

**MSSL México, S. A. de C. V.**  
(Subsidiary of MSSL (S) Pte. Ltd.)

**Financial Statements**

As of December 31, 2025 and 2024  
with independent Auditor's Report

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(Subsidiary of MSSL (S) Pte. Ltd.)

**Financial Statements**

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## **Independent Auditor's Report**

To the Stockholders of  
MSSL México, S. A. de C. V.

### **Opinion**

We have audited the accompanying financial statements of MSSL México, S. A. de C. V., (the Company), which comprise the statement of financial position as of December 31, 2025, and the statements of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with Mexican Financial Reporting Standards (MFRS).

### **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 Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Mexico in accordance with the Mexican Institute Public Accountant's Code of Professional Ethics (MIPA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA and MIPA Codes. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of the Management for the financial statements**

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

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as appropriate, 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 financial statements**

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 significantly 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Management, 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.

Baker Tilly Mexico  
Independent member firm of  
Baker Tilly International



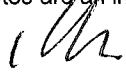
CPA Raymundo Guerrero Mendoza  
Audit partner

Aguascalientes, Ags.  
Mexico March 27, 2026

**MSSL México, S. A. de C. V.**  
(Subsidiary of MSSL (S) Pte. Ltd.)  
Statements of financial position  
As of December 31, 2025 and 2024  
(Stated in Mexican pesos)

|   | Notes | 2025       |                    | 2024       |                    |
|---|-------|------------|--------------------|------------|--------------------|
| <b>Assets</b>                                   |       |            |                    |            |                    |
| Current assets:                                 |       |            |                    |            |                    |
| Cash and cash equivalents                       | 6     | Ps.        | 67,833,417         | Ps.        | 43,265,132         |
| Financial instruments                           |       |            | 877,111            |            | -                  |
| Accounts receivable                             |       |            | 17,693,885         |            | 23,539,088         |
| Related parties                                 | 8     |            | 28,426,437         |            | 67,092,183         |
| Income tax receivable                           |       |            | 11,970,595         |            | -                  |
| Valued added tax recoverable                    |       |            | 4,980,115          |            | 13,245,325         |
| Inventories                                     | 7     |            | 97,915,453         |            | 117,505,270        |
| Prepaid expenses                                |       |            | 1,339,580          |            | 1,181,893          |
| <b>Total current assets</b>                     |       |            | <b>231,036,593</b> |            | <b>265,828,891</b> |
| Noncurrent assets:                              |       |            |                    |            |                    |
| Property, plant and equipment – Net             | 9     |            | 30,236,516         |            | 31,399,462         |
| Deferred income tax                             | 12    |            | 17,913,665         |            | 20,380,826         |
| Deferred statutory employees' profit sharing    | 11    |            | 6,473,810          |            | 7,122,431          |
| Other assets                                    |       |            | 479,486            |            | 444,486            |
| <b>Total assets</b>                             |       | <b>Ps.</b> | <b>286,140,070</b> | <b>Ps.</b> | <b>325,176,096</b> |
| <b>Liabilities and stockholders' equity</b>     |       |            |                    |            |                    |
| Current liabilities:                            |       |            |                    |            |                    |
| Suppliers                                       |       | Ps.        | 16,278,847         | Ps.        | 41,454,996         |
| Financial instruments                           |       |            | -                  |            | 5,435,633          |
| Related parties                                 | 8     |            | 13,719,335         |            | 14,995,900         |
| Statutory employees' profit sharing             |       |            | 326,857            |            | 3,834,213          |
| Income tax payable                              |       |            | -                  |            | 6,755,669          |
| Accumulated expenses and other accounts payable |       |            | 41,108,162         |            | 40,124,543         |
| <b>Total current liabilities</b>                |       |            | <b>71,433,201</b>  |            | <b>112,600,954</b> |
| No-current liabilities:                         |       |            |                    |            |                    |
| Employees' benefits                             | 10    |            | 10,940,795         |            | 11,792,714         |
| <b>Total liabilities</b>                        |       |            | <b>82,373,996</b>  |            | <b>124,393,668</b> |
| Stockholders' equity:                           |       |            |                    |            |                    |
| Capital stock                                   | 13    |            | 114,097,957        |            | 114,097,957        |
| Retained earnings                               |       |            | 87,410,969         |            | 90,797,120         |
| Other comprehensive income                      |       |            | 2,257,148          |            | (4,112,649)        |
| <b>Total stockholders' equity</b>               |       |            | <b>203,766,074</b> |            | <b>200,782,428</b> |
| Contingencies                                   | 15    |            |                    |            |                    |
| <b>Total liabilities and equity</b>             |       | <b>Ps.</b> | <b>286,140,070</b> | <b>Ps.</b> | <b>325,176,096</b> |

The accompanying notes are an integral part to these financial statements.

George Chambers   
Legal Representative

**MSSL México, S. A. de C. V.**  
(Subsidiary of MSSL (S) Pte. Ltd.)

Statements of comprehensive income

For the years ended December 31, 2025, and 2024  
(Stated in Mexican pesos)

|  | Notes | 2025            | 2024            |
|--|-------|-----------------|-----------------|
| Sales from contracts with customers                    |       | Ps. 538,530,518 | Ps. 556,401,977 |
| Cost of sales from contracts with customers            | 14    | 428,169,580     | 431,715,184     |
| Gross profit   |       | 110,360,938     | 124,686,793     |
| Operating expenses                                     | 14    | 102,946,840     | 110,672,455     |
| Operating Profit                                       |       | 7,414,098       | 14,014,338      |
| Comprehensive financial result:                        |       |                 |                 |
| Net foreign exchange (loss) profit- Net                |       | (11,333,547)    | 12,944,802      |
| (Loss) profit before income tax                        |       | (3,919,449)     | 26,959,140      |
| Income tax   | 12    | (533,298)       | 11,225,681      |
| Net (loss) profit of the year                          |       | (3,386,151)     | 15,733,459      |
| <u>Others comprehensive income:</u>                    |       |                 |                 |
| Remeasurements on actuarial gains                      |       | 4,098,652       | 2,099,815       |
| Effect on deferred statutory employees' profit sharing |       | (409,865)       | (209,982)       |
| Effect on deferred income tax                          |       | (1,106,636)     | (566,950)       |
|  |       | 2,582,151       | 1,322,883       |
| Net loss on cash flow                                  |       | 6,312,744       | (6,712,546)     |
| Effect on deferred employees' profit sharing           |       | (631,275)       | 671,255         |
| Effect on deferred income tax                          |       | (1,893,823)     | 2,013,764       |
|  |       | 3,787,646       | (4,027,527)     |
| Other comprehensive income for the year                |       | 6,369,797       | (2,704,644)     |
| Comprehensive income profit of the year                |       | Ps. 2,983,646   | Ps. 13,028,815  |

The accompanying notes are an integral part to these financial statements.

  
George Chambers  
Legal Representative

**MSSL México, S. A. de C. V.**  
 (Subsidiary of MSSL (S) Pte. Ltd.)  
 Statement of changes in stockholders' equity  
 For the years ended December 31, 2025 and 2024  
 (Stated in Mexican pesos)

|                                  | Capital<br>stock | Retained<br>earnings | Other<br>comprehensive<br>income | Total<br>stockholders'<br>equity |
|----------------------------------|------------------|----------------------|----------------------------------|----------------------------------|
| Balance as of January 1, 2024    | Ps. 114,097,957  | Ps. 75,063,661       | Ps. (1,408,005)                  | Ps. 187,753,613                  |
| Comprehensive profit of the year | -                | 15,733,459           | (2,704,644)                      | 13,028,815                       |
| Balance as of December 31, 2024  | 114,097,957      | 90,797,120           | (4,112,649)                      | 200,782,428                      |
| Comprehensive loss of the year   |                  | (3,386,151)          | 6,369,797                        | 2,983,646                        |
| Balance as of December 31, 2025  | Ps. 114,097,957  | Ps. 87,410,969       | Ps. 2,257,148                    | Ps. 203,766,074                  |

The accompanying notes are an integral part to these financial statements.



George Chambers  
 Legal representative

**MSSL México, S. A. de C. V.**  
(Subsidiary of MSSL (S) Pte. Ltd.)  
Statements of cash flows  
For the years ended December 31, 2025 and 2024  
(Stated in Mexican pesos)

|  | 2025            | 2024           |
|--|-----------------|----------------|
| <b>Operating activities</b>  |                 |                |
| (Loss) profit before income tax  | Ps. (3,919,449) | Ps. 26,959,140 |
| Non-cash items in income:  |                 |                |
| Net cost of the period   | 3,246,733       | 3,335,883      |
| Deferred profit sharing  | (392,519)       | (881,603)      |
| Depreciation and amortization  | 3,623,207       | 3,477,938      |
|  | 2,557,972       | 32,891,358     |
| Changes in assets and liabilities:   |                 |                |
| Accounts receivable  | 5,845,203       | (19,399,610)   |
| Related parties' receivable  | 38,665,746      | (25,285,286)   |
| Value added tax recoverable  | 8,265,210       | (4,557,565)    |
| Inventories  | 19,589,817      | (23,253,854)   |
| Prepaid expenses   | (157,687)       | (35,154)       |
| Other assets   | (35,000)        | 17,000         |
| Suppliers and related party payables   | (26,452,714)    | 17,728,594     |
| Income tax paid  | (18,726,264)    | -              |
| Accumulated expenses and other account payable   | (2,523,737)     | 11,944,162     |
| Net cash flow from operating activities  | 27,028,546      | (9,950,355)    |
| <b>Investing activities:</b>   |                 |                |
| Acquisition of property, plant, and equipment - Net equal to net cash flows from investment activities | (2,460,261)     | (6,187,859)    |
| Increase (decrease) in cash and cash equivalents   | 24,568,285      | (16,138,214)   |
| Cash and cash equivalents at beginning of year   | 43,265,132      | 59,403,346     |
| Cash and cash equivalents at end of year   | Ps. 67,833,417  | Ps. 43,265,132 |

The accompanying notes are an integral part to these financial statements.



George Chambers  
Legal representative

**MSSL México, S. A. de C. V.**  
(Subsidiary of MSSL (S) Pte. Ltd.)

Notes to the financial statement

For the years ended December 31, 2025 and 2024  
(Stated in Mexican pesos)

**1. Information of the Company and nature of its operations**

MSSL México, S. A. de C. V. (the Company) is a subsidiary of MSSL (S) Pte, Ltd., which in turn is a subsidiary of Samvardhana Motherson International Limited (formerly known as SAMIL) a corporation incorporated under the laws of Mexico on March 1, 2012. Its main address is San Luis Potosí, S.L.P. and its main activity is manufacturing, design and commercialization of all kinds of cables and cable sets, as well as all kind of products and components for the automotive industry. The Company is a 99.9% owned direct subsidiary of MSSL (S) Pte. Ltd. (direct holding company), and an indirect subsidiary of Samvardhana Motherson International Limited.

For practical purposes, the Company has defined its normal period of operations and fiscal year, comprised from January 1 to December 31 of each year.

**2. Basis of preparation of the financial statements**

The accompanying financial statements have been prepared in accordance with Mexican Financial Reporting Standards (MFRS) as issued by the Mexican Financial Reporting Standards and Sustainability Board (MFRSB). The financial statements have been prepared under the assumption that the Company operates on a going concern basis.

**Use of estimates**

In preparing the financial statements, MFRS require the use of estimates and assumptions that are critical to measure some of their line items as well as disclosing some contingent assets and liabilities, if any. Actual amounts sometimes can differ from when such estimates and assumptions were originally determined.

MFRS also require Management to exercise judgement in applying the Company's accounting policies. Areas that imply major judgements and uncertainty or, where assumptions and estimates are significant to the financial statements are described further below.

**Laboral benefits:**

The present value of pension obligations depends on a number of assumptions that are determined on an actuarial basis using various assumptions. Any change to these assumptions would affect the recognized liability.

At the end of each fiscal year, the Company estimates the discount rate to determine the present value of estimated future cash flows to settle pension obligations, based on the interest rates of high-quality corporate bonds, denominated in the same currency than pension benefits and have approximate maturity terms. Other assumptions used to estimate pension obligations are based on current market conditions.

### Income taxes:

The Company is subject to the payment of income taxes. Significant judgments are required to recognize current and deferred income tax. There are some operations and calculations for which the exact determination of the tax is uncertain. The Company recognizes liability for those matters observed in tax audits that it considers likely to result in the determination of an additional tax to the one originally caused. When the final result of these processes is different from the estimated liability, the differences are recognized in the deferred and/or accrued income tax for the year.

### **Functional, recording and reporting currency**

The Company accounts for its operations and maintains its accounting books in Mexican pesos. However, the currency in which most of its operations are carried out and of its economic environment is the US Dollar (functional currency).

The financial statements are presented in Mexican pesos and have not been translated to the functional currency as they have been prepared for legal purposes and under requirement of the Company's Stockholders.

For purposes of disclosure, "pesos" or "Ps." Means Mexican pesos and "dollars" or "USD." means U.S. dollars.

### **Reclassifications**

Some amounts and financial statement line items for the year ended 2024 have been reclassified to make them comparable with those presented at year end 2025. Such reclassifications do not have any effect in the financial position and operating results presented in the financial statement to that date.

### **Authorization of the issued financial statements**

The financial statements for the year ended December 31, 2025 were authorized by the Manager and legal representative, George Chambers on March 27, 2026. These financial statements must be further approved by the stockholders in accordance with the General Corporate Law, this body is entitled to amend the financial statements after issuance.

### **Note 3. Adoption and changes in accounting policies**

#### **a) New standards and improvements adopted, beginning January 1, 2025**

Derived from the issuance of improvements by the Mexican Financial Reporting and Sustainability Standards Board, A. C. (MFRSB or CINIF by its acronym in Spanish) to some MFRS that become effective January 1, 2025, the Company made the following adoptions:

#### **Improvements to MFRS 2025**

##### **(i) MFRS A-1 Conceptual Framework for Financial Reporting Standards**

The disclosure of important accounting policies was included so that entities can make a more effective disclosure of them, in accordance with the concept of relative importance, which is necessary for users to understand the information on transactions and other events recognized or disclosed in the financial statements, considering not only the size of the transaction but also its nature.

The disclosure of accounting policies is more useful to the used when it included entity-specific information instead of only standardized information or information that duplicates or summarizes the content of the requirements of the MFRS.

The provisions of this improvement came into force as of January 1, 2025, allowing its early application for the year 2024. Provided that the entity has chosen to apply in advance the disclosures indicated in the MFRS according to the type of entity that corresponds to it. Any accounting changes arising should be recognized based on MFRS B-1 Accounting and Errors Corrections.

The adoption of this improvement had no effect on the financial statements of the Company.

**(ii) MFRS B-2 Statements of cash flows**

Derived from the needs of users of financial statements for additional information on supplier financing agreements, also known as reverse factoring, because they have difficulties in:

- a) Analyzing the total amount and conditions of an entity's debt, especially when the financial liabilities that form part of the agreements are classified as trade accounts and other accounts payable.
- b) Identifying the operating and financing cash flows that arise from the agreement, influencing the understanding of how the agreement affects an entity's cash flows and the associated financial ratios.
- c) Understand the effect that agreements have on an entity's exposure to liquidity risk, and.
- d) Compare the financial statement of an entity that uses this type of agreements with those of an entity that does not use them.

It is proposed to add general disclosure standards to provide information on supplier financing agreements that allow users of financial statements to understand this type of agreements and their effects on them.

The provisions of these improvements came into force as of January 1, 2025, allowing its early application for the year 2024, provided that the entity has chosen to apply in advance the disclosures indicated in the specific MFRS according to the type of entity that corresponds to it. The accounting changes that arise, if applicable, must be recognized based on MFRS B-1 "Accounting changes and error corrections."

The adoption of this improvement had no effect on the financial statements of the Company.

**(iii) MFRS B-3 Statements of Comprehensive Income, MFRS B-16 Financial Statements of Non-Profit Entities, MFRS C-3, Accounts Receivable.**

In order to maintain consistency with the requirements of MFRS D-1 "Income from Contracts with Customers, the requirements are introduced to present in the financial statements the income or sales of the period decreased by bonuses, discounts and returns of the period; that is, on a net basis; however, a disclosure of mentioned concepts in notes is permitted separately.

The above modifications impact the presentation requirements of MFRS B-3, MFRS B-6 and MFRS C-3 and came into effect as of January 1, 2025 allowing their early application for fiscal year 2024, provided that entity has chosen to apply in advance the disclosures indicated in the specific MFRS according to the type of entity that corresponds to it, any accounting changes that arise, if any, must be recognized based on MFRS B-1 "Accounting Changes and Error Corrections".

The adoption of this improvement had no effect on the financial statements of the Company.

#### **(iv) MFRS B-15 Foreign currency translation**

It was concluded that MFRS B-15 does not establish what an entity should do when on the date of translation of foreign currencies, it is determinate that a certain currency is not exchangeable, so it is suggested to include the applicable regulation, in convergence with the modification made to IAS 21, "Effects of Variations in Foreign Currency Exchanges Rates".

This improvement allows convergence between MFRS B-15 and IAS 21, this elimination this difference.

The provision of this improvement came into force as of January 1, 2025, allowing its early application for the year 2024, provided that the entity has chosen to apply in advance the disclosure indicated in the specific MFRS according to the type of entity that corresponds to it. The accounting changes that arise, if applicable, must be recognized based on MFRS B-1 "Accounting changes and error corrections".

The adoption of this improvement had no effect on the Company's financial statements.

#### **MFRS C-6, Property, Plant and equipment**

Various methods of depreciation of fixed assets are establishes, including the " special depreciation" method; however, currently, after several years of having issued this MFRS, it was concluded that mentioned method should not be considered properly a depreciation method, but only a practical way of applying any other of the methods is bases on using average depreciation rate on a group of unimportant assets, an entity may continue using these weighted determinations, provided that the concept of relative importance is taken into account. Additionally, the MFRS included a description of each of the depreciation methods.

The provision of this improvement came into force as of January 1, 2025, allowing its early application for the year 2024, provided that the entity has chosen to apply in advance the disclosure indicated in the specific MFRS according to the type of entity that corresponds to it. The accounting changes that arise, if applicable, must be recognized based on MFRS B-1 "Accounting changes and error corrections"

The adoption of this improvement had no effect on the financial statements of the Company.

#### **(v) MFRS C-19 Financial instruments payable**

##### Derecognition of financial liabilities

In line with the changes made to Internation Financial Reporting Standard (IFRS) 9 Financial instruments, certain requirements were added to derecognize a financial liability when payment is made in cash using an electronic payment system.

This improvement will take effect for fiscal years beginning on or after January 1, 2026; early application is permitted for fiscal year 2024 (and consequently 2025). Any resulting accounting changes must be recognized in accordance with MFRS B-1, Accounting Changes and Error Corrections.

Likewise, the following are included as part of the improvements to MFRS C-19.

### Disclosure of contingent events

In order to better understand the nature and scope of the risks arising from financial instruments with contingent clauses, for example ESG or thematic bonds, which are linked to the fulfillment of an environmental, social or governance objective, it was suggested that an entity disclose information that allows users of the financial statements to know the uncertainty of future cash flows, as an investor and/ or issuer of this type of instruments. The proposed disclosure requirements will be applicable only to EIP.

This improvement will take effect for fiscal years beginning on or after January 1, 2026; early application is permitted for fiscal year 2024 (and consequently 2025). Any resulting accounting changes must be recognized in accordance with MFRS B-1, Accounting Changes and Error Corrections.

The adoption of this improvement had no effect on the financial statements of the Company.

#### **(vi) MFRS C-20 Financial instruments to collect principal and interest**

The clarification of the treatment of an IFCPI was included when it has contractual clauses that could change the amount of the contractual cash flows depending on whether a contingent event occurs that is not directly related to changes on the risk and cost of cash flows as established by MFRS C-20 "Financial Instruments to Collect principal and interest".

This improvement will take effect for fiscal years beginning on or after January 1, 2026; early application is permitted for fiscal year 2024 (and consequently 2025). Any resulting accounting changes must be recognized in accordance with MFRS B-1, Accounting Changes and Error Corrections.

The adoption of this improvement had no effect on the financial statements of the Company.

#### **(vii) MFRS D-1 Revenue from Contracts with customers**

A modification was included to IFRS 17 Insurance Contracts, in which for the accounting recognition of contracts whose main purpose is the provision of services at a fixed payment and whose economic substance is similar to that of an insurance contract, and entity may choose to apply IFRS 15 revenue from ordinary Activities from contracts with Customer, instead of IFRS 17 if, and only if, the specific conditions are met.

For its part, the CINIF considers that an entity that applies MFRS, when issuing contracts that in economic substance are similar to an insurance contract, that is, a contract in which one of the parties (issuer of the contract) accepts a significant insurance risk from the other party (contract holder), agreeing to compensate the holder if an uncertain future event occurs (the insured event) that adversely affects the policyholder, must apply MFRS D-1 Revenue from contracts with clients, for its accounting recognition, eliminating in these case the option of applying MFRS 17 as a supplementary measure. For this reason, a modification to the scope of MFRS D-1 is suggested, as long as the condition specific in the regulation themselves are met.

The adoption of this improvement had no effect on the financial statements of the Company.

### **b) Amendments and improvements issued that are not yet in force**

CINIF issued new MFRS, and the document called "improvements to MFRS 2026, which contains specific modification to some existing MFRS. It is considered that these MFRS and improvements to the MFRS will not have a significant impact on the company's financial information.

## **New and changes to existing MFRS:**

### **MFRS A-2 Uncertainty about going concern**

This MFRS establishes that if during the development of an entity's activities events and conditions arise that generate uncertainties about its continuity, the entity must evaluate its presumption continuously and determine whether the appropriate basis for preparing its financial statements is as a going concern or not. Also considered are the valuation, presentation and disclosure standard applicable to the financial statements of an entity that:

i) is a going concern but has significant uncertainties about its status to continue as a going concern, ii) continues as going concern but is in a process of legal reorganization with the purposes of maintaining its status as a going concern; or iii) is not a going concern.

This MFRS comes into force for fiscal years beginning on or after January 1, 2026, allowing for early application.

### **MFRS B-1, Basis for the preparation of financial statements, currently MFRS B-1, Accounting changes and error corrections)**

MFRS B-1, Accounting changes and corrections of errors, issued by the CINIF came into force on January 1, 2006 with the purpose of strengthening the comparability of the financial information presented in the financial statements. To achieve this, it incorporated accounting treatments that required the retrospective application of the effects of both the accounting changes and the correction of errors, in order to reflect the financial information as if said events had not occurred. This allowed the financial information for all periods presented to be prepared on a uniform basis, facilitating trend analysis and improving the quality of financial information.

In December 2025, a new MFRS B-1, Basis for the preparation of financial statements, was promulgated, providing for its entry into force for entities whose fiscal years begin on or after January 1, 2028, with the proposal to allow its early application for January 1, 2027.

The update of MFRS B-1 responds to the convenience of maintaining its alignment with IFRS, in particular with International Accounting Standard 8 (IAS 8), Basis for the Preparation of Financial Statements, and with IFRS 18, Presentation and Disclosure in Financial Statements, which will come into force as of January 1, 2027.

The current MFRS B-1 focuses solely on the treatment of accounting changes and error corrections. As part of its modifications, its scope is expanded and its objective is redefined. Consequently, the standard becomes the particular MFRS that establishes the fundamental requirements for the preparation and presentation of financial statements, adopting the new name: "Basis for the preparation of financial statements."

The expansion of its scope incorporates the establishment of general standards applicable to the presentation of the financial statements, their content, their identification, their structure, compensation standards, periodicity and comparative information, as well as the basis for the preparation of the financial statements, including the fair presentation and the going concern hypothesis and disclosures in notes. Incorporated into this particular standard are some standards included in the Conceptual Framework that must be taken into account in the preparation of the financial statements.

In the case of corrections of errors, it is emphasized that the financial statements do not comply with MFRS if they contain intentional errors, regardless of their relative importance.

### **MFRS B-3 Statement of comprehensive income**

Considering the international changes in the presentation and disclosures of the statement of comprehensive income, specifically, those derived from the issuance of IFRS 18, Presentation of Disclosed Information in Financial Statements, by the International Accounting Standards Board (IASB) in April 2024 and in force as of the years beginning on January 1, 2027, the CINIF decided to develop a new MFRS B-3 to align it with IFRS 18 in everything applicable to entities that operate in the Mexican environment.

In December 2025, the CINIF promulgated a new MFRS B-3, Statement of Comprehensive Income, providing for its entry into force for entities whose fiscal years begin on or after January 1, 2028, with the proposal to allow its early application for January 1, 2027.

#### **(i) Basis for the preparation of the statement of comprehensive income**

It is established that, when preparing the statement of comprehensive income, in addition to applying this MFRS, an entity must comply with the provisions of MFRS B-1, Basis for the preparation of financial statements.

#### **(ii) Change in structure of the statement of comprehensive income**

A change is made to the structure of the statement of comprehensive income, because the income, costs and expenses must be presented in one of the five categories defined in this MFRS B-3:

- a) operation category;
- b) investment category;
- c) financing category;
- d) category of income taxes; and
- e) category of discontinued operations.

The new proposed structure highlights the incorporation of investment and financing categories, as well as the elimination of the current item called "Comprehensive Financing Result", which is no longer required because the items that compose it must be presented in the category of the item that gave rise to them; Consequently, some classification rules in each category change.

### **Improvements to MFRS 2026**

The modifications that generate accounting changes in valuation, presentation or disclosure in the financial statements of the entities are the following:

#### **(i) MFRS B-11 Disposal of long-lived assets and discontinued operations.**

##### *Cash flow statement.*

It specifies how to present the cash flow statements in a comparative manner when in the period there are effects derived from the disposal of long-lived assets and the discontinuation of operations, while it is mentioned that in the statement of financial position these effects must be presented prospectively and for the statement of comprehensive income retrospectively.

An entity must present in the statement of cash flows the net cash flows attributable to the disposal of long-lived assets and discontinued operations as follows:

- a) classified, as appropriate, into operating, investing and financing activities, if it is not chosen to disclose it in notes.
- b) prospectively; therefore, the cash flow statements of previous periods that are presented in a comparative manner with the financial statements of the period in which the decision was made to dispose of long-lived assets or to discontinue an operation should not be restated.

If an entity chooses not to present a breakdown of the effects of discontinued operations in the statement of comprehensive income, it must disclose information for the current period and for all prior periods that are presented comparatively with those of the current period, in order for the information to be disclosed for those periods refers to all operations that are discontinued before the end of the last period presented.

The provisions of this Improvement come into force as of January 1, 2026, allowing its early application for fiscal year 2025. The accounting changes that arise, if applicable, must be recognized based on MFRS B-1, Accounting changes and error corrections.

## **(ii) MFRS C-10, Derivative financial instruments and hedging relationships**

### **1. Contracts of goods for own use**

MFRS C-10 indicates that an entity may have a contract to buy or sell a non-financial item that can be settled for its net amount without taking possession of the item, which qualifies as a derivative financial instrument (DFI), but if the contract was entered into to acquire, deliver or use the item (contract for own-use goods), it is mentioned that there is no DFI; however, the standard is modified to consider these contracts as DFI in cases in which the entity, in its initial valuation, irrevocably designates them as valued at fair value through profit or loss to avoid an accounting asymmetry. This modification aligns MFRS C-10 with IFRS 9, Financial Instruments.

### **2. Qualifying hedging instruments**

MFRS C-10 indicates that only financial instruments (FI) contracted with third parties independent of the reporting entity (whether to the consolidated group or the individual entity) can qualify as hedging instruments. In this regard, although it is understood that based on the financial statement consolidation standards, FIs contracted with entities belonging to the same economic entity must be eliminated in the consolidated financial statements, it is specified that said FIs could be considered as qualifying hedging instruments in the individual financial statements of the contracting entities.

Only financial instruments contracted with third parties external to the reporting entity, (whether to the consolidated group or the individual entity) can qualify as hedging instruments, for hedge accounting purposes. Disclosures about hedging relationships must include, at a minimum, a description of:

- a) the item covered, the nature of the risk covered, and how the hedging instruments are used to cover the risk exposures and, if applicable, the mention that they were entered into with related gear;
- b) how the economic relationship of the hedged item and the hedging instrument is identified, to evaluate its effectiveness and
- c) how the coverage ratio is established and what are the causes of ineffectiveness.

The provisions of this Improvement come into force as of January 1, 2026, allowing its early application for fiscal year 2025. The accounting changes that arise, if applicable, must be recognized based on MFRS B-1, Accounting changes and error corrections.

#### **4. Significant accounting policies**

The most significant accounting policies are summarized below, which have been consistently applied in the years presented, unless otherwise specified.

##### **a) Foreign currency transactions and operations**

Foreign currency transactions are recorded using the exchange rate at the transaction date. Exchange differences resulting from the settlement of such transactions and/or from remeasurement of foreign currency denominated balances using the exchange rate at the reporting date, are recognized in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies are measured at the exchange rate of the transaction date (historical cost).

##### **b) Recognition of inflation in the financial information**

In accordance with MFRS B-10, effective January 1, 2008, the effects of inflation in the financial information ceased to be recognized.

Inflation for the years 2025 and 2024, determined through the National Consumer Price Index (INPC, *for its Spanish acronym*) was 3.69% and 4.21%; respectively; Accumulated inflation for the immediate three years (not considering base year) before 2025 and 2024 was 17.60%; and 21.14%; respectively; Accumulated inflation for the last three years (considering base year) to end 2025 and 2024 is 13.10% and 17.60%; respectively levels which, pursuant to MFRS, correspond to a non-inflationary environment for the reporting years and the next one.

The financial statements as of December 31, 2025 and 2024 are prepared under historical cost basis. Pursuant to MFRS B-10, the Company does not recognize the effects of inflation in the financial information as it operates in a non-inflationary economic environment since its incorporation and commencement of its operations.

##### **c) Presentation of the statement of comprehensive income**

The Company chose to present the statements of comprehensive income in a single statement, allocating separate operating results from ongoing operations and other comprehensive income for the reporting years. Costs and expenses are presented based on their function as such classification allows for appropriately assessing gross profit and operating margins.

##### **d) Statements of cash flows**

Statements of cash flows have been prepared under the indirect method, presenting cash flows from operating activities beginning by pre-tax net income, and reconciled with non-cash flows items arising from investing and financing activities; then followed by working capital changes, cash flows from investing activities and those from financing activities.

#### **e) Revenue from contracts with customers**

The Company's revenue is manufacturing, design and commercialization of all kinds of harness, cables, as well as all kind of products and components for the automotive industry.

To recognize revenue, the Company follows the five-step model:

- Identifying the contract with the customer.
- Identifying the performance obligations.
- Determining the transaction price.
- Allocating the transaction price to each performance obligation, and
- Recognizing revenue when each performance obligation is satisfied.

The Company applies this model for each contract or combination of contracts with customers.

Revenue is recognized at the transaction price, being the expected right of consideration in exchange to transfer the promised good to the customer adjusted by any variable payment or any rebate promised to the customer.

#### **Sales revenue**

Revenue from sales of wirings for the automotive industry is recognized when control of the product/good is transferred, which occurs when the product is shipped, control is transferred upon shipment, including risks of loss, damage, or other contingencies to the client. Trade receivable is accounted for at shipment, satisfying the performance obligation at a point in time, and consideration becomes unconditional as only the passage of time is required before the payment is due. Sales do not involve variable payments, financing or other relevant arrangements that affect the transaction price.

The company recognizes liability as advances from customers for partial consideration received on unsatisfied performance obligations, represented by goods or products in the manufacturing process. If the upfront payment from the customer is contractually due, and unpaid, the Company recognizes a trade receivable and a contract liability.

The Company contractually agrees the right of return to its customers, offering different terms to execute returns. In these cases, recognized revenue is adjusted by return estimates that are determined based on the Company's history and experience and under the expected value method. Consequently, a contractual asset and liability are recognized for the right of returned products/goods and the reduced consideration to collect, respectively.

#### **f) Cash and cash equivalents**

Cash and cash equivalents are primarily represented by petty cash, bank and time deposits, and highly liquid short-term investments with maturities of 90 days or less, with slight risk of changes in value. Cash is presented at nominal value and investments at fair value; changes in value of this caption are recognized in the comprehensive financial result (CFR). (See Note 6).

#### **g) Trade receivables**

Trade receivables, including related parties, are initially recognized at the transaction price and subsequently measured at unconditional consideration amounts, less any expected loss. Long-term receivables are initially recognized at fair value plus transaction costs (if any) and subsequently measured at amortized cost, less any expected loss.

Trade accounts receivables represent amounts due from customers and are generated by sales of goods or services provided in the normal course of company's operation. When collectability is expected in a period of one year or less from the closing date, they are presented as current assets. If the above is not complied with, they are presented as non-current assets.

Trade receivables are initially recognized at the transaction price and subsequently measured at unconditional consideration amounts, less any expected loss.

Long-term receivables are classified, in stages, as i) those that do not show a significant increase in credit risk, ii) those that have shown such an increase, and iii) those that have suffered a detrimental impact on their future cash flows. For each stage, the probability of default (PD) and the expected loss severity (LS) are determined. Based on the PD and LS, the recoverable amount of the credit risk portfolio is determined by valuing the cash flows estimated to be recovered at their present value, with the original effective interest rate. The recoverable amount, compared with the gross value of the receivable, represents the accumulated amount of ECL (Expected Credit Loss).

To recognize any impairment, the Company uses a simplified matrix approach to determine expected credit losses (ECL) for the lifetime of the receivable. To measure ECL, accounts receivable is grouped based on common credit risk characteristics and/or different patterns of non-performance losses. Estimated rates (percentages) are applied based on default periods and are increased as default periods become longer.

#### **h) Inventories**

Inventories are measured at the lower cost or net realization value. Inventory cost includes: incurred costs from acquisition (import duties, freight, warehousing, handling, insurance) to put them in place and actual conditions. The Company uses standard costs to determine the cost of some of its inventory items which are calculated based on normal usage levels and which are periodically reviewed.

The allocation formula for inventory pricing by units is the weighted average cost first-in, first-out cost, identified cost. Costs of finished goods and in-process inventory include raw material, direct labor and overhead costs based on the normal estimated operating capacity of the Company.

Net realization value comprises the estimated selling price in the normal course of operations, less incremental estimated selling or disposal costs. Net realization value is also determined or adjusted when the Company identifies impairment conditions and then, the carrying value will not be recoverable either because of obsolescence, lower market prices, damage or unwithdrawn sale commitments at a lower price. (See Note 7)

#### **i) Prepaid expenses**

Prepaid expenses mainly comprise insurance and other upfront payments to service suppliers) for which the benefit or inherent risk for the goods or services acquired are not yet transferred to the Company. They are recognized at the amounts paid; when receiving the goods or service they are transferred to an asset or expense based on which the payment was intended. Prepayments in foreign currency are recognized at the exchange rate of the transaction date and are not subject to remeasurement due to foreign exchange fluctuation.

#### **j) Property, plant, and equipment**

Property, plant and equipment are initially recognized at their acquisition or construction cost. Acquisition cost includes all purchasing or construction costs incurred until the date in which they are in use conditions, as well as any subsequent cost to enhance their potential service. If an item of machinery and equipment is made up of various components with different estimated useful lives, the important individual components are depreciated over their individual useful lives. Repair and maintenance cost are recognized in the income statement as incurred.

The depreciation of property, plant and equipment is determined on the value resulting from the acquisition cost less the residual value of the property, plant and equipment, using the straight-line method (as it is considered by the company management that such method is the one that best reflects the use of such assets) and based on its estimated useful life.

Depreciation is calculated upon the value of the assets, using the straight-line method and based on their estimated useful lives (see Note 9), which are annually reviewed considering their residual value.

|                           | <u>Annual rate</u> |
|---------------------------|--------------------|
| Building                  | 5%                 |
| Machinery and equipment   | 10%                |
| Computer equipment        | 30%                |
| Transportation equipment  | 25%                |
| Office furniture          | 5%                 |
| Office equipment          | 10%                |
| Tools (factory equipment) | 35%                |

When these assets are comprised in various components with different estimated useful lives, material individual components are depreciated during their individual useful lives. Maintenance costs and repair costs are charged to profit or loss as incurred.

When there is a substantial period of construction or installation of property, plant and equipment, the accrued comprehensive financial result is capitalized to the qualifying assets.

The Company periodically assesses net carrying values, useful lives, and depreciation methods. Where appropriate, the effect of any change in accounting estimates is recognized prospectively at year end.

When the Company incurs major inspections or maintenance costs, the cost is recognized in the carrying value of the corresponding asset as a replacement, provided that all recognition requirements are met. The remaining portion of any major repairs or maintenance previously recognized must be cancelled. The Company subsequently depreciates the recognized cost based on the estimated useful life.

Improvements to leased facilities are accounted for at their acquisition cost and amortized during the lease term.

The value of property, plant and equipment is reviewed when there are indications of impairment in the book value. When the recovery value, which is the greater of the selling price and the use value (which is the present value of future cash flows) is less than the net book value, the difference is recognized as an impairment loss.

The impairment loss is reversed when the circumstances that previously gave rise such loss no longer exist and there is clear evidence of an increase in the net book value of the impairment property, plant, and equipment. The amount of the impairment loss is reversed, reducing the depreciation of the period in which the review occurs.

As of December 2025, and 2024, there are no indications of impairment.

#### **k) Leases**

The Company accounts for a right-to-use asset arising from lease agreements entered into as a lessee. Its cost comprises the initial measurement of the lease liability, any initial direct costs incurred, an estimate of any cost of dismantling the asset at the end of the lease contract, and any lease payments made prior to the official lease commencement date (net of any incentives received).

Right of use assets are depreciated using the straight-line method from the lease initial date to the earlier of the asset's end of its useful life or to the end of the lease term. In the case of leased assets of low value, which the Company has determined so to those not exceeding USD5,000, or lease agreements of less than one year-term, lease payments are accounted for in profit or loss as accrued. The Company also assesses the right-of-use asset for impairment when such indicators exist.

The liability is measured at the present value of the future payments at the beginning of the lease, discounted at an interest rate implied in the lease, if that rate is easily determinable, the Company's incremental financing rate or a free risk rate. After the initial measurement, the liability will be reduced by the payments made and increased by the interest. The liability is re-measured to reflect any revaluation or modification, or if there is a change in payments that are essentially fixed. The measurement adjustment affects the right of use asset or affects income if the asset has already been reduced to zero.

As of December 31, 2025 and 2024, the Company did not have underlying assets that would serve as the basis for the recognition of leases under MFRS D-5.

### **I) Financial liabilities**

The Company's financial liabilities include suppliers and other accounts payable.

Financial liabilities are initially measured at fair value and, when applicable, adjusted for transaction costs, unless the Company has designated the financial liability in its initial recognition at fair value through profit or loss (FVTPL).

Subsequently, financial liabilities are measured at amortized cost using the effective interest method, except for derivatives and financial liabilities originally designated at FVTPL.

All interest-related charges and, if applicable, changes in the fair value of an instrument are recognized in profit or loss and included within the comprehensive financing result.

Derivative financial instruments may be contracted for trading purposes or to hedge risk on adverse movements in fair value, cash flows, or on a net investment in a foreign operation. Derivative financial instruments are accounted for at fair value through profit or loss (FVTPL), except for derivatives designated as hedging instruments in cash flow hedge relationships, which require specific accounting treatment.

The Company has designated certain foreign currency futures contracts as hedging instruments in cash flow hedge relationships. These contracts have been entered into to mitigate the risk of foreign currency exchange rate changes in relation to certain highly probable foreign currency-denominated sales transactions and meet the following requirements:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- The hedge ratio is the same as that resulting from the amount of the hedged item that the Company actually hedges and the amount of the hedging instrument that the Company actually uses to hedge that amount of the hedged item.

These hedges are initially recognized, and subsequently measured, at fair value in the statement of financial position.

To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments are recognized in other comprehensive income and included within an equity reserve. Any ineffectiveness in the hedge relationship is immediately recognized in profit or loss.

If a forecasted transaction is no longer expected to occur, any related gain or loss recognized in other comprehensive income is reclassified to profit or loss. If the hedge relationship ceases to meet the conditions for effectiveness, hedge accounting is discontinued, and the related gain or loss is retained in the equity reserve until the forecasted transaction occurs.

## **m) Derivative financial instruments and hedge accounting**

### **Initial recognition and subsequent measurement**

The Company uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment.
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the derivative financial instrument, the hedged item, the nature of the risk being hedged and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for as described below.

### **Fair value hedges**

The change in the fair value of a hedging instrument is recognized in the statement of comprehensive income as other expense. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in profit or loss as other expense.

For fair value hedges relating to items carried at amortized cost, any adjustment to carrying value is amortized through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortization may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognized, the unamortized fair value is recognized immediately in profit or loss.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in profit or loss.

### **Cash flow hedges**

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments.

The Company designates only the spot element of forward contracts as a hedging instrument. The forward element is recognized in OCI and accumulated in a separate component of equity under cost of hedging reserve.

The amounts accumulated in OCI are accounted for depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability.

This is not a reclassification adjustment and will not be recognized in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction.

### **n) Provisions and contingent liabilities**

Provisions are recognized when (i) there is a present obligation (legal or assumed) because of a past event, (ii) there is a likely need for outflow of economic resources, and (iii) amounts can be estimated reliably.

Contingent liabilities are only recognized when the outflow of economic resources for their settlement is probable and there are reasonable bases for its quantification. Likewise, commitments are recognized only when a loss is known.

## **o) Employees' benefits**

### Direct benefits

Obligations for short-term employee direct benefits such as salaries, profit sharing, year-end bonus, paid vacation, illness leave are recognized as expenses in the year the employees are entitled for the benefits.

### Seniority premium and indemnifications

The Federal Labor Law in México sets forth payment of seniority premium to personnel being employed for 15 or more years, as well as indemnifications for voluntary or involuntary termination, which are mandatory at the time the labor relationship ceases for termination or retirement. These benefits are determined based on actuarial appraisals considering personnel years of service to cover defined benefit obligations (DBO) in a long-term liability. (See Note 10).

Adjustments to DBO arising from actuarial gains or losses are recognized in OCI and then reclassified to profit or loss based on the remaining average labor life. Costs of unaccrued past services, less fair value of plan assets (if any) are recognized in profit or loss. Any asset arising from this calculation is limited to unrecognized actuarial losses and the cost of past services, plus the present value of future reimbursements and reduced future contributions to the plan.

## **p) Statutory Employees' profit sharing (SEPS)**

Current SEPS is recognized in profit or loss for the year in which is deemed payable and is allocated in its belonging expense item within the statement of comprehensive income.

Effective January 1, 2022, SEPS is initially calculated based on taxable income as provided in Section II of Article 10 of the Income Tax Law (tax mechanism). As a result of the Reform to Federal Labor Law (LFT for its Spanish acronym) released on April 23, 2021 (see Note 11), the mechanism to determine SEPS payable considers a maximum amount; this is compared to SEPS calculated under the tax mechanism to determine current SEPS of the year.

Deferred SEPS is determined from temporary differences arising from comparing books against tax values of assets and liabilities. The rate is determined based upon the current SEPS as described in the preceding paragraph, either the tax rate, or that which is determined by the Company pursuant to the maximum amount payable as set forth in the LFT. Deferred SEPS asset is recognized only if it is probable that will be recoverable in the future.

## **p) Comprehensive income**

Comprehensive income represents the increase or decrease in earned capital from net profit or loss for the year, components of other comprehensive income (OCI). OCI consists of income, cost and expense items recognized in equity that are expected to be realized in the long term and whose amounts may change due to changes in the fair value of the assets and liabilities that gave rise to them, making their realization uncertain. OCI includes gains and losses on hedging derivatives and net defined benefit obligation remeasurement gains and losses.

## **q) Income taxes**

Income tax expense is comprised by the current and deferred income tax of the year. The current income tax of the year is presented as a short-term liability, net of any prepayment made during the same year.

Deferred income tax is determined based on temporary differences arising from comparing book against tax values of assets and liabilities using the expected tax rate will be in force in the year the asset would be realized, or the liability would be settled.

A deferred tax asset is recognized for temporary deductible differences, including the benefit of tax loss carryforwards and other tax credits, only if it is probable that future taxable income will be available to utilize those temporary differences or losses. The carrying amount of the asset is reviewed at the reporting date and is reduced to the extent it is unlikely to have sufficient tax benefits available to which the asset can be realized. Accordingly, any deferred tax asset allowance previously created is reversed otherwise.

Deferred income tax of applicable items recognized aside of profit or loss are associated to the underlying transaction, and therefore, recognized in OCI. (See Note 12).

**r) Stockholder’s equity**

The stockholder’s equity and the retained earnings, are expressed as of historical cost.

**s) Other comprehensive income (OCI)**

The Company recognizes in other comprehensive income (OCI) those items that will be reclassified to profit or loss in the future when realized. The Company has accounted for in OCI the result of defined benefit plan adjustments, fair value reassessments, and the effect of deferred taxes being applied directly to equity.

**Uncertain tax treatments**

The Company assesses every year the uncertainty over tax treatments in connection with income tax, considering any new positions taken by the tax authority and/or tax amendments during the year that can affect those tax treatments adopted by the Company in prior years.

For those uncertain treatments where Management may conclude are not probable that the tax authority will accept them, Management uses the “most likely amount” method to estimate income tax determinations.

**5. Foreign currency position**

On December 31, 2025 and 2024, the Company had monetary assets and liabilities denominated in American dollars (USD), as follows:

|                    | December 31,   |                |
|--------------------|----------------|----------------|
|                    | 2025           | 2024           |
| Assets             | USD. 6,373,481 | USD. 3,912,462 |
| Liabilities        | (1,123,024)    | (1,836,925)    |
| Net short position | USD. 5,250,457 | USD. 2,075,537 |

The exchange rates used to restate the above amounts to Mexican pesos were Ps.17.97 and Ps.20.26 per U.S. Dollar as of December 31, 2025, and 2024; respectively. At the date of issuance of the financial statements, the exchange rate has not changed significantly.

As of December 31, 2025, and 2024, the Company held no hedge contract to protect against foreign exchange risk.

Following there is a summary of the main transaction carried out by the Company (excluding acquisition or sale of plant and equipment for its own use), together with interest and expenses USD:

|                         | December 31,           |                        |
|-------------------------|------------------------|------------------------|
|                         | 2025                   | 2024                   |
| Sales                   | USD. 27,173,050        | USD. 32,180,565        |
| Purchase of merchandise | (10,634,452)           | (11,092,746)           |
| Other expenses          | -                      | -                      |
|                         | <u>USD. 16,538,598</u> | <u>USD. 21,087,819</u> |

## 6. Cash and cash equivalents

As of December 31, 2025 and 2024, cash and cash equivalents are comprised as follows:

|                                   | December 31,          |                       |
|-----------------------------------|-----------------------|-----------------------|
|                                   | 2025                  | 2024                  |
| Petty cash                        | Ps. 57,012            | Ps. 41,166            |
| Bank accounts in local currency   | 2,598,361             | 5,648,927             |
| Bank accounts in foreign currency | 65,178,044            | 37,575,039            |
|                                   | <u>Ps. 67,833,417</u> | <u>Ps. 43,265,132</u> |

## 7. Inventories

As of December 31, 2025 and 2024, inventories are analyzed as follows:

|                                     | December 31,          |                        |
|-------------------------------------|-----------------------|------------------------|
|                                     | 2025                  | 2024                   |
| Raw material                        | Ps. 83,703,888        | Ps. 85,060,543         |
| Production in process at cost       | 6,249,466             | 7,543,125              |
| Finished goods                      | 12,473,958            | 19,098,273             |
|                                     | <u>102,427,312</u>    | <u>111,701,941</u>     |
| Net realizable value reserve        | (423,513)             | (2,394,446)            |
| Allowances for obsolete inventories | (13,072,134)          | (8,931,245)            |
|                                     | <u>(13,495,647)</u>   | <u>(11,325,691)</u>    |
| Goods in transit                    | 8,983,788             | 17,129,020             |
|                                     | <u>Ps. 97,915,453</u> | <u>Ps. 117,505,270</u> |

## 8. Related parties

As mentioned in Note 1, the Company is a subsidiary of MSSL (S) Pte Ltd, which in turn is a subsidiary of Samvardhana Motherson International Limited (formerly known as Motherson Sumi Systems Limited) with which it has a business relationship.

Balances with related parties as of December 31, 2025 and 2024 are comprised as follows:

| <b>Receivables</b>                                   | December 31,          |                       |
|--|-----------------------|-----------------------|
|  | 2025                  | 2024                  |
| SMR Automotive Systems USA, Inc.                     | Ps. 20,636,264        | Ps. 46,713,321        |
| SMR Automotive Vision Systems México, S. A. de C. V. | 6,470,877             | 14,947,711            |
| SMP Automotive Alabama                               | 1,121,670             | 2,186,418             |
| Motherson Sumi Systems, Ltd.                         | 119,524               | 120,747               |
| Pk Cables Do Brasil Industria E Comercio Ltda        | 36,349                | -                     |
| SMR Automotive Brazil, Ltd.                          | 22,765                | 29,277                |
| MSSL WH System (Thailand) Co. LTD.                   | 195                   | 292,963               |
| MSSL Mideast (FZE), Ireland                          | 14                    | 2,528,610             |
| Samvardhana Motherson International Limited          | -                     | 170,984               |
| Other related parties                                | 18,779                | 102,152               |
|  | <u>Ps. 28,426,437</u> | <u>Ps. 67,092,183</u> |

| <b>Payables</b>                                  | December 31,          |                       |
|--|-----------------------|-----------------------|
|  | 2025                  | 2024                  |
| MSSL Mideast (FZE) Unit-1                        | Ps. 6,999,023         | Ps. 4,123,128         |
| Samvardhana Motherson International Limited      | 4,091,385             | 9,186,475             |
| MSSL GB Ltd (EUR)                                | 1,131,370             | 822,689               |
| Motherson Sumi Electric Wires (Noida)            | 919,941               | 286,254               |
| Motherson Technology Services Limited            | 254,858               | 159,355               |
| MSSL Wiring System, Inc.                         | 155,682               | 170,476               |
| AEES INC.  | 108,499               | -                     |
| SMR Automotive Systems USA Inc                   | 32,741                | 32,458                |
| SMR AMT Hungary BT.                              | 14,464                | 41,261                |
| Samvardhana Motherson International Limited MSAP | -                     | 164,221               |
| PKC Group Poland Sp. z o.o.                      | -                     | 2,385                 |
| Other related parties                            | 11,372                | 7,198                 |
|  | <u>Ps. 13,719,335</u> | <u>Ps. 14,995,900</u> |

During the years ended as of December 31, 2025 and 2024, the Company carried out the following transactions with relates parties:

|  | Years ended<br>December 31, |                        |
|--|-----------------------------|------------------------|
|  | 2025                        | 2024                   |
| <b>Income:</b>                               |                             |                        |
| Sales of finished goods                      | Ps. 396,963,179             | Ps. 474,607,844        |
| Sales of acquired inventory for distribution | 9,659,495                   | 1,548,729              |
| Reimbursement incomes                        | 96,024                      | 97,243                 |
| Other income                                 | 6,104,776                   | 649,619                |
|  | <u>Ps. 412,823,474</u>      | <u>Ps. 476,903,435</u> |

|   | Years ended<br>December 31, |                       |
|---|-----------------------------|-----------------------|
|   | 2025                        | 2024                  |
| <b>Cost of sale and expenses:</b>           |                             |                       |
| Raw material purchases                      | Ps. 94,942,912              | Ps. 55,397,368        |
| Purchases in-transit                        | 7,806,408                   | -                     |
| Management services                         | 5,599,309                   | 5,556,110             |
| Others (principally reimbursement expenses) | 5,018,890                   | 5,668,287             |
|   | <u>Ps. 113,367,519</u>      | <u>Ps. 66,621,765</u> |

## 9. Property, plant and equipment

a) Property, plant and equipment as of December 31, 2025 and 2024 was comprised as follows:

|   | December 31,          |                       | Depreciation<br>rate |
|---|-----------------------|-----------------------|----------------------|
|   | 2025                  | 2024                  |                      |
| Building                                  | Ps. 28,668,416        | Ps. 28,668,416        | 5%                   |
| Machinery and equipment                   | 27,336,758            | 24,731,424            | 10%                  |
| Computer equipment                        | 4,767,812             | 4,400,154             | 30%                  |
| Transportation equipment                  | 2,865,380             | 2,865,380             | 25%                  |
| Office furniture                          | 2,895,469             | 2,895,469             | 5%                   |
| Office equipment                          | 548,227               | 548,227               | 10%                  |
| Tools (factory equipment)                 | 1,916,930             | 1,916,930             | 35%                  |
|   | <u>68,998,992</u>     | <u>66,026,000</u>     |                      |
| Accumulated depreciation and amortization | <u>(49,508,921)</u>   | <u>(45,885,714)</u>   |                      |
|   | <u>19,490,071</u>     | <u>20,140,286</u>     |                      |
| Components not subject to depreciation:   |                       |                       |                      |
| Land                                      | 7,342,588             | 7,342,588             |                      |
| Construction in process                   | 3,403,857             | 3,916,588             |                      |
|   | <u>10,746,445</u>     | <u>11,259,176</u>     |                      |
|   | <u>Ps. 30,236,516</u> | <u>Ps. 31,399,462</u> |                      |

Depreciation expense for the years ended 31 December 2025 and 2024 was Ps.3,623,207 and Ps.3,477,938; respectively, which was recognized in profit and loss as part of cost of sales and operating expenses.

## 10. Employees' benefits

As of December 31, 2025 and 2024 no contributions were made to a bank fund for the payment of benefits.

The Company recognized an amount of obligations of benefits to the Employees' as follows:

a. Balances of the present value of Obligations for Defined Benefit (OBD), Plan Assets (PA) and the Net Projected Assets / Liabilities (A / PNP by its Spanish Acronym) for the 2025 and 2024 fiscal year is shown as follow:

### a. Obligations for defined benefits OBD

|                        | Indemnities   |               | Seniority premium |               | Total          |                |
|------------------------|---------------|---------------|-------------------|---------------|----------------|----------------|
|                        | December 31,  |               | December 31,      |               | December 31,   |                |
|                        | 2025          | 2024          | 2025              | 2024          | 2025           | 2024           |
| Opening balance        | Ps. 7,349,148 | Ps. 6,929,575 | Ps. 4,443,566     | Ps. 3,627,370 | Ps. 11,792,714 | Ps. 10,556,945 |
| Net cost of the period | 1,886,869     | 2,166,285     | 1,359,864         | 1,169,299     | 3,246,733      | 3,335,584      |
| OCI                    | (1,850,935)   | (1,746,712)   | (2,247,717)       | (353,103)     | (4,098,652)    | (2,099,815)    |
| Closing balance        | Ps. 7,385,082 | Ps. 7,349,148 | Ps. 3,555,713     | Ps. 4,443,566 | Ps. 10,940,795 | Ps. 11,792,714 |

### b. Period Net Cost (CNP by its Spanish acronym)

An analysis of the CNP by plan type is presented as follows:

| CNP                               | Indemnities   |               | Seniority premium |               | Total         |               |
|-----------------------------------|---------------|---------------|-------------------|---------------|---------------|---------------|
|                                   | December 31,  |               | December 31,      |               | December 31,  |               |
|                                   | 2025          | 2024          | 2025              | 2024          | 2025          | 2024          |
| Labor cost of the current service | Ps. 2,858,258 | Ps. 2,761,805 | Ps. 852,768       | Ps. 755,014   | Ps. 3,711,026 | Ps. 3,516,819 |
| Financial cost                    | 725,629       | 608,898       | 484,440           | 352,395       | 1,210,069     | 961,293       |
| Actuarial loss (gain)             | 48,105        | 242,184       | 22,656            | 61,890        | 70,761        | 304,074       |
| Reduction anticipated indemnities | (1,745,123)   | (1,446,602)   | -                 | -             | (1,745,123)   | (1,446,602)   |
|                                   | Ps. 1,886,869 | Ps. 2,166,285 | Ps. 1,359,864     | Ps. 1,169,299 | Ps. 3,246,733 | Ps. 3,335,884 |

Analysis of remeasurements of net defined benefit liability /(asset) recognized in OCI:

|                                       | Indemnities  |               | Seniority premium |             | Total        |               |
|---------------------------------------|--------------|---------------|-------------------|-------------|--------------|---------------|
|                                       | December 31, |               | December 31,      |             | December 31, |               |
|                                       | 2025         | 2024          | 2025              | 2024        | 2025         | 2024          |
| Opening balance                       | Ps. 432,946  | Ps. 2,179,658 | Ps. 203,907       | Ps. 557,010 | Ps. 636,853  | Ps. 2,736,668 |
| Net actuarial earning or loss         | (1,802,830)  | (1,504,528)   | (2,225,061)       | (291,213)   | (4,027,891)  | (1,795,741)   |
| Actuarial loss (gain) recycled to P&L | (48,105)     | (242,184)     | (22,656)          | (61,890)    | (70,761)     | (304,074)     |
| Closing balance                       | (1,417,989)  | 432,946       | (2,043,810)       | 203,907     | (3,461,799)  | 636,853       |

c. Main actuarial assumptions

The main actuarial assumptions used, expressed in absolute terms, as well as the discount rates, return on plan assets, salary increase and changes in the indices or other variables, referred to December 31, 2025 and 2024, are shown below:

| <u>Demographic:</u>              | 2025   | 2024  |
|----------------------------------|--------|-------|
| <u>Financial:</u>                |        |       |
| Discount rate                    | 11.00% | 9.80% |
| Legal minimum salary increases   | 7.00%  | 5.00% |
| Expected rate of salary increase | 5.80%  | 5.80% |

**11. Statutory employees' profit sharing (SEPS)**

Under the tax mechanism in force, SEPS is determined by applying a 10% rate to the taxable income, reconciled by inflation adjustment, inflation effects on depreciation, payments of SEPS during the year, and amounts of other non-deductible benefits to employees. However, pursuant the mechanism to determine SEPS payable in accordance with the Reform to Federal Labor Law (FLL), effective year 2024, the Company has determined a SEPS payable in the year, computing the equivalent of three-month period of salary or the average of SEPS paid in the immediate three years before, for each employee; resulting in a lower amount to that determined under the described tax mechanism and, represents the Company's current SEPS for that year (no taxable base for SEPS was generated during 2025 fiscal year).

- a) As of December 31, 2025 and 2024, statutory the employees' profit-sharing provision recognized in the statements of comprehensive income as follows:

|                                     | December 31          |                      |
|-------------------------------------|----------------------|----------------------|
|                                     | 2025                 | 2024                 |
| Statutory employees' profit sharing | Ps. -                | Ps. 3,673,847        |
| Deferred employee profit sharing    | (392,519)            | 881,603              |
|                                     | <u>Ps. (392,519)</u> | <u>Ps. 4,555,450</u> |

b) The main temporary difference on which the deferred Employees' profit sharing was recognized is analyzed as follows:

|  | Year ended<br>December 31 |                      |
|--|---------------------------|----------------------|
|  | 2025                      | 2024                 |
| Deferred SEPS assets:                        |                           |                      |
| Property, plant and equipment - Net          | Ps. 9,487,828             | Ps. 10,780,280       |
| Allowance for obsolete inventories           | 13,495,647                | 11,325,691           |
| Provisions                                   | 33,233,111                | 25,790,725           |
| Retirement benefits and termination benefits | 10,940,795                | 11,792,714           |
| Financial Instruments                        | -                         | 12,280,580           |
|  | <u>67,157,381</u>         | <u>71,969,990</u>    |
| Deferred SEPS liabilities                    |                           |                      |
| Advanced expenses                            | (871,871)                 | (745,685)            |
| Financial Instruments                        | (1,547,405)               | -                    |
|  | <u>(2,419,276)</u>        | <u>(745,685)</u>     |
|  | 64,738,105                | 71,224,305           |
| SEPS rate                                    | 10%                       | 10%                  |
|  | <u>Ps. 6,473,810</u>      | <u>Ps. 7,122,431</u> |

## 12. Income tax

In 2025, the Company determined a tax loss of Ps 1,132,844 (tax profit of Ps. 48,077,916 in 2024) for the years ended December 31, 2025 and 2024 the tax rate was 30%.

The tax result differs from the accounting result, mainly in such items cumulative by the time and deducted differently for accounting and tax purposes, by the recognition of the inflation effects for tax purposes, as well such items only affecting either the accounting or tax result.

a. The income tax provision is analyzed as follows:

|                     | Years ended<br>December 31 |                       |
|---------------------|----------------------------|-----------------------|
|                     | 2025                       | 2024                  |
| Current income tax  | Ps. -                      | Ps. 14,423,375        |
| Deferred income tax | (533,298)                  | (3,197,694)           |
|                     | <u>Ps. (533,298)</u>       | <u>Ps. 11,225,681</u> |

b. The effective rate and statutory rate reconciliation as of December 31, 2025 and 2024 is as follows:

|                                 | Year ended<br>December 31, |                |
|---------------------------------|----------------------------|----------------|
|                                 | 2025                       | 2024           |
| (Loss) profit for income tax    | Ps. (3,919,449)            | Ps. 26,959,140 |
| Tax rate                        | 30%                        | 30%            |
| Income tax at legal rate        | (1,175,835)                | 8,087,742      |
| Plus (less) the following items |                            |                |
| Annual inflation adjustment     | (1,041,315)                | (908,790)      |
| Non-deductible                  | 3,417,633                  | 3,525,190      |
| Update of tax credit balances   | (80,297)                   | -              |
| Other permanent items           | (1,653,484)                | 521,539        |
| Total income tax                | Ps. (533,298)              | Ps. 11,225,681 |
| Effective income tax rate       | 14%                        | 42%            |

c. As of December 31, 2025 and 2024, the main temporary differences on which that deferred income tax was recognized as follows:

|  | Year ended<br>December 31 |                |
|--|---------------------------|----------------|
|  | 2025                      | 2024           |
| Deferred tax assets:                         |                           |                |
| Property plant and equipment – Net           | Ps. 9,487,828             | Ps. 10,780,280 |
| Allowance for obsolete inventories           | 13,495,647                | 11,325,691     |
| Current employee profit sharing              | 326,857                   | 3,834,213      |
| Provisions                                   | 33,233,112                | 25,790,725     |
| Retirement benefits and termination benefits | 10,940,795                | 11,792,714     |
| Tax loss                                     | 1,121,062                 | -              |
| Financial instruments - Net                  | -                         | 12,280,580     |
|  | 68,605,301                | 75,804,203     |
| Deferred tax liabilities:                    |                           |                |
| Advance expenses                             | (871,871)                 | (745,685)      |
| Deferred employee profit sharing             | (6,473,810)               | (7,122,431)    |
| Financial Instruments                        | (1,547,405)               | -              |
|  | (8,893,086)               | (7,868,116)    |
|  | 59,712,215                | 67,936,087     |
| Income tax rate                              | 30%                       | 30%            |
|  | Ps. 17,913,665            | Ps. 20,380,826 |

### 13. Stockholders' equity

a) The common stock consists of ordinary nominative shares at par value of one peso each. As of December 31, 2025 and 2024 the capital stock is as follows:

|                            | Year ended<br>December 31,<br>2025 and 2024 |                        |
|----------------------------|---|------------------------|
|                            | Number of shares                            | Amount                 |
| Fixed capital, series A    | Ps. 50,000                                  | Ps. 50,000             |
| Variable capital, series B | 114,047,957                                 | 114,047,957            |
|                            | <u>114,097,957</u>                          | <u>Ps. 114,097,957</u> |

Capital stock is comprised by common ordinary shares with voting rights, fully issued and paid, with a par value of Ps.1.

b) Legal reserve

The General Corporations Law requires that at least 5% of net income for the year be allocated to form a legal reserve until the reserve equals 20% of capital stock at par value. As of December 31, 2025 and 2024, the legal reserve amount has not been separated.

### 14. Cost and operating expenses

As of December 31, 2025 and 2024, the cost and operating expenses have the following values:

| Cost   | Year ended<br>December 31, |                        |
|--|----------------------------|------------------------|
|  | 2025                       | 2024                   |
| Changes in inventories of finished goods and products in process | Ps. 253,702,560            | Ps. 252,962,079        |
| Wages and salaries   | 141,964,326                | 145,446,463            |
| Incoming freights  | 23,134,046                 | 23,554,210             |
| Repairs, maintenance and consumables                             | 6,284,881                  | 7,898,186              |
| Depreciation   | 2,952,950                  | 2,707,724              |
| Deferred employee's profit sharing                               | (392,519)                  | (881,603)              |
| Other expenses   | 523,336                    | 28,125                 |
|  | <u>Ps. 428,169,580</u>     | <u>Ps. 431,715,184</u> |

|                                       | Year ended<br>December 31, |                        |
|---------------------------------------|----------------------------|------------------------|
|                                       | 2025                       | 2024                   |
| Operating expenses                    |                            |                        |
| Wages and salaries                    | 48,306,344                 | 44,329,537             |
| Transport expenses                    | 15,683,992                 | 17,630,341             |
| Freight and forward expenses - export | 10,091,410                 | 11,320,551             |
| Professional and legal expense        | 8,742,295                  | 11,452,863             |
| Other staff cost and welfare expense  | 7,550,417                  | 12,981,390             |
| Administrative and operative expenses | 6,889,294                  | 6,232,491              |
| Packing Expenses                      | 2,600,589                  | 2,898,344              |
| Electricity                           | 1,023,210                  | 1,133,525              |
| Depreciation                          | 670,257                    | 770,214                |
| Repairs, maintenance and consumables  | 166,948                    | 171,863                |
| Other expenses                        | 1,222,084                  | 1,751,336              |
|                                       | <u>Ps. 102,946,840</u>     | <u>Ps. 110,672,455</u> |

### 15. Contingencies

- a) Federal and state taxes are open to review by the tax authorities for a period of five years. Accordingly, the Company is contingently liable for any omitted taxes that might be determined by the tax authorities in the event of a review, as well as penalties, restatements and surcharges.
- b) In accordance with the Mexican Income Tax Law, companies that carry out transactions with related parties are subject to tax restrictions and obligations with respect to the determination of the prices charged, since such prices should be similar to the prices that would have been used with or between independent parties in comparable transactions. Should the tax authorities review and reject the Company's intercompany pricing, they may demand payment of the omitted taxes, plus restatements and surcharges, as well as fines for amounts of up to 100% of the restated omitted taxes.
- c) As at 31 December 2025 and 2024 and at the date of issue of these financial statements, the Company is party to a number of suits and litigations, including labor lawsuits. There is no certainty as to what the outcome of these proceedings will be, and whether or not these could give rise to a contingency. The Company's executives and legal advisors do not believe that the Company needs to create a provision for these suits.

  
George Chambers  
Legal representative