the financial statements.

PRIMA UNIÓN PLÁSTICOS, S.A.

STATEMENT OF COMPREHENSIVE INCOME

(Expressed in quetzals - Note 3)

	<u>FOR THE QUARTER ENDED MARCH 31</u>	
	<u>2024</u>	<u>2023</u>
Income	Q 17,553,020	Q 16,570,576
Less-cost of sales	<u>(10,494,566)</u>	<u>(9,572,913)</u>
Gross profit from sales	7,058,454	6,997,663
Operating expenses (Note 15)	<u>(1,676,247)</u>	<u>(1,798,409)</u>
Operating earnings	5,382,207	5,199,254
Financial expenses (Note 16)	(110,996)	(208,591)
Other income (Note 17)	<u>57,277</u>	<u>127,409</u>
Profit before tax ISR	5,328,487	5,118,072
(-) Tax ISR [Note 10 c)]	<u>(1,344,942)</u>	<u>(1,309,556)</u>
Net profit the quarter	<u>Q 3,983,546</u>	<u>Q 3,808,516</u>

Notes 1 to 19 are an integral part of the financial statements.

PRIMA UNIÓN PLÁSTICOS, S.A.STATEMENT OF CHANGES IN EQUITY  
(Expressed in quetzals - Note 3)

	<u>FOR THE QUARTER</u>	
	<u>MARCH, 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Authorized, subscribed and paid-in social capital</u>		
Capital subscribed and paid at the beginning and end of the year (Nota 13)	<u>Q 3,992,000</u>	<u>Q 3,992,000</u>
<u> </u>		
<u>Accumulated earnings:</u>		
Balance at the beginning of the year	<u>Q 25,121,061</u>	<u>Q 12,744,051</u>
Net profit the quarter (Note 14)	<u>3,983,546</u>	<u>3,808,516</u>
Income tax supplement for the year 2021	<u>-</u>	<u>-</u>
Transfer to legal reserve	<u>-</u>	<u>-</u>
Balance at the end of the quarter	<u>29,104,607</u>	<u>16,552,567</u>
<u> </u>		
<u>Machinery Revaluation</u>		
Balance at the beginning of the year	<u>6,948,316</u>	<u>6,948,316</u>
Balance at the end of the quarter	<u>6,948,316</u>	<u>6,948,316</u>
<u> </u>		
<u>Legal Reserve</u>		
Balance at the beginning of the year	<u>Q 1,480,740</u>	<u>Q 829,319</u>
Balance at the end of the quarter	<u>1,480,740</u>	<u>829,319</u>
Total stockholders' equity	<u>Q 41,525,664</u>	<u>Q 28,322,202</u>

Notes 1 to 19 are an integral part of the financial statements.

PRIMA UNIÓN PLÁSTICOS, S.A.

STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED MARCH 31, 2024 AND 2023  
 (Expressed in quetzals - Note 3)

	2024	2023
<b>Cash flow in operating activities:</b>		
Net profit for the year	Q 3,983,546	Q 3,808,516
Reconciliation between the net profit and entries not requiring cash:		
Depreciations and amortizations	804,767	787,784
Re-expression of bank loan balances in U.S. dollars	-	(42,476)
Employment benefits	15,465	8,105
Uncollectible accounts	33,263	45,303
	<u>4,837,041</u>	<u>4,607,232</u>
<b>Changes in net assets and liabilities:</b>		
Decrease in assets and increase in liabilities:		
Inventory	3,235,885	-
Taxes receivable	441,191	-
Taxes payable	194,644	3,075
Anticipated spendings	37,814	-
Income tax	-	1,052,882
Other accounts receivable	-	99,128
Suppliers	-	4,880,407
	<u>3,909,534</u>	<u>6,035,492</u>
Increase in assets and decrease in liabilities:		
Customers	(1,108,774)	(1,510,086)
Suppliers	(1,094,558)	-
Accumulated charges to pay	(6,037)	(4,801)
Other accounts receivable	(3,300)	-
Inventory	-	(2,580,791)
Taxes receivable	-	(380,441)
Anticipated spendings	-	(13,933)
	<u>(2,212,668)</u>	<u>(4,490,052)</u>
Net cash from operating activities	<u>6,533,907</u>	<u>6,152,672</u>
<b>Cash flow in investing activities:</b>		
Increase in property, plant and equipment	<u>(24,681)</u>	<u>(308,006)</u>
Net cash applied in investing activities	<u>(24,681)</u>	<u>(308,006)</u>
<b>Cash flow in financing activities:</b>		
Payments of loans	(371,863)	(5,574,744)
Exchange differential	(6,750)	-
Cashed used in financing activities	(378,613)	(5,574,744)
Net increase (decrease) in cash	6,130,613	269,922
Cash at the beginning of the year	7,513,452	5,074,275
Cash at the end of the quarter	<u>Q 13,644,066</u>	<u>Q 5,344,197</u>

Notes 1 to 19 are an integral part of the financial statements.

PRIMA UNIÓN PLÁSTICOS, S.A.  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2024 AND 2023

NOTE 1 – HISTORY AND OPERATIONS

PRIMAUNIÓNPLÁSTICOS, S.A., was constituted as a corporation on March 14, 2016, according to the laws of the Republic of Guatemala, for an indefinite period. Its fiscal year is the natural one.

Its main activity is the manufacture, transformation, import, export, distribution and commercialization of plastic materials and products. Purchase, sale, import and export of industrial machinery for the plastic industry.

The Company is domiciled in the city of Guatemala. It may open branches in any other place of the Republic of Guatemala or abroad.

The Company is part of a group of companies which have common partners and are under the same administration. Such companies make significant transactions among them and with third parties.

The companies which are part of the group are:

- Unión, S.A.
- Prima Plastics Limited.

NOTE 2 –PREPARATION BASES AND ACCOUNTING POLICIES

The accompanying financial statements have been prepared, in all material respects, according to the accrual basis of accounting mentioned in the Income Tax Law, applying the accounting policies and practices included in said Law. The most important accounting policies and procedures used by the Company in the preparation of its financial statements are summarized below:

Accounting basis—The accounting basis used by the Company for the registration of its operations is the accrual basis which recognizes assets, liabilities, income and expenses when the rights are earned or when the corresponding obligations are incurred.

Recognition of income—Income from ordinary activities, which results from the production, distribution and sale of plastic chairs and tables, is recognized in the results of the year when the sale is made.

Recognition of expenses—Expenses are recognized when the same are incurred.

Cash—Cash includes the balances in cash and banks. The balances in banks are available at sight. There was no restriction limiting the use of said balances.

Customers—Customers' balances do not bear interests and are registered at their billing value less the corresponding deductions of the negotiation.

Accounts receivable and estimate for uncollectible accounts—Accounts receivable are registered at cost. The Company applies the policy stipulated by the Law, for uncollectible accounts, regarding the creation of a provision which cannot exceed 3% of the debit balances from commercial accounts and documents receivable, at the closing of each of the annual periods of taxation; provided that said balances are originated from the ordinary course of business and are not guaranteed by pledges or mortgages.

Machinery and equipment, computer equipment, furniture and equipment, tools and improvements in leased properties-net—Machinery and equipment, computer equipment, furniture and equipment, tools and improvements in leased properties are valued at the acquisition cost. The corresponding depreciation is calculated by the straight line method based on their estimated useful lives and according to the Income Tax Law. The depreciation percentages are as follows:

Machinery and equipment	20%
Furniture and equipment	20
Computer equipment	33
Tools	25
Improvements in leased properties	33

Expenses related to repairs and maintenance, which do not restore the asset and increase its useful life, are charged to the operations of the year.

Assets and liabilities expressed in foreign currency-These are presented at their value equivalent in quetzals, using the exchange rate in effect at the end of the year (see Note 3), and the exchange differential, resulting between the dates of payment or collection and the date of registration, is operated in the results.

Transactions in foreign currency—Transactions are registered at their equivalent value in quetzals, using the exchange rate in effect when the transaction is carried out. Earnings and losses derived from adjustments of balances expressed in foreign currency are included in the determination of the results of the year.

Recognition of expenses—Expenses are recognized when they are incurred.

Inventories - Inventories are valued at the average cost of acquisition. Their costs do not exceed their net realizable value. These are registered at the lowest amount between the cost and the selling price less the termination and selling costs.

Related parties- A related party is a person or an entity that is related to the Entity due to one or more of the following factors:

- a) A person or an entity is member of the key personnel of the Company or its controlling entity; if it exercises control or exerts a significant influence or voting power on the same.
- b) If a person or entity together with the Company are:
  - i. Members of the same group,
  - ii. If it is an associate,
  - iii. If the entity together with the Company constitute a joint business of a third entity,
  - iv. One of the entities is part of a joint business of a third entity, and the other entity is an associate of the third entity,
  - v. If the entity constitutes a plan of post-employment benefits of the employees of the Company or an entity which is a related party of the same,
  - vi. If the Company is controlled by a person identified in a),
  - vii. A person or a family member close to that company exerts significant influence over the Company,
  - viii. A member of the key personnel of the administration of the Company or its controlling entity or a relative of that member exerts control over the Company or has significant voting power over it.

Commercial suppliers and creditors - These are obligations based on common credit conditions, and the same do not accrue interest. The amounts, regarding suppliers, expressed in foreign currency are converted according to the exchange rate in effect at the end of the year. Earnings or losses related to the exchange differential resulted from the foreign currency conversion is registered in other expenses or other income, as appropriate.

Severance payments – These are compensations accruing in favor of the employees according to the length of service and provisions of the Work Code. The same may be paid to them in the event of dismissal, or to their relatives in case of death. At March 31, 2024 and 2023, there was one provision regarding this concept for Q225,565 and Q169,872, respectively.

Provisions- A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation which can be reasonably estimated.

Taxation-the income tax is based on the 25% over the fiscal profit.

### NOTE 3 - MONETARY UNIT AND EXCHANGE RATES

The accounting records are maintained in quetzals, denoted by the symbol "Q" as shown in the financial statements. The quetzal is the official currency of Guatemala.

The exchange rate is freely determined among the banking market participants. At March 31, 2024 and 2023, it was Q7.79 and Q7.80, at the date of this report, it was Q7.79 to US\$1.

According to the Law of Free Foreign Currency, the disposal, possession, contracting, remittance, transfer, purchase, sale, collection or payment of and with foreign currency are free; also foreign currency tenure, deposits and bank accounts may be freely maintained.

The reference exchange rate of the quetzal is calculated and published daily by Bank of Guatemala –Central Bank-.

### NOTE 4 - CASH AND BANKS

Cash balances at March 31, are broken-down as shown next:

	2024		2023	
	Q	11,000	Q	11,000
<u>Petty cash</u>				
<u>Banks-national currency:</u>				
Industrial		6,876,335		3,025,341
<u>Banks-foreign currency</u>				
Industrial		3,587,554		1,691,970
BAC Reformador		673,270		183,911
Banco Promerica		2,495,908		431,975
		6,756,731		2,307,856
	Q	13,644,066	Q	5,344,197

During 2024 and 2023 these accounts accrued interest for Q6,631 and Q2,971 respectively, the same was registered in other income (Note17).

At March 31, 2024 and 2023, the cash in Banks included foreign currency balances for US\$867,176 and US\$295,752, expressed at an exchange rate of Q7.79 and Q7.80, respectively.

### NOTE 5 -AFFILIATED COMPANIES

This account was integrated by the balances of companies that will be mentioned further on, and the stockholders of one company are also stockholders of the others, without a company owning shares of the other companies. In

addition, one of such companies may exert control or influence over the operations of the other companies.

The Company, as part of a group of affiliated companies (Note 1) and, as such, makes significant transactions of the same nature with these companies.

Due to these relationships, it is likely that the terms of such transactions are not the same which would be agreed among totally independent companies under free competition conditions.

At March 31, this account was integrated as shown next:

a) Receivables:

	2024	2023
	<u>Q</u>	<u>Q</u>
Unión, S.A.	<u>4,627,781</u>	<u>2,187,207</u>

b) Payables:

	2024	2023
	<u>Q</u>	<u>Q</u>
Unión, S.A.	<u>7,792</u>	<u>5,321</u>
	<u>7,792</u>	<u>5,321</u>

#### NOTE 6- OTHER ACCOUNTS RECEIVABLE

Other accounts receivable, at March 31, were as shown next:

	2024	2023
	<u>Q</u>	<u>Q</u>
Advances to Foreign suppliers	<u>259,538</u>	<u>314,615</u>
Others accounts	<u>16,163</u>	<u>11,518</u>
Advance to Employees	<u>54,000</u>	<u>-</u>
	<u>329,701</u>	<u>326,133</u>

At March 31, 2024 and 2023, accounts advances to foreign suppliers were US\$33,317 and US\$40,318, at an exchange rate of Q7.79 and Q 7.80, respectively.

#### NOTE 7 - INVENTORIES.

Inventories, at cost, at March 31, which is lower than the net realizable value, are classified as described below:

	2024	2023
Raw material	Q 3,490,416	Q 6,839,539
Finished product	1,517,970	1,340,783
	<u>Q 5,008,387</u>	<u>Q 8,180,322</u>

The valuation formula at which the inventories were costed was the weighted average cost.

Inventories were insured against fire and theft by means of a policy for a total of Q.10,000,000.

**NOTE 8 – MACHINERY AND EQUIPMENT, COMPUTER EQUIPMENT, FURNITURE AND EQUIPMENT, TOOLS AND IMPROVEMENTS IN LEASED PROPERTIES-NET**

At March 31, these assets and its corresponding accumulated depreciation were as shown on the following page:

2024

ASSETS	FIXED ASSETS			
	BALANCE AT DEC-31-23	ADDITIONS	BALANCE AT MAR-31-24	DEPRECIATION RATE
Machinery and equipment	Q 17,481,451	Q 29,879	Q 17,511,330	20%
Computer equipment	8	-	8	33%
Furniture and equipment	176,340	3,003	179,342	20%
Tools	8,236	-	8,236	25%
	<u>Q 17,666,035</u>	<u>Q 32,881</u>	<u>Q 17,698,916</u>	

ASSETS	ACCUMULATED DEPRECIATION			
	BALANCE AT DEC-31-23	CREDITS	BALANCE AT MAR-31-24	NET BALANCE
Machinery and equipment	6,777,774	797,022	7,574,796	9,936,534
Computer equipment	-	-	-	8
Furniture and equipment	104,922	6,817	111,739	67,603
Tools	6,115	123	6,238	1,998
	<u>Q 6,888,811</u>	<u>Q 803,962</u>	<u>Q 7,692,773</u>	<u>Q 10,006,144</u>

2023

ASSETS	FIXED ASSETS			DEPRECIATION RATE
	BALANCE AT DEC-31-22	ADDITIONS	BALANCE AT MAR-31-23	
Machinery and equipment	Q 16,852,088	Q 306,175	Q 17,158,263	20%
Computer equipment	8	-	8	33%
Furniture and equipment	169,520	1,830	171,350	20%
Tools	8,236		8,236	25%
	<u>Q 17,029,852</u>	<u>Q 308,005</u>	<u>Q 17,337,857</u>	

ASSETS	ACCUMULATED DEPRECIATION			NET BALANCE
	BALANCE AT DEC-31-22	CREDITS	BALANCE AT MAR-31-23	
Machinery and equipment	3,618,829	779,596	4,398,425	12,759,839
Computer equipment	-	-	-	8
Furniture and equipment	79,372	6,518	85,890	85,460
Tools	4,027	448	4,475	3,761
	<u>Q 3,702,228</u>	<u>Q 786,562</u>	<u>Q 4,488,790</u>	<u>Q 12,849,068</u>

DEPRECIATION EXPENSE	2024	2023
Cost of production	Q 775,571	Q 694,691
Depreciation of operating expenses (Note 16)	28,392	91,871
	<u>Q 803,962</u>	<u>Q 786,562</u>

### \*\* MACHINERY REVALUATION

As of March 31, 2022, the revaluation made to 9 production machines was recorded, carried out by the company Ingeniería, Consultoría y Avalúos, S.A, whose revaluation report reflected a revalued amount of Q6,948,316. The tax originated by said revaluation was of Q689,536

The distribution of the accumulated depreciation of revalued assets is made up as follows:

Machinery	Base amount	Acumulated Depreciation	Book value as of 31/03/2024	Depreciation expense 2024
Asset revaluation	6,948,316	2,779,327	4,168,989	347,416
Tax originated by said revaluation	689,536	262,137	427,399	34,477

During 2024 and 2023 the machinery was insured against theft and fire for Q12,904,650 and Q9,867,786, respectively.

### NOTE 9 -OTHER ASSETS

Other assets at March 31, were as shown below:

	2024	2023
	Q	Q
Guarantee deposits	194,791	195,084
Guarantee deposits "Casa U"	3,200	3,200
Improvements to Other Property	87,474	-
	<u>Q 285,466</u>	<u>Q 198,284</u>

#### NOTE 10 -TAXES: INCOME TAX-ISR, SOLIDARITY TAX-ISO AND OTHER TAXES

At March 31, taxes receivable and payable, and the calculation thereof, were the following:

a) Receivables:

	2024	2023
	Q	Q
VAT accumulated tax credit	3,299,056	4,748,919
VAT withholdings	1,170,369	872,855
VAT tax credit exports	1,354,876	642,979
VAT on local activities pending liquidation	529,496	529,496
Solidarity tax	233,128	93,931
	<u>Q 6,586,925</u>	<u>Q 6,888,180</u>

b) Payables:

	2024	2023
	Q	Q
Provisión income tax [Note 10 c)]	1,344,942	1,309,556
Income tax withholdings to third parties	11,984	12,963
VAT on special invoices	114	1,374
Income tax withholdings for employees	1,096	737
Income tax on special invoices	47	572
Income tax capital revenue	-	522
VAT Withholdings payable	2,249	-
	<u>Q 1,360,431</u>	<u>Q 1,325,724</u>

In 2024, Prima Unión Plásticos, S.A. was named VAT Withholdings agent.

c) Income tax calculation related to lucrative activities:

		2024	2023
	Q	Q	Q
Usefulness of the exercise		5,328,487	5,118,072
Less-other net capital income of income tax		<u>(6,631)</u>	<u>(2,971)</u>
Income from lucrative activities		5,321,856	5,115,101
Add-non deductible expenses		57,247	122,825
Add-costs and capital income		664	297
Taxable income	Q	5,379,767	5,238,223
Percentage of income tax		25%	25%
Income tax [Note 10 b)]		<u>1,344,942</u>	<u>1,309,556</u>

ISO:

This tax entered into effect on January 1, 2009. This is applicable to individuals and legal entities, as well as other entities dedicated to mercantile and agricultural activities in the national territory, obtaining a gross margin higher than 4% of their gross income.

This tax should be quarterly paid during the calendar year, and may be credited to ISR payments, be them monthly, quarterly or annually, until the exhaustion of the balance during the three following calendar years. Alternatively, ISR may be covered first and credited to ISO payments during the same calendar year.

The tax remainder that is not credited according to the procedures established by the law will be considered as an expense deductible for income tax purposes, on the period of annual definitive liquidation in which the three years of payment are complete.

The tax rate is 1% on:

- a) The fourth part of the amount of the net assets or
- b) The fourth part of the gross revenues, whichever is higher.

When the net assets are more than four times higher than the gross income, the tax base mentioned in b) will be applied.

The financial statements of the previous fiscal year will be taken as a base in both cases. The IUSI (real estate property tax) paid during the same quarter, should be deducted from the determined tax based on the assets.

This tax should be paid during the calendar month following each quarter; on the contrary, it will not be creditable to ISR.

STATUTE OF LIMITATIONS:

Pursuant to the Tax Code of Guatemala, the statute of limitations for the tax authorities to make adjustments to tax payers elapses in four years beginning on

the date when the tax returns were due for filing. The income tax returns filed by the Company for the years 2020 to 2023 are pending review by the tax authorities.

#### NOTE 11 -SUPPLIERS AND CREDITORS

Accounts payable to suppliers and creditors, at March 31, were as shown next:

Foreign suppliers are listed below:

	2024	2023
Suppliers	Q 1,956,327	Q 5,562,434
Creditors	1,147,409	1,147,430
	<u>Q 3,103,736</u>	<u>Q 6,709,864</u>

At March 31, 2024 and 2023, accounts payable to foreign suppliers were US\$251,080 and US\$712,826 at an exchange rate of Q7.79 and Q7.80 to US\$1, respectively.

#### NOTE 12 - BANK LOANS

During January 2021 and July 2022, the company signed a bank credit agreement with Banco Industrial, S.A., with under the following conditions:

Original amount	Term	Interest rate	Purpose	Maturity	Balance at March 31	
					2024	2023
\$ 250,000	3 years	7%	Purchase machinery	Jan-31-2024	Q -	Q 650,409
\$ 350,000	4 years	7.75%	Purchase machinery	Apr-30-2025	<u>Q 1,298,639</u> <u>Q 1,298,639</u>	<u>Q 2,526,803</u> <u>Q 3,177,212</u>
Current amount					<u>March 31, 2024</u>	<u>March 31, 2023</u>
Non current amount					<u>Q 918,285</u> <u>Q 380,354</u> <u>Q 1,298,639</u>	<u>Q 1,505,032</u> <u>Q 1,672,180</u> <u>Q 3,177,212</u>

#### NOTE 13 -AUTHORIZED, SUBSCRIBED AND PAID IN SOCIAL CAPITAL

At March 31, 2024 and 2023, the authorized, subscribed and paid in social capital was integrated as follows:

Authorized social capital was composed of 15,000 common and nominative shares, with a nominal value of Q1,000 each	Q 15,000,000
Less-shares pending subscription: 11,008	<u>(11,008,000)</u>
Authorized, subscribed and paid in social capital composed of 3,992 shares Q1,000 each	<u>Q 3,992,000</u>

At March 31, the book value of the shares was as it appears below:

	2024	2023
Paid in capital	Q 3,992,000	Q 3,992,000
Net profit of the quarter (Note 14)	<u>29,104,607</u>	<u>16,552,567</u>
	<u>Q 33,096,607</u>	<u>Q 20,544,567</u>
Divided by the number of shares	3,992	3,992
Book value of each share	<u>Q 8,291</u>	<u>Q 5,146</u>

#### NOTE 14 - ACCUMULATED EARNINGS

At March 31, the accumulated earnings re shown below:

	2024	2023
Balance at the beginning of the year	Q 25,121,061	Q 12,744,051
Net profit of the quarter	<u>3,983,546</u>	<u>3,808,516</u>
	<u>Q 29,104,607</u>	<u>Q 16,552,567</u>

Legal Reserve – The Guatemalan Code of Commerce establishes that every company must form a reserve called legal, which is formed by separating a minimum of 5% from the net profits of each year. This reserve is not distributed, but until the end of the partnership; however, it can be capitalized when it exceeds 15% of the paid-in capital at the close of the immediately preceding fiscal year.

#### NOTE 15 -OPERATING EXPENSES

The following page shows the operating expenses executed during the first quarter of 2024 and 2023:

	2024	2023
	Q	Q
Leases	374,547	392,749
Outsourcing	311,919	277,632
Travel expenses	84,158	132,436
Supplies and miscellaneous materials	64,773	123,720
Transportation costs	71,803	116,760
Water, electricity and telephone	183,712	107,549
Depreciation	28,392	91,871
Maintenance and repairs	46,231	83,909
Professional services	69,581	79,445
Professional fees	-	79,445
Security services	78,052	72,588
Taxes and contributions	78,175	45,693
Uncollectible accounts	33,263	45,303
Insurance and bonds	40,078	41,568
Salaries	32,308	30,998
Compensation	13,434	28,835
Advertising and selling expenses	41,280	10,867
Employer fee	4,093	8,502
General expenses	27,650	8,271
Fuel and lubricants	7,107	7,788
Bonus 14	8,127	6,240
Bonus	7,888	6,240
Incentive bonus	58,952	-
Amortization	8,200	-
Courses and trainings	2,526	-
	<u>Q 1,676,247</u>	<u>Q 1,798,409</u>

#### NOTE 16 – FINANCIAL EXPENSES

During the quarter under review, the following financial expenses were executed:

	2024	2023
	Q	Q
Interest related to loans	30,279	120,060
Loss in foreign exchange differential	79,566	82,879
Sundry expenses	1,151	5,652
	<u>Q 110,996</u>	<u>Q 208,591</u>

#### NOTE 17 -OTHER INCOME

Other income obtained during the first quarter of 2024 and 2023, was originated from the following concepts:

	2024	2023
	Q	Q
Exchange differential	38,372	110,769
Sundry income	12,273	13,669
Interest received (Note 4)	6,631	2,971
	<u>Q 57,277</u>	<u>Q 127,409</u>

NOTE 18 - APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Administration Board and were authorized for their publication.

NOTE 19 - ASPECTS IN WHICH THE ACCOUNTING POLICIES APPLIED BY THE COMPANY DIFFER FROM THE INTERNATIONAL FINANCIAL REPORTING STANDARD FOR PYMES

ACCOUNTING BASIS	ACCOUNTING BASIS OF GENERAL PURPOSE
The one that is derived from the Income Tax Law	International Financial Reporting Standard-IFRS.
<p><b>1. <u>Valuation and recognition of financial instruments:</u></b></p> <p>These are valued at the historical cost. The value impairment is not recognized until the moment of its liquidation, except for the commercial accounts receivable to which a maximum reserve of 3% of the value of the total balances is applied, without taking into consideration whether or not there is evidence of impairment or the amount of the actual value impairment.</p>	<p>At the end of each reporting period, the financial instruments will be measured at the amortized cost using the effective interest method.</p> <p>Debt instruments, classified as current assets or current liabilities, are measured to the amount not deducted from the cash or other consideration which is expected to be paid or received, unless the agreement constitutes a financing transaction. If the agreement constitutes a financing transaction, the Entity should measure the debt instrument to the present value of future payments deducted at a market interest rate for a similar debt instrument.</p> <p>At the end of each reporting period, an assessment should be made to verify if there is objective evidence of value impairment of the financial assets that are measured at cost or amortized cost. When there is objective evidence of value impairment, the Entity will recognize immediately a loss due to value impairment in the results.</p>

ACCOUNTING BASIS	ACCOUNTING BASIS OF GENERAL PURPOSE
The one that is derived from the Income Tax Law	International Financial Reporting Standard-IFRS.
<p>2. <u>Names of the financial statements.</u></p> <p>a) Balancesheet b) Statement of income c) Statement of changes in equity d) Statement of cash Flow</p>	<p>e) Statement of financial position. f) Statement of comprehensiveincome g) Statement of changes in equity h) Statement of cash flow</p>
<p>3. <u>Property, plant and equipment:</u></p> <p>The recognition of assets is registered at the cost value less the depreciation based on the estimated useful life of the assets.</p> <p>There is no scrap value, and losses due to impairment in the value of the same are not recognized.</p>	<p>IFRS for PYMES stipulates that assets should be recognized at their cost less their accumulated depreciation less their value of impairment.</p> <p>The Company does not make an objective assessment of the impairment of its fixed assets.</p>
<p>4. <u>Benefits due to termination of contract – liabilities related to severance payments</u></p> <p>The income tax law allows the creation of a reserve for severance payments due to termination of contract, at the rate of 8.33% of annual remunerations.</p> <p>Even when this compensation is payable to employees only in the event of unjustified dismissal, the law allows said compensation to be constituted by the total number of remunerations paid each year, without taking into consideration whether or not there is a payment obligation, as the related employment contracts were not terminated.</p>	<p>The standard requires that provisions which can be reliably valued and result in future economic benefits are registered.</p> <p>The company does not create provisions related to this concept as it makes payments to its employees every year.</p>
5. <u>Classification of obligations according to maturity</u>	

ACCOUNTING BASIS	ACCOUNTING BASIS OF GENERAL PURPOSE
<p>The one that is derived from the Income Tax Law</p> <p>The law classifies liabilities related to labor fringe benefits as Christmas bonus and bonus 14, together with severance payments, which have a period higher than one year.</p>	<p>International Financial Reporting Standard-IFRS.</p> <p>IFRS for PYMES requires that these are classified as current and noncurrent obligations.</p>
<p>6. <u>Inventories</u></p> <p>Under no circumstances, the Company does not recognize any reserve for the recognition of the value impairment of the inventories, as it is not allowed by the Income Tax Law.</p> <p>Any loss due to impairment is registered until the time of sellingor removing the inventory of the affected assets.</p>	<p>At the end of each reporting period, the Entity should assess whether the inventories are impaired, that is, if the book value is not completely recoverable; for example, due to damage, obsolescence or decreasing selling prices.If an inventory entry is impaired, the Entity should measure the inventory at the selling price less the costs of termination and sale, and a loss due to value impairment should be recognized.</p>
<p>7. <u>Impairment of assets different from inventories</u></p> <p>Such impairment is recognized until the time when the asset is settled or disposed, or when it is removed from the assets.</p>	<p>Any value impairment should be immediately recognized in the results, reducing the book value of the affected asset until its recoverable amount is obtained.</p> <p>In order to recognize losses due to impairment, on a timely basis, the Company should assess, during each reporting date, whether there is an indicator of value impairment of any asset.</p> <p>If an indicator existed, the Company should estimate the recoverable amount of the same.</p>

ACCOUNTING BASIS	ACCOUNTING BASIS OF GENERAL PURPOSE
The one that is derived from the Income Tax Law	International Financial Reporting Standard-IFRS.
	The recoverable amount of an asset or a cash generating unit is the highest value between its fair value less costs of sales and its value in use.
<p>8. <u>Short term benefits to employees – remunerated absences</u></p> <p>These are registered in the results when the same are paid.</p>	<p>The cost of all the benefits for employees to which they are entitled, as a result of services rendered to the Entity during the reporting period, should be recognized as an expense of the period and as an obligation.</p> <p>An entity will recognize the expected cost of the remunerated absences with cumulative rights as employees render their services which increase their rights to future remunerated absences.</p> <p>The Entity will measure the expected cost related to the remunerated absences with cumulative rights for the additional amount not discounted that the Entity expects to pay due to unused rights accumulated at the end of the reporting period. The Entity will present this amount as a current liability at the date of the reporting period.</p> <p>Person or entity related to the company due to zero or more bills, such as:</p>

ACCOUNTING BASIS	ACCOUNTING BASIS OF GENERAL PURPOSE
The one that is derived from the Income Tax Law	International Financial Reporting Standard-IFRS.
<p>9. <u>Relatedparties:</u></p> <p>It results from operations among a Guatemalan resident and a foreign company when:</p> <p>a) It owns more than 25% of the capital.</p> <p>b) Five or less people revoke or control both related parties.</p> <p>c) When legal people who are Guatemalan residents or foreigners belong to a smaller business group.</p> <p>d) When it is an exclusive distributor in Guatemala or abroad.</p> <p>e) A Guatemalan resident has a permanent establishment abroad..</p> <p>f) A permanent establishment in Guatemala, and its headquarters is abroad.</p>	<p>1. Member of the same group</p> <p>2. When it is an associate</p> <p>3. When they have a joint business</p> <p>4. If the company is controlled by a person, company or relative or key personnel of the management.</p>

\* \* \* \* \*



PRIMA UNIÓN PLÁSTICOS, S.A.

FINANCIAL STATEMENTS  
AT DECEMBER 31, 2023 AND 2022

Guatemala, January 17, 2024

PRIMA UNIÓN PLÁSTICOS, S.A.

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors and  
Stockholders of  
**PRIMA UNIÓN PLÁSTICOS, S.A.**

### **Report on the audit of the financial statements:**

#### **Opinion:**

We have audited the accompanying financial statements of PRIMA UNIÓN PLÁSTICOS, S.A., which comprise the balance sheet at December 31, 2023 and 2022, and the statements of: income, changes in net equity and cash flows corresponding to the years then ended, and the notes to the financial statements, as well as a summary of the significant accounting policies and other explanatory information. The financial statements have been prepared by the administration, with certain fiscal criteria of accounting of the Income Tax Law of the Republic of Guatemala.

In our opinion, the accompanying financial statements of PRIMA UNIÓN PLÁSTICOS, S.A., for the years ended December 31, 2023, and 2022, have been prepared, in all material respects, according to the accounting requirements established by the Income Tax Law of the Republic of Guatemala (described in Note 2).

#### **Basis for opinion**

- a) We have executed our audit according to the International Standards on Auditing Standards (ISAs). Our responsibilities under such standards are described in detail in the section Auditor's responsibilities on the audit of the financial statements of our report. We are independent from the Company in accordance to ethical requirements that are relevant for our audit of the financial statements in Guatemala – Code of Ethics for Professional Accountants issued by the International Ethics Standards Board (IESBA) of the International Federation Accountants (IFAC) – and we have complied with our other ethical responsibilities according to this code. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

b) Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the accounting basis used for the preparation of said statements, which differs in some aspects from the international financial reporting standards as indicated in the Note 19. The financial statements have been prepared with the purpose of serving as a basis for the preparation of the Income tax return for the year and to comply with the legal requirement to present them attached to the same. As a result of this, the financial statements may not be appropriate for other purpose. Our report is intended for the use of the Company, partners and tax authorities. Our opinion is not modified regarding this matter.

**Responsibilities of management and those charged with governance of the Company for the financial statements.**

Management is responsible for the preparation of the accompanying financial statements in accordance with the fiscal criteria of accounting included in the law of the income tax of Guatemala, note 2, and the internal control that management deems necessary to allow the preparation of the financial statements being free of material misstatements due fraud or error.

In the preparation of the financial statements, management is responsible of assessing the ability of the Company to continue operating as a going concern, revealing the matters related to the going concern business and using the going concern basis of accounting, unless management intends to cease operations or has no other realistic alternative but to do so.

Those charged with governance of the Company are responsible to supervise the process of financial information of the Company.

**Auditor's responsibilities for the financial statements audit**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether they are derived from fraud or error, and issue the auditor's report which includes our opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit carried out according to the International Standards on Auditing- ISAs will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or as a whole, said misstatements are reasonable expected to affect the economic decisions taken by the users based on the financial statements.

As part of an audit, and according to the International Standard son Auditing - ISAs- we exercise professional judgment, and we maintain professional skepticism throughout the audit. We also:

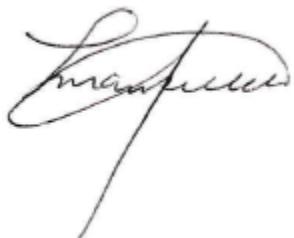
- Identify and assess the risks of material misstatements in the financial statements, due to fraud or error, design and execute audit procedures responsive to those risks and obtain sufficient and appropriate audit evidence to provide the bases for our opinion. The risk of not detecting a material misstatement resulting from fraud is

higher than for the one resulting from error as fraud involves collusion, forgery, intentional omissions, misrepresentations or override of the internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures appropriate under the circumstances and not for the purpose to express an opinion on the effectiveness of the internal control of the Company.
- Evaluate the appropriateness of the accounting policies used, and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the accounting bases of the going concern company, and based on the gathered evidence, whether there is a material uncertainty related to events or conditions that may give rise to a significant doubt on the capacity of the Company 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 information disclosure related to the financial statements or, if such disclosure is 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- The auditor's responsibilities are to obtain enough and appropriate audit evidence regarding the financial information of the entities or commercial activities within the Company to express an opinion on the financial statements. We are responsible of the management, supervision and making of the audit engagement of the Company. We are the only responsible for our audit opinion

We communicated with those charged with governance regarding the expected scope and the moment of conducting the audit and the important audit results, among other matters, including potential significant deficiencies in the internal control that we identified during our audit.

Guatemala, January 17, 2024



Licda. Lisbet Marivel Mansilla de Ortiz  
CONTADORA PUBLICA Y AUDITORA  
COLEGIADA No. CPA-3748

**MAO** MANSILLA  
ORTIZ & ASESORES  
Consultores y Auditores Financieros

14 calle 06-07 zona 10  
Edificio Vasanta, nivel 7 oficina 704  
Ciudad de Guatemala, Guatemala

PRIMA UNIÓN PLÁSTICOS, S.A.

STATEMENT OF FINANCIAL POSITION  
AT DECEMBER 31, 2023 y 2022  
(Expressed in quetzals - Note 3)

	2023	2022
<b>ASSETS</b>		
Current assets:		
Cash and banks (Note 4)	Q 7,513,452	Q 5,074,275
Accounts receivable:		
Customers	6,042,818	2,821,866
Affiliated companies (Note 5)	4,475,490	2,505,378
(-) Reserve for uncollectible accounts	(315,549)	(159,817)
Taxes receivable [Note 10 a)]	7,306,512	6,507,740
Other accounts receivable (Note 6)	326,401	425,261
	<u>17,835,672</u>	<u>12,100,428</u>
Inventories (Note 7)	8,244,271	5,599,530
Prepaid expenses	475,451	58,386
Total current assets	<u>34,068,846</u>	<u>22,832,619</u>
Non current assets:		
Machinery and equipment, computer equipment, furniture and equipment, tools and improvements in leased properties - net- (Note 8)	10,777,216	13,327,624
Other assets (Note 9)	294,480	199,506
Total non current assets	<u>11,071,696</u>	<u>13,527,130</u>
Total assets	<u>Q 45,140,542</u>	<u>Q 36,359,749</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Suppliers and creditors (Note 11)	Q 4,184,367	Q 2,516,833
Affiliated companies (Note 5)	21,720	9,336
Taxes payable [Note 10 b)]	1,444,182	269,766
Labor benefits payable	42,360	39,331
Accumulated charges to pay	17,052	59,138
Loans payable (Note 12)	-	5,195,499
Bank Loans (Note 13)	1,295,176	1,505,009
Total current liabilities	<u>7,004,857</u>	<u>9,594,912</u>
Non current liabilities:		
Bank Loans (Note 13)	382,076	2,093,925
Reserve for compensation (Note 2)	211,491	157,227
Total non current liabilities	<u>593,567</u>	<u>2,251,152</u>
Total liabilities	<u>7,598,424</u>	<u>11,846,064</u>
Stockholders' equity and accumulated earnings:		
Authorized, subscribed and paid in social capital (Note 14)	3,992,000	3,992,000
Asset revaluation (Note 8)	6,948,316	6,948,316
Legal reserve	1,480,740	829,319
Accumulated Profit [Note 14 a)]	25,121,061	12,744,050
Total stockholders' equity and accumulated earnings	<u>37,542,118</u>	<u>24,513,685</u>
Total liabilities, stockholders' equity and accumulated earnings	<u>Q 45,140,542</u>	<u>Q 36,359,749</u>

Notes 1 to 19 are an integral part of the financial statements.

PRIMA UNIÓN PLÁSTICOS, S.A.

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in quetzals - Note 3)

	2023	2022
Income		
Q	60,148,129	Q 47,835,390
Less-cost of sales	<u>(35,508,177)</u>	<u>(34,765,076)</u>
Gross profit from sales	24,639,952	13,070,314
Operating expenses (Note 15)	<u>(6,961,232)</u>	<u>(5,341,876)</u>
Operating profit	17,678,720	7,728,438
Financial expenses (Note 16)	(301,207)	(686,925)
Other income (Note 17)	<u>88,958</u>	<u>194,347</u>
Profit before tax	Q 17,466,471	Q 7,235,861
Income Tax - ISR	<u>(4,438,039)</u>	<u>(1,946,064)</u>
Net profit for the year	<u>Q 13,028,432</u>	<u>Q 5,289,797</u>

Notes 1 to 19 are an integral part of the financial statements.

PRIMA UNIÓN PLÁSTICOS, S.A.

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**  
 (Expressed in quetzals - Note 3)

	2023	2022
<u>Authorized, subscribed and paid-in social capital</u>		
Capital subscribed and paid at the beginning and end of the year (Nota 14)	Q 3,992,000	Q 3,992,000
<u>Accumulated profits:</u>		
Balance at the beginning of the year	Q 12,744,050	Q 7,984,169
Net profit for the year	13,028,432	5,289,797
Income tax supplement for the year 2021	-	(14,276)
Less-transfer to legal reserve for the year 2021	-	(251,149)
Less-transfer to legal reserve for the year	(651,421)	(264,490)
Balance at the end of the year [Note 14 a)]	<u>25,121,061</u>	<u>12,744,050</u>
<u>Legal reserve:</u>		
Balance at the beginning of the year	Q 829,319	Q 313,680
Transfer to legal reserve for the year	651,421	264,490
Transfer to legal reserve for the year 2021	-	251,149
Balance at the end of the year (Note 14)	<u>1,480,740</u>	<u>829,319</u>
<u>Asset revaluation</u>		
Balance at the beginning of the year	Q 6,948,316	Q -
Increase (Note 8)	-	6,948,316
Balance at the end of the semester	Q 6,948,316	Q 6,948,316
Total stockholders' equity	<u>Q 37,542,117</u>	<u>Q 24,513,685</u>

Notes 1 to 19 are an integral part of the financial statements.

PRIMA UNIÓN PLÁSTICOS, S.A.

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in quetzals - Note 3)

	2023	2022
Cash flow in operating activities:		
Net profit for the year	Q 13,028,432	Q 5,289,797
Reconciliation between the net profit and entries not requiring cash:		
Depreciation	3,187,291	2,965,554
Uncollectible accounts	155,732	46,683
Exchanged diferencial for payments loans	(30,527)	-
Labor benefits payable	57,292	41,653
	<u>16,398,221</u>	<u>8,343,687</u>
Changes in net assets and liabilities:		
Decrease in assets and increase in liabilities:		
Other accounts receivable	98,861	
Suppliers and creditors	1,679,918	-
Taxes payable	2,011	135,072
Income tax	1,172,404	
Deposits in guarantee	-	5,249,257
Inventory	-	76,654
Prepaid expenses	-	40,604
Accumulated charges to pay	<u>2,953,194</u>	<u>5,501,587</u>
Increase in assets and decrease in liabilities:		
Customers	(5,191,064)	(1,556,092)
Inventory	(2,644,741)	-
Accumulated charges to pay	(42,086)	
Prepaid expenses	(417,064)	-
Taxes receivable	(798,772)	(468,670)
Other accounts receivable	-	(209,837)
Suppliers and creditors	-	(2,266,581)
Taxes to pay	-	(8,810)
	<u>(9,093,728)</u>	<u>(4,509,991)</u>
Net cash from operating activities	<u>10,257,688</u>	<u>9,335,283</u>
Cash flow in investing activities:		
Increase in property, plant and equipment	<u>(731,858)</u>	<u>(6,037,737)</u>
Net cash applied in investing activities	<u>(731,858)</u>	<u>(6,037,737)</u>
Cash flow in financing activities:		
Disbursements received	-	2,706,522
Payments of loans	(7,086,653)	(3,106,694)
Cashed used in financing activities	(7,086,653)	(400,172)
Net increase (decrease) in cash	2,439,177	2,897,374
Cash at the beginning of the year	5,074,275	2,176,901
Cash at the end of the year	<u>Q 7,513,452</u>	<u>Q 5,074,275</u>

Notes 1 to 19 are an integral part of the financial statements.

PRIMA UNIÓN PLÁSTICOS, S.A.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023, AND 2022

NOTE 1 – HISTORY AND OPERATIONS

PRIMA UNIÓN PLÁSTICOS, S.A., was constituted as a corporation on March 14, 2016, according to the laws of the Republic of Guatemala, for an indefinite period. Its fiscal year is the natural one.

Its main activity is the manufacture, transformation, import, export, distribution and commercialization of plastic materials and products. Purchase, sale, import and export of industrial machinery for the plastic industry.

The Company is domiciled in the city of Guatemala. It may open branches in any other place of the Republic of Guatemala or abroad.

The Company and Unión, S.A., have is part of a group of companies which have common partners and are under the same administration. Such companies make significant transactions among them and with third parties.

The companies which are part of the group are:

- Unión, S.A.
- Prima Plastics Limited.

NOTE 2 – PREPARATION BASES AND ACCOUNTING POLICIES

The accompanying financial statements have been prepared, in all material respects, according to the accrual basis of accounting mentioned in the Income Tax Law, applying the accounting policies and practices included in said Law. The most important accounting policies and procedures used by the Company in the preparation of its financial statements are summarized below:

Accounting basis – The accounting basis used by the Company for the registration of its operations is the accrual basis which recognizes assets, liabilities, income and expenses when the rights are earned or when the corresponding obligations are incurred.

Recognition of income – Income from ordinary activities, which results from the production, distribution and sale of plastic chairs and tables, is recognized in the results of the year when the sale is made.

Recognition of expenses – Expenses are recognized when the same are incurred.

Cash – Cash includes the balances in cash and banks. The balances in banks are available at sight. There was no restriction limiting the use of said balances.

Customers – Customers' balances do not bear interests and are registered at their billing value less the corresponding deductions of the negotiation.

Accounts receivable and estimate for uncollectible accounts – Accounts receivable are registered at cost. The Company applies the policy stipulated by the Law, for uncollectible accounts, regarding the creation of a provision which cannot exceed 3% of the debit balances from commercial accounts and documents receivable, at the closing of each of the annual periods of taxation; provided that said balances are originated from the ordinary course of business and are not guaranteed by pledges or mortgages.

Machinery and equipment, computer equipment, furniture and equipment, tools and improvements in leased properties-net – Machinery and equipment, computer equipment, furniture and equipment, tools and improvements in leased properties are valued at the acquisition cost. The corresponding depreciation is calculated by the straight-line method based on their estimated useful lives and according to the Income Tax Law. The depreciation percentages are as follows:

Machinery and equipment	20%
Furniture and equipment	20
Computer equipment	33
Tools	25
Improvements in leased properties	33

Expenses related to repairs and maintenance, which do not restore the asset and increase its useful life, are charged to the operations of the year.

Assets and liabilities expressed in foreign currency - These are presented at their value equivalent in quetzals, using the exchange rate in effect at the end of the year (see Note 3), and the exchange differential, resulting between the dates of payment or collection and the date of registration, is operated in the results.

Transactions in foreign currency – Transactions are registered at their equivalent value in quetzals, using the exchange rate in effect when the transaction is carried out. Earnings and losses derived from adjustments of balances expressed in foreign currency are included in the determination of the results of the year.

Inventories - Inventories are valued at the average cost of acquisition. Their costs do not exceed their net realizable value. These are registered at the lowest amount between the cost and the selling price less the termination and selling costs.

Related parties - A related party is a person or an entity that is related to the Entity due to one or more of the following factors:

- a) A person or an entity is member of the key personnel of the Company or its controlling entity; if it exercises control or exerts a significant influence or voting power on the same.

- b) If a person or entity together with the Company are:
  - i. Members of the same group,
  - ii. If it is an associate,
  - iii. If the entity together with the Company constitute a joint business of a third entity,
  - iv. One of the entities is part of a joint business of a third entity, and the other entity is an associate of the third entity,
  - v. If the entity constitutes a plan of post-employment benefits of the employees of the Company or an entity which is a related party of the same,
  - vi. If the Company is controlled by a person identified in a),
  - vii. A person or a family member close to that company exerts significant influence over the Company,
  - viii. A member of the key personnel of the administration of the Company or its controlling entity or a relative of that member exerts control over the Company or has significant voting power over it.

Commercial suppliers and creditors - These are obligations based on common credit conditions, and the same do not accrue interest. The amounts, regarding suppliers, expressed in foreign currency are converted according to the exchange rate in effect at the end of the year. Earnings or losses related to the exchange differential resulted from the foreign currency conversion is registered in other expenses or other income, as appropriate.

Provisions - A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation which can be reasonably estimated.

Severance payments - These are compensations accruing in favor of the company's employees according to the length of service and provisions of the Work Code. The same may be paid to them in the event of dismissal, or to their relatives in case of death, and in the event of resignation. At December 31, 2023 and 2022, there was one provision regarding this concept for Q211,491 and Q157,227.

Taxation - the income tax is based on the 25% over the fiscal profit.

In September 2019, the company was classified as maquila in the temporary admission regime, for this reason, it was exempted from the payment of VAT and customs taxes on the import of raw materials, which are acquired for the manufacture of products sold outside Guatemala and for the acquisition of machinery used in the production process.

### NOTE 3 - MONETARY UNIT AND EXCHANGE RATES

The accounting records are maintained in quetzals, denoted by the symbol "Q" as shown in the financial statements. The quetzal is the official currency of Guatemala.

The exchange rate is freely determined among the banking market participants. At December 31, 2023 and 2022, it was Q7.83 and Q7.85, at the date of this report, it was Q7.82 to US\$1.

According to the Law of Free Foreign Currency, the disposal, possession, contracting, remittance, transfer, purchase, sale, collection or payment of and with foreign currency are free; also, foreign currency tenure, deposits and bank accounts may be freely maintained.

The reference exchange rate of the quetzal is calculated and published daily by Bank of Guatemala –Central Bank-.

### NOTE 4 - CASH AND BANKS

Cash balances at December 31, are broken-down as shown next:

	2023	2022
	Q	Q
Petty cash	11,000	11,000
<u>Banks-national currency:</u>		
Industrial	<u>1,942,123</u>	<u>2,719,126</u>
<u>Banks-foreign currency</u>		
Industrial	4,537,265	1,714,407
Promerica	892,474	378,278
BAC Reformador	<u>130,591</u>	<u>251,464</u>
	<u>5,560,329</u>	<u>2,344,149</u>
<u>Q</u>	<u>7,513,452</u>	<u>5,074,275</u>

During 2023 and 2022 these accounts accrued interest for Q16,862 and Q5,589, the same was registered in other income (Note 17).

At December 31, 2023 and 2022, the cash in Banks included foreign currency balances for US\$710,402 and US\$298,533, expressed at an exchange rate of 7.83 and Q 7.85

### NOTE 5 - AFFILIATED COMPANIES

This account was integrated by the balances of companies that will be mentioned further on, and the stockholders of one company are also stockholders of the others, without a company owning shares of the other companies. In

addition, one of such companies may exert control or influence over the operations of the other companies.

Due to these relationships, it is likely that the terms of such transactions are not the same which would be agreed among totally independent companies under free competition conditions.

At December 31, this account was integrated as shown next:

a) Receivables:

	2023	2022
	<u>Q</u>	<u>Q</u>
Unión, S.A.	<u>4,475,490</u>	<u>2,505,378</u>

b) Payables

	2023	2022
	<u>Q</u>	<u>Q</u>
Unión, S.A.	<u>21,720</u>	<u>9,336</u>

#### NOTE 6 – OTHER ACCOUNTS RECEIVABLE

As of December 31, other accounts receivable were the following:

	2023	2022
	<u>Q</u>	<u>Q</u>
Advanced given to suppliers	290,297	357,802
Contributions to the solidarity association	17,106	10,283
Consultores de impresión	12,684	
BANCASAT	3,313	
RIQUE, S.A.	2,540	
Aseguradora General, S.A.	460	1,202
Smit Patel (Trip to Central America and the Caribbean January 2023)	-	55,974
	<u>326,401</u>	<u>425,261</u>

#### NOTE 7 - INVENTORIES

Inventories, at cost, at December 31, which is lower than the net realizable value, are classified as described below:

	2023	2022
	<u>Q</u>	<u>Q</u>
Raw material	6,558,439	3,822,889
Finished product	1,685,832	1,776,641
	<u>8,244,271</u>	<u>5,599,530</u>

The valuation formula at which the inventories were costed was the weighted average cost.

Inventories were insured against fire and theft by means of a policy for a total of Q.10,000,000.

**NOTE 8 – MACHINERY AND EQUIPMENT, COMPUTER EQUIPMENT, FURNITURE AND EQUIPMENT, TOOLS AND IMPROVEMENTS IN LEASED PROPERTIES-NET**

At December 31, these assets and its corresponding accumulated depreciation were as shown on the following page:

ASSETS	DEC-31-22	ADDITIONS	WITHDRAWALS	DEC-31-23	RATE
Machinery and equipment	Q 16,852,088	Q 629,363	* Q -	Q 17,481,451	20%
Computer equipment	8	-	-	8	33%
Furniture and equipment	169,520	6,820	-	176,340	20%
Tools	8,236	-	-	8,236	25%
	<u>Q 17,029,852</u>	<u>Q 636,183</u>	<u>Q -</u>	<u>Q 17,666,035</u>	
ACCUMULATED DEPRECIATION					
ASSETS	BALANCE AT DEC-31-22	DEBITS	CREDITS	BALANCE AT DEC-31-23	NET BALANCE
Machinery and equipment	3,618,831	-	3,158,941	6,777,772	10,703,679
Computer equipment	-	-	-	-	8
Furniture and equipment	79,072	-	26,158	105,230	71,110
Tools	4,325	-	1,492	5,817	2,419
	<u>Q 3,702,228</u>	<u>Q -</u>	<u>Q 3,186,591</u>	<u>Q 6,888,819</u>	<u>Q 10,777,216</u>

**2022**

ASSETS	FIXED ASSETS				DEPRECIATION RATE
	BALANCE AT DEC-31-21	ADDITIONS	WITHDRAWALS	BALANCE AT DEC-31-22	
Machinery and equipment	Q 10,527,979	Q 12,312,553	** Q 5,988,444	Q 16,852,088	20%
Computer equipment	35,647	8	35,647	Q 8	33%
Furniture and equipment	405,053	47,193	282,726	Q 169,520	20%
Tools	23,436	5	15,206	Q 8,236	25%
	<u>Q 10,992,115</u>	<u>Q 12,359,759</u>	<u>Q 6,322,023</u>	<u>Q 17,029,852</u>	
ACCUMULATED DEPRECIATION					
ASSETS	BALANCE AT DEC-31-21	DEBITS	CREDITS	BALANCE AT DEC-31-22	NET BALANCE
Machinery and equipment	7,319,188	6,133,263	2,432,906	3,618,831	13,233,257
Computer equipment	32,768	34,047	1,279	-	8
Furniture and equipment	312,017	271,075	38,130	79,072	90,448
Tools	17,689	15,154	1,790	4,325	3,911
	<u>Q 7,681,662</u>	<u>Q 6,453,539</u>	<u>Q 2,474,105</u>	<u>Q 3,702,228</u>	<u>Q 13,327,624</u>

**\*\* MACHINERY REVALUATION**

As of March 31, 2022, the revaluation made to 9 production machines was recorded, carried out by the company Ingeniería, Consultoría y Avalúos, S.A, whose revaluation report reflected a revalued amount of Q6,948,316. The tax originated by said revaluation was of Q689,536.

The distribution of the accumulated depreciation of revalued assets is made up as follows:

Machinery	Base amount	Accumulated Depreciation	Book value as of December 31, 2023	Depreciation expense 2023
Asset revaluation	Q 6,948,316	Q 2,431,911	4,516,405	Q 1,389,663
Tax originated by said revaluation	689,536	227,660	461,876	137,907

#### Depreciation expense

DEPRECIATION EXPENSE	2023	2022
Cost of production	Q 2,569,665	Q 1,997,930
Depreciation of operating expenses (Note 16)	616,926	364,144
Adjustments	-	112,031
	<u>Q 3,186,591</u>	<u>Q 2,474,105</u>

During 2023 assets were insured against theft and fire for Q15,133,650.

#### NOTE 9 - OTHER ASSETS

Other assets at December 31, were as shown below:

	2023	2022
Guarantee deposits	Q 198,805	Q 199,506
Improvements to the production area roof	Q 112,076	Q -
Amortization (Note 15)	( 16,401)	-
	<u>Q 95,675</u>	<u>Q -</u>
	<u>Q 294,480</u>	<u>Q 199,506</u>

#### NOTE 10 - TAXES: INCOME TAX-ISR, SOLIDARITY TAX-ISO AND OTHER TAXES

At December 31, taxes receivable and payable, and the calculation thereof, were the following:

a) Receivables:

		2023	2022
VAT on imports pending liquidation	Q	5,106,531	Q 4,706,629
VAT withholdings		1,158,961	1,308,936
VAT on local activities pending liquidation		529,496	492,175
ISO		511,524	
	<u>Q 7,306,512</u>		<u>Q 6,507,740</u>

b) Payables:

	2023	2022
Income Tax payable [Note 10 c)]	Q 1,429,078	Q 256,674
Income tax withholdings to third parties	13,378	10,935
VAT related to special invoices	987	354
ISR withholdings to employees	737	737
Income tax withholdings on special invoices	110	149
ISR withholdings on capital income	-	915
Income tax withholdings related to non residents	(108)	-
	<u>Q 1,444,182</u>	<u>Q 269,766</u>

c) Income tax calculation related to lucrative activities:

	2023	2022
Profit before income tax	Q 17,464,784	Q 7,235,861
Earned interests	(16,862)	(5,589)
Less-other net capital income of income tax	-	-
Income from lucrative activities	17,447,922	7,230,272
Add-non deductible expenses	295,801	553,427
Add-costs and capital income	1,687	559
Taxable income	17,745,410	7,784,257
Tax rate	25%	25%
Income tax	4,436,353	1,946,064
Income tax - ISR	(3,007,275)	(1,343,871)
Less-Solidarity Tax (ISO)	-	(345,519)
ISR- payable [Note 10 b)]	<u>Q 1,429,078</u>	<u>Q 256,674</u>

d) Integration of the income tax according to different income categories:2023:

TYPE OF INCOME	BASE	RATE	DETERMINED INCOME TAX
Income tax from income due to lucrative activities [Note 10 c)]	Q 17,745,410	25%	Q 4,436,353
Income tax due to capital income:			
Interest on investments (Note 17)	16,862	10	1,686
			<u>Q 4,438,039</u>

**2022:**

TYPE OF INCOME	BASE	RATE	DETERMINED INCOME TAX
Income tax from income due to lucrative activities [Note 10 c)]	Q 7,784,257	25%	Q 1,946,064
<u>Income tax due to capital income:</u>			
Interest on investments (Note 17)	5,589	10	559
			<u>Q 1,946,623</u>

**ISO:**

This tax entered into effect on January 1, 2009. This is applicable to individuals and legal entities, as well as other entities dedicated to mercantile and agricultural activities in the national territory, obtaining a gross margin higher than 4% of their gross income.

This tax should be quarterly paid during the calendar year, and may be credited to ISR payments, be them monthly, quarterly or annually, until the exhaustion of the balance during the three following calendar years. Alternatively, ISR may be covered first and credited to ISO payments during the same calendar year.

The tax remainder that is not credited according to the procedures established by the law will be considered as an expense deductible for income tax purposes, on the period of annual definitive liquidation in which the three years of payment are complete.

The tax rate is 1% on:

- a) The fourth part of the amount of the net assets or
- b) The fourth part of the gross revenues, whichever is higher.

When the net assets are more than four times higher than the gross income, the tax base mentioned in b) will be applied.

The financial statements of the previous fiscal year will be taken as a base in both cases. The IUSI (real estate property tax) paid during the same quarter, should be deducted from the determined tax based on the assets.

This tax should be paid during the calendar month following each quarter; on the contrary, it will not be creditable to ISR.

**STATUTE OF LIMITATIONS:**

Pursuant to the Tax Code of Guatemala, the statute of limitations for the tax authorities to make adjustments to tax payers elapses in four years beginning on

the date when the tax returns were due for filing. The income tax returns filed by the Company for the years 2020 to 2023 are pending review by the tax authorities.

#### NOTE 11 - SUPPLIERS AND CREDITORS

Accounts payable to suppliers and creditors, at December 31, were as shown next:

	2023	2022
Foreign suppliers	Q 3,248,204	Q 1,187,334
Creditors	490,221	270,172
Globo Color, S.A.	425,107	340,692
Punto a Punto, S.A.	12,069	-
Bueno Punto a Punto, S.A.	8,766	-
Maya Fertilizantes, S.A.	-	718,635
	<u>Q 4,184,367</u>	<u>Q 2,516,833</u>

At December 31, 2023 and 2022, accounts payable to foreign suppliers were US\$414,999, and US\$151,210, at an exchange rate of Q7.83 to Q7.85 to US\$1.

#### NOTE 12 - LOANS PAYABLE

Loans payable, at December 31, 2023, and at December 31, 2022, were:

	2023	2022
Current amount	Q -	Q 5,195,499
Non current amount	-	-
	<u>Q 5,195,499</u>	<u>Q 5,195,499</u>

Loans payable, at December 31, were:

LOANS PAYABLE	2023	2022
Prima India	Q -	Q 4,711,340
Unión, S.A.	-	484,159
	<u>Q -</u>	<u>Q 5,195,499</u>

Loans were given under the following conditions:

Prima India

Loans were given under the following conditions:

- Original amount: US\$2,068,845
- Period: 60 months
- Interés rate: 7.5% anually
- Purpose: Working capital
- Maturity: May 09, 2024

UNION, S.A.

- Original amount: Q1,700,071 equivalent to US\$219,734
- Period: 60 months
- Interés rate: 7.5% anually
- Purpose: Working capital
- Maturity: May 09, 2024

During the first quarter of 2023, the loans described above were repaid.

NOTE 13 – BANK LOAN

During January 2021 and July 2022, the company signed a bank credit agreement with Banco Industrial, S.A., with under the following conditions:

Original amount	Term	Interest rate	Purpose	Maturity	Balance at December 31	
					2023	2022
\$ 250,000	3 years	7.25%	Purchase machinery	Jan-31-2024	Q 65,238	Q 850,658
\$ 350,000	4 years	8.00%	Purchase machinery	Apr-30-2025	Q 1,612,014 Q 1,677,252	Q 2,748,276 Q 3,598,934
Current amount					2023	2022
Non current amount					Q 1,295,176 382,076 Q 1,677,252	Q 1,505,009 2,093,925 Q 3,598,934

#### NOTE 14 - AUTHORIZED, SUBSCRIBED AND PAID IN SOCIAL CAPITAL

At December 31, 2023 and 2022, the authorized, subscribed and paid in social capital was integrated as follows:

Authorized social capital was composed of 15,000 common and nominative shares, with a nominal value of Q1,000 each	Q 15,000,000
Less-shares pending subscription: 11,008	<u>(11,008,000)</u>
Authorized, subscribed and paid in social capital composed of 3,992 shares Q1,000 each	<u>Q 3,992,000</u>

At December 31, the book value of the shares was as it appears below:

	2023	2022
Paid in capital	Q 3,992,000	Q 3,992,000
Accumulated legal reserve	1,480,740	829,319
Accumulated net profit [Note 14 a)]	<u>25,121,061</u>	<u>12,744,050</u>
	Q 30,593,801	Q 17,565,369
Divided by the number of shares	<u>3,992</u>	<u>3,992</u>
Book value of each share	Q 7,664	Q 4,400

#### NOTE 14 a) - ACCUMULATED PROFITS

At December 31, the accumulated profit are shown below:

	2023	2022
Balance at the beginning of the year	Q 12,744,050	Q 7,718,744
Net profit for the year before legal reserve	13,028,432	5,289,797
Less-transfer to legal reserve year	<u>(651,421)</u>	<u>(264,490)</u>
Balance at the end of the year	<u>Q 25,121,061</u>	<u>Q 12,744,050</u>

Legal reserve - The Guatemalan Code of Commerce establishes that every company must form a reserve called legal, which is formed by separating a minimum of 5% from the net profits of each year. This reserve is not distributed, but until the end of the partnership; however, it can be capitalized when it exceeds 15% of the paid-in capital at the close of the immediately preceding fiscal year.

## NOTE 15 - OPERATING EXPENSES

The following page shows the operating expenses executed during 2023 and 2022:

Description	2023	2022
Leases	Q 1,544,425	Q 985,840
Staff services	1,174,373	830,228
Depreciation (Note 7)	616,926	364,144
Freight and haulage	413,738	249,804
Maintenance and repairs	379,115	455,904
Travel expenses	350,278	362,948
Professional services	346,205	310,685
Security services	317,664	287,732
Water, electricity and telephone	313,446	260,073
Miscellaneous supplies and materials	241,531	182,436
Incentive bonus	235,557	199,526
Taxes and contributions	188,240	132,207
Insurance and bonds	172,524	142,042
Uncollected accounts (customers)	155,732	-
Salaries	123,993	118,023
Advertising and selling expenses	91,466	115,406
Compensation	68,773	34,465
Employee assistance	55,004	40,832
Fuel and lubricants	33,067	30,472
Bonus 14	31,684	25,229
Bonus	30,417	25,782
General expenses	21,044	123,637
Amortizations (Note 9)	16,401	-
Employer fee	15,803	15,045
Non-deductible expenses	12,820	18,111
Courses and trainings	11,004	31,304
	<u>Q 6,961,232</u>	<u>Q 5,341,876</u>

## NOTE 16 – FINANCIAL EXPENSES

During the years under review, the following financial expenses were executed:

	2023	2022
Interest related to loans	Q 268,026	Q 578,767
Loss from the exchange rate differential	23,766	69,673
Bank commissions	5,192	15,589
Sundry expenses	4,223	22,337
IPF withholding without earned interest	-	559
	<u>Q 301,207</u>	<u>Q 686,925</u>

NOTE 17 - OTHER INCOME

Other income obtained during 2023 and 2022, was originated from the following concepts:

	2023	2022
Sundry income	Q 72,096	Q 188,758
Interest received (Note 4)	16,862	5,589
	<u>Q 88,958</u>	<u>Q 194,347</u>

NOTE 18 - APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Administration Board and were authorized for their publication.

NOTE 19 - ASPECTS IN WHICH THE ACCOUNTING POLICIES APPLIED BY THE COMPANY DIFFER FROM THE INTERNATIONAL FINANCIAL REPORTING STANDARD FOR PYMES

ACCOUNTING BASIS	ACCOUNTING BASIS OF GENERAL PURPOSE
The one that is derived from the Income Tax Law	International Financial Reporting Standard-IFRS.
<p><b>1. <u>Valuation and recognition of financial instruments:</u></b></p> <p>These are valued at the historical cost. The value impairment is not recognized until the moment of its liquidation, except for the commercial accounts receivable to which a maximum reserve of 3% of the value of the total balances is applied, without taking into consideration whether or not there is evidence of impairment or the amount of the actual value impairment.</p>	<p>At the end of each reporting period, the financial instruments will be measured at the amortized cost using the effective interest method.</p> <p>Debt instruments, classified as current assets or current liabilities, are measured to the amount not deducted from the cash or other consideration which is expected to be paid or received, unless the agreement constitutes a financing transaction. If the agreement constitutes a financing transaction, the Entity should measure the debt instrument to the present value of future payments deducted at a market interest rate for a similar debt instrument.</p> <p>At the end of each reporting period, an assessment should be made to verify if there is objective evidence of value impairment of the financial assets that are measured at cost or amortized cost. When there is objective evidence of value impairment, the Entity will recognize immediately a loss due to value impairment in the results.</p>

ACCOUNTING BASIS	ACCOUNTING BASIS OF GENERAL PURPOSE
The one that is derived from the Income Tax Law	International Financial Reporting Standard-IFRS.
<p>2. <u>Names of the financial statements.</u></p> <p>a) Balance sheet b) Statement of income c) Statement of changes in equity d) Statement of cash Flow</p>	<p>e) Statement of financial position. f) Statement of comprehensive income g) Statement of changes in equity h) Statement of cash flow</p>
<p>3. <u>Property, plant and equipment:</u></p> <p>The recognition of assets is registered at the cost value less the depreciation based on the estimated useful life of the assets.</p> <p>There is no scrap value, and losses due to impairment in the value of the same are not recognized.</p>	<p>IFRS for PYMES stipulates that assets should be recognized at their cost less their accumulated depreciation less their value of impairment.</p> <p>The Company does not make an objective assessment of the impairment of its fixed assets.</p>
<p>4. <u>Benefits due to termination of contract – liabilities related to severance payments</u></p> <p>The income tax law allows the creation of a reserve for severance payments due to termination of contract, at the rate of 8.33% of annual remunerations.</p> <p>Even when this compensation is payable to employees only in the event of unjustified dismissal, the law allows said compensation to be constituted by the total number of remunerations paid each year, without taking into consideration whether or not there is a payment obligation, as the related employment contracts were not terminated.</p>	<p>The standard requires that provisions which can be reliably valued and result in future economic benefits are registered.</p> <p>The company does not create provisions related to this concept as it makes payments to its employees every year.</p>
5. <u>Classification of obligations according to maturity</u>	

ACCOUNTING BASIS	ACCOUNTING BASIS OF GENERAL PURPOSE
<p>The one that is derived from the Income Tax Law</p> <p>The law classifies liabilities related to labor fringe benefits as Christmas bonus and bonus 14, together with severance payments, which have a period higher than one year.</p>	<p>International Financial Reporting Standard-IFRS.</p> <p>IFRS for PYMES requires that these are classified as current and noncurrent obligations.</p>
<p>6. <u>Inventories</u></p> <p>Under no circumstances, the Company does not recognize any reserve for the recognition of the value impairment of the inventories, as it is not allowed by the Income Tax Law.</p> <p>Any loss due to impairment is registered until the time of selling or removing the inventory of the affected assets.</p>	<p>At the end of each reporting period, the Entity should assess whether the inventories are impaired, that is, if the book value is not completely recoverable; for example, due to damage, obsolescence or decreasing selling prices. If an inventory entry is impaired, the Entity should measure the inventory at the selling price less the costs of termination and sale, and a loss due to value impairment should be recognized.</p>
<p>7. <u>Impairment of assets different from inventories</u></p> <p>Such impairment is recognized until the time when the asset is settled or disposed, or when it is removed from the assets.</p>	<p>Any value impairment should be immediately recognized in the results, reducing the book value of the affected asset until its recoverable amount is obtained.</p> <p>In order to recognize losses due to impairment, on a timely basis, the Company should assess, during each reporting date, whether there is an indicator of value impairment of any asset.</p> <p>If an indicator existed, the Company should estimate the recoverable amount of the same.</p>

ACCOUNTING BASIS	ACCOUNTING BASIS OF GENERAL PURPOSE
The one that is derived from the Income Tax Law	International Financial Reporting Standard-IFRS.
	The recoverable amount of an asset or a cash generating unit is the highest value between its fair value less costs of sales and its value in use.
<p>8. <u>Short term benefits to employees – remunerated absences</u></p> <p>These are registered in the results when the same are paid.</p>	<p>The cost of all the benefits for employees to which they are entitled, as a result of services rendered to the Entity during the reporting period, should be recognized as an expense of the period and as an obligation.</p> <p>An entity will recognize the expected cost of the remunerated absences with cumulative rights as employees render their services which increase their rights to future remunerated absences.</p> <p>The Entity will measure the expected cost related to the remunerated absences with cumulative rights for the additional amount not discounted that the Entity expects to pay due to unused rights accumulated at the end of the reporting period. The Entity will present this amount as a current liability at the date of the reporting period.</p> <p>Person or entity related to the company due to zero or more bills, such as:</p>

ACCOUNTING BASIS	ACCOUNTING BASIS OF GENERAL PURPOSE
The one that is derived from the Income Tax Law	International Financial Reporting Standard-IFRS.
<p>9. <u>Related parties:</u></p> <p>It results from operations among a Guatemalan resident and a foreign company when:</p> <ul style="list-style-type: none"> <li>a) It owns more than 25% of the capital.</li> <li>b) Five or less people revoke or control both related parties.</li> <li>c) When legal people who are Guatemalan residents or foreigners belong to a smaller business group.</li> <li>d) When it is an exclusive distributor in Guatemala or abroad.</li> <li>e) A Guatemalan resident has a permanent establishment abroad..</li> <li>f) A permanent establishment in Guatemala, and its headquarters is abroad.</li> </ul>	<ul style="list-style-type: none"> <li>1. Member of the same group</li> <li>2. When it is an associate</li> <li>3. When they have a joint business</li> <li>4. If the company is controlled by a person, company or relative or key personnel of the management.</li> </ul>

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