MSSL WIRINGS JUÁREZ, S.A. DE C.V.

Financial statements

Year ended December 31, 2021 and 2020
with report of independent auditors

MSSL WIRINGS JUÁREZ, S. A. DE C.V.

Financial statements

As of December 31, 2021 and 2020

Contents:

Construyendo un mejor entorno de negocios

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Shareholders of
MSSL Wirings Juárez, S. A. de C.V.

Adverse opinion

We have audited the accompanying financial statements of MSSL Wirings Juárez, S. A. de C.V., which comprise the statement of financial position at December 31, 2021, and the related statement of income, changes in shareholders' equity, and cash flows for the year then ended, as well as a summary of the significant accounting policies and other explanatory information.

In our opinion, due to the importance of the material effects of the matter described in the section "Basis of the qualified opinion" of our report, the aforementioned financial statements do not present fairly the financial situation of MSSL Wirings Juárez, S.A. de C.V., as of December 31, 2021, as well as its results and cash flows, for the year ended on that date, in accordance with the Mexican Financial Reporting Standards (MFRS).

Basis for adverse opinion

As discussed in Note 1k) to the accompanying financial statements, the Company did not record a provision for its obligation related to termination benefits as at December 31,2021 and 2020, which should be calculated using the projected unit credit method in accordance with Mexican FRS D-3 Employee benefits in the amount of Ps.2,823,234 and Ps.4,075,544, respectively. The lack of recognition of such liability is considered a material deviation for the accompanying financial statements.

We conducted our audit in accordance with International Standards on Auditing ("ISA"). 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 Code of Ethics for Professional Accountants (including International Standards of Independence)" ("IESBA Code of Ethics") together with the ethical requirements that are relevant to our audit of the financial statements in Mexico according with the "Código de Ética Profesional del Instituto Mexicano de Contadores Públicos" ("IMCP Code"), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

We consider that the audit evidence obtained, provides a sufficient and adequate basis for our qualified opinion.

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

Management is responsible for the preparation and fair presentation of the accompanying 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 from 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 applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the 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 ISA 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 ISA, we exercise 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 significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.

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

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

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

Mancera, S.C.
A Member Practice of
Ernst & Young Global Limited

C.P.C. Norberto Treviño Martínez

Ciudad Juárez, Mexico,
June 6, 2022.

MSSL WIRINGS JUÁREZ, S.A. DE C.V.

Statements of financial position

(In Mexican pesos)

	December 31, 2021	December 31, 2020
Assets		
Current assets:		
Cash	Ps. 2,337,343	Ps. 1,123,304
Accounts receivable:		
Related parties (Note 2)	-	1,229,734
Recoverable taxes (Note 3)	192,723	582,901
Prepaid expenses	397,303	313,369
	590,026	2,126,004
Total current assets	2,927,369	3,249,308
Non-current assets:		
Leasehold improvements, net (Note 4)	280,584	301,533
Deferred income tax (Note 10c)	232,003	376,065
Deferred profit sharing (Note 7c)	58,820	111,993
Guarantee deposits	43,478	43,478
Total non-current assets	614,885	832,069
Total assets	Ps. 3,542,254	Ps. 4,081,377
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payables	Ps. 140,371	Ps. 59,477
Related parties (Note 2)	372,793	-
Provisions and accrued liabilities (Note 5)	1,288,834	1,483,352
Short-term direct benefits (Note 7)	305,187	347,292
Income tax	65,610	59,999
Total current liabilities	2,172,795	1,950,120
Labor obligations (Note 8)	165,871	223,506
Total liabilities	2,338,666	2,173,626
Shareholders' equity (Note 9):		
Capital stock	50,000	50,000
Accumulated earnings	1,153,588	1,857,751
Total shareholders' equity	1,203,588	1,907,751
Total liabilities and shareholders' equity	Ps. 3,542,254	Ps. 4,081,377

The accompanying notes are an integral part of this financial statement.

MSSL WIRINGS JUÁREZ, S.A. DE C.V.

Statement of income

(In Mexican pesos)

	For the years ended December 31, 2021	2020
Revenues (Note 1c)	Ps. 26,490,993	Ps. 26,889,740
Other income	4,479	5,980
Costs and expenses	(25,253,920)	(25,552,278)
Operating income	1,241,552	1,343,442
Financing cost:		
Exchange (loss), net	(1,974)	(43,160)
	(1,974)	(43,160)
Income before taxes	1,239,578	1,300,282
Income tax (Note 10)	830,981	676,095
Net income	Ps. 408,597	Ps. 624,187

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

MSSL WIRINGS JUÁREZ, S.A. DE C.V.

Statements of changes in shareholder's equity

For the years ended December 31, 2021 and 2020

(In Mexican pesos)

		Capital stock		Accumulated earnings		Total
Balances at December 31, 2019	Ps.	50,000	Ps.	1,233,564	Ps.	1,283,564
Net income of the year		-		624,187		624,187
Balances at December 31, 2020		50,000		1,857,751		1,907,751
Dividends paid (Note 9)		-		(1,112,760)		(1,112,760)
Net income of the year		-		408,597		408,597
Balances at December 31, 2021	Ps.	50,000	Ps.	1,153,588	Ps.	1,203,588

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

MSSL WIRINGS JUÁREZ, S.A. DE C.V.

Statement of cash flows

(In Mexican pesos)

	For the years ended December 31, 2021	2020
Operating activities		
Income before taxes on profits	Ps. 1,239,578	Ps. 1,300,282
Items not affecting cash flows:		
Depreciation	55,899	96,133
Net periodic cost	18,675	34,888
Deferred income tax	143,062	936
Deferred profit sharing	53,173	(3,355)
	1,510,387	1,428,884
Changes in operating assets and liabilities:		
Accounts receivable and other assets	306,245	(35,378)
Related parties	1,602,527	104,414
Current liabilities	(1,057,410)	(847,684)
Net cash flows provided by (used in) operating activities	2,361,749	650,236
Investing activities		
Purchase of fixed assets, net	(34,950)	(372,308)
Net cash flows used in investing activities	(34,950)	(372,308)
Financial activities		
Dividends paid	(1,112,760)	-
Net cash flows used in investing activities	(1,112,760)	-
Increase (decrease) in cash	1,214,039	277,928
Cash at beginning of year	1,123,304	845,376
Cash at end of year	Ps. 2,337,343	Ps. 1,123,304

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

1. Description of the business

MSSL Wirings Juárez, S.A. de C.V. (hereafter, the "MWJ" or the Company was incorporated under the terms of the Mexican Corporations Act on March 20, 2015, and is a 99.99% owned subsidiary of MSSL (GB) Limited (Holding company).

MWJ is dedicated to render administrative, financing and accounting services to its related party MSSL Wiring System, Inc. (MWS) in the United States. Revenues are carried out through a Maquiladora service agreement, which provides that these services are to be billed based on costs incurred plus a profit margin.

On June 6 of 2022, the financial statements and these notes were authorized by Mary Esther Covarrubias, the Company's Controller, for their issue and subsequent approval by the Company's Board of Directors and shareholders, who have the authority to modify the financial statements.

Summary of significant accounting policies

a) Compliance with Mexican Financial Reporting Standards

Except as mentioned in paragraph 1k), the accompanying financial statements were prepared in conformity with Mexican Financial Reporting Standards (Mexican FRS).

b) Basis of preparation

The accompanying financial statements have been prepared on an historical-cost basis. The amounts are presented in Mexican pesos except where otherwise indicated.

From January 1, 2008, Mexico is considered to have a non-inflationary economic environment, as defined under Mexican FRS B-10 "Effects of inflation". As at December 31, 2021 and 2020, Mexico's cumulative inflation rate for the three prior years was 12% (annual average of 4%), which represents the necessary condition for considering Mexico as having a non-inflationary economic environment.

As determined based on the National Consumer Price Index (NCPI) published by the National Statistical and Geographical Information Agency (INEGI), Mexico's annual inflation rate for 2021 and 2020 is as follows:

	Cumulative inflation for 2020	Cumulative inflation for 2021	Inflation for the year
	(% of 2018, 2019 & 2020)	(% of 2019, 2020 & 2021)	(% of 2021)
Inflation percentages	10.81%	13.34%	7.36%

Under Mexican FRS, this cumulative inflation rate represents the necessary condition for considering Mexico as having a non-inflationary economic environment, which means that the financial statements should be prepared on a historical cost basis.

Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- expected to be realized within twelve months after the reporting period
- held primarily for the purpose of trading, or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- it is held primarily for the purpose of trading
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

c) Recognition of revenues

The main activity of the company is the provision of maquila services, based on its contract with its related party MSSL Wiring System, Inc.

The income derived from the contract with MSSL Wiring System, Inc. is recognized at the time that control of the services is transferred to it, in an amount that reflects the consideration to which the Company expects to be entitled in exchange for said services, For the determination of income, the company uses a factor of 5.12% profit on the costs and expenses incurred in the maquila process for the fiscal year under review.

d) Use of estimates

The preparation of financial statements in accordance with Mexican FRS requires the use of estimates and assumptions in certain areas. The Company based its estimates on the best available information at the time the financial statements were prepared. However, the existing circumstances and assumptions about future events may change due to changes in the market or circumstances that are beyond the Company's control. Such changes are reflected in the assumptions as they occur.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Defined benefit plans

The net cost of defined benefits and the present value of these labor obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, and mortality, disability, employee turnover rates, as well as certain financial and demographic assumptions. Due to the complexities involved in the valuation and the underlying assumptions, and the long-term nature of the valuation, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of marketable securities in currencies consistent with the currencies of the post-employment benefit obligation by reference to market yields on high-quality corporate bonds or when no such information is available, by reference to market yields on government bonds. When a corporate bond rate is used, the underlying bonds are further assessed for quality, and those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based due to their low quality. As at December 31, 2021 and 2020, the Company has used a government bond rate to discount its long-term defined employee benefits, since management believes that this rate best reflects the present value of the Company's expected future benefit payments based on the characteristics of plan participants and the estimated future payment dates of the benefits.

The mortality rate is based on publicly available mortality tables for Mexico as country.

Future salary increases are based on expected future inflation rates for the country considering a growth rate in the expected benefits.

Additional information on the assumptions used is provided in Note 8.

e) Cash

Cash principally consist of bank deposits. Cash and cash equivalents are stated at fair value.

Cash in foreign currency is translated using the rate of exchange prevailing at the reporting date. Exchange differences are recognized in the statement of comprehensive income as they accrue.

f) Other accounts receivable

Related party receivables arising from the sale of goods or services are presented and disclosed separately, since these receivables have special characteristics with respect to their collectability.

Other accounts receivable are initially recognized as they accrue and represent amounts owed to an entity arising from transactions that are unrelated to its normal operations (loans to shareholders, officers and employees, insurance claims, recoverable taxes when the Company is entitled in accordance with the corresponding tax law), and which the entity expects to receive within one year of the reporting date (or within the entity's normal business cycle if it exceeds one year). Other accounts receivable are presented as part of current assets

Other accounts receivable are measured at the amount of the consideration to which the Company is entitled, which is generally the nominal amount of the receivable at initial recognition, and the uncollected nominal amount upon subsequent recognition.

g) Prepaid expenses

Prepaid expenses are recognized as assets as of the date the payment is made, provided that it is probable that the future economic benefits associated with the item will flow to the Company.

At the time the goods or services are received, prepaid expenses are either capitalized or charged to the statement of comprehensive income, depending on whether there is certainty that the acquired goods or services will generate future economic benefits.

h) Leasehold improvements

Leasehold improvements are recognized at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. At December 31, 2021 and 2020, there were no constructions in progress to which applies any capitalization of the comprehensive financing cost.

The cost of acquiring leasehold improvements and equipment includes the costs initially incurred to acquire or build the asset, plus costs subsequently incurred to replace the asset or enhance its service capability. Repair and maintenance costs are expensed as incurred.

Depreciation of leasehold improvements is computed on the assets' carrying values, using the straight-line method (since management considers that this method best reflects the use of these assets) and based on their estimated useful lives, as follows:

	Estimated useful life
Leasehold improvements	5 years

Depreciation of leasehold improvements is computed using the straight-line method, based on the historical value and estimated useful lives of the related assets. (See Note 4).

Fixed assets are derecognized upon disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is immediately recorded in the income statement.

The carrying value of leasehold improvements is reviewed whenever there are indicators of impairment in the value of such assets. When the recoverable amount of an asset, which is the greater of the asset's selling price and its value in use (the present value of future cash flows), is less than its net carrying amount, the difference is recognized as an impairment loss.

For the year ended December 31, 2021 and 2020, there were no indicators of impairment in the Company's fixed assets.

i) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(1) Short-term leases and low-value asset leases

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

j) Accrued liabilities, provisions, contingent liabilities and commitments

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is mostly certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provision amounts are determined as the present value of the expected disbursements to settle the obligation. The discount rate is determined on a pre-tax basis and reflects current market conditions at the balance sheet date and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingent liabilities are recognized when they will most likely give rise to a future cash disbursement for their settlement. Also, commitments are only recognized when they will generate a loss.

k) Reserve for seniority premiums and termination payments

Seniority premiums are paid to workers as required by Mexican labor law. Additionally, under Mexican labor law, the Company is obligated for certain benefits accruing to workers who leave or are dismissed in certain circumstances.

At December 31, 2021 and 2020, the Company recognized the liability for seniority premiums based on independent actuarial computations applying the projected unit credit method, using financial assumptions net of inflation. The latest actuarial computation was prepared at December 2021.

As at December 31, 2021 and 2020, the Company did not record a provision for its obligation related to termination benefits, which should be calculated using the projected unit credit method in accordance with Mexican FRS D-3 Employee benefits in the amount of Ps.2,823,234 and Ps.4,075,544, respectively.

l) Employee profit sharing

Current year employee profit sharing is presented as part of costs or expenses in the statement of comprehensive income.

The deferred employee profit sharing shall be determined using the asset and liability method. Under this method, deferred profit sharing is to be computed by applying the 10% rate to all temporary differences between the values of all assets and liabilities for financial and tax reporting purposes.

m) Exchange differences

Transactions in foreign currency are recorded at the prevailing exchange rate on the day of the related transactions. Foreign currency denominated assets and liabilities are translated at the prevailing exchange rate at the balance sheet date.

Exchange differences from the transaction date to the time foreign currency denominated assets and liabilities are settled, as well as those arising from the translation of foreign currency denominated balances at the date of the statement of financial position, are recognized in the statement of comprehensive income.

See Note 6 for the foreign currency position at the end of each year and the exchange rates used to translate foreign currency denominated balances.

n) Income tax

Current income tax

Current income tax is recognized as a current liability, net of prepayments made during the year. Current income tax is recognized as an expense in profit or loss, except to the extent that it arises from transactions or other events recognized outside profit or loss, either in comprehensive income or directly in equity.

Deferred income tax

Deferred taxes on profits are calculated using the asset and liability method. Under this method, deferred taxes are recognized on all temporary differences between financial reporting and tax values of assets and liabilities, applying the enacted income tax rate effective as of the date of the statement of financial position, or the enacted rate at the date of the statement of financial position that will be in effect when the temporary differences giving rise to deferred tax assets and liabilities are expected to be recovered or settled.

The Company periodically evaluates the possibility of recovering deferred tax assets and if necessary, creates a valuation allowance for those assets that do not have a high probability of being realized.

o) Statement of comprehensive income presentation

Costs and expenses shown in the Company's statement of income are presented based on their function, since such classification allows for an accurate evaluation of both gross profit and operating margins.

Although Mexican FRS B-3 does not require the presentation of operating income, this caption is shown in the statement of income, since operating income is an important indicator used for evaluating the Company's operating results.

p) Equity

Changes in the Company’s equity and cumulative gains are recognized in terms of historical cost as of 1 January 2008.

q) Financial risk management objectives and policies

The Company is exposed to (i) economic independence.

(i) Economic dependence

The main risk associated with the Company is that practically 100% of the Company’s net revenue derives from services rendered to its related party MSSL Wiring System, Inc. In the event that such related party stopped their production or not pay the Company for their services in a timely fashion, the financial position and the results of operations of the Company would be adversely affected. The Company anticipates that this significant customer concentration will continue for the foreseeable future.

r) New accounting pronouncements

Improvements to Mexican FRS for 2021

The improvements with accounting changes related to valuation, disclosures or presentation in the financial statements are as follows:

(i) Mexican FRS B-1 Accounting changes and error corrections

Entities are now required to recognize prospectively the initial effect of an accounting change or error correction when it is impracticable to determine such initial effect using the retrospective approach.

This improvement is effective for annual periods beginning on or after 1 January 2021, with early adoption permitted for annual periods beginning on or after 1 January 2020. Any accounting changes arising from the adoption of this improvement are to be recognized prospectively.

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

(ii) Mexican FRS D-5 Leases

a) Lease recognition exemption disclosures

Mexican FRS D-5 clarifies certain issues surrounding the expense related to short-term leases and leases of low-value assets, for which no right-of-use asset is recognized.

b) Sale-leaseback transactions

Mexican FRS D-5 explains and clarifies certain issues surrounding the determination of the lease liability arising in a sale and leaseback transaction. Consequently, the illustrative example of a sale and leaseback transaction provided in Mexican FRS D-5 has been modified.

These improvements are effective for annual periods beginning on or after 1 January 2021, with early adoption permitted for annual periods beginning on or after 1 January 2020.

The adoption of these improvements had no effect on the Company's financial statements.

Improvements to Mexican FRS for 2020

The improvements that give rise to accounting changes related to valuation, disclosures or presentation in the financial statements are as follows:

(i) Mexican FRS D-4 Income taxes and Mexican FRS D-3 Employee benefits

Entities are now required to account for the effects of uncertain tax treatments on their income tax and employee profit sharing. The improvements address matters such as: whether an entity should consider uncertain tax treatments separate or combined basis, the assumptions an entity must make when determining whether the tax treatment will be reviewed by the tax authorities, how an entity should determine its taxable profit, tax base, unused tax losses, unused tax credits and tax rates, methods for estimating the uncertainty, and how an entity should evaluate changes in facts and circumstances.

Since employee profit sharing is determined based on the same tax laws and using practically the same tax base as income tax, the above mentioned considerations related to the effects of uncertainty are also applicable to current and deferred employee profit sharing.

These improvements are effective for annual periods beginning on or after 1 January 2020.

The adoption of these improvements had no effect on the Company's financial statements.

(ii) Mexican FRS D-4 Income taxes

Entities are now required to recognize the tax effects of distributions of dividends in equity, so when an entity recognizes a liability for distribution of dividends, it must also recognize the corresponding income tax liability, if applicable.

This improvement is effective for annual periods beginning on or after 1 January 2020.

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

2. Related parties

a) An analysis of balances due to related parties at December 31, 2021 and 2020, is as follows:

		2021		2020
Receivables:				
MSSL Wiring System, Inc.	Ps.	-	Ps.	1,229,734
Total	Ps.	-	Ps.	1,229,734
Payables:				
MSSL Wiring System, Inc.	Ps	372,793	Ps.	-
Total	Ps.	372,793	Ps.	-

In 2015, the Company entered into a Maquiladora service agreement to render for the supply, storage, distribution, classification, inspection, testing or verification of goods; design or engineering of products; Maintenance and support of computer systems, data processing; training, consulting and evaluation for the improvement of human capital; assurance of the quality and processes of the companies in the sector of technologies of the information and processes of administration, finances, accounting, collection, payroll, human and legal resources; control of production and clinical analysis to its related party MSSL Wiring System, Inc. (MWS) in the United States, which provides that these services are to be billed based on costs incurred plus a profit margin.

b) During the year ended December 31, 2021 and 2020, the Company had the following transactions with related companies:

	2021	2020
Revenue in bond services	Ps. 26,490,993	Ps. 26,889,740

3. Recoverable taxes

An analysis of recoverable taxes at December 31, 2021 and 2020, is as follows:

	2021	2020
Income tax	Ps. -	Ps. 363,444
Valued added tax	192,723	219,457
Total	Ps. 192,723	Ps. 582,901

4. Leasehold improvements, machinery and equipment

a) An analysis of leasehold improvements at December 31, 2021 and 2020, is as follows:

		2021		2020	
	Useful life in years	Investment	Accumulated depreciation	Investment	Accumulated depreciation
Leasehold improvements	5	Ps. 1,700,787	Ps. 1,700,787	Ps. 1,700,787	Ps. 1,694,211
Furniture	5	204,056	32,309	204,056	11,903
Machinery and equipment	10	161,394	52,557	126,444	23,640
		Ps. 2,066,237	Ps. 1,785,653	Ps. 2,031,287	Ps. 1,729,754
Leasehold improvements, machinery and equipment, net		Ps. 280,584		Ps. 301,533	

b) Depreciation expense for the year ended December 31, 2021 and 2020, was Ps.55,899 and Ps.96,133, respectively.

5. Provisions and accrued liabilities

At December 31, 2021 and 2020, the Company has recognized accrued liabilities for short term employee benefits. An analysis is as follows:

	2021		2020	
Short term provisions:				
Taxes on payroll	Ps.	854,692	Ps.	1,010,562
Other		256,632		330,817
Payroll		177,510		141,973
	Ps.	1,288,834	Ps.	1,483,352

The other provisions recognized represent services contracted during the year that will be paid in the following year.

6. Foreign currency balances and transactions

a) The financial statements at December 31, 2021 and 2020, include the following U.S. dollar denominated assets:

	2021		2020	
Current assets:				
Cash	USD.	1,972	USD.	1,448
Total monetary asset position	USD.	1,972	USD.	1,448

The exchange rate used to translate the above amounts to Mexican pesos at December 31, 2021 and 2020, were Ps.20.5157 and Ps.19.9352 and, respectively per U.S. dollar. At June 6, 2022, the date of the issuance of these financial statements, the exchange rate is Ps.19.5742 per U.S. dollar.

7. Short-term employee benefits

a) Short term benefits

At December, 31, 2021 and 2020, the Company has recognized accrued liabilities for short-term direct benefits. An analysis is as follows:

	2021		2020	
Employee profit sharing	Ps.	131,967	Ps.	133,639
Vacation		140,604		166,015
Vacation premium		32,616		47,638
Total	Ps.	305,187	Ps.	347,292

b) Employee Profit Sharing (EPS)

The MITL establishes that the basis for the determination of the EPS of the fiscal year is the fiscal profit that is determined for the calculation of the Income Tax for the year considering certain adjustments considered by the LISR itself.

An analysis of employee profit sharing for the years ended 31 December 2021 and 2020 is as follows:

	2021	2020
Current employee profit sharing	Ps. 131,967	Ps. 133,637
Deferred employee profit sharing	53,173	(3,355)
	Ps. 185,140	Ps. 130,282

c) Deferred Employee Profit Sharing (EPS)

An analysis of the Company's deferred employee profit sharing (EPS) assets/(liabilities) as at 31 December 2021 and 2020 is as follows:

	2021	2020
Deferred EPS assets		
Provisions	Ps. 37,735	Ps. 45,354
Leasehold improvements	55,946	93,112
	93,681	138,466
Deferred EPS liabilities		
Prepaid expenses	(34,861)	(26,473)
	(34,861)	(26,473)
Deferred employee profit sharing asset/(liability), net	Ps. 58,820	Ps. 111,993

8. Labor obligations

An analysis of the reserve for seniority premiums and termination payments and the net period cost, together with the basic actuarial assumptions considered in the computation of labor obligations, is as follows:

a) Net periodic benefit cost:

Analysis of net benefit cost for 2021:	Seniority premiums	Total 2021
Current year service cost	Ps. 44,247	Ps. 44,247
Net interest cost	14,109	14,109
Remeasurements of past service cost	(39,681)	(39,681)
Net periodic cost	Ps. 18,675	Ps. 18,675

Analysis of net benefit cost for 2020:	Seniority premiums	Total 2020
Current year service cost	Ps. 30,997	Ps. 30,997
Net interest cost	12,991	12,991
Remeasurements of past service cost	(9,100)	(9,100)
Net periodic cost	Ps. 34,888	Ps. 34,888

b) Defined benefit liability:

Liabilities:	Seniority premiums	Total 2021
Defined reformulated benefit obligations as at January 1, 2021	Ps. 223,506	Ps. 223,506
Net periodic cost	18,675	18,675
Other comprehensive for the year	13,314	13,314
Effective payments (outside the fund)	(89,624)	(89,624)
Net projected liability	Ps. 165,871	Ps. 165,871

Liabilities:	Seniority premiums	Total 2020
Defined reformulated benefit obligations as at January 1, 2020	Ps. 198,428	Ps. 198,428
Net periodic cost	34,888	34,888
Other comprehensive for the year	9,270	9,270
Effective payments (outside the fund)	(19,080)	(19,080)
	Ps. 223,506	Ps. 223,506

Weighted average assumptions used to determine the benefit obligation as of December:

	2021	2020
Discount rate	8.90%	6.44%
General salary increase	5.00%	5.00%
Minimum salary increase	4.00%	4.00%

9. Shareholders' equity

At December 31, 2021 and 2020, partnership capital is Ps.50,000 (nominal amount). Total partnership capital is represented by 50,000 common registered shares, issued and outstanding, with a par value of one Mexican peso each.

a) Legal reserve

In conformity with the Mexican Corporations Act, the Company is required to appropriate at least 5% of the net income of each year to increase the legal reserve. This practice must be continued until the legal reserve reaches 20% of capital stock. At December 31, 2021 and 2020, the Company has not separated the legal reserve.

b) Dividends

The distribution of equity, except for imports imported from the capital stock contributed and withheld taxable profits, causing the ISR on dividends to Company charge at the current rate. The tax paid for such distribution may be credited against the income tax for the year in which the dividend tax is paid and in the following two immediate years, against the tax for the year and the provisional payments thereof.

At regular shareholders' meeting held on December 31, 2020, the shareholders declared dividends of Ps.1,112,760; the dividends were paid during 2021 until the company's liquidity helped.

The profits that are distributed in excess to the balance of the CUFIN (Net Tax Profit Account); necessarily subject to the payment of the corporate ISR at the rate in force at the time of distribution.

Dividends paid to natural persons and legal entities resident abroad will be fixed to a withholding of an additional 10% tax.

10. Income tax

Income Tax (IT)

a) The Mexican Income Tax Law (MITL) establishes a corporate income tax rate of 30% for fiscal years 2021 and 2020.

The MITL establishes requirements and limits regarding certain deductions, including restrictions on the deductibility of payroll-related expenses that are considered tax-exempt for employees, contributions to create or increase pension fund reserves, and Mexican Social Security Institute dues that are paid by the Company but that should be paid by the employees. The MITL also establishes that certain payments made to related parties shall not be deductible if they do not meet certain requirements.

b) An analysis of income tax recognized in profit and loss for the years ended 31 December 2021 and 2020 is as follows:

	2021	2020
Current income tax	Ps. 687,919	Ps. 675,158
Deferred income tax	143,062	937
Total income tax	Ps. 830,981	Ps. 676,095

c) An analysis of deferred taxes shown in the balance sheet is as follows:

	2021	2020
Deferred tax assets:		
Liability provisions	Ps. 113,206	Ps. 136,063
Employee profit sharing	39,590	279,336
Deferred profit sharing	15,952	-
Leasehold improvements	167,838	40,091
	336,586	455,490
Deferred tax liabilities:		
Liability provisions	(104,583)	(79,418)
Deferred profit sharing	-	(1,007)
	(104,583)	(80,425)
Deferred income tax, net	Ps. 232,003	Ps. 375,065

A reconciliation of the statutory income tax rate recognized by the Company for the financial reporting purposes is as follows:

	2021	2020
Income before tax	Ps. 1,239,577	Ps. 1,300,282
Permanent differences:		
Non-deductible expenses	1,310,604	1,149,051
Inflationary effects	90,140	19,944
Other items	129,615	(215,627)
Income before income tax, plus permanent items	2,769,936	2,253,650
Statutory income tax rate	30%	30%
Total income tax	Ps. 830,981	Ps. 676,095
Effective tax rate	67%	52%

d) Tax balances

At December 31 2021, the Company had the following tax balance:

		2021
Restated Contributed Capital Account (CUCA)	Ps.	66,918
Net Taxed Profits Account (CUFIN)		3,124,338

11. Contingencies and commitments

At December 31, 2021, MSSL Wirings Juárez, S.A. de C.V., is responsible for the following commitments and contingencies:

- The Company is responsible for all differences that could rise as a result of any review performed by the Tax Authorities.

- The company is subject to litigation in the normal course of business. As of December 31, 2021, in opinion of the Company's attorneys, there are no material matters of a legal nature.

- In accordance with the Income Tax Law, companies that carry out transactions with related parties are subject to fiscal limitations and obligations, in terms of determining agreed prices, since they must be comparable to those that would be used with or between independent parties. in comparable operations. If the tax authorities review the prices and reject the amounts determined, they could demand, in addition to the collection of the tax and corresponding accessories (updating and surcharges), fines on the omitted contributions, which could be up to 100% about the updated amount of contributions.

12. Operating leases

The Company has entered into an operating lease for the building located at Ciudad Juárez, where its offices and warehouses are located. The contract is for a period ranging from two years with a extensive clause of one additional year, during 1 consecutive years and ends on February 2022; the minimum annual lease payments during the next year, is as follow:

	Thousands of U.S. dollars
2022	USD. 75,523
Total	USD. 75,523

Rent charged to results of operations for operating leases was Ps.1,531,897 and Ps.1,543,22, in 2021 and 2020, respectively.

13. Subsequent events

On December 31, 2019, China alerted the World Health Organization (WHO) of a new virus (Covid-19 or Coronavirus). On January 30, 2020, the WHO International Health Regulations Emergency Committee declared the outbreak a "Public Health Emergency of International Importance". With the recent and rapid development of the coronavirus outbreak, many countries have required entities to limit or suspend commercial operations and have implemented travel restrictions and quarantine measures. These measures and policies have significantly disrupted (or are expected to disrupt) the activities of many entities. As the outbreak continues to progress and evolve, it is currently difficult to predict the extent and duration of its commercial and economic impact. Consequently, these circumstances may present challenges to entities when preparing their financial information.

At the date of issuance of the financial statements, the Company's management is in the process of evaluating the economic and operational impact.