Orbia Advance Corporation, S.A.B. de C.V. and Subsidiaries (Subsidiary of Kaluz, S.A. de C.V.)

Consolidated Financial Statements for the Years Ended December 31, 2020, 2019 and 2018, and Independent Auditors' Report Dated February 23, 2021

Orbia Advance Corporation, S.A.B. de C.V. and Subsidiaries
(Subsidiary of Kaluz, S.A. de C.V.)

Independent Auditor's Report and Consolidated Financial Statements for the Years Ended December 31, 2020, 2019 and 2018

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Independent Auditor's Report to the Board of Directors and Shareholders of Orbia Advance Corporation, S.A.B. de C.V. and Subsidiaries

(Amounts in thousands of U.S. dollars)

Opinion

We have audited the accompanying consolidated financial statements of Orbia Advance Corporation, S.A. de C.V. and subsidiaries (herein referred to as "Orbia" or the "Entity"), which comprise the consolidated statements of financial position as of December 31, 2020, 2019 and 2018, and the consolidated statements of income and other comprehensive income, the consolidated statements of changes in stockholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Orbia Advance Corporation, S.A.B. de C.V. and its subsidiaries as of December 31, 2020, 2019 and 2018, and their consolidated financial performance and their consolidated cash flows, for the years then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the *Independent Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) and with the ethical requirements that are relevant to our audit of the consolidated financial statements in accordance with the *Código de Ética Profesional* (Code of Ethics) issued by the Mexican Institute of Public Accountants A.C. (IMCP Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and with the IMCP Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements as of December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(continued)

i) ***Goodwill and Intangible Assets (Notes 4 and 16)***

The Entity has identified several cash-generating units for which an annual impairment analysis focused on tangible and intangible assets is performed. Accordingly, the Entity determines the recoverable value in accordance with IAS 36, *Impairment of Assets,* which is calculated using the discounted cash flow method under the income approach. Under this approach, Management is required to make significant judgments and estimates for future revenue, cash flows and operating margins, and to select an appropriate discount rate to determine the existence of impairment on its long-lived assets. The assumptions used by Management to determine future cash flows and the applicable discount rates are sensitive to current and foreseeable future market conditions. Because of the COVID-19 pandemic, during the first half of 2020 there was a decrease in the cash flows of some of the Entity's cash-generating units, which had an effect on the recoverable amount of assets and gave rise to a higher degree of uncertainty associated with COVID-19. However, during the second half of 2020, the Entity had a significant recovery in its operations and profitability. As of December 31, 2020, the balances of intangible assets and goodwill recognized in the consolidated financial statements are $1,733,531 and $1,491,395, respectively.

How the Key Audit Matter was addressed in our audit:

Our audit procedures included, among others, the following:

i) We involved our expert specialists so as to:

- Assess the methodology used by Management to calculate the value-in-use of cash generating units and ensure its compliance with IAS 36.
- Perform a technical analysis of the reasonableness of the Entity's valuation models used to estimate the value-in-use of its cash generating units, including the discount rate.
- Assess whether the valuation assumptions used are reasonable and were determined using recognized sources of information and/or commonly used methodologies.
- Test the mathematical accuracy of the model and/or other significant calculations.
- Review the value-in-use calculation and impairment tests performed by the Entity for its cash generating units.
- Performa a sensitivity analysis on significant assumptions.

ii) We tested the design and implementation of the Entity's internal controls for impairment, including the estimates used.

iii) We performed substantive audit procedures to test the completeness and accuracy of the inputs into the Entity's financial models.

ii) ***Income Taxes, Deferred Tax Asset Realization – Determination of Future Taxable Profit - see Note 23***

Deferred taxes are recognized on all temporary differences between the book and tax value of assets and liabilities included in the financial statements and the respective tax values of assets and liabilities and where applicable, they include unused tax loss carryforwards and tax credits. The Entity recognizes a deferred tax asset to the extent that it is probable that the Entity will use such temporary differences against future tax profits. As of December 31, 2020, the deferred tax asset related to tax losses and other tax credits is approximately $365,000.

(continued)

Due to the nature of these assets and the extent to which their recoverability depends on significant Management estimates and assumptions, there is a possible risk in the valuation of deferred income tax assets. These tax net operating losses relate primarily from the Entity's operations in three countries: Mexico, representing 78% of the balance; Brazil, representing 3% of the balance; and the USA, representing 17% of the balance. The assessment of future recoverability of these deferred tax assets is based on management judgments that are sensitive to different variables. Such variables include: a) the significant inputs used in the calculation of future taxable income as well as the accuracy of such calculations; b) consideration of future taxable transactions that will occur outside the normal course of business; and c) the use of a reasonable period for the use of these assets before they expire.

How the Key Audit Matter was addressed in our audit:

Our audit procedures included, among others, the following:

i) Involving our internal tax specialists to:

- Understanding the tax laws of these three countries.
- Review the future taxable transactions that will generate taxable income used for the realization of the deferred tax asset.
- Review the reasonableness of the calculations, including tax balances and the recovery periods allowed by the applicable tax laws.

ii) We assessed the reasonableness of Management's estimates used in the determination of future taxable income and whether such taxable income will be sufficient to use these deferred tax assets before they expire.

iii) We assessed the reasonableness of the Entity's operating and tax strategies and their impact on future taxable income projections used to recover the Entity's deferred tax assets.

During 2018, Management recognized a deferred tax asset related from net operating losses that had not been recognized in prior years. This deferred tax asset will be used against taxable income generated by a series of measures that the Entity will implement in the near future. As of December 31, 2020, these plans remain in place and they are estimated to materialize in the near future. The value of the deferred income tax supported by this is approximately $250,000.

Other Matter

The accompanying consolidated financial statements have been translated from Spanish into English for the convenience of readers.

Additional Information Other than the Consolidated Financial Statements and the Independent Auditors' Report

Management is responsible for the additional information. The additional information is composed of: i) the Annual Report, ii) the information that will be included in the Annual Report, which the Entity must prepare in accordance with Article 33 Section I, paragraph b) of Title Fourth, Chapter First of the General Rules Applicable to Issuers and Other Stock Market Participants in Mexico and the accompanying Guidelines (the Rules). The Annual Report is expected to be available for our reading after the date of this audit report; and iii) other additional information, which is not specifically required by IFRS and has been included to provide an additional explanation for investors and the main users of the Entity's consolidated financial statements regarding its level of indebtedness, net debt and borrowing costs in relation to its Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA). This information is presented in Note 11.

(continued)

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

As regards our audit of the consolidated financial statements, our responsibility will be to read the Additional Information when it becomes available and, when doing so, consider whether the information contained therein is materially inconsistent with the consolidated financial statements, the knowledge we obtained during the audit or whether it appears to contain a material misstatement. If, based on the work we have performed, we conclude that the other information contains a material misstatement, we would have to report this fact. When we read the Annual Report, we will issue the respective declaration, as required by Article 33, Section I, paragraph b) item 1.2. of the Rules. We have nothing to report on the other additional information mentioned in point iii) of the previous paragraph.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, Management is responsible for assessing the Entity's ability to continue as a Going Concern, disclosing any Going Concern issues and using the Going Concern basis of accounting unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

The members of the Entity's Audit Committee and Board of Directors are responsible for overseeing the Entity's financial reporting process.

Independent Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in conformity 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, deceit, 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 under the circumstances, but not for expressing an opinion on the effectiveness of the Entity's internal control.

(continued)

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- 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 Entity's ability to continue as a Going Concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a Going Concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit group. 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 or other matters that may be reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Galaz, Yamazaki, Ruiz Urquiza, S.C.
Member of Deloitte Touche Tohmatsu Limited

Erick J. Calvillo Rello

Mexico City, Mexico
February 23, 2021

(***Concludes***)

Orbia Advance Corporation, S.A.B. de C.V. and Subsidiaries
(Subsidiary of Kaluz, S.A. de C.V.)

Consolidated Statements of Financial Position

As of December 31, 2020, 2019 and 2018
(Amounts in thousands of U.S. dollars)

Assets

	Notes	2020	2019	2018
Current assets:				
Cash and cash equivalents	8	$ 875,185	$ 586,409	$ 699,878
Accounts receivable	9	1,324,738	1,352,028	1,317,549
Due from related parties	21a	5,445	4,757	5,371
Inventories	10	861,122	834,438	865,799
Prepaid expenses		60,423	65,280	78,299
Derivative financial instruments	12 and 13	19,589	107	-
Assets classified as held for sale		9,650	9,096	10,277
Total current assets		3,156,152	2,852,115	2,977,173
Non-current assets				
Property, machinery and equipment	14	3,186,497	3,348,821	3,507,386
Right-of-use assets	15	323,355	336,890	-
Equity investment in associates	4l	38,585	33,843	35,533
Other assets, Net		69,246	88,760	100,893
Deferred taxes	23a	199,701	125,649	95,879
Employee benefits asset	18	12,649	13,781	13,856
Intangible assets, Net	16a	1,733,531	1,765,538	1,851,547
Goodwill	16b	1,491,395	1,491,684	1,492,691
Total non-current assets		7,054,959	7,204,966	7,097,785
Total assets		$ 10,211,111	$ 10,057,081	$ 10,074,958

The accompanying notes are part of these consolidated financial statements.

Liabilities and stockholders' equity

	Notes	2020	2019	2018
Current liabilities:				
Bank loans and current portion of long-term debt	17	$ 495,306	$ 322,346	$ 395,928
Suppliers		787,734	679,080	794,306
Letters of credit		538,372	584,522	619,363
Due to related parties	21a	671	100,533	116,555
Other accounts payable and accrued liabilities		467,261	478,448	461,814
Dividends payable		3,120	134,482	155,619
Provisions	19	33,148	52,391	22,003
Employee benefits		159,615	128,451	102,081
Lease liabilities	15a	82,426	78,149	17,666
Derivative financial instruments	12 y 13	13,762	12,716	15,629
Liabilities associated with assets held for sale		6,221	6,243	7,023
Total current liabilities		2,587,636	2,577,361	2,707,987
Non-current liabilities:				
Bank loans and long-term debt	17	3,130,706	3,128,620	3,175,497
Employee benefits	18	273,951	229,253	213,961
Provisions	19	20,674	22,813	17,896
Other long-term liabilities		31,207	36,110	25,929
Redeemable non-controlling interests	13b	274,000	264,287	245,799
Derivative financial instruments	12 y 13	94,573	66,781	112,658
Deferred tax liabilities	23a	313,778	335,490	348,680
Lease liabilities	15a	262,539	267,380	15,384
Income tax	23	42,475	34,575	41,327
Total non-current liabilities		4,443,903	4,385,309	4,197,131
Total liabilities		7,031,539	6,962,670	6,905,118
Stockholders' equity:				
Paid-in capital -				
Nominal	20a	256,482	256,482	256,482
Additional paid-in capital		1,474,827	1,474,827	1,474,827
Cumulative inflation adjustment		23,948	23,948	23,948
		1,755,257	1,755,257	1,755,257
Earned capital				
Retained earnings		1,107,754	1,058,949	1,052,546
Redeemable non-controlling interests	6c y 13b	(227,205)	(227,205)	(227,205)
Share buyback reserve	20d	400,000	295,530	328,920
Other comprehensive (loss)/income		(542,896)	(507,537)	(501,162)
		737,653	619,737	653,099
Controlling interests		2,492,910	2,374,994	2,408,356
Non-controlling interests		686,662	719,417	761,484
Total stockholders' equity		3,179,572	3,094,411	3,169,840
Total liabilities and stockholders' equity		$ 10,211,111	$ 10,057,081	$ 10,074,958

Orbia Advance Corporation, S.A.B. de C.V. and Subsidiaries
(Subsidiary of Kaluz, S.A. de C.V.)

Consolidated Statements of Income and Other Comprehensive Income

For the Years Ended December 31, 2020, 2019 and 2018
(Amounts in thousands of U.S. dollars, except for basic earnings per share expressed in U.S. dollars)

	Notes	2020	2019	2018
Continuing operations:				
Net sales		$ 6,419,770	$ 6,987,182	$ 7,198,136
Cost of sales	22a	4,573,608	5,028,919	5,199,495
Gross profit		1,846,162	1,958,263	1,998,641
Selling and development expenses	22b	584,916	624,701	588,151
Administrative expenses	22c	507,860	467,834	449,113
Other expenses, Net	22d	32,916	42,707	26,563
Foreign exchange gain		(101,623)	(49,384)	(84,052)
Foreign exchange loss		104,001	67,781	131,592
Interest expense		238,681	272,073	250,674
Interest income		(10,119)	(14,195)	(19,847)
Change in fair value of redeemable non-controlling interests		9,713	18,488	18,593
Monetary position loss/(gain)		1,436	(151)	(12,671)
Share of profit in associates	4l	(867)	(4,142)	(4,272)
Profit before income tax		479,248	532,551	654,797
Income taxes	23c	150,811	205,542	194,680
Profit from continuing operations		328,437	327,009	460,117
Discontinued operations:				
Net (loss)/profit from discontinued operations	24b	(9,657)	(107)	22,829
Consolidated net profit for the year		318,780	326,902	482,946
Other comprehensive income:				
Items that will not be subsequently reclassified to profit or loss:				
Actuarial losses		(37,393)	(19,971)	(12,886)
Income taxes		9,488	6,700	3,866
		(27,905)	(13,271)	(9,020)

(continued)

	Notes	2020	2019	2018
Items that will be reclassified subsequently to profit or loss				
Foreign currency translation		4,876	(41,685)	(126,881)
Unrealized (loss)/gain on valuation of financial instruments		(22,653)	34,956	37,007
Income taxes		6,790	(10,694)	(11,102)
		(10,987)	(17,423)	(100,976)
Total other comprehensive loss		(38,892)	(30,694)	(109,996)
Consolidated comprehensive income for the year		$ 279,888	$ 296,208	$ 372,950
Consolidated net profit for the year attributable to:				
Equity holders of the parent		$ 194,702	$ 206,731	$ 354,888
Non-controlling interest		124,078	120,171	128,058
		$ 318,780	$ 326,902	$ 482,946
Consolidated comprehensive income attributable to:				
Equity holders of the parent		$ 159,343	$ 187,084	$ 252,428
Non-controlling interests		120,545	109,124	120,522
		$ 279,888	$ 296,208	$ 372,950
Basic earnings per share:				
From continuing operations		$ 0.09	$ 0.10	$ 0.16
From discontinued operations		$ 0.00	$ 0.00	$ 0.01
Total Basic earnings per share		$ 0.09	$ 0.10	$ 0.17
Weighted average ordinary shares outstanding		2,100,000,000	2,100,000,000	2,100,000,000

(Concludes)

The accompanying notes are part of these consolidated financial statements.

Orbia Advance Corporation, S.A.B. de C.V. and Subsidiaries
(Subsidiary of Kaluz, S.A. de C.V.)

Consolidated Statements of Changes in Stockholders’ Equity

For the Years Ended December 31, 2020, 2019 and 2018
(Amounts in thousands of U.S. dollars)

	Contributed capital			Retained earnings				Other comprehensive income/(loss)				
	Nominal share capital	Share premium	Cumulative inflation adjustment	Legal reserve	Retained earnings	Redeemable non-controlling interests	Share buyback reserve	Foreign currency translation loss and actuarial gains and losses	Unrealized (loss)/gain on valuation of financial instruments	Controlling interests	Non-controlling interests	Total equity
Balance as of January 1, 2018	$ 256,482	$ 1,474,827	$ 23,948	$ 51,298	$ 1,023,941	$ -	$ 379,802	$ (407,049)	$ (673)	$ 2,802,576	$ 878,303	$ 3,680,879
Dividends declared	-	-	-	-	(318,000)	-	-	-	-	(318,000)	-	(318,000)
Share buybacks	-	-	-	-	736	-	(67,160)	-	-	(66,424)	-	(66,424)
Partial reversal of share buyback reserve	-	-	-	-	359,876	-	(359,876)	-	-	-	-	-
Increase in share buyback reserve	-	-	-	-	(376,154)	-	376,154	-	-	-	-	-
Additional non-controlling interests derived from business combination	-	-	-	-	-	-	-	-	-	-	32,032	32,032
Redeemable non-controlling interests	-	-	-	-	-	(227,205)	-	-	-	(227,205)	-	(227,205)
Distribution of capital to non-controlling interests in subsidiary	-	-	-	-	-	-	-	-	-	-	(145,050)	(145,050)
Purchase of non-controlling interests	-	-	-	-	(35,019)	-	-	-	-	(35,019)	(124,323)	(159,342)
Other comprehensive income for the year	-	-	-	-	(9,020)	-	-	(119,345)	25,905	(102,460)	(7,536)	(109,996)
Net profit for the year	-	-	-	-	354,888	-	-	-	-	354,888	128,058	482,946
Balance as of December 31, 2018	256,482	1,474,827	23,948	51,298	1,001,248	(227,205)	328,920	(526,394)	25,232	2,408,356	761,484	3,169,840
Dividends declared	-	-	-	-	(180,000)	-	-	-	-	(180,000)	-	(180,000)
Share buybacks	-	-	-	-	(8,357)	-	(32,090)	-	-	(40,447)	-	(40,447)
Partial reversal of share buyback reserve	-	-	-	-	335,379	-	(335,379)	-	-	-	-	-
Increase in share buyback reserve	-	-	-	-	(334,079)	-	334,079	-	-	-	-	-
Distribution of capital to non-controlling interests in subsidiary	-	-	-	-	-	-	-	-	-	-	(151,191)	(151,191)
Other comprehensive loss for the year	-	-	-	-	(13,271)	-	-	(30,775)	24,400	(19,646)	(11,047)	(30,693)
Net profit for the year	-	-	-	-	206,731	-	-	-	-	206,731	120,171	326,902
Balance as of December 31, 2019	256,482	1,474,827	23,948	51,298	1,007,651	(227,205)	295,530	(557,169)	49,632	2,374,994	719,417	3,094,411
Share buybacks	-	-	-	-	-	-	(42,207)	-	-	(42,207)	-	(42,207)
Increase in share buyback reserve	-	-	-	-	(146,677)	-	146,677	-	-	-	-	-
Distribution of capital to non-controlling interests in subsidiary	-	-	-	-	-	-	-	-	-	-	(153,300)	(153,300)
Share-based payments	-	-	-	-	780	-	-	-	-	780	-	780
Other comprehensive income for the year	-	-	-	-	-	-	-	(19,496)	(15,863)	(35,359)	(3,533)	(38,892)
Net profit for the year	-	-	-	-	194,702	-	-	-	-	194,702	124,078	318,780
Balance as of December 31, 2020	$ 256,482	$ 1,474,827	$ 23,948	$ 51,298	$ 1,056,456	$ (227,205)	$ 400,000	$ (576,665)	$ 33,769	$ 2,492,910	$ 686,662	$ 3,179,572

The accompanying notes are part of these consolidated financial statements.

Orbia Advance Corporation, S.A.B. DE C.V. and Subsidiaries
(Subsidiary of Kaluz, S.A. de C.V.)

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2020, 2019 and 2018
(Amounts in thousands of U.S. dollars)

	2020	2019	2018
Operating activities:			
Consolidated net profit for the year	$ 318,780	$ 326,902	$ 482,946
Adjustments for:			
Income tax expense	150,811	205,542	194,680
Loss (gain) from discontinued operations	9,657	107	(22,829)
Labor cost	11,702	14,020	12,442
Depreciation and amortization	597,787	542,183	461,732
Loss on sale of fixed assets	467	1,739	4,432
Unrealized foreign exchange loss	2,378	18,396	47,337
Impairment of fixed assets	8,092	-	-
Change in fair value of redeemable non-controlling interests	9,713	18,488	18,593
Share of profit of associates	(867)	(4,142)	(4,272)
Interest income	(10,119)	(14,195)	(19,847)
Interest expense	238,681	272,073	250,674
	1,337,082	1,381,113	1,425,888
Working capital adjustments:			
(Increase)/Decrease in:			
Trade receivables	64,929	(34,479)	20,997
Inventories	(26,684)	31,361	(19,549)
Other assets	(63,701)	(16,948)	244,120
Assets held for sale	(554)	1,181	(875)
Increase/(decrease) in:	.		
Suppliers	62,504	(133,769)	(99,763)
Related parties	(1,841)	(15,949)	(61,337)
Other liabilities	(7,751)	90,216	(31,644)
Income tax paid	(280,637)	(233,240)	(225,669)
Liabilities associated with assets held for sale	(22)	(780)	20,752
Interest received	10,119	14,195	19,847
Net cash flows from operating activities	1,093,443	1,082,901	1,292,767
Investing activities:			
Purchase of machinery and equipment	(204,474)	(261,000)	(282,652)
Investments in other assets and intangible assets	(31,303)	(35,631)	(71,252)
Sale of machinery and equipment	20,846	23,045	3,789
Acquisition of equity investment in associate	(3,672)		
Acquisition of subsidiaries, net of cash acquired	-	-	(1,426,574)
Net cash flows used in investing activities	(218,603)	(273,586)	(1,776,689)

(continued)

	2020	2019	2018
Financing activities:			
Proceeds from loans obtained	1,467,628	83,130	297,232
Repayment of loans repaid	(1,294,569)	(200,105)	(128,904)
Interest paid	(231,494)	(275,767)	(221,653)
Lease payments	(89,304)	(91,570)	-
Dividends paid	(229,912)	(218,000)	(196,926)
Acquisition of non-controlling interests	-	-	(159,342)
Distribution to non-controlling interests in subsidiary	(142,110)	(151,191)	(145,050)
Share buybacks	(42,207)	(40,447)	(67,160)
Net cash flows used in financing activities	(561,968)	(893,950)	(621,803)
Adjustment for effects of foreign exchange differences	(24,096)	(28,834)	(94,237)
Net increase/(decrease) in cash and cash equivalents	288,776	(113,469)	(1,199,962)
Cash and cash equivalents at beginning of year	586,409	699,878	1,899,840
Cash and cash equivalents at the end of year	$ 875,185	$ 586,409	$ 699,878

(Concludes)

The accompanying notes are part of these consolidated financial statements.

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2020, 2019 and 2018
(Amounts in thousands of U.S. dollars)

1. Nature of Operations

Orbia Advance Corporation, S.A.B. de C.V. and subsidiaries (the Entity or Orbia), whose main address and place of business is located at Paseo de la Reforma No. 483 Piso 47, Cuauhtémoc, 06500 Mexico City, is an entity that holds the shares of a group of companies located in the American and European continents, as well as certain countries in Asia and Africa. Orbia is a leading supplier of goods and solutions in multiple sectors, from construction, infrastructure, agriculture and, irrigation, health, transportation, telecommunications, energy, to petrochemical, among others. It is one of the largest manufacturers of pipes, connectors and plastic irrigation drippers, as well as fluorite, worldwide.

The Entity's operating segments are included in five business groups: i) Wavin (Building & Infrastructure), ii) Dura-Line (Data Communications), iii) Netafim (Precision Agriculture), (which were previously presented as the "Fluent" reportable segment), iv) Koura (formerly Fluor), and iv) Vestolit (Polymer Solutions) (formerly Vinyl). The main products of these segments are: PVC pipes and connections, polyethylene (PE) and polypropylene (PP), high density polyethylene (HDPE), irrigation droppers and geosynthetics; as well as fluorite, fluorocomposites, hydrofluoric acid, refrigerant gases and medical propellants, and resins and polyvinyl chloride (PVC) compounds, among others.

2. Significant Events

a. The World Health Organization (WHO) declared the Coronavirus (COVID-19) outbreak a global pandemic. Orbia has taken comprehensive measures to protect employees, customers and the communities in which it operates from risks associated with the COVID-19 pandemic. During 2020, the Entity continued to safeguard its employees' health and well-being and sustain its operations by:

- Maintaining strict health and safety measures in all operating locations
- Introducing phased return-to-work protocols, where applicable, for essential sites and facilities
- Continuing restrictions on all non-essential business travel while encouraging employees across geographies to work remotely, where possible; and
- Utilizing digital tools to efficiently collaborate, deliver to customers and drive innovation, while enhancing digital infrastructure to accommodate volume increases and expanded stakeholder needs

As an extension of its human-centered approach, Orbia undertook additional measures to support its people, including:

- Expanding remote learning and training, while offering remote health support and physician access to all employees
- Implementing an employee assistance program in Latin America to provide medical and psychological support, which will continue after the COVID-19 pandemic
- Continuing to support innovation and internal crowdsourcing efforts

Almost all of Orbia's facilities have remained operational and the Entity has not experienced any meaningful supply chain disruptions. The Entity also has adapted its manufacturing processes and streamlined prototyping timelines to produce and deliver essential medical equipment and materials, including tens of thousands of inhalers that use Orbia's medical propellants, flexible critical care infrastructure, rapid COVID-19 testing devices, sanitation tents and intelligent health assessments, and medical-grade personal protective equipment made from its plastics.

On the other hand, Orbia continues to focus on its medium- and long-term business strategy, as well as its ability to adapt to market conditions, based on the resilience of its core businesses and the rapid recovery shown during 2020; however, there is still uncertainty around the potential impact that COVID-19 will have.

The most significant impacts on the Entity's financial performance include a decrease in sales resulting from disruptions in the supply chain as well as a decrease in demand, mainly during the months of April and May 2020. Likewise, as mentioned in the next paragraph, the Entity utilized its lines of credit as a precautionary measure due to the uncertainty arising from the COVID-19 contingency.

b. On March 5, 2020, the Entity notified its agent bank with which it had entered into a Revolving Line of Credit agreement on June 21, 2019, that the line of credit originally signed in the amount of $1.5 billion had a $500 million reduction, leaving a balance available to the Entity of $1 billion. This $1.5 billion syndicated revolving line of credit bears monthly interest at the London Interbank Offered Rate (LIBOR) plus 1.05%. The loan principal is repayable in a single installment upon maturity on June 21, 2024. The amount of principal changed to $1 billion in March 2020. On March 27, 2020, the Entity drew down the full amount of the available line of credit, which was repaid as follows: on September 30, the Entity repaid $400 million; on October 30, the Entity repaid $350 million; on November 30, the Entity repaid $175 million; and on December 31, the Entity repaid $ 75 million.

c. On September 16, 2020, the Entity established a Trade Paper Program for £300 million pounds through the issue of promissory notes with the Bank of England and Her Majesty's Treasury (HM Treasury) under the Covid Corporate Financing Facility. These promissory notes will expire on May 18, 2021; the annual cost of the equivalent line in US dollars is 0.74%, and they were not listed on any stock exchange. The Entity gained access to this financing option offered by the Bank of England in the context of the COVID-19 pandemic due to its operations and its important presence in the United Kingdom. This trade paper program reduces the overall cost of financing and the uncertainty caused by the pandemic.

d. Until 2019, the Entity's strategic position focused mainly on the production and sale of value-added products to end customers, as well as the production of chemicals, through three business groups: Vinyl, Fluor and Fluent. Due to the growth experienced by the Entity in recent years, Management conducted an analysis to identify whether such business groups continued to act as a reference point when operational and financial decisions are made; as well as to assess their efficiency, considering that the Entity has focused on the expansion into new and existing markets through organic growth. This, in addition to the acquisition of companies that offer synergies and opportunities to improve the Entity's supply of products and services, taking advantage of the rise of their local brands in the countries and territories where it operates.

Therefore, after completion of this analysis (as of April 2020), the Entity defined a new structure and way of analyzing business groups, which will allow it to obtain detailed information for decision-making as follows: i) Wavin (Building & Infrastructure), ii) Dura-Line (Data Communications), iii) Netafim (Precision Agriculture), iv) Koura (Fluor), and v) Vestolit (Polymer Solutions).

e. ***Change of corporate name*** - At a shareholders' meeting held on August 26, 2019, the Entity's shareholders agreed to change the Entity's name to Orbia Advance Corporation, S.A.B. de C.V. This change reflects the new strategy and global reorganization undertaken by the Entity, which also implies the re-branding of its identity and corporate image in accordance with its mission, vision and philosophy.

3. Basis of Presentation

a. Application of new and revised International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) that are mandatorily effective for 2020

The Entity has adopted new and amended standards issued by the International Accounting Standards Board (IASB) which are effective for annual periods beginning on or after January 1,2020.

Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9, IAS 39 and IFRS 7.

In September 2019, the IASB issued *Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7).* These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

The amendments are relevant to the Entity given that it applies hedge accounting to its benchmark interest rate exposures. The application of the amendments impacts the Entity's accounting in the following ways:

- The Entity will retain the cumulative gain or loss in the cash flow hedge reserve for designated cash flow hedges that are subject to interest rate benchmark reforms even though there is uncertainty arising from the interest rate benchmark reform with respect to the timing and amount of the cash flows of the hedged items. Should the Entity consider the hedged future cash flows are no longer expected to occur due to reasons other than interest rate benchmark reform, the cumulative gain or loss will be immediately reclassified to profit or loss.

The amendments also introduce new disclosure requirements to IFRS 7 for hedging relationships that are subject to the exceptions introduced by the amendments to IFRS 9.

Impact of the initial application of other new and amended IFRS Standards that are effective for annual periods beginning on or after January 1, 2020

In the current year, the Entity has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after January 1, 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to References to the Conceptual Framework in IFRS Standards	The Entity has adopted the amendments included in *Amendments to References to the Conceptual Framework in IFRS Standards* for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new *Framework*. Not all amendments, however, update those pronouncements with regard to references to and quotes from the *Framework* so that they refer to the revised *Conceptual Framework*. Some pronouncements are only updated to indicate which version of the *Framework* they are referencing to (the IASC *Framework* adopted by the IASB in 2001, the IASB *Framework* of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised *Conceptual Framework*. The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.
Amendments to IFRS 3 Definition of a business	The Entity has adopted the amendments to IFRS 3 for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after January 1, 2020.

The adoption of these amendments had no effect on the Entity's financial statements.

Amendments to IAS 1 and IAS 8 Definition of material	The Entity has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the *Conceptual Framework* that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

b. *New and revised IFRS Standards issued but not yet effective*

At the date of authorization of these consolidated financial statements, the Entity has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

IFRS 10 and IAS 28 (amendments)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*
Amendments to IFRS 3	*Reference to the Conceptual Framework*
Amendments to IAS 16	*Property, Plant and Equipment—Proceeds before Intended Use*
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to IFRS Standards 2018-2020 Cycle	*Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases*

Entity management does not expect that the adoption of the Standards listed above will have a material impact on the Entity's consolidated financial statements in future periods, except as noted below:

Amendments to IFRS 10 and IAS 28 – *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. Management anticipates that the application of these amendments may have an impact on the Entity's consolidated financial statements in future periods should such transactions arise.

Amendments to IAS 1 – *Classification of Liabilities as Current or Non-current*

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, with early application permitted. The Entity does not expect that the adoption of these amendments will have a material effect on its consolidated financial statements.

Amendments to IFRS 3 – *Reference to the Conceptual Framework*

The amendments update IFRS 3 so that it refers to the 2018 *Conceptual Framework* instead of the 1989 *Framework*. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 *Levies*, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after January 1, 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated *Conceptual Framework*) at the same time or earlier.

The Entity does not expect that the adoption of these amendments will have a material effect on its consolidated financial statements.

Amendments to IAS 16 – *Property, Plant and Equipment—Proceeds before Intended Use*

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 *Inventories*.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after January 1, 2022, with early application permitted.

Amendments to IAS 37 – *Onerous Contracts—Cost of Fulfilling a Contract*

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labor or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after January 1, 2022, with early application permitted.

Annual Improvements to IFRS Standards 2018–2020

The *Annual Improvements* include amendments to four Standards, and their potential impact on the Entity is explained below.

IFRS 1 *First-time Adoption of International Financial Reporting Standards*
IFRS 9 *Financial Instruments*
IFRS 16 *Leases*

The amendment removes the illustration of the reimbursement of leasehold improvements.
As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

The amendment is effective for annual periods beginning on or after January 1,2022, with early application permitted.

c. Classification of costs and expenses

Costs and expenses are analyzed by their function; given that this is a common disclosure in the industry in which the Entity operates.

4. Significant Accounting Policies

a. Compliance statement

The accompanying consolidated financial statements as of December 31, 2020, 2019 and 2018 have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

b. ***Basis of preparation***

The consolidated financial statements have been prepared on a historical cost basis, except for certain long-term assets and financial instruments, which are measured at their fair values at the end of each reporting period, as explained in the accompanying notes.

i. Historical cost

Historical cost is generally equal to the fair value of the consideration paid for goods and services.

ii. Fair value

Fair value is the price that would be received when and if the asset is sold or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In estimating the fair value of an asset or liability, the Entity takes into account the characteristics of the asset or liability being measured that market participants would take into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, lease transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).;

Going concern

The consolidated financial statements have been prepared by Management assuming that the Entity will continue as a going concern.

During the first months of 2020, an infectious disease (COVID-19) caused by the coronavirus was declared a world-wide pandemic by the World Health Organization (WHO) on March 11, 2020. Its recent global expansion has led to a series of containment measures in the different geographic areas where the Entity operates and the Mexican authorities and the various governments where the Entity operates have taken health measures to prevent mass spread of the virus. Due to the uncertainty and duration of this pandemic, the Entity analyzed its ability to continue as a going concern and concluded that it has adequate resources to continue in operational existence.

Despite the challenging global economic conditions, the Entity reported strong profitability and high levels of free cash flow during the year, as well as a sequential top-line sales improvement. This strong performance demonstrates the resilience of a diversified portfolio showing results that exceeded internal and external expectations during these extraordinary times.

Given continued uncertainty around the pace and cadence of a COVID-19 recovery, including uncertainty around the potential impact of the pandemic on the Entity's future operations, Orbia remains confident in its mid- and long-term strategy as well as in its ability to adapt to market conditions based on the resiliency of its businesses and the quick recovery shown during the pandemic.

As the challenges related to the COVID-19 pandemic continue to evolve, the Entity remains focused on the health and safety of its people and has positioned itself to adapt with precision and speed to the changing environment.

c. Basis of consolidation of financial statements

The Entity's consolidated financial statements include those of the Entity and its subsidiaries. Control is obtained when the Entity has:

- Power over the investee
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

The Entity reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

When the Entity has less than a majority of the voting, or similar, rights of an investee, it has power over the investee when the voting rights grant it the practical ability to direct the investee's activities unilaterally. The Entity considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The size of the investor's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the investor, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate the Entity has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Entity obtains control over the subsidiary and ceases when the Entity loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Statements of Income and Other Comprehensive Income from the date the Entity gains control until the date the Entity ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Entity and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Entity's accounting policies.

All intercompany balances and transactions are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Entity's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Entity and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Entity and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The Entity's most relevant shareholding interest in its subsidiaries as of December 31, 2020, 2019 and 2018 per business group is as follows:

Group	Country	% equity interest
Vestolit (Polymer Solutions):		
Mexichem Derivados, S.A. de C.V.	Mexico	100
Mexichem Compuestos, S.A. de C.V.	Mexico	100
Mexichem Resinas Vinílicas, S.A. de C.V.	Mexico	100
Vestolit GmBH	Germany	100
Mexichem Specialty Compounds, Inc.	USA	100
Mexichem Specialty Compounds, Ltd.	United Kingdom	100
Vinyl Compounds Holdings, Ltd.	United Kingdom	100
Mexichem Resinas Colombia, S.A.S.	Colombia	100
Mexichem Speciality Resins, Inc.	USA	100
C.I. Mexichem Compuestos Colombia, S.A.S.	Colombia	100
Petroquímica Mexicana de Vinilo, S.A. de C.V.	Mexico	100
Ingleside Ethylene LLC	USA	50
Sylvin Technologies Inc.	USA	100
Koura (Fluor):		
Mexichem Flúor, S.A. de C.V.	Mexico	100
Mexichem Flúor Comercial, S.A. de C.V.	Mexico	100
Fluorita de México, S.A. de C.V.	Mexico	100
Mexichem Flúor Inc.	USA	100
Mexichem Flúor Canadá Inc.	Canada	100
Mexichem UK Ltd.	United Kingdom	100
Mexichem Flúor Japan Ltd.	Japan	100
Mexichem Flúor Taiwan Ltd.	Taiwan	100
Wavin (Building and Infrastructure):		
Mexichem Amanco Holding, S.A. de C.V.	Mexico	100
Mexichem Soluciones Integrales, S.A. de C.V.	Mexico	100
Mexichem Guatemala, S.A.	Guatemala	100
Mexichem Honduras, S.A.	Honduras	100
Mexichem El Salvador, S.A.	El Salvador	100
Mexichem Nicaragua, S.A.	Nicaragua	100
Mexichem Costa Rica, S.A.	Costa Rica	100
Mexichem Panamá, S.A.	Panama	100
Mexichem Colombia, S.A.S.	Colombia	100
Pavco de Venezuela, S.A.	Venezuela	100
Mexichem Ecuador, S.A.	Ecuador	95
Mexichem del Perú, S.A.	Peru	100
Mexichem Argentina, S.A.	Argentina	100
Mexichem Brasil Industria de Transformação Plástica, Ltda.	Brazil	100
Wavin N.V.	Netherlands	100
Wavin Nederland B.V.	Netherlands	100
Wavin Belgium N.V.	Belgium	100
Wavin (Foshan) Piping Systems Co. Ltd.	China	100
Wavin Ekoplastik S.R.O.	Czech Republic	100

Group	Country	% equity interest
Nordisk Wavin A/S	Denmark	100
Norsk Wavin A/S	Norway	100
Wavin Estonia OU	Estonia	100
Wavin-Labko Oy	Finland	100
Wavin France S.A.S.	France	100
Wavin GmbH	Germany	100
Wavin Hungary Kft.	Hungary	100
Wavin Ireland Ltd.	Ireland	100
Wavin Italia SpA	Italy	100
Wavin Latvia SIA	Latvia	100
UAB Wavin Baltic	Lithuania	100
Wavin Metalplast-BUK Sp.zo.o.	Poland	100
Wavin Romania s.r.l.	Romania	100
OOO Wavin Rus	Russia	100
Wavin Balkan d o.o.	Serbia	100
AB Svenska Wavin	Sweden	100
Wavin TR Plastik Sanayi Anonim Sirketi	Turkey	100
Wavin Ltd.	United Kingdom	100
Warmafl oor (GB) Ltd.	United Kingdom	100
Wavin Ukrain O.O.O.T.O.V.	Ukraine	100
Dura-Line (Data Communications):		
Dura-Line Holdings, Inc.	USA	100
Mexichem Canada Limited	Canada	100
Netafim (Precision Agriculture):		
Netafim, LTD.	Israel	80
Holdings:		
Mexichem Soluciones Integrales Holding, S.A. de C.V.	Mexico	100

<u>Changes in ownership interests of existing subsidiaries</u>

Changes in the Entity's ownership interests in subsidiaries that do not result in the Entity losing control over the subsidiaries are accounted for as equity transactions. When the proportion of the equity held by non-controlling interests' changes, the Entity shall adjust the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interests in the subsidiaries. The Entity shall recognize directly in equity any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, and attribute it to the owners of the Entity.

When the Entity loses control over a subsidiary, the gain or loss on the disposal of the shares shall be calculated as the difference between (i) the sum of the fair value of the consideration received and the fair value of any retained interest, and (ii) the carrying amount of the assets (including goodwill) and liabilities of the subsidiary prior to the loss of control and any non-controlling interests. Amounts corresponding the equity investment in the subsidiary that were previously recognized in other comprehensive income shall be recognized based on the accounting treatment applicable to the disposal of the related assets and liabilities (that is, they shall be reclassified to profit or loss or recognized directly in other components of equity, as permitted under the applicable IFRS). The fair value of any investment retained in the subsidiary subsequent to the loss of control shall be the fair value of such investment for purposes of initial recognition under IAS 39, or the cost of the initial recognition of an equity investment in an associate or joint arrangement.

d. ***Recognition of the effects of inflation*** **-** The Entity recognizes the effect of inflation for entities that operate in highly inflationary economies, which is when inflation over the preceding three years is greater than 100%. In 2020, 2019 and 2018, the Entity recognized the effects of inflation on its operations in Venezuela. As of 2018, the Entity recognized the effects of inflation on its operations in Argentina.

e. ***Foreign currency transactions*** **-** The financial statements of each subsidiary are presented in the currency of the economic environment in which the subsidiary operates (functional currency). To consolidate the financial statements of foreign subsidiaries, the financial statements are translated from the functional currency into U.S. dollars (presentation currency), using the following methodology:

Foreign operations whose functional currency is not the same as the currency in which transactions are recorded, translate their financial statements using the following exchange rates: i) the closing exchange rate in effect at the balance sheet date for assets and liabilities, ii) historical exchange rates for equity, and iii) monthly average for revenue, costs and expenses. Foreign exchange gains and losses are recognized in other comprehensive income. Exchange rate differences resulting from financial instruments that are initially recognized in other comprehensive income are reclassified to profit or loss when the net foreign investment is partially or fully sold. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items carried at historical cost in foreign currency are not retranslated.

For foreign entities that operate in a hyperinflationary economy, their financial statements are first restated in purchasing power currency as of the date of the consolidated statement of financial position, using the consumer price index of the country of origin of the functional currency, and the financial statements are subsequently translated using the official closing exchange rate for all items. The Entity's operations in Venezuela have been restated using the annual inflation rates of 2,960%, 12,903% and 1,698,484% for the years ended December 31, 2020, 2019 and 2018, respectively. To translate these amounts as of December 31, 2020, 2019 and 2018, the Entity determined a theoretical exchange rate correlated to the effects of inflation, whereby the amounts would have been converted at an exchange rate of 5,639,363,645; 284,052,162 and 223,090,269 bolivars per U.S. dollar, respectively. A summary of the main financial statement captions related to this operation is as follows:

Venezuela

	2020	2019	2018
Total assets	$ 656	$ 771	$ 17,372
Equity	$ 599	$ 26	$ 11,032
Net sales	$ 148	$ 147	$ 2,566
Net profit	$ 514	$ 2,107	$ 5,060

In 2018, the Argentinian operation became a hyperinflationary economy given that the country's compound inflation for the last three years is greater than 100%; therefore, the amounts have been restated using the official annual inflation rates of 36.1% and 53.8% in 2020 and 2019, respectively. As of December 31, 2020, 2019, and 2018, the official exchange rates of 84.15, 59.89 and 37.70 Argentinian pesos per US dollar, respectively, were used to translate these balances. A summary of the main financial statement captions related to this operation is as follows:

Argentina

	2020	2019	2018
Total assets	$ 22,442	$ 20,755	$ 20,608

	2020	2019	2018
Equity	$ 11,773	$ 13,796	$ 378
Net sales	$ 30,968	$ 32,315	$ 33,608
Net loss	$ (1,483)	$ (2,316)	$ (5,283)

Exchange rate differences are recognized in profit or loss in the period in which they arise, except for exchange differences on foreign currency denominated loans relating to assets under construction qualifying for capitalization of interest, which are included in the cost of those assets when such differences are regarded as an adjustment to interest costs on those foreign currency denominated loans.

Goodwill and fair value adjustments arising from identifiable acquired assets and assumed liabilities generated in the acquisition of an overseas transaction are considered to be assets and liabilities for that transaction and are translated at the spot rate of exchange ruling at the reporting period. The resulting differences are recognized in other comprehensive income.

Transactions in foreign currency are initially translated using the prevailing exchange rate on the day of the initial transactions. Foreign currency denominated assets and liabilities are translated to functional currency using the exchange rate ruling at the reporting date. Exchange differences are recognized in profit or loss.

When there are several exchange rates available, that in which the future cash flows can be settled is used.

The subsidiaries with functional currency different to the U.S. dollar are as follows:

Entity	Functional currency	Country	Business Group
VESTO PVC Holding GmbH, Marl	Euro	Germany	Polymer Solutions
Mexichem Specialty Compounds	Pound sterling	United Kingdom	Polymer Solutions
Vinyl Compounds Holdings	Pound sterling	United Kingdom	Polymer Solutions
Mexichem UK	Pound sterling	United Kingdom	Fluor
Mexichem Flúor Japan	Japanese yen	Japan	Fluor
Mexichem Soluciones Integrales	Mexican peso	Mexico	Building & Infrastructure
Mexichem Canadá Holding	Canadian dollar	Canada	Data Communications
Mexichem Guatemala	Guatemalan quetzal	Guatemala	Building & Infrastructure
Mexichem Honduras	Honduran lempira	Honduras	Building & Infrastructure
Mexichem Nicaragua	Nicaraguan cordoba	Nicaragua	Building & Infrastructure
Mexichem Costa Rica	Costa Rican colon	Costa Rica	Building & Infrastructure
Mexichem Panamá	Panamanian balboa	Panama	Building & Infrastructure
Mexichem Colombia	Colombian peso	Colombia	Building & Infrastructure
Pavco de Venezuela	Venezuelan bolivar	Venezuela	Building & Infrastructure
Mexichem Argentina	Argentinian peso	Argentina	Building & Infrastructure
Mexichem Brasil Industria de Transformação Plástica	Brazilian real	Brazil	Building & Infrastructure
Wavin N.V. and subsidiaries	Euro (primarily)	Europe	Building & Infrastructure
Handelsonderneming Revaho B.V.(Netherlands)	Euro	Europe	Netafim
Netafim Irrigation India Pvt.	Indian rupee	India	Netafim
Netafim Turkey	Turkish lira	Turkey	Netafim
Netafim Brasil	Brazilian real	Brazil	Netafim

f. ***Cash and cash equivalents -*** Cash and cash equivalents primarily consist of bank deposits in checking accounts and highly liquid, short-term investments that are easily convertible into cash. Cash is stated at nominal value, while cash equivalents are stated at fair value.

g. ***Inventories -*** Inventories are valued at the lower of cost or net realizable value (estimated selling price less all estimated costs necessary to make the sale). Costs, including direct materials and an appropriate portion of fixed and variable overhead expenses that have been incurred in bringing the inventories to their present location and condition, are valued using the average cost method. The Entity recognizes an allowance for inventories due to impairment in the value of its inventories.

h. ***Assets held for sale -*** Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Entity is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Entity will retain a non-controlling interest in its former subsidiary after the sale.

When the Entity is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate, that will be disposed of is classified as held for sale when the criteria described above are met. The Entity then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method. The Entity discontinues the use of the equity method at the time of disposal when the disposal results in the Entity losing significant influence over the associate or joint venture (see Note 4-l).

After the disposal takes place, the Entity accounts for any retained interest in the associate or joint venture in accordance with IAS 39 unless the retained interest continues to be an associate or a joint venture, in which case the Entity uses the equity method (see the accounting policy regarding investments in associates or joint ventures above).

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

i. ***Property, plant and equipment -*** Property, plant and equipment are initially measured at cost, less accumulated depreciation or accumulated impairment losses, if any.

Borrowing costs directly attributable to the construction and installation of qualifying items of property, plant and equipment, are capitalized.

Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in profit or loss.

Construction in process is stated at cost, net of accumulated impairment losses, if any. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Entity's accounting policy. Depreciation of these assets, determined on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost or valuation of assets (other than freehold land and properties under construction) over their useful lives using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives of the property, plant and equipment are as follows:

	Years
Buildings and structures	19
Machinery and equipment	9
Office furniture and equipment	4
Automotive equipment	4 to 16

j. Leases -

- Entity as a lessee

The Entity assesses whether a contract is or contains a lease, at inception of the contract. The Entity recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Entity recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Entity uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Entity remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Entity did not make any such adjustments during the periods presented since it opted to retrospectively recognize the cumulative effect.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Entity incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Entity expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Entity applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Leases" in profit or loss (see Note 22).

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Entity has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Entity allocates the consideration in the contract to each lease component on the basis of the relative stand-alone selling price of the lease component and the aggregate stand-alone price of the non-lease components.

Through December 31, 2018, the Entity classified a lease as a finance lease whenever the terms of the lease transferred substantially all the risks and rewards of ownership to the lessee; these assets are so specific that only the lessee can use them without making substantial changes or the lease term represents most of the economic life of the asset. All other leases are classified as operating leases.

Lease payments were recognized in profit or loss on a straight-line basis over the term of the lease, unless another systematic basis was more representative of the pattern of consumption of the benefits of the lease. Contingent rents are recognized as expenses in the period in which they are incurred.

k. ***Borrowing costs -*** Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

l. ***Equity investment in associates and others -*** An associate is an entity over which the Entity has significant influence and is initially recognized at the fair value of the entity's identifiable assets and liabilities at the incorporation or acquisition date. Whenever there are indicators of impairment in the Entity's equity investments in associates, these are tested for impairment.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

After initial recognition, the comprehensive income of the associates, as well as any distribution of profits or capital reimbursements, are incorporated in the consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. When the Entity's share of losses of an associate exceeds the Entity's interest in that associate, the Entity discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Entity has incurred legal or constructive obligations or made payments on behalf of its associate.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Entity's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Entity's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Entity's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Entity discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Entity retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Entity measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part of an interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Entity accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Entity reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate or joint venture is disposed of.

Investment in associates in 2020, 2019 and 2018 are as follows: 40% of GF Wavin AG (Switzerland); 25% of Salzg. Westfalen GmbH (Germany); and 51% of Netafim Agricultural Financing Agency Ltd. (NAFA); equivalent to $38,585, $33,843 and $35,533, in these years, and a share of profit of associates of $867; $4,142 and $4,272, respectively.

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a Entity entity undertakes its activities under joint operations, the Entity as a joint operator recognizes in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Entity accounts for the assets, liabilities, revenue and expenses relating to its interest in a joint operation in accordance with the IFRS Standards applicable to the particular assets, liabilities, revenue and expenses.

When a Entity entity transacts with a joint operation in which a Entity entity is a joint operator (such as a sale or contribution of assets), the Entity is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognized in the Entity's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a Entity entity transacts with a joint operation in which a Entity entity is a joint operator (such as a purchase of assets), the Entity does not recognize its share of the gains and losses until it resells those assets to a third party.

m. ***Intangible assets*** - The Entity's intangible assets comprise non-compete agreements, trademark use agreements, intellectual property and customer portfolios. Intangible assets with finite useful lives are amortized on a straight-line basis over the estimated useful lives of the assets. Intangible assets with an indefinite useful life are not amortized, but are tested for impairment at least annually and whenever there is an indication that the asset may be impaired. The estimated useful lives, residual values and methods of amortization are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Intangible assets acquired in a business combination and recognized separately from goodwill are recognized initially at their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are recognized at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

n. ***Government grants*** - Government grants are not recognized until there is reasonable assurance that the Entity will comply with the conditions attaching to them and that the grants will be received.

Government grants whose primary condition is that the Entity should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

o. ***Goodwill*** - Goodwill arising from business combinations is recognized at the cost determined on the acquisition date of the business, net of any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Entity's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination.

Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Impairment in goodwill is directly recognized in profit or loss. An impairment loss recognized for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Entity's policy for goodwill arising on the acquisition of an associate is described in Note 4l.

p. ***Impairment of tangible and intangible assets excluding goodwill*** - At each reporting date, the Entity reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

q. ***Business combinations*** - Under a business combination, an entity acquires the assets and assumes the liabilities of another entity. Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, as are the assets acquired and liabilities assumed. Acquisition-related costs are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value in accordance with IFRS 3 *Business Combinations* at the acquisition date, except that:

i. deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 and IAS 19, respectively;
ii. liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Entity entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2; and
iii. assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Entity in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognized in profit or loss.

When a business combination is achieved in stages, the Entity's previously held interests in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Entity reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

r. ***Financial instruments -*** Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

s. ***Financial assets -*** All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Entity recognizes interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognized in profit or loss and is included in the "interest income" line item.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Entity manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Entity designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Entity has not designated any debt instruments as at FVTPL.

  Financial assets at FVTOCI are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy).

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate ruling at the end of each reporting period.

Impairment of financial assets

The Entity always recognizes lifetime expected credit losses (ECL) for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Entity's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Entity recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Entity measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

i. *Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Entity compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Entity considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Entity's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Entity's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor; and
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

ii. *Definition of default*

The Entity considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Entity, in full (without taking into account any collateral held by the Entity).

Irrespective of the above analysis, the Entity considers that default has occurred when a financial asset is more than 90 days past due unless the Entity has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

iii. *Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event;
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for that financial asset because of financial difficulties.

iv. *Write-off policy*

The Entity writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Entity's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

v. *Measurement and recognition of expected credit losses*

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Entity's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

Derecognition of financial assets

The Entity derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Entity recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the Entity continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

On partial derecognition of a financial asset (e.g., when the Entity retains an option to repurchase a portion of a transferred asset), the Entity allocates the carrying amount previously recognized for the financial asset between the portion it will continue to recognize and the portion being derecognized, on the basis of the relative fair values of those portions on the date of the transfer. The difference between the carrying amount allocated to the derecognized portion and the consideration received for the derecognized portion that was recognized in OCI shall be recognized in profit or loss. Cumulative gains and losses recognized in OCI shall be allocated between the portion that continues to be recognized and the portion that is no longer recognized on the basis of the fair values of each portion.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination in accordance with IFRS 3, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

– It has been acquired principally for the purpose of repurchasing it in the near term; or
– On initial recognition it is part of a portfolio of identified financial instruments that the Entity manages together and has a recent actual pattern of short-term profit-taking; or
– It is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

– Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
– The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Entity's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
– It forms part of a contract containing one or more embedded derivatives, and IAS 39: *Financial Instruments: Recognition and Measurement* permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognized in profit or loss. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other comprehensive income' line item. Fair value is determined in the manner described in Note 12.

Other financial liabilities

Other financial liabilities (including loans and trade and other payables) are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial liabilities

The Entity derecognizes financial liabilities when, and only when, the Entity's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

t. ***Derivative financial instruments*** - Due to the Entity's national and international operations, it is exposed to the risk of fluctuations in the prices of raw materials in the chemical industry, as well as interest rate risks related to the financing of its projects.

The Entity's policy is to use certain hedges to mitigate the volatility of the prices of certain raw materials, as well as interest rate and foreign exchange rate risks in its financial operations, all of which are related to its business.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The Entity designates certain hedging instruments as fair value, of recognized assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecasted transactions or hedges of foreign exchange risk on firm commitments (cash flow hedges), hedges of net investment in a foreign business.

Embedded derivatives

The Entity reviews all executed contracts to identify embedded derivatives that must be separated from the host contract for purposes of their accounting valuation and recognition.
Embedded derivatives identified in other financial instruments or in other contracts (host contracts) are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract, and the host contract itself is not designated at FVTPL.

u. ***Hedge accounting*** - The Entity designates certain derivatives as hedging instruments in respect of foreign currency risk, interest rate risk and commodities risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Entity documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item

Note 13 sets out details of the fair values of the derivative instruments used for hedging purposes.

Cash flow hedges

At the inception of the hedge relationship, the Entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Entity documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

The Entity recognizes all of the assets and liabilities arising from transactions with derivative financial instruments at fair value in the consolidated statement of financial position, irrespective of the intended use of the derivative. The fair value is determined based on recognized market prices and when not listed on a market, based on valuation techniques accepted in the financial markets. The decision to enter into hedges is based on market conditions and expectations in domestic and international economic environments.

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the 'other income' line item.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

The Entity discontinues hedge accounting only when the hedging instrument expires, is sold, terminated or exercised, or when the hedging relationship ceases to meet the qualifying criteria. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is reclassified immediately to profit or loss.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are immediately recognized in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in the consolidated statement of profit or loss line item relating to the hedged item.

Hedge accounting is discontinued when the Entity revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or ceases to meet the qualifying criteria for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated under the heading of foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the ‘other income’ line item.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

v. ***Provisions -*** Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

w. ***Restructurings*** **-** A restructuring provision is recognized when the Entity has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

x. ***Contingent liabilities acquired in a business combination*** **-** Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognized in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount recognized initially less the cumulative amount of income recognized in accordance with the principles of IAS 18 *Revenue*.

y. ***Short-term employee benefits*** **-** All employee benefits expected to be settled within 12 months after the end of the annual reporting period, in which employees provide services, related to:

(a) Wages and salaries and social security contributions;
(b) Rights related to paid time off and sick leave;
(c) Employee profit sharing and incentives; and
(d) Non-monetary benefits to current employees

z. ***Share buy-back reserve*** **-** Purchases and sales of shares are recognized directly in the share buyback reserve at their acquisition cost. Any gain or loss is recognized as part of retained earnings.

aa. ***Taxes*** **-** Income tax expense is the aggregate amount of current tax and deferred tax.

i. Current income tax **-** Current income tax is the Entity's income tax expense for the year and it is recognized in profit or loss.

ii. Deferred taxes **-** Deferred taxes are recognized on all temporary differences between financial reporting and tax values of assets and liabilities in the consolidated financial statements and the tax bases used in the calculation of taxable profit, the rates that have been enacted at the reporting date and where applicable, they include the carryforward of unused tax losses and tax credits. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Entity is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

bb. ***Employee benefits*** - Direct benefit costs and payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit plans (including seniority premiums and termination benefits), the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurements comprising actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on plan assets (excluding interest) are recognized immediately in the statement of financial position with a charge or credit to other comprehensive income in the period in which they occur. Remeasurements recognized in other comprehensive income are not reclassified. Past service cost is recognized in profit or loss when the plan amendment or curtailment occurs. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset.

Defined benefit costs are split into three categories:

- Service costs, which includes current service cost, past service cost and gains and losses on curtailments and settlements;
- Net interest expense or income; and
- Remeasurements.

The Entity presents the first two components of defined benefit costs as an expense or income depending on the item. Gains and losses from curtailments are recognized as part of past service costs.

The retirement benefit obligation recognized in the consolidated statement of financial position represents the deficit or surplus in the Entity’s defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

Employee or third-party contributions to defined benefit plans

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan.

When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

- If the contributions are not linked to services (e.g. contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability (asset).

- If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the entity reduces service cost by attributing the contributions to periods of service using the attribution method required by IAS 19:70 for the gross benefits.

cc. ***Share-based payments***

The Entity has established a Long-Term Incentive Plan (LTIP) for a group of executives, the purpose of which is to align executive compensation with shareholder interests, by conditioning the payment of this incentive upon the Entity's financial performance. Under this plan, the Entity annually awards a specific number of phantom shares aligned with the price movement of the Entity's actual shares, as follows: payments based on restricted phantom shares and payments based on performance phantom shares, which may be exercised, provided that the Entity's financial targets are achieved under the conditions set forth in the plan.

The LTIP is granted annually to the active executives selected, who have at least six months of continuous service at the time of the grant. The number of shares to be awarded will be determined based on the share closing price on the trading day for the period from July 1st to December 31, of the year prior to the grant date.

Payments based on restricted phantom shares: of the total value assigned, 40% is paid in three equal annual installments, only if the Entity's annual performance conditions, established in the plan, are achieved and if eligible personnel is active at the time of payment. The amount payable is calculated based on the average daily closing price of the month prior to that in which the restricted phantom shares are paid.

Payments based on performance phantom shares: 60% of the total value will be paid in the third year of the allocation, only if the Entity's financial performance targets, accumulated for the three years, are achieved, as established in the plan. The amount payable is calculated based on the average daily closing price of the month immediately prior to that in which the performance phantom shares are paid.

The liability recognized is accrued as the employees render service over the period. Payments are made only to employees active in payroll when the exercise of the phantom shares is approved.

The methodology used to project share prices is in accordance with the Black & Scholes methodology, calculated in Mexican pesos, and payable in the local currency of each entity at the exchange rate in effect at the settlement date.

Current options represent liability instruments. An analysis of the share option plan is as follows:

	LTIP restricted	LTIP for performance	Total
Balance as of December 31, 2017	2,029	11,696	13,725
Charge to profit or loss and adjustments	7,237	5,328	12,565
Balance as of December 31, 2018	9,266	17,024	26,290
Charge to profit or loss and adjustments	4,424	(11,320)	(6,896)
Balance as of December 31, 2019	13,690	5,704	19,394
Charge to profit or loss and adjustments	4,550	3,975	8,525
Balance as of December 31, 2020	$ 18,240	$ 9,679	$ 27,919

Valuation of options at fair value and accounting recognition

Current options qualify as liability instruments and are valued at their fair value estimated at the reporting date, with changes in valuation recognized in the statement of profit or loss and other comprehensive income. The fair value of the options was determined considering the remaining lives of the instruments and expected dividend, volatility and interest rates assumptions based on fair market conditions, in accordance with the Black & Scholes methodology.

dd. ***Earnings per share*** **-** (i) Basic earnings per common share is calculated by dividing the consolidated net profit or loss attributable to ordinary equity holders of the parent by the weighted average number of common shares outstanding during the year. (ii) Basic earnings (losses) per common share from discontinued operations is calculated by dividing the net profit from discontinued operations by the weighted average number of common shares outstanding during the year.

ee. ***Revenue recognition*** **-** Revenue from ordinary activities is recognized when the Entity transfers control of the good or service to a customer at an amount that reflects the consideration to which the Entity expects to be entitled in exchange for transferring goods or services to a customer.

Sales-related warranty associated cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Entity accounts for warranties in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, consistent with its previous accounting treatment.

1) ***Sales of goods***

The Entity derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following major product lines:

i. ***Dura-Line (Data Communications):*** Through the Data Communications (Dura-Line) business, primarily in the US/Canada and AMEA regions, the Entity has positioned itself as a leader in the production and distribution of pipelines and accessories and solutions for cable and fiber optics for voice and data conduction, as well as pipelines for natural gas conduction and distribution.

ii. ***Koura (Fluor):*** Koura is the world's largest integrated producer of fluorite and hydrofluoric acid (HF), except for China. In addition, the Entity is one of the world's largest producers of HF, considering the operations in Mexico and the largest supplier in the U.S. Spot Market. The process of this business group is divided into 3 stages: (i) the fluorite process, which consists of the extraction of fluoride, used for the production of hydrofluoric acid, in the cement, steel, ceramic and glass industries; (ii) the hydrofluoric acid and aluminum fluoride process, used for the production of refrigerant gases, downstream and in the aluminum industry; and (iii) the refrigerant and propellant gases process, used in air conditioning and medical applications.

iii. ***Netafim (Precision Agriculture):*** the Entity is the world leader in the production and sale of intelligent precision irrigation (drip irrigation) solutions, with 29 subsidiaries and 17 plants located in Israel, Turkey, the Netherlands, Spain, South Africa, Mexico, Brazil, Peru, Chile, China, Colombia, Australia, India and the United States, serving more than 110 countries. Netafim offers solutions in agricultural, civil and project engineering, related to the management, use and control of water in the agricultural, livestock and aquaculture areas. All this allows the Entity to offer the widest range of solutions according to its customers' needs.

iv. ***Vestolit (Polymer Solutions):*** this business group consists of six manufacturing processes: (i) basic chemicals including ethylene, chlorine, caustic soda and their derivatives, VCM, EDC and specialty chemicals; (ii) phosphates used in food and beverages, soaps and detergents, fertilizers and food supplements; (iii) the vinyl process, which produces general resins used for pipes and fittings, cable, flexible and rigid films, bottles, etc.(iv) specialty resins used for flooring, wallpaper, coatings, among others; (v) the plasticizer process that produces phthalic anhydride and a wide variety of plasticizers used in the processing of plastic resins; and (vi) the compound process, which produces plastic resins used to produce products with different applications, such as medical products, industrial and consumer products, products for the construction industry, among others. The product is a calcium-zinc stabilizer used in processing of PVC.

v. ***Wavin (Building and Infrastructure***): a is the global leader in Europe and Latin America in the production and distribution of plastic piping systems, fittings and accessories for safe and efficient conduction of the water supply, better sanitation and hygiene, climate-resilient cities and better building performance. In Latin America and Europe, Wavin is focused on the residential and commercial construction and infrastructure markets. In Latin America, it mainly offers technical solutions with geosynthetics, such as woven and non-woven geotextiles, fabrics, geomembranes and geogrids aimed at the execution of civil, environmental and infrastructure works, as well as other products for construction sector and other industries such as mining. In Europe, the Entity is one of the leading suppliers of plastic piping systems and water supply solutions, offering innovative products through a global network of distributors, plumbing dealers, civil contractors, housing developers, large installers, utilities and municipalities. It also offers water transport and handing systems, as well as systems in buildings for "Soil and Waste" and for heating and cooling systems "Hot & Cold" b, including surface heating and cooling.

2) ***Variable consideration***

In all the business groups described above, the amount of the consideration may vary due to discounts, reimbursements, etc., which are recognized based on an appropriate estimate using all available customer information. Based on such estimates, the net sales line item reflects the actual consideration expected to be received from customers.

Under the Entity's standard contract terms, customers have a right of return within 30 days. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognized for those products expected to be returned. The Entity uses its accumulated historical experience to estimate the number of returns using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognized will not occur given the consistent level of returns over previous years.

3) ***Net sales***

The table below shows a breakdown of net sales revenue per business group, which has been grouped based on the vertical integration of its raw materials. The Entity uses this breakdown to make operating decisions in order to allocate resources and evaluate the performance of each business group:

	Business Group	2020	2019	2018
PVC paste and resin, compounds, chloride and caustic soda	Vestolit (Polymer Solutions)	$ 2,170,679	$ 2,333,796	$ 2,460,074
Fluorite, fluorocarbons and hydrofluoric acid	Koura(Fluor)	697,951	805,187	837,383
Pipelines, natural gas and high-pressure water pipelines	Wavin (Building and Infrastructure)	2,071,265	2,238,757	2,362,242
Telecommunications/ datacom	Dura-Line (Data Communications)	732,154	749,108	797,701
Agriculture and irrigation	Netafim (Precision Agriculture)	972,015	1,063,447	945,248
Service revenue [(i)]	Holding	183,720	96,919	(12,028)
Eliminations and other	Other	(408,014)	(300,032)	(192,484)
		$ 6,419,770	$ 6,987,182	$ 7,198,136

(i) Includes other minor-related revenue, mainly from the provision of services, property leases and royalty income related to products and technologies.

5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of the Entity's accounting policies, Entity management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgments and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

a. For impairment testing purposes, the Entity is required to estimate the value in use of its property, plant and equipment, and, in the case of certain assets, of its cash generating units. The value in use calculations require the Entity to determine the future cash flows expected to be derived from its cash-generating units and an appropriate discount rate to calculate their present value. The Entity uses cash flow projections of revenue using estimates of market conditions, pricing, and production and sales volumes.

b. The Entity uses estimates to determine both its allowance for obsolete inventories and its allowance for doubtful accounts. The factors that the Entity considers for the inventory allowance are production and sales volumes, and changes in demand for certain products. The factors that the Entity considers to determine the allowance for doubtful accounts are primarily the client's risk related to its financial situation, unsecured accounts and considerable delays in collection considering established credit limits.

c. The Entity periodically evaluates the estimates of its ore reserves (fluorite and salt), which represent the Entity's estimate with respect to the unexploited amount remaining in its existing mines, that can be produced and sold at a profit. Such estimates are based on engineering evaluations derived from samples, combined with assumptions about market prices and production costs relating to the respective mines. The Entity updates the estimate for ore reserves at the beginning of each year.

d. Discount rate used to determine the carrying amount of the Entity's defined benefits obligation. The Entity's defined benefits obligation is discounted using market yields on high-quality government and corporate bonds at the end of the reporting period. Professional judgment must be used to establish the criteria for the bonds to be included in the population from which the yield curve is derived. The most important criteria considered for the selection of the bonds include the size of the issue of the government and corporate bonds, their rating and the identification of the atypical bonds that have been excluded.

e. The Entity is subject to contingent transactions or events upon which it uses professional judgment in the development of estimates of probability of occurrence. The factors that are considered in these estimates are the current legal situation at the date of the estimate and the opinion of the legal advisors.

f. Control over Ingleside Ethylene LLC - Note 4c describes that Inglesiden Ethylene LLC is a subsidiary of the Entity, who holds a 45% equity interest. Based on contractual agreements with the other investor, the Entity makes the decisions regarding production and sales that give rise to variable returns from this subsidiary.

g. The Entity prepares financial projections for each legal entity in which it has control in order to determine whether the tax assets may be used in the future, particularly against available tax loss carryforwards. Based on these projections, tax losses are utilized or reserved in each jurisdiction where the Entity operates.

h. The Entity evaluates its assets subject to leasing and separates leases of low-value assets. Leases for which a right-of-use asset must be recognized are assessed to determine their contractual terms and renewal options based on economic benefits, rental payment projections and the discount rates used for each type of asset, in order to determine the amount to be recognized.

6. Business Combinations

In 2018, Orbia acquired Netafim and Sylvin Technologies. The operating results of the acquired businesses are recognized in the consolidated financial statements as of the effective acquisition date. Note 2 to the accompanying consolidated financial statements include disclosures regarding the Entity's business acquired, the most important of which was the acquisition of 80% of the shares of Netafim, Ltd. for a price of $1,424 million.

a. Consideration transferred

2018	**Cash**
Netafim, Ltd.	$ 1,424,093
Sylvin Technologies, Inc.	39,607
	$ 1,463,700

b. ***Assets acquired and liabilities assumed at the acquisition date (2018)***

As of December 31, 2018, the Entity completed the identification and measurement of the assets acquired and liabilities assumed in its business combinations in 2018, at their fair values at the acquisition date. Therefore, the amounts presented in this note regarding the 2018 business acquired are as follows:

2018	Netafim, Ltd	Sylvin Technologies, Inc.
Assets:		
Cash and cash equivalents	$ 37,126	$ -
Accounts receivable and other	297,372	4,758
Inventories	172,233	2,115
Property, plant and equipment	159,096	5,653
Other non-current assets	755,794	15,284
Deferred income taxes	12,303	-
Liabilities:		
Suppliers and other accounts payable	(337,388)	(2,980)
Bank loans and long-term debt	(115,394)	-
Other long-term liabilities	(234,303)	(669)
Total net assets	746,839	24,161
Less: market value of non-controlling interests	(149,368)	-
Total net assets of equity holders of the parent	$ 597,471	$ 24,161

c. ***Redeemable non-controlling interest***

Under the shareholders' agreement entered into with the minority shareholders who retained the remaining 20% of the share capital of Netafim (see Note 2f.i), the Entity signed a put option contract in which, after the fifth anniversary of the closing date of the Netafim acquisition agreement, the minority shareholders will have, for a period of 10 years, the right to sell its interest in Netafim to the Entity and Orbia will have the obligation to acquire it at the price agreed in the respective agreement. The value of the option will depend on the market value of Netafim's shares and certain conditions linked to the multiples of the share value. The Entity recognized the future value based on estimated scenarios, while considering the current value of the assumed obligation. This option is known as a redeemable non-controlling interest is reflected as a reduction in its retained earnings in the consolidated statements of changes in stockholders' equity, and as a credit in the non-current liabilities caption of $227,205. As of December 31, 2020, 2019 and 2018, the Entity's liabilities in the amount of $274,000, $264,287 and $245,799, respectively, were recognized in the Entity's consolidated financial statements at the date acquisition of Netafim.

d. ***Goodwill from acquisitions***

2018	Cash consideration	Liabilities assumed	Value of net assets acquired	Goodwill
Netafim, LTD.	$ 1,424,093	$ 38,670	$ 597,471	$ 787,952
Sylvin Technologies, Inc.	39,607	-	24,161	15,446
	$ 1,463,700	$ 38,670	$ 621,632	$ 803,398

Goodwill has arisen in a business combination due to the fact that the consideration paid for this acquisition effectively included amounts in relation to the benefits of the expected synergies, revenue growth and future market development. These benefits are not recognized separately from goodwill, because they do not meet the recognition criteria for identifiable intangible assets.

e. Net cash flows from acquisition of subsidiaries

		2018
Cash consideration	$	1,463,700
Less: balances of cash and cash equivalents acquired		(37,126)
Net	$	1,426,574

f. Effect of acquisitions in the Entity's financial position (unaudited)

The Entity's (unaudited) consolidated statements of financial position as of December 31, 2018, and the pro forma (unaudited) consolidated statements of profit or loss for the year ended December 31, 2018 are presented below. This pro forma information does not necessarily present the real figures which would have been obtained had the acquisitions occurred at that date.

		2018
Condensed consolidated statements of financial position		
Cash and cash equivalents	$	699,878
Accounts receivable, Net		1,317,549
Other current assets		959,746
Total current assets		2,977,173
Non-current assets		7,097,785
Total assets	$	10,074,958
Bank loans and current portion of long-term debt	$	395,928
Suppliers and letters of credit		1,413,669
Other current liabilities		898,390
		2,707,987
Bank loans and long-term debt		3,175,497
Other long-term liabilities		1,021,634
Total liabilities		6,905,118
Share capital		1,755,257
Retained earnings		653,099
Equity holders of the parent		2,408,356
Non-controlling interest		761,484
Total shareholders' equity		3,169,840
Total liabilities and shareholders' equity	$	10,074,958

		For the year ended December 31, 2018 (pro forma unaudited)
Consolidated Statements of Income and Other Comprehensive Income		
Net sales	$	7,256,916
Cost of sales		5,301,998
Gross profit		1,954,919
General expenses		1,017,349
Net financing income		267,904
Share of loss of associates		(4,272)
Profit before income tax		673,938
Income tax		195,015
Income before discontinued operations		478,923
Discontinued operations		(22,829)
Consolidated net profit	$	501,752

7. Transactions which did not generate or required Cash Flows

The Entity has made strategic investments in adherence with the terms and conditions of a lease agreement. In 2020, 2019 and 2018, these transactions represent additions to right-of-use assets totaling $82,699, $313,498 and $3,560, respectively.

8. Cash and Cash Equivalents

An analysis of cash and cash equivalents as of December 31, 2020, 2019 and 2018 is as follows:

		2020		2019		2018
Cash	$	623,097	$	361,577	$	509,481
Cash equivalents:						
Bank papers		78,283		34,516		7,745
Highly liquid investments		173,805		190,316		182,652
	$	875,185	$	586,409	$	699,878

9. Accounts Receivable

An analysis of accounts receivable as of December 31, 2020, 2019 and 2018 is as follows:

		2020		2019		2018
Trade receivables	$	1,160,257	$	1,217,249	$	1,208,211
Less - Allowance for doubtful accounts		(66,852)		(58,915)		(58,320)
		1,093,405		1,158,334		1,149,891
Accounts receivable due from insurance companies		-		-		7,206
Recoverable taxes and other		231,333		193,694		160,452
	$	1,324,738	$	1,352,028	$	1,317,549

Trade receivables -

The average credit term sale for the sale of goods is 58 days as of December 31, 2020. No interest is charged on accounts receivable unless a payment restructuring agreement is executed. The Entity has recognized an allowance for expected credit losses that represents 5.8% of its total trade receivables, determined based on the Entity's historical credit loss experience.

Before accepting any new customer, the Entity uses an external credit rating system to assess the credit quality of the potential customer and to set the credit limit for that customer. The Entity reviews its customer credit ratings and credit limits once a year or whenever there is evidence that all or part of a receivable is unlikely to be collected.

The Entity's accounts receivable that are neither past due nor impaired are due from customers with the maximum credit rating determined by the Entity's credit rating system. No single customer represents more than 3.57% of the Entity's trade receivable balance.

Accounts receivable disclosed in the preceding paragraphs include amounts that are past due at the reporting date (see analysis of balances more than 60 days past due below) for which the Entity has recorded an estimate considering: i) its potential exposure; ii) whether the account receivable is secured; and iii) whether it maintains any collateral or other credit enhancements on those balances since it does not have the legal right to offset them against any amount owed by the Entity to the counterparty.

	2020	2019	2018
60-90 days	$ 16,063	$ 23,050	$ 18,294
More than 91 days	82,578	64,154	55,599
Total	$ 98,641	$ 87,204	$ 73,893
Average age (days)	58	53	52

An analysis of the allowance for doubtful accounts is as follows:

	2020	2019	2018
Beginning balance	$ 58,915	$ 58,320	$ 42,193
Business combinations	-	-	22,205
Charge to profit or loss	20,403	11,442	5,239
Charges against the allowance	(10,512)	(8,533)	(7,136)
Foreign currency translation reserve	(1,954)	(2,314)	(4,181)
Ending balance	$ 66,852	$ 58,915	$ 58,320

In determining the recoverability of an account receivable, the Entity considers changes in the credit quality of each account from the time the credit was granted until the end of the reporting period. The Entity's concentration of credit risk is low, as its customer base is large and diverse.

10. Inventories

An analysis of the Entity's inventories as of December 31, 2020, 2019 and 2018 is as follows:

	2020	2019	2018
Finished products	$ 594,909	$ 596,175	$ 585,027
Raw materials	194,310	203,548	229,160
Merchandise in transit	93,758	57,473	73,085
Spare parts	42,652	40,566	43,522
	925,629	897,762	930,794
Less - Allowance for obsolete and slow-moving inventories	(64,507)	(63,324)	(64,995)
	$ 861,122	$ 834,438	$ 865,799

As of December 31, 2020, 2019 and 2018, inventories recognized in the cost of goods sold for inventory use during the reporting period from continuing operations was $4,165 million, $4,655 million and $4,936 million, respectively. During 2020, 2019 and 2018, there were no write-downs of inventory to their net realizable value.

An analysis of the allowance for obsolete and slow-moving inventories is as follows:

	2020	2019	2018
Beginning balance	$ 63,324	$ 64,995	$ 46,848
Charge to profit or loss	2,657	2,706	7,139
Charges against the allowance	(1,716)	(4,202)	(2,804)
Business combinations	-	-	16,785
Foreign currency translation reserve	242	(175)	(2,973)
Ending balance	$ 64,507	$ 63,324	$ 64,995

11. Financial Instruments

The Entity is exposed to market risks, operating risks and financial risks arising from the use of financial instruments involving interest rates risk, credit risk, liquidity risk and foreign exchange rate risk, which are centrally managed. The Board of Directors establishes and monitors the policies and procedures to measure and manage those risks, which are described below.

a. ***Capital risk management*** - The Entity manages its capital to ensure that it will be able to continue as a going concern while maximizing the return on the investment of its shareholders by optimizing its debt and equity mix. The Entity's capital structure is not exposed to any capital requirements.

Entity management reviews, on a monthly basis, its net debt position and borrowing costs and their relationship with Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA), and presents its financial projections as part of its business plan to the Board of Directors and shareholders.

The Entity's net cost-bearing debt includes $50 and $365 in 2019 and 2018, respectively, related to letters of credit and supplier accounts payable more than 180 days old, which, for financial restriction purposes, are considered as financial debt. In 2020, the balance for such type of transactions was Ps. 0.

An analysis of the debt ratio is as follows:

	2020	2019	2018
Net cost-bearing debt	2,750,827	2,864,607	2,871,912
Pro Forma EBITDA (unaudited) (12 months)	1,318,256	1,365,205	1,401,149
Debt ratio	2.09	2.10	2.05

	2020	2019	2018
Pro Forma EBITDA (unaudited) (12 months)	1,318,256	1,365,205	1,401,149
Total interest expense	210,725	224,232	211,695
Interest coverage ratio	6.26	6.09	6.62
Net cost-bearing debt	2,750,827	2,864,557	2,871,912
EBITDA **	1,318,256	1,365,205	1,396,546
Debt ratio	2.09	2.10	2.06
EBITDA **	1,318,256	1,365,205	1,396,546
Total interest expense	210,725	224,232	211,695
Interest coverage ratio	6.26	6.09	6.6

** For purposes of this calculation, actual EBITDA is considered. EBITDA only includes businesses acquired from their dates of incorporation.

b. ***Interest rate risk management*** **-** The Entity is exposed to interest rate risk because it borrowed funds at floating interest rates. The Entity manages this risk through the use of interest rate swaps when projected rate fluctuations exceed 100 to 200 basis point per quarter. The Entity's hedging activities are evaluated regularly to assess whether they align with the interest rates and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

The Entity's exposures to interest-rate risk are mainly related to changes in the Mexican Interbank Weighted Rate (TIIE) and London Interbank Offered Rate (LIBOR) with respect to the Entity's financial liabilities. The Entity prepares sensitivity analyses based on its exposure to interest rates on its variable-rate debt with financial institutions that is not hedged. An analysis is prepared assuming that the ending balance at year end has been outstanding during the whole year. The Entity internally reports to the Board of Directors about its interest rate risks.

If the TIIE and LIBOR rates had had an increase of 100 basis points at each reporting period, with all other variables held constant, the Entity's profit before income tax in 2020, 2019 and 2018 would have decreased by $2 million, $4 million and $4 million, respectively. This is primarily because the Entity's exposure to the LIBOR and TIIE rates on its long-term loans is not significant, because most of its bank loans and long-term debt bear interest at fixed rates.

c. ***Credit risk management*** - Credit risk is the risk that a counterparty will default on its contractual obligations under a financial instrument or customer contract, resulting in a financial loss for the Entity. Credit risk originates primarily from trade receivables and liquid funds. Credit risk with respect to cash and cash equivalents and derivative financial instruments is limited because counterparties are banks with high credit ratings assigned by credit rating agencies. The maximum exposure to credit risk is primarily represented by the balance of financial assets in the trade accounts receivable. The Entity sells products to customers in different economic environments; primarily in Mexico, South America, Europe and the United States of America, that demonstrates its economic solvency.

The total accounts receivable from all business segments are comprised of more than 30,000 customers, and such customers do not represent individual concentrations of credit risk. However, the accounts receivable balance represents the maximum credit risk exposure to the Entity. The Entity periodically evaluates the financial condition of its customers and purchases collection insurance for export sales, while domestic sales generally require a guarantee. The Entity does not believe that there is a significant risk of loss from concentrations of credit with respect to its customer base, and believes that any potential credit risk is adequately covered by its allowance for doubtful accounts, which represents its best estimate of impairment losses on trade receivables.

d. ***Liquidity risk management*** - Ultimate responsibility for liquidity risk management rests with Entity management, which has established appropriate policies for the control of such risk through the monitoring of working capital, allowing management of the Entity's short-, medium-, and long-term funding requirements. The Entity maintains cash reserves and available lines of credit, continuously monitoring projected and actual cash flows, and reconciling the maturity profiles of financial assets and financial liabilities.

The table below details the remaining contractual maturities of the Entity's financial assets and financial liabilities, based on contractual repayment periods. The table has been designed based on un-discounted projected cash flows of financial assets and liabilities based on the date on which the Entity must make payments and expects to receive collections. The table includes both projected cash flows related to interest and capital on financial debt in the consolidated statements of financial position and the interest that will be earned on financial assets. To the extent that interest flows are at a floating rate, the undiscounted amount is derived from the interest rate curve at the end of the reporting period. The contractual maturity is based on the earliest date on which the Entity may be required to pay.

As of December 31, 2020	Average weighted effective interest rate	3 months	6 months	1 year	Between 1 and 3 years	More than 3 years	Total
Bank loans and general market	4.55%	$ 113,774	$ 438,339	$ 86,030	$ 1,106,281	$ 4,025,385	$ 5,769,809
Suppliers and letters of credit (1)	1.00%	896,324	418,607	11,168	7	-	1,326,106
Other accounts payable and other		486,872	101,549	48,203	51,276	296,621	984,521
Redeemable non-controlling interest		-	-	-	-	274,000	274,000
Lease liabilities	4.67%	23,968	22,137	46,068	129,594	167,901	389,668
Derivative financial instruments (net cash flow)		13,762	-	-	94,573	-	108,335
Total		1,534,700	980,632	191,469	1,381,731	4,763,907	8,852,439
Cash and cash equivalents		875,185	-	-	-	-	875,185
Trade and other accounts receivable		1,097,617	135,408	86,268	-	-	1,319,293
Total		1,972,802	135,408	86,268	-	-	2,194,478
Net		$ 438,102	$ (845,224)	$ (105,201)	$ (1,381,731)	$ (4,763,907)	$ (6,657,961)

As of December 31, 2019	Average weighted effective interest rate	3 months	6 months	1 year	Between 1 and 3 years	More than 3 years	Total
Bank loans and general market	5.55%	$ 271,631	$ 107,165	$ 87,598	$ 1,218,983	$ 4,035,130	$ 5,720,507
Suppliers and letters of credit (1)	1.00%	849,874	400,612	13,116	-	-	1,263,602
Other accounts payable and other		400,722	296,592	150,843	55,694	244,244	1,148,095
Redeemable non-controlling interest		-	-	-	-	264,287	264,287
Lease liabilities	4.61%	25,885	31,550	29,548	133,335	173,269	393,587
Derivative financial instruments (net cash flow)		6,019	-	6,697	26,788	39,993	79,497
Total		1,554,131	835,919	287,802	1,434,800	4,756,923	8,869,575
Cash and cash equivalents		586,279	130	-	-	-	586,409
Trade and other accounts receivable		1,138,000	132,529	86,256	-	-	1,356,785
Total		1,724,279	132,659	86,256	-	-	1,943,194
Net		$ 170,148	$ (703,260)	$ (201,546)	$ (1,434,800)	$ (4,756,923)	$ (6,926,381)

As of December 31, 2018	Average weighted effective interest rate	3 months	6 months	1 year	Between 1 and 3 years	More than 3 years	Total
Bank loans and general market	5.53%	$ 138,845	$ 36,586	$ 504,748	$ 315,216	$ 4,901,995	$ 5,897,390
Suppliers and letters of credit (1)	1.00%	1,040,812	357,432	15,425	-	-	1,413,669
Other accounts payable and other		437,654	196,566	119,101	90,682	12,547	856,550
Redeemable non-controlling interest		-	-	-	-	245,799	245,799
Lease liabilities	5.41%	5,409	9,066	4,543	9,538	11,346	39,902
Derivative financial instruments (net cash flow)		8,254	-	7,375	21,912	90,746	128,287
Total		1,630,974	599,650	651,192	437,348	5,262,433	8,581,597
Cash and cash equivalents		696,073	3,805	-	-	-	699,878
Trade and other accounts receivable		1,158,101	115,990	48,829	-	-	1,322,920
Total		1,854,174	119,795	48,829	-	-	2,022,798
Net		$ 223,200	$ (479,855)	$ (602,363)	$ (437,348)	$ (5,262,433)	$ (6,558,799)

(1) The Entity's letters of credits are used for the purchase of raw materials.

The amounts included for debt with financial institutions includes both fixed and variable interest rate instruments. The financial liabilities at variable interest rate are subject to change if changes in variable interest rates differ from the estimated interest rates determined at the end of the reporting period.

The Entity expects to meet its obligations with the cash flows from operations and resources received from the maturity of financial assets. In addition, as of December 31, 2020, the Entity has access to a revolving line of credit with an unused balance of $1 billion.

e. ***Foreign exchange risk management*** - The Entity carries out transactions denominated in foreign currency; consequently, it is exposed to exchange rate fluctuations, which are managed within the parameters of the approved policies, using, where appropriate, forward exchange rate contracts, when considered effective.

The carrying amounts of monetary assets and monetary liabilities denominated in foreign currency at the end of the reporting date are as follows (foreign currency expressed in thousands):

	Assets			Liabilities		
	2020	2019	2018	2020	2019	2018
Euros	196,722	150,338	270,437	1,154,200	1,359,928	1,146,383
Brazilian real	752,300	408,219	393,292	415,685	242,631	149,921
Mexican pesos	2,029,405	1,816,540	1,881,784	6,347,175	6,854,320	5,751,198
Colombian pesos	288,536,207	230,940,505	195,082,639	219,561,071	186,265,520	181,157,856
Pounds sterling	92,996	107,706	113,692	126,888	156,948	156,034

- Foreign currency sensitivity analysis

The following table details the Entity’s sensitivity to a 10% increase/decrease in the Mexican peso against the relevant foreign currencies. The 10% rate represents the sensitivity rate used internally by the key member of management and represents management's best assessment of a reasonably possible change in the foreign exchange rates. The sensitivity analysis includes only monetary items denominated in foreign currency and adjusts their translation with a 10% fluctuation at the end of the period. The sensitivity analysis includes external loans as well as loans from foreign operations inside the Entity where the loan is denominated in a currency other than the U.S. dollar. A negative or positive figure, respectively (as shown in the following table) indicates a (decrease) or increase in the results derived from a 10% weakening of the currency against the foreign currency in question:

	2020	2019	2018
Euros	107,046	123,152	91,130
Brazilian real	(5,889)	(3,735)	(5,740)
Mexican pesos	19,677	24,302	17,872
Colombian pesos	(1,827)	(1,239)	(390)
Pounds sterling	4,198	(5,879)	(4,888)

The sensitivity analysis is not representative of the inherent foreign exchange risk, which may not necessarily reflect the exposure during the year.

As of December 31, the U.S. dollar exchange rates in the following countries where the Entity operates were as follows:

	2020	2019	2018
Brazil	5.20	4.03	3.87
Colombia	3,432.50	3,277.14	3,249.75
Mexico	19.95	18.85	19.68
United Kingdom	0.73	0.76	0.78
European Union (Euro)	0.81	0.89	0.87

i. ***Financial risk management objectives*** **-** The Entity’s Treasury function provides services to the business, co-ordinates access to domestic and international financial markets and it monitors and manages the financial risk related to the Entity’s operations through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Entity seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Entity's policies approved by the Board of Directors, which provide written principles on foreign currency risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments and investment of surpluses. Compliance with policies and exposure limits is regularly reviewed. The Entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

ii. ***Market risk*** - The Entity's activities expose it primarily to the financial risks of fluctuations in foreign currency exchange rates (see subsection iv of this Note) and interest rates (see subsection b. of this Note). The Entity enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including:

- Mexican peso-US dollar Cross Currency Swaps to mitigate the exposure in debts in Mexican pesos.
- Foreign currency Principal Only Swaps to hedge exchange risks arising from the translation into Euros of the Entity's investment in foreign operations whose functional currency is the Euro.
- Interest rate swaps, which serve to exchange variable interest rates of Euro-denominated debt for a fixed rate.
- Dollar-Euro, Dollar-Pound Sterling, Dollar-Israeli Shekel, Dollar-Turkish Lira, Dollar-Indian Rupee, Dollar- Japanese Yen, Dollar- Australian Dollar, Dollar- Yuan Renminbi, Dollar-South African Rand (ZAR) and Dollar-Brazilian Real exchange rate forwards to mitigate exposure to debts with financial institutions and intercompanies in the aforementioned currencies.
- Euro-dollar options to mitigate the exposure in results denominated in such currencies.

Market risk exposures are measured using a sensitivity analysis.

There has been no change to the Entity's exposure to market risks or the manner in which these risks are managed and measured.

iii. ***Cross-currency swaps*** - According to the cross-currency swap contracts, the Entity agrees to exchange Peso-Dollar cash flows calculated on the notional amounts and interest rates established in such contracts to hedge bank debt exposure and structured note exposure in Mexican pesos.

Principal Only- Swaps - According to the cross-currency swap contracts, the Entity agrees to exchange Dollar-Euro cash flows on the principal and a fixed rate in dollars, as established in such contracts, which enable the Entity to mitigate the risk of the exchange rate fluctuations due to the exposure arising from its investment in Euros for the acquisition of its subsidiaries in Europe, Wavin and Vestolit.

Interest rate swap agreements - Under the interest rate swap agreements, which hedge bank debt, the Entity agrees to exchange a variable interest rate for a fixed interest rate.

Exchange rate forwards and options - The Entity enters into exchange rate forwards and options in currencies other than its functional currency to hedge the exchange rate exposure in balance sheet and statement of profit or loss line items. The hedged line items in currencies other than the Entity's functional currency are mainly denominated in: Euros (EUR), Pounds (GBP), Israeli shekels (ILS), Indian rupees (INR), South African rand (ZAR) and Turkish lira (TRY), among others. These contracts are for terms of one year.

The Entity's functional currency is the U.S. dollar. The Entity has issued: i) debt totaling 3 billion Mexican pesos with 10-year maturities at a fixed rate of 8.12%; and ii) trade paper totaling 300 million GBP maturing in May 2021 at an interest rate of 0.60%.

These swaps have been formally designated as hedging transactions for accounting purposes, as follows:

The Entity currently has five U.S dollar-Euro Principal Only Swaps designated as hedging relationships on a net investment for subsidiaries in Europe.

Similarly, the Entity has four Mexican peso-U.S. Dollar Cross Currency Swaps, which have been designated as cash flow hedging relationships to hedge the Entity’s exposure to exchange rate fluctuations related to the revaluation of debt in Mexican pesos.

The Entity has evaluated and measured the hedging effectiveness and concluded that its hedge strategy is highly effective as of December 31, 2020, 2019 and 2018. The Entity uses the ratio analysis method, based on the hypothetical derivative model to simulate the behavior of the hedged item. Such method consists of comparing the changes in the fair value of the hedging instruments with the changes in the fair value of the hypothetical derivative that would result in a perfect coverage of the hedged item.

As of December 31, 2020, 2019 and 2018, the fair value of the currency swaps represents a liability of $102 million, $79 million and $128 million, respectively. The effect recognized in equity for the hedge of the investment in the foreign subsidiaries is $(16) million, $24 million and $27 million, net of deferred taxes. With regard to the portion hedging the debt in Mexican pesos and intercompany debt in Euros, the effect of changes in fair value is $13.5 million, $6.6 million and $1.6 million, respectively, and is recognized in profit or loss to cover the revaluation of the hedged item. The amount to be carried to profit or loss during the next 12 months will depend on the behavior in the exchange rates.

12. Fair Value of Financial Instruments

The fair value of the financial instruments that are presented in the financial statements has been determined by the Entity using the information available in the market or other valuation techniques that require judgment to develop and interpret fair value estimates. Additionally, those techniques use inputs based on market conditions as of the reporting date. Consequently, the estimated fair value of the financial instruments presented is not necessarily indicative of the amount that the Entity could get in the open market. The use of different assumptions and/or estimation methods could have a material effect on the fair value calculations.

The financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable are:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Entity considers that the carrying amount of cash, cash equivalents, accounts receivable and accounts payable from third parties and related parties, bank loans and the current portion long-term debt approximate their fair values because of their short-term maturities. The Entity's long-term debt is recognized at amortized cost and accrues interest at fixed and variable rates that are tied to market indicators.

To obtain and disclose the fair value of long-term debt, the Entity uses quoted market prices or inputs or quoted prices for similar instruments. Other techniques are used to determine the fair value of other financial instruments such as cash flows projections, considering the dates of the cash flows in market curves, discounting such cash flows using discount rates that reflect the counterparty credit risk as well as the Entity’s own credit risk over the referenced period. The fair value of interest rate swaps is calculated as the present value of the estimated future net cash flows. The fair value of currency futures is determined using the future exchange rate quotes listed at the reporting date.

a. Assets and liabilities measured at fair value on a recurring basis

Some of the Entity’s financial assets and liabilities are valued at fair value at the end of each reporting date. The following table provides information on how the fair values of the financial assets and liabilities are determined (specifically, the valuation techniques and the input data used). The following table shows the net fair value of financial instruments by type and their categorization in the fair value hierarchy.

Financial Assets/liabilities	Fair value 31/12/2020	Fair value 31/12/2019	Fair value 31/12/2018	Fair value hierarchy	Valuation techniques and input data
1) Exchange rate and interest rate Swap (see Note 13)	Liabilities $ (14,717)	Liabilities $ (23,036)	Liabilities $ (47,287)	Level 2	The Entity uses the ratio analysis method under the hypothetical derivative market model to simulate the behavior of the hedged item, which consists of comparing changes in the fair value of the hedge instruments with the changes in the fair value of the hypothetical derivative that would result in a perfect coverage of the hedged item.
2) Principal-only Swap EUR/USD (see Note 13)	Liabilities (87,523)	Liabilities (56,089)	Liabilities (80,661)	Level 2	The Entity uses the ratio analysis method under the hypothetical derivative model to simulate the behavior of the hedged item, which consists of comparing changes in the fair value of the hedge instruments with the changes in the fair value of the hypothetical derivative that would result in a perfect coverage of the hedged item.
3) Forward contracts (see Note 13)	Assets 14,008	Liabilities (265)	Liabilities (285)	Level 2	Discounted cash flow. Future cash flows are estimated on the basis of the forward exchange rates (based on observable forward exchange rates at the end of the reporting period) and the rates of the forward contract, discounted at a rate that reflects the credit risk of several counterparties.
4) Options contracts (see Note 13)	Liabilities (514)	Assets -	Liabilities (54)	Level 2	Discounted cash flow. Future cash flows are estimated on the basis of the exchange rate options (based on observable exchange rate of the option at the end of the reporting period) and the rates of the plain vanilla contract, discounted at a rate that reflects the credit risk of several counterparties.
	(88,746)	(79,390)	(128,287)		
Less - Current portion - Net	5,827	(12,609)	(15,629)		
Total	$ (94,573)	$ (66,781)	$ (112,658)		

b. The carrying amounts of financial instruments by category and their related fair values as of December 31, are as follows:

	2020 Carrying amount	2020 Fair value	2019 Carrying amount	2019 Fair value	2018 Carrying amount	2018 Fair value
Financial assets:						
Cash and cash equivalents	$ 875,185	$ 875,185	$ 586,409	$ 586,409	$ 699,878	$ 699,878
Loans and receivables:						
Trade receivables and other current assets	1,319,293	1,319,293	1,356,785	1,356,785	1,322,920	1,322,920
Accounts payable	(2,537,577)	(2,537,577)	(2,675,382)	(2,675,382)	(2,504,127)	(2,504,127)
Redeemable non-controlling interests	(274,000)	(274,000)	(264,287)	(264,287)	(245,799)	(245,799)
Bank loans and current portion of long-term debt	(3,626,012)	(4,168,384)	(3,450,966)	(3,623,143)	(3,398,019)	(2,817,529)
Total	$ (4,243,111)	$ (4,785,483)	$ (4,447,441)	$ (4,619,618)	$ (4,125,147)	$ (3,544,657)

As of December 31, 2020, 2019 and 2018, the fair value hierarchy of cash and cash equivalents totaling $875,187, $586,409 and $699,878, respectively, is Level 1.

The fair values shown as of December 31, 2020, 2019 and 2018 do not differ from their carrying amounts, except for bank loans and the current portion of long-term debt (fair value hierarchy Level 1), as the values observed in the market are very similar to those recorded at such date.

During the period, there were no transfers between levels 1 and 2.

13. Derivative Financial Instruments

a. Foreign currency forwards

i. During 2020, the Entity contracted US Dollar (USD)/British Pound (GBP) exchange rate Forwards to cover the issuance of trade paper denominated in GBP. The terms of these instruments are identical to the terms of the trade paper beginning on September 16, 2020 and maturing on May 17, 2021.

ii. In 2019 and 2018, Netafim contracted Euro (EUR)/US dollar (USD), USD/Turkish lira (TRY) and USD/South African rand (ZAR) exchange rate Forwards with Discount, HSBC, Leumi, Mizrachi and Union, with a term from October 10, 2019 to May 29, 2020. The agreed-upon exchange rates and notional amounts are shown in section d. of this Note.

iii. In July 2017, Wavin (European subsidiary) contracted an EUR/TRY exchange rate Forward with Ak Bank with a term from July 27, to January 26, 2018, for a notional amount of EUR 8 million. The agreed-upon exchange rate was 4.406 Turkish lira per Euro. The forward contract was renewed on July 24, 2018, maturing on January 25, 2019, for a notional amount of EUR 8 million at a forward exchange rate of 6.309.

b. Options

- After the acquisition of Netafim, EUR/USD options with HSBC, Leumi, Mizrachi and Poalim were incorporated, which had been contracted by Netafim in 2017, with a term from November 2017 to November 2018 for a notional amount of EUR 19.4 million. The agreed-upon exchange rate ranges from 1.2050 to 1.2138 U.S. dollars per Euro. Similarly, in 2018, EUR/USD options were contracted, with a term from August 2018 to April 2019, as stated in section d. of this Note.

- “Put” option - Under the shareholders’ agreement entered into with the minority shareholders who retained the remaining 20% of the share capital (redeemable non-controlling interest) of Netafim (see Note 2a.), the Entity signed a put option contract in which, after the fifth anniversary of the closing date of the Netafim acquisition agreement, the minority shareholders will have, for a period of 10 years, the right to sell its interest in Netafim to the Entity and Orbia will have the obligation to acquire it at the price agreed in the respective agreement. The value of the option will depend on the market value of Netafim’s shares and certain conditions linked to the multiples of the share value. The Entity recognized the future value based on estimated scenarios, while considering the current value of the assumed obligation.The initial accounting record was a debit to equity and a credit to non-current liability as part of the redeemable non-controlling interest caption of $227 million. As of December 31, 2020, 2019 and 2018, the value of the option was $274 million, $264 million and $245 million, with changes in fair value recognized in profit or loss for the year.

c. Exchange Rate Swaps, Interest Rate Swaps and Principal-Only Swaps

- After the acquisition of Netafim, interest rate swaps with Hapoalim and Igud were incorporated; such swaps had been contracted by Netafim in 2015, maturing on March 19, 2020 and June 19, 2018 for a notional amount of EUR 70.6 million and USD $ 63.7, respectively.

- Swap contract transactions carried out in 2020, 2019, 2019 and 2018 represent a hedge from a financial standpoint. For accounting purposes these transactions were classified as hedging and trading transactions. The fair value as of December 31, 2020, 2019 and 2018 was $102,240, $79,125 and $127,948, respectively. Changes in fair value were recognized in other comprehensive income and under foreign exchange gain/(loss).

d. The notional amounts of derivative financial instruments contracted with different financial institutions are as follows:

Derivative financial instruments	Financial institution	Start date	Maturity date	2020				
				Notional amount	Swap amount	Interest rate / exchange rate swap	Interest rate / exchange rate at year end	Fair value as of December 31, 2020
Exchange rate and interest rate swap	J.P. Morgan	September/08/2015	March/05/2021	MXN$ 750,000,000	USD$ 56,775,170	4.11% / 13.2100	5.3360% / 19.9487	$ (1,941)
Exchange rate and interest rate swap	Bank of America	September/08/2015	March/05/2021	MXN$ 750,000,000	USD$ 56,775,170	4.49% / 13.2100	5.3360% / 19.9487	(1,953)
Exchange rate and interest rate swap	HSBC	January/23/2014	March/05/2021	MXN$1,500,000,000	USD$ 112,612,613	3.57% / 13.3200	5.3360% / 19.9487	(3,774)
Exchange rate and interest rate swap	Banamex	June/16/2017	March/09/2022	MXN$1,500,000,000	USD$ 83,892,617	3.09% / 17.8800	8.1200% / 19.9487	(7,049)
Principal-Only swap EUR/USD	Morgan Stanley	June/10/2015	March/17/2022	USD$ 96,993,210	EUR$ 100,279,164	1.6006% / 0.9672	1.2298	(24,555)
Principal-Only swap EUR/USD	Santander	June/11/2015	March/17/2022	USD$ 97,402,597	EUR$ 101,050,000	1.7200% / 0.9639	1.2298	(24,787)
Principal-Only swap EUR/USD	Bancomer	May/05/2015	March/18/2025	USD$ 113,997,538	EUR$ 101,856,271	1.7087% / 1.1192	1.2298	(6,964)
Principal-Only swap EUR/USD	Banamex	December/03/2015	March/17/2025	USD$ 121,011,000	EUR$ 114,000,000	1.7500% / 1.0615	1.2298	(15,706)
Principal-Only swap EUR/USD	Barclays	December/03/2015	March/17/2025	USD$ 121,011,000	EUR$ 114,000,000	1.5500% / 1.0615	1.2298	(15,511)
Exchange rate forward	Barclays	September/15/2020	May/17/2021	GDP$ 150,000,000	USD$ 195,318,750	1,3021	1.3625	9,663
Exchange rate forward	BBVA	September/15/2020	May/17/2021	GBP$ 50,000,000	USD$ 65,107,250	1.3021	1.3625	3,261
Exchange rate forward	Morgan Stanley	September/15/2020	May/17/2021	GBP$ 100,000,000	USD$ 130,240,000	1.3024	1.3625	6,354
Exchange rate forward	Santander	September/03/2020	March/11/2021	USD$ 20,996,935	BRL$ 111,897,703	0.1876	0.1924	(589)
Exchange rate forward	Santander	November/19/2020	February/10/2021	USD$ 8,224,431	BRL$ 43,885,562	0.1876	0.1924	(245)
Exchange rate forward	HSBC	July/06/2020	November/30/2021	USD$ 5,687,763	EUR$ 4,850,000	1.1727	1.2298	(281)
Exchange rate forward	Leumi	November/12/2020	June/15/2021	USD$ 24,434,016	TRY$ 193,805,910	0.1261	0.1354	(800)
Exchange rate forward	Leumi	July/14/2020	June/30/2021	USD$ 8,901,073	EUR$ 7,420,000	1.996	1.2298	(217)
Exchange rate forward	Leumi	September/16/2020	December/15/2021	USD$ 5,321,159	ZAR$ 5,321,159	1.0000	0.0684	(294)
Exchange rate forward	Leumi	September/09/2020	April/15/2021	USD$ 4,004,557	INR$ 298,300,000	0.0134	0.0136	(62)
Exchange rate forward	Leumi	September/03/2020	March/15/2021	USD$ 1,422,055	BRL$ 7,600,000	0.1871	0.1924	(39)
Exchange rate forward	Poalim	September/03/2020	December/15/2021	USD$ 13,934,927	BRL$ 74,000,000	0.1883	0.1924	(164)
Exchange rate forward	Poalim	July/13/2020	August/31/2021	USD$ 8,154,295	EUR$ 6,780,000	1.2027	1.2298	(175)
Exchange rate forward	Poalim	November/16/2020	June/15/2021	USD$ 5,647,346	AUD$ 7,554,000	0.75	0.7686	(184)
Exchange rate forward	Poalim	December/23/2020	January/21/2021	USD$ 5,964,730	TRY$ 46,000,000	0.1297	0.1354	(174)
Exchange rate forward	Mizrachi	September/09/2020	July/15/2021	USD$ 7,181,043	INR$ 542,300,000	0.0132	0.0136	(117)
Exchange rate forward	HSBC	October/09/2020	July/15/2021	USD$ 34,786,750	CNY$ 101,402,313	0.3431	0.1533	(169)
Exchange rate forward	HSBC	September/09/2020	August//13/2021	USD$ 38,222,539	INR$ 2,849,000,000	0.0134	0.0136	(481)
Exchange rate forward	HSBC	September/03/2020	October/152021	USD$ 20,306,572	ZAR$ 160,454,536	0.1266	0.0684	(374)
Exchange rate forward	HSBC	December/09/2020	January/05/2021	EUR$ 1,817,799	USD$ 1,696,250	1.0717	1.2298	(11)
Exchange rate forward	HSBC	December/29/2020	January/07/2021	USD$ 5,811,417	GBP$ 5,285,549	1.0995	1.3625	(23)
Exchange rate forward	HSBC	December/11/2020	January/05/2021	USD$ 702,893	JPY$ 72,737,871	0.0097	0.0097	(3)
Exchange rate forward	HSBC	November/16/2020	January/15/2021	USD$ 4,204,702	TRY$ 33,500,000	0.1255	0.1354	(160)
Exchange rate forward	Mizrachi	July/13/2020	March/31/2021	USD$ 6,900,015	EUR$ 5,700,000	1.2105	1.2298	(99)
Exchange rate forward	Mizrachi	November/18/2020	June/15/2021	USD$ 318,830	BRL$ 1,700,000	0.1875	0.1924	(7)
Exchange rate forward	Mizrachi	December/172020	January/04/2021	EUR$ 5,511,200	USD$ 4,500,000	1.2247	1.2298	(10)
Exchange rate forward	Mizrachi	December/14/2020	January/28/2021	USD$ 25,000,000	USD$ 81,250,000	0.3077	0.3106	(285)
Exchange rate forward	Discount	October/24/2020	March/15/2021	USD$ 676,152	ZAR$ 11,000,000	0.0614	0.0684	(69)
Exchange rate forward	Discount	December/21/2020	January/04/2021	EUR$ 1,622,661	USD$ 1,333,000	1.2173	1.2298	(13)
Exchange rate forward	Discount	July/08/2020	January/29/2021	USD$ 1,418,412	EUR$ 1,200,000	1.1820	1.2298	(55)
Exchange rate forward	Discount	November/18/2020	March/2021	USD$ 3,077,538	INR$ 231,000,000	0.0133	0.0136	(59)
Exchange rate forward	FIBI	July/06/2020	February/25/2021	USD$ 570,150	EUR$ 500,000	1.1403	1.2298	(44)
Exchange rate forward	Investec	November/05/2020	January/15/2021	EUR$ 384,580	ZAR$ 7,194,100	0.0534	0.0557	(18)
Exchange rate forward	Investec	September/18/2020	April/15/2021	USD$ 722,556	ZAR$ 11,338,538	0.0637	0.0684	(49)
Plain vanilla options	Discount	August/05/2020	July/30/2021	USD$ 2,295,550	EUR$ 1,900,000	1.2081	1.2298	(16)
Plain vanilla options	Leumi	July/29/2020	March/31/2021	USD$ 3,389,010	EUR$ 2,840,000	1.1933	1.2298	(31)
Plain vanilla options	Mizrachi	June/10/2020	November/30/2021	USD$ 26,496,500	EUR$ 22,120,000	1.1978	1.2298	(299)
Plain vanilla options	Poalim	July/22/2020	November/30/2021	USD$ 14,548,960	INR$ 12,160,000	1.1964	1.2298	(168)
								$ (88,746)

(i) In May 2019, the Principal-Only swap EUR/USD contracted with Morgan Stanley was canceled.

(ii) In October 2013, the Entity acquired an exchange rate and interest rate swap with Morgan Stanley, with a term from October 9, 2013 to March 5, 2021, for a notional amount of MXN 1,500,000,000; in September 2015, the Entity negotiated a novation with Bancomer by transferring half of the total amount of the operation, with a resulting notional amount of MXN 750,000,000. In March 2018, a novation was negotiated with Bank of America, transferring the total amount of the operation that the Entity previously had with Morgan Stanley, which is currently in effect with a notional amount of MXN 150,000,000.

(iii) In September 2015, the Entity negotiated a novation with Bancomer for an exchange rate and interest rate swap that the Entity previously had with Morgan Stanley, with a term from September 10, 2015 to March 5, 2021 for a notional amount of MXN 750,000,000. In March 2018, a novation was negotiated with J.P. Morgan by transferring the total amount of the operation that the Entity previously had with Bancomer, which is currently in effect with a notional amount of MXN 150,000,000.

				2019				
Derivative financial instruments	**Financial Institution**	**Start date**	**Maturity date**	**Notional amount**	**Swap amount**	**Interest rate / exchange rate swap**	**Interest rate / exchange rate at year end**	**Fair value as of December 31, 2019**
Exchange rate and interest rate swap	J.P. Morgan	March/05/2018	March/05/2021	MXN$ 750,000,000	USD$ 56,775,170	4.11% / 13.2100	8.7800% /18.8452	$ (5,308)
Exchange rate and interest rate swap	Bank of America	March/05/2018	March/05/2021	MXN$ 750,000,000	USD$ 56,775,170	4.49% / 13.2100	8.7800% /18.8452	(5,345)
Exchange rate and interest rate swap	HSBC	January/23/2014	March/05/2021	MXN$1,500,000,000	USD$ 112,612,613	3.57% / 13.3200	8.7800% /18.8452	(10,175)
Exchange rate and interest rate swap	Banamex	June/16/2017	March/09/2022	MXN$1,500,000,000	USD$ 83,892,617	3.09% / 17.8800	8.5125% /18.8452	(3,260)
Exchange rate and interest rate swap	MUFG	November/05/19	May/05/2020	MXN$1,566,610,000	USD$ 82,000,000	2.16% / 19.1050	8.1050% /18.8452	1,324
Interest rate swap	Hapoalim	June /19/2015	March/19/2020	EUR$ 70,660,198	EUR$ 70,660,198	0.159%	0.355%	(272)
Principal-Only swap EUR/USD	Morgan Stanley	June/10/2015	March/17/2022	USD$ 96,993,210	EUR$ 100,279,164	1.6006% / 0.9672	1.1198	(16,561)
Principal-Only swap EUR/USD	Santander	June/11/2015	March/17/2022	USD$ 97,402,597	EUR$ 101,050,000	1.7200% / 0.9639	1.1198	(16,494)
Principal-Only swap EUR/USD (i)	HSBC	September/17/2014	September/17/2024	USD$ 132,000,000	EUR$ 104,761,905	1.4350% / 1.2600	-	-
Principal-Only swap EUR/USD	Bancomer	May/05/2015	March/18/2025	USD$ 228,316,800	EUR$ 204,000,000	1.7087% / 1.1192	1.1198	(3,507)
Principal-Only swap EUR/USD	Banamex	December/03/2015	March/17/2025	USD$ 121,011,000	EUR$ 114,000,000	1.7500% / 1.0615	1.1198	(9,807)
Principal-Only swap EUR/USD	Barclays	December/03/2015	March/17/2025	USD$ 121,011,000	EUR$ 114,000,000	1.5500% / 1.0615	1.1198	(9,720)
Exchange rate forward	Discount	October/15/2019	January/15/2020	USD$ 1,636,393	TRY$ 10,000,000	6.1110	5.9478	(38)
Exchange rate forward	FIBI	October/10/2019	February/28/2020	USD$ 5,559,876	EUR$ 5,008,700	1.1100	1.1198	(76)
Exchange rate forward	HSBC	December/02/2019	May/29/2020	USD$ 9,244,533	EUR$ 8,300,000	1.1138	1.1198	(94)
Exchange rate forward	Leumi	October/18/2019	January/30/2020	USD$ 12,640,037	TRY$ 76,000,000	6.0126	5.9478	(28)
Exchange rate forward	Mizrachi	October/10/2019	September/30/2020	USD$ 15,806,276	EUR$ 14,095,000	1.1214	1.1198	(95)
Exchange rate forward	Poalim	December/31/2019	April/30/2020	USD$ 7,945,948	EUR$ 7,081,000	1.1222	1.1198	(41)
Exchange rate forward	HSBC	December/30/2019	January/30/2020	ILS$ 17,484,400	USD$ 5,050,000	3.4623	3.4612	13
Exchange rate forward	HSBC	October/28/2019	April/15/2020	USD$ 1,673,058	TRY$ 10,000,000	5.9771	5.9478	34
Exchange rate forward	Leumi	November/19/2019	April/15/2020	USD$ 1,012,356	TRY$ 6,000,000	5.9268	5.9478	29
Exchange rate forward	Leumi	December/30/2019	January/02/2020	USD$ 4,251,858	EUR$ 3,800,000	1.1189	1.1198	31
								$ (79,390)

(iv) In March 2018, a novation was negotiated with J.P. Morgan transferring the total of the operation that the Entity previously had with Bancomer.

(v) In March 2018, a novation was negotiated with Bank of America transferring the total of the operation that the Entity previously had with Morgan Stanley.

				2018				
Derivative financial instruments	**Financial institution**	**Start date**	**Maturity date**	**Notional amount**	**Swap amount**	**Interest rate / exchange rate swap**	**Interest rate / exchange rate at year end**	**Fair value as of December 31, 2018**
Exchange rate and interest rate swap (i)	J.P. Morgan	March/05/2018	March/05/2021	MXN$ 750,000,000	USD$ 56,775,170	4.11% / 13.2100	8.105% /19.6829	$ (9,577)
Exchange rate and interest rate swap (ii)	Bank of America	March/05/2018	March/05/2021	MXN$ 750,000,000	USD$ 56,775,170	4.49% / 13.2100	8.105% /19.6829	(9,763)
Exchange rate and interest rate swap	HSBC	January/23/2014	March/05/2021	MXN$1,500,000,000	USD$ 112,612,613	3.57% / 13.3200	8.105% /19.6829	(18,454)
Exchange rate and interest rate swap	Banamex	June/16/2017	March/09/2022	MXN$1,500,000,000	USD$ 83,892,617	3.09% / 17.8800	8.105% /19.6829	(9,162)
Interest rate swap	Hapoalim	June /19/2015	March/19/2020	EUR$ 70,660,198	EUR$ 70,660,198	0.159%	0.355%	(331)
Principal-Only swap EUR/USD	Morgan Stanley	June/10/2015	March/17/2022	USD$ 96,993,210	EUR$ 100,279,164	1.6006% / 0.9672	1.1444	(21,403)
Principal-Only swap EUR/USD	Santander	June/11/2015	March/17/2022	USD$ 97,402,597	EUR$ 101,050,000	1.7200% / 0.9639	1.1444	(21,229)
Principal-Only swap EUR/USD	HSBC	September/17/2014	September/17/2024	USD$ 132,000,000	EUR$ 104,761,905	1.4350% / 1.2600	1.1444	5,535
Principal-Only swap EUR/USD	Bancomer	May/05/2015	March/18/2025	USD$ 228,316,800	EUR$ 204,000,000	1.7087% / 1.1192	1.1444	(13,307)
Principal-Only swap EUR/USD	Banamex	December/03/2015	March/17/2025	USD$ 121,011,000	EUR$ 114,000,000	1.7500% / 1.0615	1.1444	(15,038)
Principal-Only swap EUR/USD	Barclays	December/03/2015	March/17/2025	USD$ 121,011,000	EUR$ 114,000,000	1.5500% / 1.0615	1.1444	(15,219)
Exchange rate forward	Poalim	August/13/2018	June/28/2019	EUR$ 5,140,000	USD$ 5,946,764	1.1569	1.1444	15
Exchange rate forward	Leumi	October/31/2018	April/05/2019	USD$ 974,552	ILS$ 3,536,510	3.6280	3.7632	(24)
Exchange rate forward	HSBC	August/13/2018	July/31/2019	EUR$ 13,566,000	USD$ 15,393,510	1.1347	1.1444	6
Exchange rate forward	Ak Bank	July/24/2018	January/25/2019	EUR$ 8,000,000	TRY$ 50,472,000	6.309	6.0079	(282)
Plain vanilla options	FIBI	September/05/2018	March/29/2019	EUR$ 2,000,000	USD$ 2,310,000	1.155	1.1444	33

				2018						
Derivative financial instruments	Financial institution	Start date	Maturity date	Notional amount		Swap amount		Interest rate / exchange rate swap	Interest rate / exchange rate at year end	Fair value as of December 31, 2018
Plain vanilla options	Discount	September/07/2018	May/31/2019	EUR$	6,400,000	USD$	7,541,600	1.1783	1.1444	40
Plain vanilla options	Discount	October/25/2018	May/07/2019	USD$	7,188,974	ILS$	26,400,000	3.6722	3.7632	(29)
Plain vanilla options	HSBC	September/06/2018	June/28/2019	EUR$	5,000,000	USD$	5,870,500	1.1741	1.1444	20
Plain vanilla options	HSBC	October/17/2018	June/07/2019	USD$	13,532,078	ILS$	49,800,000	3.6801	3.7632	(70)
Plain vanilla options	Leumi	October/25/2018	May/07/2019	USD$	5,988,581	ILS$	22,000,000	3.6736	3.7632	(25)
Plain vanilla options	Poalim	October/25/2018	June/07/2019	USD$	7,218,620	ILS$	26,600,000	3.6849	3.7632	(23)
										$ (128,287)

14. Property, Plant and Equipment

	Balance as of December 31, 2019	Additions	Additions through business combinations	Fixed asset disposals / discontinued operations	Transferred from property, plant and equipment	(Loss)/gain on plant claim and impairment	Restatement effect	Foreign currency translation reserve	Balance as of December 31, 2020
Investment:									
Land	$ 212,336	$ 920	$ -	$ (2,790)	$ 1,352	$ -	$ 552	$ 785	$ 213,155
Buildings and structures	994,958	4,841	-	(21,750)	13,638	(147)	2,259	12,161	1,005,960
Machinery and equipment	5,956,449	56,242	-	(154,906)	118,607	(6,390)	5,163	74,756	6,049,921
Office furniture and equipment	165,915	3,280	-	(3,940)	6,217	-	(718)	944	171,698
Automotive equipment	38,364	302	-	(1,096)	7,403	-	23	(317)	44,679
Projects in process	186,400	138,889	-	(8,366)	(147,217)	(2)	95	4,660	174,457
Total investment	7,554,422	204,474	-	(192,848)	-	(6,539)	7,372	92,989	7,659,870
Depreciation:									
Buildings and structures	597,730	32,841	-	(19,637)	-	132	763	16,343	628,172
Machinery and equipment	3,453,303	304,188	-	(147,726)	-	1,420	911	65,366	3,677,462
Office furniture and equipment	127,596	14,452	-	(3,336)	-	-	(52)	942	139,602
Automotive equipment	26,972	2,217	-	(836)	-	-	(1)	(215)	28,137
Total accumulated depreciation	4,205,601	353,698	-	(171,535)	-	1,552	1,622	82,436	4,473,373
Net investment	$ 3,348,821	$ (149,224)	$ -	$ (21,313)	$ -	$ (8,091)	$ 5,751	$ 10,553	$ 3,186,497

	Balance as of December 31, 2018	Additions	Additions through business combinations	Fixed asset disposals / discontinued operations	Transferred from property, plant and equipment	(Loss)/gain on plant claim and impairment	Restatement effect	Foreign currency translation reserve	Balance as of December 31, 2019
Investment:									
Land	$ 220,482	$ 835	$ -	$ (3,376)	$ 61	$ -	$ 83	$ (5,749)	$ 212,336
Buildings and structures	995,559	4,610	-	(9,304)	29,293	-	221	(25,421)	994,958
Machinery and equipment	5,912,673	11,805	-	(68,506)	120,400	-	1,238	(21,161)	5,956,449
Office furniture and equipment	152,860	14,731	-	(8,598)	10,915	-	42	(4,035)	165,915
Automotive equipment	38,610	497	-	(1,944)	1,396	-	28	(223)	38,364
Projects in process	161,154	191,159	-	(1,010)	(162,065)	-	(115)	(2,723)	186,400
Total investment	7,481,338	223,637	-	(92,738)	-	-	1,497	(59,312)	7,554,422
Depreciation:									
Buildings and structures	579,241	32,294	-	(2,121)	-	-	(1,086)	(10,598)	597,730
Machinery and equipment	3,247,917	279,008	-	(57,170)	-	-	(3,693)	(12,759)	3,453,303
Office furniture and equipment	120,197	19,067	-	(6,861)	-	-	(107)	(4,700)	127,596
Automotive equipment	26,597	2,267	-	(1,802)	-	-	(20)	(70)	26,972
Total accumulated depreciation	3,973,952	332,636	-	(67,954)	-	-	(4,906)	(28,127)	4,205,601
Net investment	$ 3,507,386	$ (108,999)	$ -	$ (24,784)	$ -	$ -	$ 6,403	$ (31,185)	$ 3,348,821

	Balance as of December 31, 2017	Additions	Additions through business combinations	Fixed asset disposals / discontinued operations	Transferred from property, plant and equipment	(Loss)/gain on plant claim and impairment	Restatement effect	Foreign currency translation reserve	Balance as of December 31, 2018
Investment:									
Land	$ 250,467	$ 9	$ 2,633	$ -	$ 5	$ -	$ 6,477	$ (39,109)	$ 220,482
Buildings and structures	1,042,616	8,087	42,675	(7,398)	9,260	-	17,684	(117,365)	995,559
Machinery and equipment	5,693,016	59,606	324,418	(62,934)	77,351	-	20,105	(198,889)	5,912,673
Office furniture and equipment	121,442	11,349	39,263	(14,400)	3,699	-	249	(8,742)	152,860
Automotive equipment	38,549	324	3,567	(3,971)	1,793	-	185	(1,837)	38,610
Projects in process	102,550	154,977	685	(912)	(92,108)	-	-	(4,038)	161,154
Total investment	7,248,640	234,352	413,241	(89,615)	-		44,700	(369,980)	7,481,338
Depreciation:									
Buildings and structures	588,127	32,606	15,670	(3,786)	-	-	11,870	(65,246)	579,241
Machinery and equipment	2,911,836	305,249	204,281	(60,407)	-	-	12,059	(125,101)	3,247,917
Office furniture and equipment	96,093	13,666	31,447	(14,313)	-	-	228	(6,924)	120,197
Automotive equipment	26,089	2,037	2,750	(2,888)	-	-	168	(1,559)	26,597
Total accumulated depreciation	3,622,145	353,558	254,148	(81,394)	-	-	24,325	(198,830)	3,973,952
Net investment	$ 3,626,495	$ (119,206)	$ 159,093	$ (8,221)	$ -	$ -	$ 20,375	$ (171,150)	$ 3,507,386

15. Right-of-use Assets

For the years ended December 31, 2020 and 2019, the carrying amounts of right-of-use assets recognized and the movements during the period were as follows:

	Balance as of December 31, 2019	Direct additions	Disposals	Transferred from property, plant and equipment	Effect of appraisal in hyperinflationary economies	Foreign currency translation reserve	Balance as of December 31, 2020
Investment:							
Land	$ 28,903	$ 73	$ (11)	$ -	$ (96)	$ 1,697	$ 30,566
Building	184,678	37,353	(2,905)	(820)	(2,159)	2,897	219,044
Machinery and equipment	72,526	12,122	(1,263)	353	(217)	1,871	85,392
Office furniture and equipment	8,334	4,682	(1,446)	(5,312)	(57)	(2,512)	3,689
Automotive equipment	142,182	28,469	(1,717)	818	(5,439)	717	165,030
Total investment	436,623	82,699	(7,342)	(4,961)	(7,968)	4,670	503,721
Depreciation:							
Land	1,791	1,479	(11)	-	(28)	104	3,335
Building	33,855	30,748	(2,646)	(449)	(2,228)	(546)	58,734
Machinery and equipment	21,966	23,651	(1,094)	102	(217)	(5,688)	38,720
Office furniture and equipment	1,907	1,187	(793)	50	(57)	(534)	1,760
Automotive equipment	40,214	38,558	(1,415)	604	(5,438)	5,294	77,817
Total accumulated depreciation	99,733	95,623	(5,959)	307	(7,968)	(1,370)	180,366
Net investment	$ 336,890	$ (12,924)	$ (1,383)	$ (5,268)	$ -	$ 6,040	$ 323,355

	Balance as of January 1, 2019	Direct additions	Disposals	Transferred from property, plant and equipment	Foreign currency translation reserve	Balance as of December 31, 2019
Investment:						
Land	$ 20,531	$ 14,308	$ (5,936)	$ -	$ -	$ 28,903
Building	142,144	41,878	-	1,723	(1,067)	184,678
Machinery and equipment	65,612	15,889	$ (7,513)	-	(1,462)	72,526
Office furniture and equipment	6,661	2,301	-	-	(628)	8,334
Automotive equipment	80,313	63,470	(678)	-	(923)	142,182
Lease prepayments	1,723	-	-	(1,723)	-	-
Total investment	316,984	137,846	(14,127)	-	(4,080)	436,623

	Balance as of January 1, 2019	Direct additions	Disposals	Transferred from property, plant and equipment	Foreign currency translation reserve	Balance as of December 31, 2019
Depreciation:						
Land	653	1,138	-	-	-	1,791
Building	8,362	25,930	-	-	(437)	33,855
Machinery and equipment	9,782	12,472	-	-	(288)	21,966
Office furniture and equipment	336	1,571	-	-	-	1,907
Automotive equipment	10,916	29,976	-	-	(678)	40,214
Total accumulated depreciation	30,049	71,087	-	-	(1,403)	99,733
Net investment	$ 286,935	$ 66,759	$ (14,127)	$ -	$ (2,677)	$ 336,890

a. ***Lease liability***

	Amount
Lease liabilities as of January 1, 2019	$ 345,529
New lease liability	82,699
Cash outflows from lease payments	(89,304)
Foreign currency translation reserve	6,041
Lease liabilities as of December 31, 2020	344,965
Current lease liability	82,426
Non-current lease liability	$ 262,539

Lease interest expense for the years ended December 31, 2020 and 2019 was $14,338 and $15,019, respectively.

Expiration	Leases under IFRS 16 2020	Leases under IFRS 16 2019	Finance leases under IAS 17 2018
1 year	$ 82,426	$ 78,149	$ 17,666
2 years	53,355	56,296	5,877
3 years	42,438	40,653	1,282
4 years	35,092	32,158	1,249
>4 years	131,654	138,273	6,976
	$ 344,965	$ 345,529	$ 33,050

b. ***Lease liabilities recognized in profit or loss for the year ended December 31, 2020***

	Amount
Interest expense on lease liabilities	$ 14,389
Expense related to short-term leases	25,088
Expense related to leases of low-value assets	821
	$ 40,298

16. Intangible assets and Goodwill

An analysis of intangible assets and goodwill as of December 31, 2020, 2019 and 2018 is as follows:

a. *Intangible assets -*

	Useful life (years)	2020	2019	2018
Non-compete agreements	5	$ 382	$ 735	$ 1,067
Customer portfolio	25	784,264	834,885	908,685
Trademark use	Indefinite / finite	608,099	596,505	602,808
Intellectual property	10	248,707	261,110	283,785
Other	5 - 7	92,079	72,303	55,202
		$ 1,733,531	$ 1,765,538	$ 1,851,547

Cost	Non-compete agreements	Customer portfolio	Trademark use	Intellectual property	Other	Total
Balance as of January 1, 2018	$ 184,359	$ 920,476	$ 438,437	$ 187,700	$ 110,690	$ 1,841,662
Acquisitions through business combinations	-	292,660	197,246	193,553	21,342	704,801
New developments and investments	-	-	-	324	16,680	17,004
Foreign currency translation reserve	168	10,271	(10,806)	(6,738)	(4,263)	(11,368)
Balance as of December 31, 2018 (cost)	184,527	1,223,407	624,877	374,839	144,449	2,552,099
Acquisitions through business combinations						
New developments and investments	-	-	2,176	485	32,970	35,631
Foreign currency translation reserve	9	(22,915)	(8,479)	(5,397)	(2,754)	(39,536)
Balance as of December 31, 2019 (cost)	184,536	1,200,492	618,574	369,927	174,665	2,548,194
New developments and investments	-	-	104	2,373	28,826	31,303
Foreign currency translation reserve	(4)	14,149	13,539	7,798	11,922	47,404
Balance as of December 31, 2020 (cost)	$ 184,532	$ 1,214,641	$ 632,217	$ 380,098	$ 215,413	$ 2,626,901

Amortization	Non-compete agreements	Customer portfolio	Trademark use	Intellectual property	Other	Total
Balance as of January 1, 2018 (amortization)	183,111	266,528	21,960	74,625	83,482	629,706
Amortization expense	349	48,194	109	16,429	5,765	70,846
Balance as of December 31, 2018 (amortization)	183,460	314,722	22,069	91,054	89,247	700,552
Amortization expense	341	50,885	-	17,763	13,115	82,104
Balance as of December 31, 2019 (amortization)	183,801	365,607	22,069	108,817	102,362	782,656
Amortization expense	349	54,770	2,049	22,574	20,972	110,714
Balance as of December 31, 2020 (amortization)	184,150	430,377	24,118	131,391	123,334	893,370
Net assets as of December 31, 2020	$ 382	$ 784,264	$ 608,099	$ 248,707	$ 92,079	$ 1,733,531

b. Goodwill -

	2020	2019	2018	CGU
Netafim, Ltd.	$ 787,952	$ 787,952	$ 787,952	Netafim *(Precision Agriculture)*
Dura-Line Holdings, Inc.	166,356	166,356	166,356	Duraline *(Datacom)*
Mexichem Resinas Vinílicas, S.A. de C.V.	101,176	101,176	101,176	Primex (MRV) y Policyd *(Polymer solutions)*
Mexichem Amanco Holding, S.A. de C.V.	87,964	90,582	91,069	Amanco *(Building and infrastructure)*
Mexichem Speciality Resins, Inc.	65,546	65,546	65,546	Polyone *(Vestolit)*
Mexichem Resinas Colombia, S.A.S.	54,593	54,593	54,593	Petco (MRC) *(Vestolit)*
Mexichem Specialty Compounds, Inc.	65,991	65,991	65,991	Alphagary & Bayshore *(Polymer solutions)*
Fluorita de México, S.A. de C.V.	45,682	45,682	45,682	Fluor Mexico *(Koura)*
Wavin N.V.	30,249	27,545	28,148	Wavin *(Building and infrastructure)*
VESTO PVC Holding GmbH	31,767	28,929	29,561	Vestolit *(Polymer solutions)*
Other	54,119	57,332	56,617	
Total	$ 1,491,395	$ 1,491,684	$ 1,492,691	
Beginning balance	$ 1,491,684	$ 1,492,691	$ 698,455	
Business combinations during the year (Note 6d)	-	-	803,398	
Foreign exchange loss	(289)	(1,007)	(9,162)	
Ending balance	$ 1,491,395	$ 1,491,684	$ 1,492,691	

17. Bank loans and Current portion of long-term debt

An analysis of this caption is as follows:

	2020	2019	2018
Summary of loan agreements denominated in U.S. dollars, euros and other currencies:			
Issuance of a 30-year International Bond for $750 million, bearing semiannual interest at a fixed rate of 5.875%. The loan principal is repayable in a single installment upon maturity in September 2044.	$ 750,000	$ 750,000	$ 750,000
Issuance of a 10-year International Bond for $750 million, bearing semi-annual interest at a fixed rate of 4.875%. The loan principal is repayable in a single installment upon maturity in September 2022.	750,000	750,000	750,000

	2020	2019	2018
Issuance of a 10-year International Bond for $500 million, bearing semi-annual interest at a fixed rate of 4.00%. The loan principal is repayable in a single installment upon maturity in October 2027.	500,000	500,000	500,000
Issuance of a 30-year International Bond for $500 million, bearing semi-annual interest at a fixed rate of 5.50%. The loan principal is repayable in a single installment upon maturity in January 2048.	500,000	500,000	500,000
Bank of England			
Issuance of Commercial Paper for £300 million. The loan's discount rate is 0.60%, and matures on May 18, 2021.	408,753	-	-
Issuance of a 30-year International Bond for $400 million, bearing semi-annual interest at a fixed rate of 6.75%. The loan principal is repayable in a single installment upon maturity in September 2042.	400,000	400,000	400,000
Rabobank			
5-year bank loan for $75 million, bearing quarterly interest at a variable rate (3-month LIBOR + 1.75%) The loan principal is repayable quarterly, and matures in March 2024.	60,000	70,000	-
IFC			
Bank loan for $40 million, bearing interest at a variable rate (3-month LIBOR + 1.95%). The loan matures on June 28, 2024.	40,000	-	-
MUFG			
5-year bank loan for $50 million, bearing quarterly interest at a variable rate (3-month LIBOR + 2.00%) The loan principal is repayable quarterly, and matures on March 25, 2024.	38,750	46,250	-
Bank loan for ₺107 million, bearing interest at a fixed rate of 16.45%. The loan matures on June 15, 2024.	14,611	-	-

	2020	2019	2018
Issuance of a 10-year International Bond for $350 million, bearing semi-annual interest at a fixed rate of 8.75%. The loan principal was repaid upon original maturity in November 2019.	-	-	82,882
Scotiabank 1-year bank loan for $200 million, bearing quarterly interest at a variable rate (1-month LIBOR + 0.496%). The loan principal is repayable in a single installment upon maturity. The Entity repaid $49 million in December 2019. The loan was refinanced by changing the maturity date to June 2020 and with a new variable rate (1-month LIBOR + 0.35%) This loan was repaid in full in June 2020.	-	151,000	200,000
HSBC Line of credit for $51 million, bearing quarterly interest at the LIBOR + 1.50%. The loan principal was repaid in a single installment upon maturity in April 2020. The loan principal was repaid in full in 2019.	-	-	51,000
Syndicated loan for $75 million, bearing quarterly interest at a variable rate (3-month LIBOR + 3.96%). The loan had a grace period of 1.5 years. After that period, 35% of the loan principal was repaid on a semi-annual basis, with a final payment upon maturity of the remaining 65% in March 2020. The Entity repaid $20 million against the loan in March 2018. The loan was repaid in full in March 2019.	-	-	39,584
Syndicated loan for €70.7 million, bearing quarterly interest at a variable rate (3-month EURIBOR + 3.84%). The loan had a grace period of 1.5 years. After that period, 35% of the loan principal was repaid on a semi-annual basis, with a final repayment upon maturity of the remaining 65% in March 2020. The Entity repaid €18.6 million against the loan in March 2018. The loan was repaid in full in March 2019.	-	-	42,950

	2020	2019	2018
Short-term revolving loan with an available line of credit of up to $200 million. The loan bears interest at a variable LIBOR rate + 2.30%.	-	-	38,669
Other	38,474	42,078	39,687
Mexican peso denominated loans:			
10-year structured note for 3,000 million, bearing semi-annual interest at a fixed rate of 8.12%. The loan principal is repayable in a single installment upon maturity in March 2022.	150,386	159,192	152,417
Bancomext Term loans for 3,000 million and 69,443,000, bearing quarterly interest at the TIIE rate + 0.825% and TIIE rate + 0.71%, respectively. The loan principal is repayable on a semi-annual basis, from September 2017 to March 2021.	15,387	48,863	77,644
Citibanamex 6-month bank loan for 1,566 million, bearing monthly interest at a variable rate (28-day TIIE + 0.15%) The loan principal was repaid in a single installment upon maturity in May 2020.	-	83,130	-
Total	3,666,361	3,500,513	3,624,833
Less - Bank loans and current portion of long-term debt	(495,306)	(322,346)	(395,928)
Less - Debt issue costs	(40,349)	(49,547)	(53,408)
	$ 3,130,706	$ 3,128,620	$ 3,175,497

An analysis of long-term debt maturities, net of related debt issue costs, as of December 31, 2020 is as follows:

Maturity date	
2022	$ 929,562
2023	39,411
2024	42,932
2025 and thereafter	2,118,801
	$ 3,130,706

As of December 31, 2020, some of the loan agreements establish certain affirmative and negative covenants, which the Entity has fulfilled. Amounts are determined based on the Entity's consolidated balances. The most important covenants are as follows:

a. There must be no new liens.
b. The Entity must maintain a consolidated interest ratio of not less than between 3.0 and 1.0.
c. The Entity must maintain a gearing ratio on the earnings before interest, taxes, depreciation and amortization of not less than between 3.0 to 1.0.
d. The Entity must ensure and maintain property, plant and equipment in good working conditions.
e. The Entity must comply with all applicable laws, rules, regulations and provisions

18. Employee Benefits

a. Defined contribution plan

For its subsidiaries in Mexico, and as required by law, the Entity makes contributions from the integrated salary of its workers to a defined contribution retirement savings system.

Some subsidiaries have defined contribution retirement benefit plans for certain eligible employees. Plan assets are maintained separate from the Entity's assets in funds under the control of trustees. If an employee abandons the plan before ten years of employment, he/she will not be entitled to acquire all contributions and the amount payable by the Entity will be reduced by the lost contributions.

Employees in certain subsidiaries have a retirement benefit plan managed by local governments. To finance the plan, the relevant subsidiaries are required to contribute a specific percentage of the employees' salary to the retirement benefit plan. The Entity's only legal obligation in regard to these plans is to make the required contributions.

b. Defined benefit plans

In certain subsidiaries the Entity funds defined benefit plans for qualifying employees of its subsidiaries. The defined benefit plans are managed by a separate fund that is independent from the Entity. The board of the pension fund is responsible for the investment policy with regard to the fund assets.

The subsidiaries in Mexico have a plan that also covers seniority premiums, which consists of a one-time payment equal to 12-days' salary for each year worked based on the employee's final monthly salary (capped at twice the legal minimum daily wage). The Entity annually recognizes the liability for seniority premiums and termination benefits based on independent actuarial calculations applying the projected unit credit method.

The Entity manages defined benefit plans for employees that qualify in its Mexican subsidiaries. Under the plans, employees who have 10 or more years of service are entitled to retirement benefits when reaching the age of retirement (65 years old). Employees who have 10 or more years of service also have the option of early retirement when the sum of years worked plus their age is 55 years. The Entity does not award post-retirement benefits.

The plans typically expose the Entity to actuarial risks such as: investment risk, interest rate risk, mortality risk and salary risk.

Investment risk	The present value of the defined benefit obligation is calculated using a discount rate determined by reference to high quality corporate and government bond yields; if the return on plan assets is below this rate, this will give rise to a plan deficit. Currently, the plan has a relatively balanced investment in equity securities and debt instruments. Due to the long-term nature of the plan liabilities, the board of the pension fund considers it appropriate to invest a reasonable portion of the plan assets in variable yield securities and invest another portion in fixed yield securities.

Interest rate risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.
Mortality risk	The present value of the defined benefit obligation is calculated based on assumptions regarding mortality rates of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the defined benefit obligation.
Salary risk	The present value of the defined benefit plan obligation is calculated by reference to the projected salaries of plan participants. As such, a higher salary increase than projected of the plan participants will increase the defined benefit plan's liability.

The most recent actuarial valuations of the plan assets and the present value of the defined benefit obligation were carried out as of December 31, 2020 by independent actuaries. The present value of the defined benefit obligation, the related current-year service cost and past service cost were measured using the projected unit credit method.

The principal assumptions used in the actuarial valuations are as follows:

	2020	2019	2018
Discount rate	2.70%	3.25%	4.47%
Expected salary increase rate	2.79%	2.45%	3.32%
Expected return on plan assets	2.70%	3.25%	4.47%

The amounts recognized in the Entity's consolidated comprehensive income in respect of the defined benefit plans are as follows:

	2020	2019	2018
Service cost:			
Current-year service cost	$ 9,616	$ 5,464	$ 5,571
Past service cost and (gain)/loss from settlements	(851)	(35)	1,742
Interest expense, net	2,937	8,591	5,129
Defined benefit cost items recognized in profit or loss	11,702	14,020	12,442
Remeasurement of defined benefit obligation, net:			
Return on plan assets (excluding amounts included in net interest expense)	$ (31,111)	$ (18,527)	$ 8,205
Actuarial losses/(gains) arising from changes in demographic assumptions	60,961	24,020	15,111
Actuarial losses/(gains) arising from changes in financial assumptions	3,146	17,152	(7,415)
Actuarial losses/(gains) arising from past experience adjustments	4,397	(2,674)	(3,015)
Components of defined benefit costs recognized in other comprehensive income	37,393	19,971	12,886
Total	$ 49,095	$ 33,991	$ 25,328

In 2020, changes in demographic assumptions gave rise to actuarial losses. Such changes included the following:

- A revision of the life expectancy assumption to reflect the most recent data and models
- The elimination of the +1 classification used in the mortality assumption
- The adoption of updated cash swap factors; only Wavin will modify the percentage of the pension that is supposed to be exchanged for cash upon retirement.

The primary contributing factor for the actuarial loss was the elimination of the +1 age classification used in the mortality assumption. As a result, the defined benefit obligation increased by approximately £12 million for Wavin and £2 million for Hepworth.

The gain from the change in the retirement assumption for Wavin has been included in the change in the demographic assumptions and has offset some of the actuarial losses.
The current year service cost and net interest cost for the year are included in the employee benefit expense in the consolidated statements of income and other comprehensive income, both in selling expenses, in selling and development expenses as in administrative expenses.

The remeasurement of the net defined benefit obligation is included in other comprehensive income.

The amount included in the consolidated statement of financial position arising from the Entity's obligation in respect to its defined benefit plans is as follows:

	2020	2019	2018
Present value of funded defined benefit obligation	$ (614,460)	$ (525,018)	$ (465,697)
Fair value of plan assets	366,236	319,564	283,670
Net liability from the defined benefit obligation	(248,224)	(205,454)	(182,027)
Share-based payments and other benefits	(13,078)	(10,018)	(18,078)
	(261,302)	(215,472)	(200,105)
Employee benefits	(12,649)	(13,781)	(13,856)
Long-term liabilities for employee benefits	$ 273,951	$ 229,253	$ 213,961

	2020					
	Polymer solutions	Fluor	Building and infrastructure	Precision agriculture	Controlling Entity	Consolidated
Present value of funded defined benefit obligation	$(128,741)	$ (6,034)	$(468,478)	$ (8,000)	$ (3,207)	$(614,460)
Fair value of plan assets	17,802	2	345,060	3,348	24	366,236

Changes in present value of the defined benefit obligation:

		2020		2019		2018
Beginning balance of defined benefit obligation	$	525,018	$	465,697	$	503,957
Current-year service cost		9,616		5,464		5,571
Interest cost		10,258		17,943		6,923
Remeasurement of (gains)/losses						
Actuarial losses/(gains) arising from changes in demographic assumptions		60,961		38,098		(10,661)
Actuarial losses/(gains) arising from changes in financial assumptions		8,382		17,174		(7,567)
Actuarial (gains)/losses arising from past experience adjustments		(3,916)		(1,667)		792
Changes in plan asset ceiling		3,462		-		-
Past service cost, including gains from curtailments		(851)		(35)		1,742
Liabilities assumed in business combinations		-		72		7,958
Exchange rate differences applicable to plans denominated in a currency other than the presentation currency		23,945		4,183		(21,347)
Benefits paid		(22,453)		(22,329)		(21,944)
Plan contributions		38		418		273
Ending balance of defined benefit obligation	$	614,460	$	525,018	$	465,697

Changes in the present value of plan assets:

		2020		2019		2019
Beginning balance of plan assets at fair value	$	319,564	$	283,670	$	318,028
Interest income		7,322		9,351		1,795
Remeasurement of gains/(losses)						
Return on plan assets (excluding amounts included in net interest expense)		31,111		18,527		(8,205)
Employer contributions		11,051		9,785		5,791
Plan participant contributions		38		43		(211)
Assets acquired in a business combination		-		-		3,887
Exchange rate differences on foreign plans		12,083		15,164		(19,787)
Benefits paid		(13,777)		(15,855)		(16,549)
Administrative expenses		(1,156)		(1,121)		(1,079)
Ending balance of plan assets at fair value	$	366,236	$	319,564	$	283,670

An analysis of the fair value of plan assets at the end of the reporting period for each category is as follows:

	2020	2019	2018
Equity investments	$ 84,960	$ 75,608	$ 67,046
Debt investments and debt instruments	171,543	156,684	135,899
Investments in funds and other	109,733	87,272	80,725
Total	$ 366,236	$ 319,564	$ 283,670

The fair values of the above equity and debt instruments are determined based on quoted market prices in active markets.

As of December 31, 2019 and 2018, the plan assets include common shares of the Entity with an accumulated fair value of $41 and $46, respectively. In 2020, the plan assets do not include common shares of the Entity.

Significant actuarial assumptiobns for the determination of the defined obligation are the discount rate, expected salary increase rate and mortality rate. The sensitivity analyses described below consider reasonable potential changes in the respective assumptions at the end of the reporting period, with all other assumptions remaining constant.

In 2020, 2019 and 2018, if the discount rate was 1% higher/(lower), the defined benefit obligation would have decreased/(increased) by $17,862, $22,676 and $18,458, respectively.

This sensitivity analysis may not reflect a real change in the seniority premium, since it is unlikely that changes in assumptions would occur on an isolated basis.

In the sensitivity analysis described above, the present value of defined benefit obligations is calculated using the projected unit credit method at the end of the reporting period, which is the same method applied to calculate the liability for defined benefit obligations recognized in the consolidated statement of financial position.
There were no changes in the methods or assumptions considered in the sensitivity analyses from prior years.

An asset-liability matching analysis is prepared each year to analyze the outcome of the Entity's investment strategy in terms of risk-and-return profiles. The investment and contribution policies are included as part of this analysis. The primary strategic decisions taken in the context of the Fund's actuarial policy whitepaper are:

Asset mix based on 45% equity instruments, 24% local variable yield and 31% cash.

The Entity's processes for managing its risks remains unchanged from past periods.

The main categories of plan assets, and the expected return rate in each category at the end of the reporting period are as follows:

	Expected return		
	2020	2019	2018
Equity instruments	0.63%	0.77%	1.06%
Debt instruments	2.07%	2.48%	3.41%
Weighted average expected return	2.70%	3.25%	4.47%

The overall expected rate of return is a weighted average of the expected returns on various categories of plan assets. Entity management' assessment of expected returns is based on historical performance trends and analyst predictions for over-the-counter markets over the life of the related obligation.

The experience adjustments made are as follows:

	2020	2019	2018
Present value of defined benefit obligation	$ 614,460	$ 525,018	$ 465,697
Fair value of plan assets	(366,236)	(319,564)	(283,670)
Net defined benefit obligation	$ 248,224	$ 205,454	$ 182,027
Experience adjustments on plan liabilities	$ (3,905)	$ (73)	$ 238
Experience adjustments on plan assets	$ 60,881	$ 10,682	$ 145

Unfunded obligations - Unfunded obligations comprise service awards and retirement commitments that qualify as other benefit plans for long-term employees and which are recognized by operating companies in the Netherlands, Belgium, Germany, Denmark, France, Ireland, Poland, Italy and Turkey.

The defined benefit plans in the United Kingdom and Ireland reported a deficit. Under an agreement entered into with the trustees of Wavin Plastics Pension Scheme, Entity must pay an annual contribution for costs and deficits of GBP 2.6 million from 2019 to 2026. Due to the alignment of the global market portfolio (GMP) and the changes in assumptions in respect of the proportion of members who are waiting for approval of early retirement with Wavin Plastics Pension Scheme, the Fund administrators and the Entity agreed to increase the defined contribution from GBP 2 million to GBP 4.6 million in 2019 and 2020. In 2020, the Fund administrators and the Entity revalued the additional contributions to this scheme for 2021 and thereafter. For the Hepworth Buildings Products Scheme, the Entity opted to pay additional contributions for costs and deficits of GBP 1.9 million from 2019 to 2026. Wavin Ireland agreed to pay EUR 0.6 million in additional contributions over the next five years.

19. Provisions

An analysis of provisions as of December 31, 2020, 2019 and 2018 is as follows:

	Legal	Restructurings	Warranties	Other	Total
Balance as of December 31, 2018	23,158	3,899	5,623	9,209	41,889
Business combination	2,601	-	2,179	-	4,780
Charge/(credit) to profit or loss	18,257	(655)	1,436	548	19,586
Charges against the allowance	(11,852)	(3,184)	(947)	(2,753)	(18,736)
Foreign currency translation reserve	(6,439)	498	(828)	(851)	(7,620)
Balance as of December 31, 2018	25,725	558	7,463	6,153	39,899
Business combination	-	-	-	-	-
Charge/(credit) to profit or loss	33,315	1,417	1,663	179	36,574
Charges against the allowance	(1,285)	(737)	(1,322)	(719)	(4,063)
Foreign currency translation reserve	267	(278)	(42)	2,847	2,794
Balance as of December 31, 2019	58,022	960	7,762	8,460	75,204
Charge/(credit) to profit or loss	23,970	8,750	2,306	651	35,677
Charges against the allowance	(50,680)	(2,876)	(1,694)	1,283	(53,967)
Foreign currency translation reserve	(655)	288	(456)	(2,269)	(3,092)
Balance as of December 31, 2020	$ 30,657	$ 7,122	$ 7,918	$ 8,125	$ 53,822
Current	19,612	7,052	6,375	109	33,148
Non-current	11,045	70	1,543	8,016	20,674

The provisions recognized are generated during the normal course of business and are common in the industry in which these business activities take place. Commercial, tax and labor lawsuits are recognized based on the opinion of the Entity's internal and external attorneys. These contingencies have a risk level of less than probable and higher than remote of resulting in unfavorable verdicts for the Entity. The Entity considers that these legal proceedings will not have an adverse material effect on its consolidated financial position.

Restructurings - Provisions are created based on the plans announced in the Entity to those that will be affected by it. It is expected that they will be created within a term of one to two years as of the date of their announcement.

Warranties - A provision is recognized for certain products sold on the basis of claims received and historical data related to the costs of the warranty. The reserve amount covers an estimated five-year period, mainly for Wavin's operations.

Legal - Legal provisions referred to risks identified at the Entity. The majority of the cash outflows related to legal provisions is expected to occur within one to five years.

Other provisions - The other provisions are generated in the normal course of business and are expected to be disbursed within a term of one to five years.

20. Stockholder's Equity

a. *Contributed capital*

The Entity's share capital as of December 31, 2020, 2019 and 2018 is represented by 2,100,000,000 common registered shares, issued and outstanding, with voting rights and no par value. Fixed share capital is represented by registered Class "I" shares without withdrawal rights. Variable share capital is represented by registered Class "II" shares with no par value, which must not exceed 10 times the Entity's minimum fixed share capital. An analysis of the Entity's share capital as of December 31, 2020, 2019 and 2018 is as follows:

	No. of shares	Amount
Paid-in capital		
Class "I"	308,178,735	$ 37,598
Class "II"	1,791,821,265	218,884
	2,100,000,000	$ 256,482

Basic earnings per share are equal to the diluted earnings per share because the Entity does not have potential shares that may result in dilution of earnings per share.

b. *Share buyback reserve*

At an Ordinary Shareholders' Meeting held on April 28, 2020, the shareholders approved a partial cancellation of the share buyback fund balance which was not used from April 24, 2019 through April 27, 2020 of $146,677; similarly, the shareholders established a maximum amount of funds that the Entity may use to purchase its own shares or credit securities representing such shares. Any gain or loss is recognized as part of retained earnings. As of December 31, 2020, 2019 and 2018, the share buyback reserve balance was $400,000, $295,530 and $328,920, respectively. As of December 31, 2020, 2019 and 2018, the Entity maintains 83,204,267,47,891,427 and 25,138,352 of its own shares, respectively.

At an Ordinary Shareholders' Meeting held on April 23, 2019, the shareholders approved a partial cancellation of the share buyback fund balance which was not used from April 24, 2018 through April 22, 2019 of $335,379; similarly, the shareholders agreed to increase the reserve by $374,079 as the maximum amount of funds that the Entity may use to purchase its own shares or credit securities representing such shares.

At an Ordinary Shareholders' Meeting held on April 23, 2018, the shareholders approved a partial cancellation of the share buyback fund balance which was not used from April 26, 2017 through April 22, 2018 of $359,876; similarly, the shareholders agreed to increase the reserve by $376,154 as the maximum amount of funds that the Entity may use to purchase its own shares or credit securities representing such shares.

c. ***Earned capital***

At an Ordinary Shareholders' Meeting held on December 2, 2019, the shareholders approved the payment of a cash dividend of $180 million, applied to retained earnings and the net taxed profits account (CUFIN, by its acronym in Spanish), payable in four installments during 2020. d

At an Ordinary Shareholders' Meeting held on November 26, 2018, the shareholders approved the payment of a cash dividend of $168 million, applied to retained earnings and the CUFIN balance, payable in four installments during 2019.

At an Ordinary Shareholders' Meeting held on August 20, 2018, the shareholders approved the payment of an extraordinary cash dividend of $150 million, applied to retained earnings and the CUFIN balance generated prior to December 31, 2013, payable in four installments during 2019.

Except for earnings distributed from the Restated contributed capital account (CUCA) and the CUFIN balance, dividends will be subject to the payment of corporate income tax at the statutory rate at that time. Income tax paid on dividends may be credited against income tax payable (annual or in prepayments) in the year of payment or either of the two immediately subsequent years.

Retained earnings include the statutory legal reserve. In accordance with the Mexican Corporations Act, the Entity is required to appropriate at least 5% of the net profit of each year to increase the legal reserve. This practice must be continued each year until the legal reserve reaches 20% of the value of the Entity's share capital. The legal reserve may be capitalized but may not be distributed to the shareholders unless the Entity is dissolved. Also, the legal reserve must be replenished if it is reduced for any reason. At December 31, 2020, 2019 and 2018, the reserve represents 20% of the nominal share capital in Mexican pesos and its balance is $51,298.

Dividends paid to Mexican individuals and foreign corporations from earnings generated starting January 1, 2014 shall be subject to an additional 10% withholding tax.

As of December 31, 2020, 2019 and 2018, the Entity has the following tax balances:

	2020	2019	2018
Restated contributed capital account (CUCA)	$ 1,558,658	$ 1,621,179	$ 1,507,554
Net taxed profits account (CUFIN)	$ 183,429	$ 331,764	$ 449,552

21. Related party balances and transactions

a. An analysis of balances due from and to related parties is as follows:

	2020	2019	2018
Due from:			
Pochteca Materias Primas, S.A. de C.V.	$ 1,499	$ 3,645	$ 2,631
Eternit Colombiana, S.A.	113	373	411
Elementia Servicios Administrativos, S.A. de C.V.	3,369	720	1,760
Elementia, S.A. de C.V.	-	-	-
Other	464	19	569
	$ 5,445	$ 4,757	$ 5,371
Due to:			
Kaluz, S.A. de C.V.	$ -	$ 99,655	$ 116,097
George Fisher Wavin	377	-	-
Pochteca Materias Primas, S.A. de C.V.	210	538	319
Other	84	340	139
	$ 671	$ 100,533	$ 116,555

b. The Entity had the following transactions with its related parties:

	2020	2019	2018
Revenue from:			
Sales	$ 6,897	$ 6,163	$ 6,261
Administrative services	-	3,056	3,330
	$ 6,897	$ 9,219	$ 9,591
Expenses for:			
Administrative services	$ 4,528	$ 13,551	$ 10,495
Purchases	2,245	1,723	2,768
Donations	-	-	1,178
Others	446	314	719
	$ 7,239	$ 15,588	$ 15,160

c. Compensation paid to management and other key members of management during the year is as follows:

	2020	2019	2018
Short-term employee benefits	$ 8,651	$ 7,200	$ 7,556
Termination benefits	3,519	1,819	873
	$ 12,170	$ 9,019	$ 8,429

22. Cost of sales and operating expenses

a. *Cost of sales*

	2020	2019	2018
Raw material and other consumable goods	$ 3,041,732	$ 3,381,373	$ 3,739,211
Labor cost	441,119	419,077	415,993
Manufacturing expenses	324,337	437,093	309,712
Freight	372,951	417,731	409,518
Depreciation	393,469	373,645	325,061
	$ 4,573,608	$ 5,028,919	$ 5,199,495

b. *Selling and development expenses*

	2020	2019	2018
Salaries, wages and other travel expenses	$ 314,835	$ 338,110	$ 330,818
Repair and maintenance	7,277	8,970	7,310
External services	63,814	66,334	80,530
Leases	10,278	12,582	25,300
Advertising and marketing	23,170	31,172	16,715
Sales commissions	31,369	38,082	35,764
Taxes and fees	2,357	2,449	2,726
Insurance	5,599	9,491	4,357
Allowance for doubtful accounts	20,403	11,441	4,390
Others	46,194	54,977	47,746
Depreciation	36,530	31,889	13,382
Amortization	23,090	19,204	19,113
	$ 584,916	$ 624,701	$ 588,151

c. *Administrative expenses*

	2020	2019	2018
Salaries, wages and other benefits	$ 211,086	$ 203,417	$ 204,027
External services	95,742	81,457	52,056
Taxes and fees	8,505	9,397	10,241
Telephone service	8,190	4,219	2,616
Repair and maintenance	19,733	21,061	20,452
Insurance	8,182	7,137	6,936
Leases	7,298	7,786	14,251
Related-party administrative services	4,427	13,551	10,495
Others	-	2,365	23,863
Depreciation	25,041	19,338	18,101
Amortization	119,656	98,106	86,075
	$ 507,860	$ 467,834	$ 449,113

d. ***Other expenses, net***

	2020	2019	2018
Expenses:			
Legal provisions	$ 6,430	$ 30,172	$ 16,406
Extraordinary taxes	-	3,433	939
Loss on sale of fixed assets	9,286	1,739	4,432
Recovery of insurance claims	-	42	443
Business acquisitions	-	4,329	5,001
Restructuring	15,533	6,692	998
Donations	1,360	406	1,520
Others	5,041	-	303
	37,650	46,813	30,042
Revenue:			
Gain on sale of waste materials	(644)	(2,014)	-
Recovery of taxes	(2,242)	-	-
Recovery of insurance claims	(1,848)	-	(3,479)
Others	-	(2,092)	-
	(4,734)	(4,106)	(3,479)
Other expenses, net	$ 32,916	$ 42,707	$ 26,563

23. Income Tax

Income tax

The Entity is subject to the payment of income tax in Mexico. The Mexican Income Tax Law (MITL) establishes a corporate income tax rate of 30% for fiscal years 2020 and 2019. Starting on January 1, 2014, the tax consolidation regime in Mexico was eliminated and under the MITL currently in effect, the Entity and its subsidiaries are required to deconsolidate and remit the income tax that was deferred in the consolidation over ten years beginning in 2014, as shown below. The amount of this liability as of December 31, 2020 is approximately $2,857.

In accordance with Section X of the Second Transitory Article of the Decree that amends, adds and abolishes various provisions of the Mexican Income Tax Law, Special Tax On Production and Services Law, the Federal Tax Code and the Federal Budget and Treasury Responsibility Act in force starting January 1, 2016, the Entity made the seventh deferred payment for tax losses arising from the sale of shares in 2020. This payment amounted to $1,134 and was recognized as a decrease in long-term income tax payable.

At the time the MITL abolished the tax consolidation regime, it also provided companies the option to pay income tax under the so-called Optional Tax Regime for Corporate Groups (tax integration regime). The new tax incorporation regime allows companies in which at least 80% of their shares are directly or indirectly held by the controlling Entity to enjoy certain benefits in respect of income tax remittance (when within the Group there are entities that have reported taxable profit or tax losses in the same year). As part of such benefits, entities are entitled to defer up to three years, or before if its applicable, the remittance of income tax, restated for inflation, on the date on which the annual tax return must be filed for the year in question.

The Entity and its subsidiaries in Mexico opted to adhere to this new regime, and therefore, they have calculated income tax payable for 2020, 2019 and 2018 on a joint basis. The deferred income tax liability under the integration regime is presented as part of the Income tax line item under Non-Current liabilities.

Income tax is based on taxable profit, which differs from the profit reported in the consolidated statements of profit and loss and other comprehensive income, due to prior year taxable profit, expenses or deductible expenses line items from other years and non-deductible or non-taxable items. The Entity's liability for current income tax payable is calculated using the tax rates enacted or substantially enacted at the end of the reporting period in the countries in which the Entity and its subsidiaries operate.

Income tax rates

The income tax rates applicable in 2020 in the countries where the Entity operates are as follows:

	%		%
Germany	33	Italy	24
Argentina	35	Japan	30
Australia	30	Kenya	30
Austria	25	Latvia	20
Belgium	29	Lithuania	15
Brazil	34	Morocco	31
Bulgaria	10	Mexico	30
Canada	27	Nicaragua	30
China	25	Norway	22
Chile	27	Oman	15
Colombia	32	Panama	25
Costa Rica	30	Peru	30
Croatia	18	Poland	19
Denmark	22	United Kingdom	19
Ecuador	25	Czech Republic	19
El Salvador	30	Serbia	15
Slovakia	21	Rwanda	30
United States of America	21	Romania	16
Estonia	20	Russia	20
Spain	25	South Africa	28
Finland	20	Sweden	21
France	33	Switzerland	21
Guatemala	25	Singapore	17
Greece	24	Thailand	20
Netherlands	25	Taiwan	20
Honduras	25	Turkey	22
Hungary	9	Ukraine	18
India	30	Uruguay	25
Israel	23	Venezuela	34
Indonesia	25	Vietnam	20
Ireland	13		

a. Deferred taxes

The main items that give rise to the deferred income tax liability as of December 31, are as follows:

	2020	2019	2018
Property, plant and equipment	$ 454,043	$ 477,631	$ 471,928
Inventories		52	(350)
Liabilities deductible upon payment	(64,399)	(42,304)	(24,323)
Tax loss carryforwards	(365,343)	(330,341)	(335,846)
Intangible assets	100,688	101,173	121,974
Other	(10,912)	3,630	19,418
	114,077	209,841	252,801
Deferred tax asset	$ 199,701	$ 125,649	$ 95,879
Deferred tax liability	$ 313,778	$ 335,490	$ 348,680

b. ***An analysis of changes in the deferred tax liability is as follows:***

	2020	2019	2018
Beginning balance	$ 209,841	$ 252,801	$ 78,336
Income tax provision recognized in profit or loss	(94,747)	(37,293)	(30,989)
Effect of assets and liabilities of acquired companies	-	-	188,448
Foreign currency translation reserve	15,262	(2,382)	14,457
Discontinued operations		(129)	9,785
Effect on equity of components of other comprehensive income	(16,278)	(3,156)	(7,236)
	$ 114,078	$ 209,841	$ 252,801

c. ***Reconciliation of tax rates***

A reconciliation of the statutory income tax rate to the effective income tax rate expressed in amounts and as a percentage of profit before income tax is as follows:

	2020	%	2019	%	2018	%
Profit before income tax	$ 479,248	25.89	$ 532,551	24.76	$ 669,118	26.36
Permanent items:						
Cumulative annual inflation adjustment	127,990	6.92	104,668	4.86	165,162	6.51
Non-taxable revenue	(139,480)	(7.55)	(114,259)	(5.31)	(61,754)	(2.43)
Non-deductible expenses	44,346	2.40	61,876	2.86	70,517	2.78
Assets for tax losses not previously recognized and unrecognized loss, net	132,246	7.14	(296,225)	(13.76)	92,779	3.66
Effect of changes on statutory tax rate	3,541	0.19	6,295	0.29	(86,100)	(3.39)
Other taxes	28,411	1.53	96,970	4.51	31,976	1.26
Dividends from foreign operations	89,212	4.82	206,276	9.58	28,792	1.13
Foreign exchange gain or loss and translation effect, net	(129,496)	(7.01)	181,152	8.42	(87,109)	(3.43)
Others	(52,851)	(2.86)	43,767	2.03	(84,967)	(3.36)
Total permanent items	103,919	5.58	290,520	13.48	69,296	2.73
Taxable profit	$ 583,167	31.47	$ 823,071	38.24	$ 738,414	29.09
Current income tax	$ 245,558		$ 242,834		$ 225,669	
Deferred income tax	(94,747)		(37,292)		(30,989)	
Total income tax	$ 150,811		$ 205,542		$ 194,680	
Effective income tax rate	31.47%		38.24%		29.09%	
Average statutory income tax rate	25.89%		24.76%		26.36%	

The Entity has tax losses from prior years for which it has recognized the corresponding deferred tax asset and that it may carry forward against taxable profit of future years if certain requirements are met. The expiration dates of the tax losses and recoverable taxes of the individual entities and their restated amounts as of December 31, 2020 are as follows:

Year of expiration	Tax loss carryforwards
2021	$ 589
2022	2,681
2023	13,812
2024	44,673
2025	258,066
2026	361,646
2027	77,564
2028	181
2029 and thereafter	360,139
No expiration	533,278
	$ 1,652,629

As of December 31, 2020, the Entity reported tax losses of $353,294 for which it did not recognize a deferred tax asset, since management is uncertain that these deferred tax assets will materialize in the future.

24. Discontinued operations

a. On December 20, 2017, the Entity announced its decision to not rebuild its VCM production capacity and discontinue such business, as well as all the assets and liabilities associated to Ethylene and the secondary services associated to VCM and Ethylene, treating such businesses as discontinued operations in its consolidated financial statements for the years 2020, 2019 and 2018.

b. ***Analysis of profit or loss for the year from discontinued operations***

The combined results of the discontinued operations included in the consolidated statements of income and other comprehensive income are detailed below. The comparative profit or loss and cash flows derived from discontinued operations have been reclassified to present those operations as discontinued in the current period.

	2020	2019	2018
Sales	$ 27	$ 414	$ -
Cost of sales	(175)	(140)	
Other income/(expenses), net	(9,239)	(295)	32,613
Interest income, net	(345)	95	-
Income tax expense/(benefit)	75	(181)	(9,784)
(Loss)/profit from discontinued operations	$ (9,657)	$ (107)	$ 22,829

25. Lease arrangements

As of December 31, 2020 and 2019, the Entity has contractual lease commitments for the amount of $5,974 and $2,960, respectively. In 2018, the Entity had commitments under operating leases for the amount of $306,991 in accordance with IAS 17.

An analysis of the maturities of contractual commitments as of December 31, 2020 is as follows:

Year	Amount
2021	$ 3,916
2022	1,669
2023	221
2024	168
2025 and thereafter	-
	$ 5,974

Leased asset	Balance 2020	Balance 2019	Balance 2018
Buildings	$ 473	$ -	$ 179,678
Machinery and equipment	5,048	1,195	100,311
Office furniture and equipment	437	1,113	1,258
Automotive equipment	16	652	25,744
	$ 5,974	$ 2,960	$ 306,991

26. Contingencies

The Entity is party to various lawsuits and claims arising from its normal course of business, and it has recognized contingent liabilities using estimates based on the current status of these lawsuits and claims. The Entity does not expect that these matters will have a material effect on its financial situation or operating results.

Netafim Ltd. is currently engaged in a government irrigation project in the Tigray region of Ethiopia (the Wolkaite project), which is in an advanced stage. The customer is the Ethiopian Sugar Corporation (the "ESC"). Due to civil unrest, a state of emergency has been in effect in the region since November 4, 2020.

In late November 2020, Netafim notified ESC, the Lender, insurers and other concerned parties that an event of force majeure had occurred as a result of the ongoing civil unrest, suspending Netafim's obligations under the project agreement. At present, all parties are cooperating and monitoring the situation, which appears to be gradually stabilizing. If the force majeure condition continues for an extended period of time, the parties to the project agreement each has the right to terminate the project agreement. In addition to potential costs arising from delays to the project and possible damage to the existing works, it is possible that Netafim could incur additional material liabilities under certain scenarios.

On September 25, 2018, Netafim Irrigation Inc. (Netafim), a subsidiary of Orbia in the US, learned that on September 22, 2018, Jain Irrigation Inc., Irrigation Design & Construction LLC. (IDC) and Agri Valley Irrigation LLC. (AVI) ("Jain Parties"), brought antitrust claims in a US Federal and State court in California claiming that Netafim, jointly with other manufacturers and distributors participated in a group boycott against the "Jain Parties" in alleged violation of State and Federal anti-trust laws. Jain withdrew its Federal case in June 2019, but continued to pursue its State antitrust claims, which is currently in the discovery stage. As of the date hereof, Netafim intends to vigorously enforce its rights and does not anticipate that this matter will result in material liabilities to the Entity.

27. Segment Information

Segment information is presented according to each business group, which is grouped based on the vertical integration of their raw materials. The Entity's operating decisions are made based on such segmentation for purposes of allocating resources and assessing the performance of each segment.

The Entity's operating segments are included in five business groups: i) Wavin (Building & Infrastructure), ii) Dura-Line (Data Communications), iii) Netafim (Precision Agriculture), (which were previously presented as the "Fluent" reportable segment), iv) Koura (formerly Fluor), and v) Vestolit (Polymer Solutions). The main products of these segments are: PVC pipes and connections (*Building and infrastructure*), polyethylene (PE) and polypropylene (PP), high density polyethylene (HDPE) (*Data communication*), irrigation droppers and geosynthetics (*Precision agriculture*); as well as fluorite, fluorocomposites, hydrofluoric acid, refrigerant gases and medical propellants, and resins and polyvinyl chloride (PVC) compounds (*Polymer solutions*), among others. These five segments represent the Entity's reportable segments. The "Controlling Entity" segment comprises the operations of the parent companies and associated corporate service companies.

Below is a summary of the most significant line items of the consolidated financial statements for each business group:

	December 31, 2020							
	Polymer Solutions	Fluor	Building & Infrastructure	Data Communications	Precision Agriculture	Controlling Entity	Disposals	Consolidated
Net sales	$ 2,170,679	$ 697,951	$ 2,071,265	$ 732,154	$ 972,015	$ 183,720	$ (408,014)	$ 6,419,770
Cost of sales	1,764,404	406,744	1,487,380	497,530	642,580	108,893	(333,923)	4,573,608
Gross profit	406,275	291,207	583,885	234,624	329,435	74,827	(74,091)	1,846,162
General expenses	182,435	97,736	457,106	94,191	240,192	128,158	(74,126)	1,125,692
Other related party expenses/(income)	-	3	(36)	(2)	-	-	35	-
Royalties	27,487	7,766	2,374	7,895	-	(45,522)	-	-
Foreign exchange (gain)/loss, net	(4,135)	(13,945)	11,741	(298)	12,444	(3,429)	-	2,378
Interest expense	28,677	2,495	12,838	16,504	15,952	192,843	(30,628)	238,681
Interest income	(1,911)	(7,308)	(17,064)	(524)	(1,186)	(12,754)	30,628	(10,119)
Change in fair value of redeemable non-controlling interests	-	-	-	-	-	9,713	-	9,713
Monetary position loss	-	-	1,436	-	-	-	-	1,436
Share of gain of subsidiaries and associates	(1,669)	(5,758)	(5,992)	4,658	3,204	(315,256)	319,946	(867)
Profit before income tax	175,391	210,218	121,482	112,200	58,829	121,074	(319,946)	479,248
Income tax	53,894	75,328	39,897	29,216	14,098	(61,622)	-	150,811
Profit before discontinued operations	121,497	134,890	81,585	82,984	44,731	182,696	(319,946)	328,437
Discontinued operations	(8,085)	(262)	8	(1,318)	-	-	-	(9,657)
Consolidated net profit	$ 113,412	$ 134,628	$ 81,593	$ 81,666	$ 44,731	$ 182,696	$ (319,946)	$ 318,780

	December 31, 2019							
	Polymer Solutions	Fluor	Building & Infrastructure	Data Communications	Precision Agriculture	Controlling Entity	Disposals	Consolidated
Net sales	$ 2,333,796	$ 805,187	$ 2,238,757	$ 749,108	$ 1,063,447	$ 96,919	$ (300,032)	$ 6,987,182
Cost of sales	1,900,166	434,244	1,633,055	544,111	716,484	(1,271)	(197,870)	5,028,919
Gross profit	433,630	370,943	605,702	204,997	346,963	98,190	(102,162)	1,958,263
General expenses	162,762	77,354	463,833	88,693	255,427	90,761	(3,588)	1,135,242
Other related party expenses/(income)	61,016	26,689	-	-	-	10,870	(98,575)	-
Royalties	28,136	8,703	2,462	7,228	-	(46,529)	-	-

	December 31, 2019							
	Polymer Solutions	Fluor	Building & Infrastructure	Data Communications	Precision Agriculture	Controlling Entity	Disposals	Consolidated
Foreign exchange loss/(gain), net	3,851	1,692	1,560	219	12,522	(1,470)	23	18,397
Interest expense	38,069	4,329	17,414	4,070	20,974	206,369	(19,152)	272,073
Interest income	(4,617)	(12,013)	(22,717)	18,358	467	(12,800)	19,127	(14,195)
Change in fair value of redeemable non-controlling interests	-	-	-	-	-	18,488	-	18,488
Monetary position gain	-	-	(151)	-	-	-	-	(151)
Share of gain of subsidiaries and associates	(9,829)	(6,586)	(5,105)	-	963	(218,351)	234,766	(4,142)
Profit before income tax	154,242	270,775	148,406	86,430	56,612	50,852	(234,766)	532,551
Income tax	46,976	108,942	37,984	18,018	20,727	(27,105)	-	205,542
Profit before discontinued operations	107,266	161,833	110,422	68,412	35,885	77,956	(234,765)	327,009
Discontinued operations	502	(318)	282	(573)	-	-	-	(107)
Consolidated net profit	$ 107,768	$ 161,515	$ 110,704	$ 67,839	$ 35,885	$ 77,956	$ (234,765)	$ 326,902

	December 31, 2018							
	Polymer Solutions	Fluor	Building & Infrastructure	Data Communications	Precision Agriculture	Controlling Entity	Disposals	Consolidated
Net sales	$ 2,460,074	$ 837,383	$ 2,362,242	$ 797,701	$ 945,248	$ (12,028)	$ (192,484)	$ 7,198,136
Cost of sales	1,940,591	445,017	1,735,428	623,250	645,406	12,151	(202,348)	5,199,495
Gross profit	519,483	392,366	626,814	174,451	299,842	(24,179)	9,864	1,998,641
General expenses	133,515	71,182	468,416	89,357	187,033	128,430	(14,106)	1,063,827
Other related party expenses/(income)	56,113	18,752	-	-	-	(99,468)	24,603	-
Royalties	28,980	8,704	3,323	-	-	(41,006)	(1)	-
Foreign exchange loss/(gain), net	9,235	446	23,784	813	13,095	729	(562)	47,540
Interest expense	40,881	4,583	14,871	1,643	16,397	193,397	(21,098)	250,674
Interest income	(7,130)	(9,908)	(24,377)	18,122	524	(18,175)	21,097	(19,847)
Change in fair value of redeemable non-controlling interests	-	-	-	-	-	18,593	-	18,593
Monetary position gain	-	-	(12,671)	-	-	-	-	(12,671)
Share of gain of subsidiaries and associates	(15,590)	(17)	(4,299)	-	(271)	(113,165)	129,070	(4,272)
Profit before income tax	273,479	298,624	157,767	64,516	83,064	(93,514)	(129,139)	654,797
Income tax	63,451	66,613	23,434	17,601	19,336	4,314	(69)	194,680
Profit before discontinued operations	210,028	232,011	134,333	46,915	63,728	(97,828)	(129,070)	460,117
Discontinued operations	20,727	1,937	339	(174)	-	-	-	22,829
Consolidated net profit	$ 230,755	$ 233,948	$ 134,672	$ 46,741	$ 63,728	$ (97,828)	$ (129,070)	$ 482,946

The accounting policies for reporting segments are the same as those of the Entity (described in Note 4). The above information is presented to the officer in charge of operating decision-making to allocate resources and assess the performance of each business group.

	As of December 31, 2020							
	Polymer Solutions	Fluor	Building & Infrastructure	Data Communications	Precision Agriculture	Controlling Entity	Disposals	Consolidated
Current assets:								
Cash and cash equivalents	$ 231,474	$ 122,345	$ 288,591	$ 63,143	$ 135,364	$ 34,268	$ -	$ 875,185
Accounts receivable, net	405,620	211,657	315,940	116,622	281,578	45,979	(52,658)	1,324,738
Other current assets	263,302	450,304	409,006	133,211	190,033	228,428	(727,705)	946,579
Assets held for sale	1,254	3,869	2,968	1,559	-	-	-	9,650
Total current assets	901,650	788,175	1,016,505	314,535	606,975	308,675	(780,363)	3,156,152
Property, plant and equipment	1,991,223	302,221	622,451	114,736	150,693	5,173	-	3,186,497
Other assets	760,211	225,514	1,336,838	415,641	1,534,865	6,616,964	(7,021,571)	3,868,462
Total assets	$ 3,653,084	$ 1,315,910	$ 2,975,794	$ 844,912	$ 2,292,533	$ 6,930,812	$ (7,801,934)	$ 10,211,111

	As of December 31, 2020							
	Polymer Solutions	Fluor	Building & Infrastructure	Data Communications	Precision Agriculture	Controlling Entity	Disposals	Consolidated
Current liabilities:								
Bank loans and current portion of long-term debt	$ 7,687	$ 7,681	$ 7,042	$ -	$ 64,143	$ 408,753	$ -	$ 495,306
Suppliers and letters of credit	702,872	46,905	334,507	97,936	112,003	31,883	-	1,326,106
Other current liabilities	250,477	63,075	425,598	56,249	190,816	554,151	(780,363)	760,003
Liabilities associated with assets held for sale	-	5,783	-	438	-	-	-	6,221
Total current liabilities	961,036	123,444	767,147	154,623	366,962	994,787	(780,363)	2,587,636
Bank loans and long-term debt	-	-	-	-	118,686	3,012,020	-	3,130,706
Other long-term liabilities	807,552	178,748	301,130	320,059	231,401	387,577	(913,270)	1,313,197
Total liabilities	1,768,588	302,192	1,068,277	474,682	717,049	4,394,384	(1,693,633)	7,031,539
Total equity	$ 1,884,496	$ 1,013,718	$ 1,907,517	$ 370,230	$ 1,575,484	$ 2,536,428	$ (6,108,301)	$ 3,179,572

	As of December 31, 2019							
	Polymer Solutions	Fluor	Building & Infrastructure	Data Communications	Precision Agriculture	Controlling Entity	Disposals	Consolidated
Current assets:								
Cash and cash equivalents	$ 192,898	$ 120,591	$ 140,096	$ 47,432	$ 66,996	$ 18,396	$ -	$ 586,409
Accounts receivable, net	444,641	199,627	341,449	102,376	291,009	43,085	(70,159)	1,352,028
Other current assets	264,912	384,608	369,471	70,117	177,671	555,910	(918,107)	904,582
Assets held for sale	1,254	3,870	2,354	1,618	-	-	-	9,096
Total current assets	903,705	708,696	853,370	221,543	535,676	617,391	(988,266)	2,852,115
Property, plant and equipment, net	2,091,671	301,585	673,268	115,088	158,760	8,449	-	3,348,821
Other assets, net	783,145	271,633	1,355,570	386,443	1,569,663	7,478,383	(7,988,692)	3,856,145
Total assets	$ 3,778,521	$ 1,281,914	$ 2,882,208	$ 723,074	$ 2,264,099	$ 8,104,223	$ (8,976,958)	$ 10,057,081
Current liabilities:								
Bank loans and current portion of long-term debt	$ 16,288	$ 16,287	$ 4,876	$ 2,181	$ 48,584	$ 234,130	$ -	$ 322,346
Suppliers and letters of credit	674,527	42,101	288,378	90,296	126,563	41,737	-	1,263,602
Other current liabilities	515,017	89,553	396,753	35,737	169,600	766,776	(988,266)	985,170
Liabilities associated with assets held for sale	-	5,605	-	638	-	-	-	6,243
Total current liabilities	1,205,832	153,546	690,007	128,852	344,747	1,042,643	(988,266)	2,577,361
Bank loans and long-term debt	8,067	8,043	-	-	100,943	3,011,567	-	3,128,620
Other long-term liabilities	614,494	201,472	288,922	317,918	258,218	1,665,715	(2,090,050)	1,256,689
Total liabilities	1,828,393	363,061	978,929	446,770	703,908	5,719,925	(3,078,316)	6,962,670
Total equity	$ 1,950,128	$ 918,853	$ 1,903,279	$ 276,304	$ 1,560,191	$ 2,384,298	$ (5,898,642)	$ 3,094,411

	As of December 31, 2018							
	Polymer Solutions	Fluor	Building & Infrastructure	Data Communications	Precision Agriculture	Controlling Entity	Disposals	Consolidated
Current assets:								
Cash and cash equivalents	$ 146,954	$ 204,760	$ 183,700	$ 76,708	$ 46,646	$ 41,109	$ 1	$ 699,878
Accounts receivable, net	428,156	171,592	388,747	95,704	264,170	(8,659)	(22,161)	1,317,549
Other current assets	307,170	358,471	383,548	65,467	193,476	622,656	(981,319)	949,469
Assets held for sale	1,804	4,025	2,388	2,059	-	-	1	10,277
Total current assets	884,084	738,848	958,383	239,938	504,292	655,106	(1,003,478)	2,977,173
Property, plant and equipment, net	2,210,676	296,822	697,410	119,503	162,328	4,431	16,216	3,507,386
Other assets, net	671,963	169,260	1,350,132	385,889	1,507,155	8,844,796	(9,338,796)	3,590,399
Total assets	$ 3,766,723	$ 1,204,930	$ 3,005,925	$ 745,330	$ 2,173,775	$ 9,504,333	$ (10,326,058)	$ 10,074,958
Current liabilities:								
Bank loans and current portion of long-term debt	$ 15,594	$ 15,594	$ 2,013	$ 11,415	$ 68,429	$ 282,882	$ 1	$ 395,928
Suppliers and letters of credit	744,996	51,028	332,825	95,570	140,425	44,728	4,097	1,413,669
Other current liabilities	569,407	46,051	832,322	27,107	144,011	739,957	(1,467,489)	891,367
Liabilities associated with assets held for sale	-	6,375	-	648	-	-	-	7,023
Total current liabilities	1,329,997	119,048	1,167,160	134,741	352,866	1,067,567	(1,463,391)	2,707,987
Bank loans and long-term debt	74,244	23,212	-	-	78,549	2,999,492	-	3,175,497
Other long-term liabilities	362,861	173,587	(193,594)	328,340	189,822	1,750,148	(1,589,529)	1,021,634
Total liabilities	1,767,102	315,847	973,565	463,081	621,236	5,817,207	(3,052,920)	6,905,118
Total equity	$ 1,999,621	$ 889,083	$ 2,032,360	$ 282,249	$ 1,552,539	$ 3,687,126	$ (7,273,138)	$ 3,169,840

Highlights of the Entity's segment information by business group presented in the consolidated financial statements are as follows:

	Depreciation and amortization			Direct additions to property, plant and equipment		
	2020	2019	2018	2020	2019	2018
Polymer Solutions	$ 238,124	$ 233,313	$ 200,252	$ 69,003	$ 71,038	$ 85,739
Fluor	60,859	57,840	49,942	40,471	31,655	36,554
Building & Infrastructure	134,257	129,912	122,606	64,087	72,467	64,569
Data Communications	32,901	29,933	22,345	11,197	17,360	13,504
Precision Agriculture	91,925	87,700	24,632	19,703	25,963	32,033
Controlling Entity	39,721	3,485	41,955	13	5,154	1,955
	$ 597,787	$ 542,183	$ 461,732	$ 204,474	$ 223,637	$ 234,354

Highlights of the financial information classified by geographical area are as follows:

Country or region	Net sales from external customers			Long-lived assets		
	December 2020	December 2019	December 2018	December 2020	December 2019	December 2018
Mexico	$ 1,247,375	$ 1,322,888	$ 1,346,734	$ 1,253,758	$ 1,315,086	$ 1,214,594
Northwest Europe	1,138,524	1,237,309	1,259,820	862,114	812,685	763,866
U.S.A.	1,220,845	1,174,672	1,174,991	1,949,849	2,056,458	2,161,274
Southwest Europe	794,925	894,272	797,650	151,256	154,742	122,599

Country or region	Net sales from external customers			Long-lived assets		
	December 2020	December 2019	December 2018	December 2020	December 2019	December 2018
Colombia	466,060	542,218	523,286	269,101	286,934	293,840
Africa, Middle East and Asia	383,642	473,155	474,142	65,983	85,110	68,973
Brazil	333,595	367,811	361,978	70,571	98,545	96,109
Central and Eastern Europe	227,054	237,123	280,573	114,634	114,927	151,502
Southeast Europe	35,472	41,552	226,598	158,083	161,353	169,830
Central America	159,063	196,839	180,224	61,961	66,040	65,639
Other	69,194	100,097	176,997	20,667	26,321	31,079
Israel	166,234	175,598	167,913	1,662,782	1,659,774	1,590,813
Peru	99,307	128,144	116,910	58,912	66,413	64,965
Ecuador	78,336	95,357	107,754	34,748	38,143	40,067
Venezuela	144	147	2,566	359	402	16,474
Total	$ 6,419,770	$ 6,987,182	$ 7,198,136	$ 6,734,778	$ 6,942,933	$ 6,851,624

(1) Long-lived assets include right-of-use assets; property, plant and equipment; intangible assets and goodwill

28. Subsequent Events

As of December 31, 2020, the Entity created a reserve of $25,000 in relation to the investigation on Vestolit GmbH by European Union authorities. On January 15, 2021, the Entity paid a fine of EUR 22,367,000 to the relevant authorities of the European Union, and has thus concluded the matter.

29. Approval of Issue of the Consolidated Financial Statements

The consolidated financial statements for the year ended December 31, 2018 were approved by the Audit Committee, Board of Directors and at the Ordinary Shareholders' Meeting on February 25 and 26, and April 23, 2019, respectively. The consolidated financial statements for the year ended December 31, 2019 were approved on February 25 and 26, and April 23, 2020, respectively. On February 22, 2021, the issuance of the accompanying consolidated financial statements for the year ended December 31, 2020 was authorized by Mr. Edgardo Carlos, Finance Director, and by the Audit Committee; consequently, they do not reflect events occurred after that date and they are subject to the approval of the Entity's Board of Directors and shareholders, who have the authority to modify the financial statements in accordance with the Mexican Corporations Act.

* * * * * *

Orbia Advance Corporation, S.A.B. de C.V.
(Subsidiaria de Kaluz, S.A. de C.V.)

Estados financieros separados por los años que terminaron el 31 de diciembre de 2020 y 2019 e Informe de los auditores independientes del 26 de febrero de 2021

Orbia Advance Corporation, S.A.B. de C.V.
(Subsidiaria de Kaluz, S.A. de C.V.)

Informe de los auditores independientes y estados financieros separados 2020 y 2019

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Estados separados de resultados y otros resultados integrales	5
Estados separados de cambios en el capital contable	6
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Notas a los estados financieros separados	8

Deloitte.

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Informe de los auditores independientes al Consejo de Administración y Accionistas de Orbia Advance Corporation, S.A.B. de C.V.

(Cifras en dólares americanos)

Opinión

Hemos auditado los estados financieros separados de Orbia Advance Corporation, S.A. B. de C.V., (la Entidad), que comprenden los estados separados de posición financiera al 31 de diciembre de 2020 y 2019, los estados separados de resultados y otros resultados integrales, los estados separados de cambios en el capital contable y los estados separados de flujos de efectivo correspondientes a los años que terminaron en esas fechas, así como las notas a los estados financieros separados que incluyen un resumen de las principales políticas contables significativas.

En nuestra opinión, los estados financieros separados adjuntos presentan razonablemente, en todos los aspectos importantes, la posición financiera separada de Orbia Advance Corporation, S.A. B. de C.V., como entidad jurídica, al 31 de diciembre de 2020 y 2019, así como su desempeño financiero separado y sus flujos de efectivo separados correspondientes a los años que terminaron en esas fechas, de conformidad con las Normas Internacionales de Información Financiera (NIIF), emitidas por el Consejo de Normas Internacionales de Contabilidad.

Fundamentos de la Opinión

Hemos llevado a cabo nuestras auditorías de conformidad con las Normas Internacionales de Auditoría (NIA). Nuestras responsabilidades bajo esas normas se explican más ampliamente en la sección de *Responsabilidades de los Auditores Independientes en Relación con la Auditoría de los Estados Financieros Separados* de nuestro informe. Somos independientes de la Entidad de conformidad con el Código de Ética para Profesionales de la Contabilidad del Consejo de Normas Internacionales de Ética para Contadores (Código de Ética del IESBA) y con los requerimientos éticos que son relevantes para nuestra auditoría de los estados financieros separados de conformidad con el Código de Ética emitido por el Instituto Mexicano de Contadores Públicos, A.C. (Código de Ética del IMCP), y hemos cumplido las demás responsabilidades de ética de conformidad con el Código de Ética del IESBA y con el Código de Ética del IMCP. Consideramos que la evidencia de auditoría que hemos obtenido proporciona una base suficiente y adecuada para nuestra opinión.

Párrafo de Énfasis – Base de presentación de estados financieros separados

Sin que ello modifique nuestra opinión, llamamos la atención sobre que los estados financieros separados adjuntos han sido preparados en forma individual para cumplir con las disposiciones legales que requieren la presentación de los estados financieros separados de Orbia Advance Corporation, S.A.B. de C.V. como entidad jurídica. Por consiguiente, la inversión en acciones de subsidiarias se presenta valuada bajo el método de participación. Por separado se han preparado estados financieros consolidados como una sola entidad económica con sus subsidiarias, sobre los cuales emitimos una opinión sin salvedades el 23 de febrero de 2021, los cuales deben ser consultados para la toma de decisiones.

Deloitte.

Responsabilidades de la Administración y de los Encargados del Gobierno Corporativo de la Entidad sobre los Estados Financieros Separados

La Administración es responsable de la preparación y presentación razonable de los estados financieros separados adjuntos de conformidad con las NIIF, y del control interno que la Administración considere necesario para permitir la preparación de los estados financieros separados libres de error material, debido a fraude o error.

En la preparación de los estados financieros separados, la Administración es responsable de la evaluación de la capacidad de la Entidad de continuar como Negocio en Marcha, revelando según corresponda, las cuestiones relacionadas con este concepto y utilizando el principio contable de Negocio en Marcha, excepto si la Administración tiene intención de liquidar la Entidad o detener sus operaciones, o bien no exista otra alternativa realista.

Los miembros del Comité de Auditoría y del Consejo de Administración de la Entidad son responsables de la supervisión del proceso de información financiera separada de la Entidad.

Responsabilidades de los Auditores Independientes en Relación con la Auditoría de los Estados Financieros Separados

Nuestros objetivos son obtener una seguridad razonable de que los estados financieros separados en su conjunto están libres de errores materiales, debido a fraude o error, y emitir un informe de auditoría que contiene nuestra opinión. Seguridad razonable es un alto nivel de seguridad, pero no garantiza que una auditoría realizada de conformidad con las NIA, siempre detecte un error material cuando existe. Los errores pueden deberse a fraude o error y se consideran materiales si, individualmente o de forma agregada, puede preverse razonablemente que influyen en las decisiones económicas que los usuarios toman basándose de los estados financieros separados.

Como parte de una auditoría ejecutada de conformidad con las NIA, ejercemos nuestro juicio profesional y mantenemos una actitud de escepticismo profesional durante toda la auditoría. Nosotros también:

- Identificamos y evaluamos los riesgos de incorrecciones materiales de los estados financieros separados, derivados de fraude o error, diseñando y aplicando procedimientos de auditoría para responder a esos riesgos, y obtenemos evidencia de auditoría que es suficiente y apropiada para proporcionar las bases para nuestra opinión. El riesgo de no detectar desviaciones materiales debido a fraude es más elevado que las que resulten de un error, ya que el fraude puede implicar colusión, falsificación, omisiones deliberadas, manifestaciones intencionalmente erróneas, o la anulación del control interno.

- Obtenemos un entendimiento del control interno relevante para la auditoría con el fin de diseñar procedimientos de auditoría que sean adecuados en función de las circunstancias y no con el fin de expresar una opinión sobre la efectividad del control interno de la Entidad.

- Evaluamos lo apropiado de las políticas contables utilizadas y la razonabilidad de las estimaciones contables y la correspondiente información revelada por la Administración.

- Concluimos sobre lo adecuado de la utilización por la Administración, de la norma contable de Negocio en Marcha y, basándose en la evidencia de auditoría obtenida, concluimos sobre si existe o no una incertidumbre material relacionada con hechos o condiciones que pueden generar dudas significativas sobre la capacidad de la Entidad para continuar como Negocio en Marcha. Si concluimos que existe una incertidumbre material, se requiere que llamemos la atención en nuestro informe de auditoría sobre la correspondiente información revelada en los estados financieros separados o, si dichas revelaciones no son adecuadas, que expresemos una opinión modificada. Nuestras conclusiones se basan en la evidencia de auditoría obtenida hasta la fecha de nuestro informe de auditoría. Sin embargo, hechos o condiciones futuros pueden ser causa de que la Entidad deje de ser un Negocio en Marcha.

- Evaluamos la presentación en su conjunto de la estructura y el contenido de los estados financieros separados, incluida la información revelada, y si los estados financieros separados presentan las transacciones y eventos relevantes cuantitativa y cualitativamente, de forma que logren una presentación razonable.

- Obtenemos evidencia de auditoría suficiente y adecuada en relación con la información financiera de las entidades o actividades empresariales de la Compañía para expresar una opinión sobre los estados financieros no consolidados. Somos responsables de la dirección, supervisión y realización de la auditoría de los estados financieros separados de la Entidad. Somos los únicos responsables de nuestra opinión sobre la auditoría.

Comunicamos a los encargados del gobierno corporativo de la Entidad en relación con, entre otras cuestiones, la planeación, alcance y el momento de la realización de la auditoría, y los hallazgos significativos de la auditoría, así como cualquier deficiencia significativa en el control interno que identifiquemos en el transcurso de la auditoría.

Galaz, Yamazaki, Ruiz Urquiza, S.C.
Miembro de Deloitte Touche Tohmatsu Limited

C.P.C. Erick Calvillo Rello
Ciudad de México, México
26 de febrero de 2021

Orbia Advance Corporation, S.A.B. de C.V
(Subsidiaria de Kaluz, S.A. de C.V.)

Estados separados de posición financiera

Al 31 de diciembre de 2020 y 2019
(En miles de dólares americanos)

Activos	Notas	2020	2019
Activos circulantes:			
Efectivo y equivalentes de efectivo	6	$ 18,148	$ 1,522
Cuentas por cobrar a partes relacionadas	14a	314,040	481,383
Otras cuentas por cobrar		9,158	6,768
Instrumentos financieros derivados	9 y 10	19,278	-
Total de activos circulantes		360,624	489,673
Activos no circulantes:			
Cuentas por cobrar a partes relacionadas	14a	1,571,409	1,423,840
Inversión en acciones de subsidiarias	7	4,390,136	4,246,357
Activos intangibles	11	19,563	19,757
Otros activos		46	46
Impuestos diferidos	16a	238,139	184,750
Total de activos		$ 6,579,917	$ 6,364,423

Pasivos y capital contable	Notas	2020	2019
Pasivos circulantes:			
Préstamos bancarios y porción circulante de la deuda a largo plazo	12	$ 408,753	$ 234,130
Cuentas por pagar a partes relacionadas	14a	435,937	415,486
Otras cuentas por pagar y pasivos acumulados		115,884	93,869
Dividendos por pagar		2,815	134,151
Instrumentos financieros derivados	9 y 10	7,667	12,070
Total de pasivos circulantes		971,056	889,706
Pasivos no circulantes:			
Préstamos bancarios y deuda	12	3,012,020	3,011,567
Cuentas por pagar a partes relacionadas	14a	6,504	17,347
Instrumentos financieros derivados	9 y 10	94,573	66,781
Impuesto sobre la renta	16	2,854	4,028
Total de pasivos no circulantes		3,115,951	3,099,723
Total de pasivos		4,087,007	3,989,429
Capital contable:			
Capital contribuido-			
Capital social	13a	256,482	256,482
Prima en emisión de acciones		1,474,827	1,474,827
Actualización del capital social		23,948	23,948
		1,755,257	1,755,257
Capital ganado-			
Resultados acumulados		1,107,754	1,058,949
Participación no controladora redimible		(227,205)	(227,205)
Reserva para adquisición de acciones propias	13b	400,000	295,530
Otros resultados integrales		(542,896)	(507,537)
		737,653	619,737
Total del capital contable		2,492,910	2,374,994
Total de pasivos y capital contable		$ 6,579,917	$ 6,364,423

Las notas adjuntas son parte de los estados financieros separados.

Orbia Advance Corporation, S.A.B. de C.V
(Subsidiaria de Kaluz, S.A. de C.V.)

Estados separados de resultados y otros resultados integrales

Por los años que terminaron el 31 de diciembre de 2020 y 2019
(En miles de dólares americanos, excepto la utilidad básica por acción que se expresa en dólares americanos)

	Notas	2020	2019
Servicios administrativos	14b	$ 3,576	$ 19,585
Regalías	14b	37,296	39,301
		40,872	58,886
Participación en los resultados de subsidiarias:			
Operaciones continuas		245,998	220,935
Operaciones discontinuas		(9,657)	(107)
		236,341	220,828
Total de ingresos		277,213	279,714
Gastos de administración	15a	19,276	21,703
Otros gastos, Neto		120	147
Pérdida (utilidad) cambiaria, Neta		917	(1,511)
Gastos por intereses		191,226	203,401
Ingresos por intereses		(88,700)	(100,591)
Ganancia por valuación de instrumentos financieros		5,315	(6,620)
Utilidad antes de impuestos a la utilidad		149,059	163,185
Beneficio por impuestos a la utilidad	16b	(45,643)	(43,546)
Utilidad neta del año		194,702	206,731
Otros resultados integrales:			
Partidas que no serán reclasificadas posteriormente a resultados-			
Pérdidas actuariales reconocidas en el año		(37,393)	(19,971)
Impuestos a la utilidad		9,488	6,700
		(27,905)	(13,271)
Partidas que serán reclasificadas posteriormente a resultados-			
Pérdida (ganancia) en conversión de operaciones en moneda extranjera		8,409	(30,775)
(Pérdida) ganancia en la valuación de instrumentos financieros		(22,653)	35,094
Impuestos a la utilidad		6,790	(10,694)
		(7,454)	(6,375)
Otros resultados integrales del año		(35,359)	(19,646)
Utilidad integral del año		$ 159,343	$ 187,085

Las notas adjuntas son parte de los estados financieros separados.

Orbia Advance Corporation, S.A.B. de C.V
(Subsidiaria de Kaluz, S.A. de C.V.)

Estados separados de cambios en el capital contable

Por los años que terminaron el 31 de diciembre de 2020 y 2019
(En miles de dólares americanos)

	Capital contribuido			Resultados acumulados				Otros resultados integrales		
	Capital social Nominal	Prima en emisión de acciones	Actualización del capital Social	Reserva legal	Utilidades Acumuladas	Participación no controladora redimible	Reserva para adquisición de acciones propias	Efecto de conversión por operaciones en moneda extranjera y ganancias (pérdidas) actuariales	Valuación de instrumentos financieros	Total del capital contable
Saldos al 1 de enero de 2019	$ 256,482	$ 1,474,827	$ 23,948	$ 51,298	$ 1,001,248	$ (227,205)	$ 328,920	$ (526,394)	$ 25,232	$ 2,408,356
Dividendos decretados	-	-	-	-	(180,000)	-	-	-	-	(180,000)
Compra de acciones propias	-	-	-	-	(8,357)	-	(32,090)	-	-	(40,447)
Cancelación parcial de la reserva para adquisición de acciones propias	-	-	-	-	335,379	-	(335,379)	-	-	-
Incremento a la reserva para adquisición de acciones propias	-	-	-	-	(334,079)	-	334,079	-	-	-
Otros resultados integrales del año	-	-	-	-	(13,271)	-	-	(30,775)	24,400	(19,646)
Utilidad neta del año	-	-	-	-	206,731	-	-	-	-	206,731
Saldos al 31 de diciembre de 2019	256,482	1,474,827	23,948	51,298	1,007,651	(227,205)	295,530	(557,169)	49,632	2,374,994
Compra de acciones propias	-	-	-	-	-	-	(42,207)	-	-	(42,207)
Incremento a la reserva para adquisición de acciones propias	-	-	-	-	(146,677)	-	146,677	-	-	-
Pagos basados en acciones	-	-	-	-	780	-	-	-	-	780
Otros resultados integrales del año	-	-	-	-	-	-	-	(19,496)	(15,863)	(35,359)
Utilidad neta del año	-	-	-	-	194,702	-	-	-	-	194,702
Saldos al 31 de diciembre de 2020	$ 256,482	$ 1,474,827	$ 23,948	$ 51,298	$ 1,056,456	$ (227,205)	$ 400,000	$ (576,665)	$ 33,769	$ 2,492,910

Las notas adjuntas son parte de los estados financieros separados.

Orbia Advance Corporation, S.A.B. de C.V
(Subsidiaria de Kaluz, S.A. de C.V.)

Estados separados de flujos de efectivo

Por los años que terminaron el 31 de diciembre de 2020 y 2019
(En miles de dólares americanos)

	2020	2019
Flujos de efectivo por actividades de operación:		
Utilidad neta del año	$ 194,702	$ 206,731
Ajustes por:		
Beneficio por impuestos a la utilidad	(45,643)	(43,546)
Pérdida cambiaria no realizada	1,808	(1,349)
Participación en los resultados de subsidiarias	(236,341)	(220,828)
Gastos por intereses	191,226	203,401
Ingresos por intereses	(88,700)	(100,591)
	17,052	43,818
Cambios en el capital de trabajo:		
(Aumento) disminución en:		
Otras cuentas por cobrar	(2,390)	(1,999)
Partes relacionadas, netas	65,654	(8,457)
Aumento (disminución) en:		
Otros pasivos	12,866	9,742
Intereses cobrados	3,158	982
Flujos netos de efectivo utilizados en actividades de operación	96,340	44,086
Flujos de efectivo por actividades de inversión:		
Aumento en los capitales de subsidiarias	(34)	(9,000)
Reembolso de capitales en subsidiarias	-	73,559
Cobro de préstamos a partes relacionadas	168,108	173,355
Préstamos otorgados a partes relacionadas	(308,600)	(3,000)
Intereses cobrados a partes relacionadas	35,252	74,151
Dividendos recibidos	194,037	113,483
Flujos netos de efectivo generados por actividades de inversión	88,763	422,548
Flujos de efectivo por actividades de financiamiento:		
Préstamos obtenidos	1,386,667	82,882
Pago de préstamos	(1,232,996)	(131,882)
Préstamos obtenidos de subsidiarias	132,282	-
Intereses pagados	(184,146)	(192,839)
Dividendos pagados	(229,912)	(218,000)
Pagos basados en acciones	780	-
Compra de acciones propias	(42,207)	(40,447)
Flujos netos de efectivo utilizados en actividades de financiamiento	(169,532)	(500,286)
Ajustes a los flujos de efectivo por variaciones en tipos de cambio	1,055	68
Aumento (disminución) neta de efectivo y equivalentes de efectivo	16,626	(33,584)
Efectivo y equivalentes de efectivo al principio del año	1,522	35,106
Efectivo y equivalentes de efectivo al final del año	$ 18,148	$ 1,522

Las notas adjuntas son parte de los estados financieros separados.

Notas a los estados financieros separados

Por los años que terminaron el 31 de diciembre de 2020 y 2019
(En miles de dólares americanos)

1. Actividades

Orbia Advance Corporation, S.A.B. de C.V. y Subsidiarias (la Entidad o Orbia) cuyo domicilio social y domicilio principal de sus negocios se encuentra en Paseo de la Reforma No. 483 Piso 47, Alcaldía Cuauhtémoc, C.P. 06500 Ciudad de México, es una sociedad mexicana tenedora de las acciones de un grupo de empresas ubicadas en el continente americano, europeo y en algunos países del continente asiático y africano. Orbia es un proveedor líder de productos y soluciones en múltiples sectores, desde la construcción, infraestructura, agricultura e irrigación, salud, transporte, telecomunicaciones, energía, hasta la petroquímica, entre otros. Es uno de los mayores productores de tuberías, conexiones y goteros de riego de plástico, así como de fluorita a nivel mundial.

Los segmentos de operación de la Entidad se incluyen en cinco grupos de negocio: i) Wavin (Building & Infrastructure), ii) Dura-Line (Data Communications) y iii) Netafim (Precision Agriculture), (los cuales se presentaban anteriormente como el segmento reportable de Fluent), iv) Koura (Fluor) y iv) Vestolit (Polymer Solutions) (antes Vinyl). Los principales productos de dichos segmentos son: tuberías y conexiones de PVC, polietileno (PE) y polipropileno (PP), de polietileno de alta densidad (HDPE), goteros de riego y geosintéticos; así como fluorita, fluorocompuestos, ácido fluorhídrico, gases refrigerantes y propelentes médicos, y finalmente resinas y compuestos de cloruro de polivinilo (PVC), entre otros.

2. Eventos significativos

a. La Organización Mundial de la Salud ("OMS") declaró que la enfermedad por Coronavirus ("COVID-19") era una pandemia mundial. Orbia ha tomado medidas integrales para proteger a empleados, clientes y comunidades de los riesgos asociados a la pandemia de COVID-19. Durante el año 2020, la Entidad continuó cuidando la salud de sus empleados:

- Mantuvo medidas estrictas de salud y seguridad en todos los lugares de operación.
- Introdujo protocolos de regreso al trabajo por etapas, cuando sea aplicable, para los sitios e instalaciones esenciales.
- Continuó restringiendo todos los viajes de negocios no esenciales, así como fomentando el trabajo a distancia para gran parte de los empleados a nivel mundial.
- Siguió utilizando herramientas digitales para colaborar de manera eficiente e impulsar la innovación, mientras que mejoró la infraestructura digital para adecuar, aumentar el volumen y satisfacer las necesidades de los clientes.

Basándose en el enfoque centrado en el ser humano, Orbia tomó varias medidas para apoyar a su gente:

- Aumentó la capacitación y aprendizaje en línea, al tiempo que extendió el apoyo médico a distancia y el acceso a los médicos a todos los empleados.
- Implementó el programa de asistencia a empleados en América Latina para ofrecer apoyo médico y psicológico, el cual continuará después de la pandemia COVID-19.
- Continuó edificando sobre la innovación y desafíos entre los diferentes negocios.

La mayoría de las instalaciones y plantas de Orbia han permanecido en funcionamiento, así como la cadena de suministro se ha mantenido prácticamente sin afectaciones. La Entidad también ha adaptado sus procesos de producción, racionalizando los plazos de elaboración de prototipos para suministrar equipos y materiales médicos esenciales, incluyendo los miles de inhaladores que utilizan nuestros propulsores o equipo flexible de cuidados críticos, dispositivos de prueba rápida COVID-19, carpas sanitarias y evaluaciones inteligentes de salud; así como equipos de protección personal de grado médico fabricados con nuestros plásticos.

Por otra parte, Orbia continua con su estrategia de negocio a mediano y largo plazo, así como en su capacidad de adaptación a las condiciones del mercado, basada en la resiliencia de sus principales negocios y la rápida recuperación mostrada durante 2020, sin embargo, aún existe incertidumbre en torno al impacto potencial que tendrá COVID-19.

Las afectaciones más importantes en el desempeño financiero de Orbia incluyen una disminución en ventas de las subsidiarias de la Entidad derivado de la interrupción de cadenas de suministro así como una disminución de la demanda principalmente durante los meses de abril y mayo de 2020. Así mismo, como se menciona en el siguiente párrafo, Orbia hizo uso de líneas de crédito como medidas de precaución ante la incertidumbre derivada de la contingencia del COVID-19.

b. El 5 de marzo de 2020, la Entidad notificó a su banco agente de la Línea de Crédito Revolvente firmada el 21 de junio de 2019, la reducción de $500 millones de dicha línea que originalmente se firmó por un monto de $1,500 millones, dejando un saldo disponible para la Entidad de $1,000 millones. La Línea causa intereses mensuales a tasa LIBOR más 1.05 %. El principal se amortiza en un pago al vencimiento el 21 de junio de 2024. Se realiza disposición el 27 de marzo de 2020 por $1,000 millones. El 30 de septiembre se pagaron $400 millones, el 30 de octubre se prepagaron $350 millones, el 30 de noviembre se prepagaron $175 millones y, por último, el 31 de diciembre se prepagaron $75 millones.

c. El 16 de septiembre de 2020, la Entidad estableció un Programa de Papel Comercial por 300 millones de libras esterlinas mediante la emisión de notas (pagarés) con el Banco de Inglaterra (Bank of England) y el Tesoro de su Majestad (HM Treasury) bajo la Línea de Financiamiento Corporativo de Covid (Covid Corporate Financing Facility). Las notas vencen el 18 de mayo de 2021, el costo anual de dicha línea equivalente en dólares americanos es de 0.74%, y no fueron listadas en ninguna bolsa de valores. La Entidad logró acceder a esta opción de financiamiento ofrecida por el Banco de Inglaterra en el contexto de la pandemia por COVID-19 por sus operaciones e importante presencia en Reino Unido. Este programa de papel comercial permite reducir el costo integral de financiamiento y la incertidumbre en el contexto de la pandemia.

d. Hasta 2019, la posición estratégica de Orbia se enfocaba principalmente en la producción y venta de productos de valor agregado a clientes finales, así como a la producción de productos químicos, a través de tres grupos de negocio: Vinyl, Fluor y Fluent. Debido al crecimiento en los últimos años de la Entidad, la Administración realizó un análisis para identificar si dichos grupos de negocio seguían funcionando como referencia en la toma de decisiones tanto operativas como financieras; así como evaluar su eficiencia, considerando que la Entidad se ha centrado en la expansión de nuevos mercados y existentes a través del crecimiento orgánico. Además de la adquisición de empresas que ofrezcan sinergias y oportunidades para mejorar la oferta de productos y servicios, aprovechando el auge de sus marcas locales en los países y territorios donde opera.

Por lo anterior, una vez concluido este análisis a partir del mes de abril de 2020, la Entidad definió una nueva estructura y forma de analizar los grupos de negocio, que permitirán obtener información detallada para la toma de decisiones como sigue: i) Wavin (Building & Infrastructure), ii) Dura-Line (Data Communications), iii) Netafim (Precision Agriculture), iv) Koura (Fluor) y v) Vestolit (Polymer Solutions).

3. Bases de presentación

a. ***Aplicación de Normas Internacionales de Información Financiera nuevas y revisadas ("IFRS" o "IAS") que son obligatorias para el año en curso***

En el año en curso, la Entidad implementó una serie de IFRS nuevas y modificadas, emitidas por el Consejo de Normas Internacionales de Contabilidad (“IASB” por sus siglas en inglés) las cuales son obligatorias y entraron en vigor a partir de los ejercicios que iniciaron en o después del 1 de enero de 2020.

Impacto inicial de la aplicación de la Reforma de la Tasa de Interés de Referencia (Enmienda a la IRS 9, IAS 39, y la IFRS 7).

En septiembre de 2019, el IASB emitió el documento Interest Rate Benchmark Reform (enmiendas a la IFRS 9, IAS 39 e IFRS 7). Estas enmiendas, modifican requerimientos específicos de la contabilidad de coberturas, para permitir que la contabilidad de coberturas continúe para las coberturas afectadas durante el periodo de incertidumbre antes de que la cobertura de ítems o instrumentos afectados por la actual tasa de interés de referencia sea modificada como resultado de las reformas en marcha de la tasa de interés de referencia.

Estas modificaciones son relevantes para la Entidad dado que aplica contabilidad de cobertura a su exposición a tasas de interés de referencia. Los impactos por las modificaciones aplicadas a la contabilidad de la Entidad son como sigue:

- La Entidad retendrá las ganancias o pérdidas acumuladas por la reserva de la cobertura de los flujos de efectivo designados a flujos de efectivo que son sujetos a la Reforma de Tasa de Interés de Referencia, aunque haya cierta incertidumbre sobre la Reforma de Tasa de Interés de Referencia con respecto al tiempo y cantidad de las partidas cubiertas de flujos de efectivo. La Entidad deberá considerar que no se espera que coberturas de flujos de efectivo a futuro ocurran debido por otras razones que no son las de la Reforma de Tasa de Interés de Referencia, las ganancias o pérdidas acumuladas serán inmediatamente reclasificadas a resultados.

Las modificaciones también introducen nuevos requerimientos de revelación por IFRS 7 para las relaciones de cobertura que son sujetas a excepciones introducidas por la modificación a la IFRS 9.

Impacto inicial de la aplicación de otras IFRS nuevas y modificadas que son efectivas para los ejercicios y periodos de reporte que comiencen a partir del 1 de enero de 2020

En el presente año, la Entidad ha aplicado las modificaciones e interpretaciones a IFRS abajo mencionadas emitidas por el Comité que son efectivas por el periodo de reporte que empiece a partir del 1 de enero de 2020. La adopción no ha tenido algún impacto material en las revelaciones o en las cantidades de estos estados financieros.

Modificaciones a las referencias del Marco Conceptual en las IFRS	La Entidad ha adoptado las modificaciones incluidas en *Modificaciones a las referencias del Marco Conceptual en las IFRS* por primera vez en este año. Las modificaciones incluyen enmiendas derivadas a las normas afectadas que ahora se refieren al nuevo *Marco Conceptual*. No todas las modificaciones, sin embargo, actualizan dichos pronunciamientos con respecto a las referencias y frases del *Marco Conceptual* que se refieren al *Marco Conceptual* revisado. Algunos pronunciamientos solo se actualizan para indicar a que versión del *Marco Conceptual* hacen referencia (el *Marco Conceptual* del IASC adoptado por el IASB en 2001, el *Marco Conceptual* del IASB de 2010, o el nuevo y revisado *Marco Conceptual* de 2018) o para indicar las definiciones de las normas que no han sido actualizadas con las nuevas definiciones desarrolladas en el *Marco Conceptual revisado.*

Las normas que han tenido modificaciones son IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, y SIC-32.

Modificaciones a la IFRS 3 Definición de un negocio

La Entidad ha adoptado las modificaciones a la IFRS 3 por primera vez en el año. Las modificaciones aclaran que mientras que los negocios usualmente tienen salidas, las salidas no son requeridas para un conjunto integrado de actividades o activos para que califiquen como un negocio. Para que se considere un negocio un conjunto de actividades o activos debe incluir, como mínimo, entradas y un proceso sustantivo que conjuntamente contribuyan a la creación de salidas.

La modificación elimina la evaluación de si los participantes del mercado son capaces de reemplazar alguna entrada o proceso y continuar con las salidas. Las modificaciones también introdujeron una guía adicional que ayuda a determinar si un proceso sustantivo ha sido adquirido.

Las modificaciones introdujeron una prueba de concentración opcional que permite una evaluación simplificada de si un conjunto adquirido de actividades y activos no es un negocio. Bajo la prueba de concentración opcional, el conjunto adquirido de actividades y activos no es un negocio si sustancialmente todos los valores razonables de los activos adquiridos son concentrados en un mismo activo identificable o grupo de activos similares.

Las modificaciones son aplicadas prospectivamente a todas las combinaciones de negocios o adquisición de activos para los cuales la fecha de adquisición es en o después del 1 de enero de 2020.

La Entidad no tuvo cambios derivados de esta modificación.

Modificaciones a la IAS 1 y a la IAS 8 Definición de materialidad

La Entidad ha adoptado las modificaciones a la IAS 1 y la IAS 8 en el año. Las modificaciones hicieron la definición “material” en las IAS 1 más fácil de entender y no se pretende alterar el concepto subyacente de materialidad en las IFRS. El concepto de “oscurecer” la información material con información inmaterial ha sido incluido como parte de la nueva definición.

El umbral de la materialidad que influye en los usuarios ha sido cambiado de ‘podrían influenciar’ a ‘razonablemente se espera que puedan influenciar’.

La definición de “material” en la IAS 8 ha sido reemplazada por una referencia a la definición en la IAS 1. Además, el IASB modificó otras normas y el *Marco Conceptual* para contener una definición de “material” para asegurar consistencia.

b. ***Normas IFRS nuevas y modificadas que aún no son efectivas***

En la fecha de autorización de estos estados financieros separados, la Entidad no ha aplicado las siguientes Normas IFRS nuevas y modificadas que se han emitido pero que aún no están vigentes:

IFRS 10 e IAS 28 (modificaciones)	*Venta o contribución de activos entre un inversionista y su asociada o negocio conjunto*
Modificaciones a IAS 1	*Clasificación de los pasivos como corrientes o no corrientes.*
Modificaciones a IFRS 3	Referencias al marco conceptual
Modificaciones a IAS 37	*Contratos onerosos - costos de cumplir con un contrato*

La administración no espera que la adopción de los estándares antes mencionados tenga un impacto importante en los estados financieros separados de la Entidad en períodos futuros, excepto como se indica a continuación:

Modificaciones a IFRS 10 e IAS 28 Venta o contribución de activos entre un inversionista y su asociada o negocio conjunto

Las modificaciones a la IFRS 10 y la IAS 28 tratan con situaciones donde hay una venta o contribución de activos entre un inversionista y su asociada o negocio conjunto. Específicamente, las modificaciones establecen que las ganancias o pérdidas resultantes de la pérdida de control de una subsidiaria que no contiene un negocio en una transacción con una asociada o un negocio conjunto que se contabiliza utilizando el método de participación, se reconocen en el beneficio o pérdida de la controladora solo en la medida en que la participación de los inversionistas no relacionados en esa asociada o empresa conjunta. Del mismo modo, las ganancias y pérdidas resultantes de la remedición de las inversiones retenidas en cualquier antigua subsidiaria (que se ha convertido en una asociada o un negocio conjunto que se contabiliza utilizando el método de capital) al valor razonable, se reconocen en el beneficio o pérdida de la controladora anterior, solo en la medida de la participación de los inversionistas no relacionados en la nueva asociada o negocio conjunto.

La fecha de entrada en vigor de las modificaciones aún no ha sido fijada por el IASB; sin embargo, se permite la aplicación anticipada. La administración de la Entidad prevé que la aplicación de estas modificaciones puede tener un impacto en los estados financieros separados de la Entidad en períodos futuros en caso de que tales transacciones surjan.

Modificaciones a IAS Clasificación de Pasivos como Circulante y No-circulante

Las modificaciones a IAS 1 afectan solo a la presentación de los pasivos como circulantes y no circulantes en el estado de posición financiera y no por el monto o tiempo en el cual se reconoce cualquier activo, pasivo, ingreso o gasto, o la información revelada acerca de esas partidas.
Las modificaciones aclaran que la clasificación de los pasivos como circulantes y no circulantes se basa en los derechos de la existencia al final del periodo de reporte, especifica que la clasificación no se ve afectada por las expectativas acerca de si la entidad va a ejercer el derecho de aplazar la cancelación del pasivo, explicar que existen derechos si hay convenios que se deban cumplir al final del periodo de reporte, e introducir una definición del 'acuerdo' para dejar en claro que el acuerdo se refiere a la transferencia de efectivo de la contraparte, instrumentos de capital, otros activos o servicios.

Las modificaciones son aplicadas retrospectivamente para periodos anuales que inician en o después del 1 de enero de 2023, con la aplicación anticipada permitida. Orbia no estima tener impactos significativos derivados de la aplicación de las modificaciones mencionadas.

Modificaciones a IAS 37 - Contratos Onerosos - Costos por Cumplir un Contrato

Las modificaciones especifican que los 'costos por cumplir' un contrato comprende los 'costos relacionados directamente al contrato'. Los costos que se relacionan directamente a un contrato consisten de los costos incrementales y los costos por cumplir un contrato (ejemplo: mano de obra o materiales) y la asignación de otros costos que se relacionen directamente para cumplir un contrato (como la asignación de la depreciación a las partidas de propiedad, planta y equipo para cumplir el contrato).

Las modificaciones aplican para contratos en los cuales la entidad no ha cumplido aún con todas sus obligaciones al inicio del periodo anual de reporte en los cuales la entidad aplique por primera vez las modificaciones. Los comparativos no deben reformularse. En cambio, la entidad debe reconocer el efecto acumulado de la aplicación inicial de las modificaciones como un ajuste al balance en las utilidades retenidas o algún otro componente de capital, como sea apropiado, para la fecha de aplicación inicial.

Las modificaciones son efectivas para periodos anuales que inicien en o después del 1 de enero de 2022, con opción de aplicación anticipada.

Modificaciones Anuales a las normas IFRS 2018-2020

Las *Modificaciones Anuales* incluyen la modificación a cuatro normas y se explican más adelante los que potencialmente impactarían a la Entidad.

IFRS 9 *Instrumentos Financieros*

Las modificaciones eliminan la figura del reembolso por mejoras a los arrendamientos.
Como las modificaciones a la IFRS 16 solo son con respecto a un ejemplo ilustrativo, no hay fecha de inicio establecida.

Las modificaciones se aplican prospectivamente, por ejemplo, la medición del valor razonable en o después de la fecha inicial de aplicación de las modificaciones aplicadas a la entidad.

Las modificaciones son efectivas para los periodos anuales que inician en o después del 1 de enero de 2022, con opción de adopción inicial.

c. ***Clasificación de costos y gastos*** - Se presentan atendiendo a su función debido a que esa es la práctica de la industria a la que pertenece la Entidad.

4. Principales políticas contables

a. ***Declaración de cumplimiento***

Los estados financieros separados de la Entidad por el año terminado el 31 de diciembre de 2020 y 2019 han sido preparados de acuerdo con las Normas Internacionales de Información Financiera (“NIIF”) emitidas por el Consejo de Normas Internacionales de Contabilidad (“IASB” por sus siglas en inglés”)

b. ***Bases de medición***

Los estados financieros separados de la Entidad han sido preparados sobre la base de costo histórico, excepto por ciertos activos a largo plazo e instrumentos financieros que se valúan a sus valores razonables al cierre de cada periodo, como se explica en las políticas contables incluidas más adelante.

i. Costo histórico

El costo histórico generalmente se basa en el valor razonable de la contraprestación entregada a cambio de bienes y servicios.

ii. Valor razonable

El valor razonable se define como el precio que se recibiría por vender un activo o que se pagaría por transferir un pasivo en una transacción ordenada entre participantes en el mercado a la fecha de valuación independientemente de si ese precio es observable o estimado utilizando directamente otra técnica de valuación.

Al estimar el valor razonable de un activo o un pasivo, la Entidad tiene en cuenta las características del activo o pasivo como si los participantes del mercado tomarían esas características al momento de fijar el precio del activo o pasivo en la fecha de medición.

El valor razonable para propósitos de medición y / o revelación de estos estados financieros separados se determina de forma tal, a excepción de las transacciones con pagos basados en acciones que están dentro del alcance de la IFRS 2, las operaciones de arrendamiento que están dentro del alcance de la IAS 17, y las modificaciones que tienen algunas similitudes con valor razonable, pero no es un valor razonable, tales como el valor neto de realización de la IAS 2 o el valor en uso de la IAS 36.

Además, para efectos de información financiera, las mediciones de valor razonable se clasifican en el Nivel 1, 2 ó 3 con base al grado en que son observables los datos de entrada en las mediciones y su importancia en la determinación del valor razonable en su totalidad, las cuales se describen de la siguiente manera:

- Nivel 1 Se consideran precios de cotización en un mercado activo para activos o pasivos idénticos que la Entidad puede obtener en la fecha de la valuación;

- Nivel 2 Datos de entrada observables distintos de los precios de cotización del Nivel 1, sea directa o indirectamente;

- Nivel 3 Considera datos de entrada no observables.

iii. Estados financieros separados.

Los estados financieros separados adjuntos representan la posición financiera, así como los resultados de sus operaciones y sus flujos de efectivo como entidad jurídica independiente y no incluyen los estados financieros de sus subsidiarias. Las inversiones en acciones de subsidiarias se presentan en los estados separados de posición financiera adjuntos, valuadas utilizando el método de participación, conforme lo permite la Norma Internacional de Contabilidad 27, *Estados Financieros Separados* (“NIC 27”). Los estados financieros separados adjuntos han sido preparados para cumplir las disposiciones legales que le requieren presentación de estados financieros separados de la Entidad como entidad jurídica independiente.

Empresa en funcionamiento

Los estados financieros separados han sido preparados por la Administración de la Entidad asumiendo que la Entidad continuará operando como una empresa en funcionamiento.

Durante los primeros meses de 2020, apareció la enfermedad infecciosa COVID-19 causada por el coronavirus que fue declarado por la Organización Mundial de la Salud (OMS) como Pandemia Global el 11 de marzo de 2020, su reciente expansión global ha motivado una serie de medidas de contención en las diferentes geografías donde opera la Entidad y se han tomado ciertas medidas sanitarias tanto por las autoridades mexicanas como por los distintos gobiernos donde opera la Entidad para detener la propagación de este virus. Derivado de la incertidumbre y duración de esta pandemia, la Entidad analizó la aplicabilidad del supuesto de negocio en marcha, concluyendo favorablemente.

A pesar de las desafiantes condiciones económicas a nivel mundial, Orbia presentó alta rentabilidad y altos niveles de flujo libre operativo durante el año, así como una importante mejora secuencial. Este sólido desempeño demuestra la resiliencia de un portafolio diversificado durante estos tiempos extraordinarios.

Si bien la incertidumbre sobre la evolución de COVID-19 continúa, incluyendo la incertidumbre sobre el impacto que la pandemia pudiera tener en las operaciones futuras de la Entidad, la Entidad continúa confiando en su estrategia de mediano y largo plazo, así como en su capacidad para adaptarse a las condiciones de mercado, debido a la resiliencia de sus negocios y a la rápida recuperación mostrada durante esta pandemia.

Conforme los desafíos que enfrentamos por la pandemia de COVID evolucionan la Entidad continúa focalizando los esfuerzos en asegurar la salud y la seguridad de sus colaboradores y en posicionar a la Entidad para adaptarse con precisión y rapidez a un entorno que cambia cada vez con mayor celeridad.

c. ***Reconocimiento de los efectos de la inflación*** - La Entidad reconoce los efectos de la inflación en economías hiperinflacionarias; es decir en donde la inflación compuesta de los últimos tres años es superior al 100%. Durante 2020 y 2019, no se han reconocido efectos de inflación.

d. ***Transacciones en moneda extranjera*** - Los estados financieros separados de la Entidad se presentan en dólares, la moneda funcional y de informe de la Entidad.

Las transacciones en moneda extranjera se registran al tipo de cambio vigente a la fecha de su celebración. Los activos y pasivos monetarios en moneda extranjera se valúan en moneda funcional al tipo de cambio vigente a la fecha de los estados financieros separados. Las fluctuaciones cambiarias se registran en los resultados.

e. ***Efectivo y equivalentes de efectivo*** - Consisten principalmente en depósitos bancarios en cuentas de cheques e inversiones en valores a corto plazo, de gran liquidez, fácilmente convertibles en efectivo. El efectivo se presenta a valor nominal y los equivalentes se valúan a su valor razonable.

f. ***Inversión en acciones de subsidiarias*** - Una subsidiaria es una entidad sobre la cual se tiene control o control conjunto, con el poder de decidir sobre políticas financieras y de operación de la entidad en la que se invierte.

Los resultados y los activos y pasivos de las subsidiarias se incorporan a los estados financieros separados utilizando el método de participación, excepto si la inversión, o una porción de la misma, se clasifica como mantenida para su venta, en cuyo caso se contabiliza conforme a la IFRS 5 *Activos no corrientes mantenidos para la venta y operaciones discontinuas*. Conforme al método de participación, las inversiones en subsidiarias inicialmente se contabilizan en el estado separado de posición financiera al costo y se ajusta por cambios posteriores a la adquisición por la participación de la Entidad en la utilidad o pérdida y los resultados integrales de las subsidiarias.

En la adquisición de la inversión en una subsidiaria, el exceso en el costo de adquisición sobre la participación de la Entidad en el valor razonable neto de los activos y pasivos identificables en la inversión se reconoce como crédito mercantil, el cual se incluye en el valor en libros de la inversión. Cualquier exceso de participación de la Entidad en el valor razonable neto de los activos y pasivos identificables en el costo de adquisición de la inversión; luego de su re-evaluación, se reconoce inmediatamente en los resultados del periodo en el cual la inversión se adquirió.

Los requerimientos de IAS 39 se aplican para determinar si es necesario reconocer una pérdida por deterioro con respecto a la inversión de la Entidad en una subsidiaria. Cuando es necesario, se prueba el deterioro del valor en libros total de la inversión (incluyendo el crédito mercantil) de conformidad con IAS 36 *Deterioro de activos* como un único activo, comparando su monto recuperable (mayor entre valor en uso y valor razonable menos costo de venta) contra su valor en libros. Cualquier pérdida por deterioro reconocida forma parte del valor en libros de la inversión. Cualquier reversión de dicha pérdida por deterioro se reconoce de conformidad con IAS 36 en la medida en que dicho monto recuperable de la inversión incrementa posteriormente.

g. ***Instrumentos financieros* -** Los activos y pasivos financieros se miden inicialmente a su valor razonable. Los costos de la transacción que son directamente atribuible a la adquisición o emisión de un activo o pasivo financiero (diferente a activos y pasivos financieros que se reconocen a su valor razonable a través de resultados) se adicionan o se deducen del valor razonable de los activos y pasivos financieros, apropiadamente a su reconocimiento inicial. Los costos de la transacción directamente atribuibles a la adquisición de activos o pasivos financieros que se reconocen a su valor razonable a través de resultados se reconocen inmediatamente en la utilidad o pérdida del año.

h. ***Activos financieros*** - Todas las compras o ventas regulares de activos financieros se reconocen y se dan de baja en una fecha de negociación. Las compras o ventas regulares son compras o ventas de activos financieros que requieren la entrega de activos dentro del plazo establecido por la regulación o prácticas habituales en el mercado.

Todos los activos financieros reconocidos se miden posteriormente en su totalidad, ya sea a costo amortizado o valor razonable, según la clasificación de los activos financieros.

Clasificación de activos financieros

Instrumentos de deuda que cumplan con las siguientes condicionales se miden subsecuentemente a costo amortizado:

– Si el activo financiero se mantiene en un modelo de negocio cuyo objetivo es mantener activos financieros con el objetivo de obtener flujos contractuales de efectivo; y
– Los términos contractuales del activo financiero dan lugar en fechas específicas a flujos de efectivo que son únicamente pagos de principal e interés sobre el monto del principal.

Instrumentos de deuda que cumplan las siguientes condiciones se miden subsecuentemente a valor razonable a través de otros resultados integrales:

– El activo financiero es mantenido dentro de un modelo de negocio cuyo objetivo se cumple al obtener flujos contractuales de efectivo y vendiendo activos financieros; y
– Los términos contractuales del activo financiero dan lugar, en fechas específicas, a flujos de efectivo que son únicamente pagos de principal y del interés sobre el monto pendiente del principal.

Por defecto, todos los otros activos financieros son medidos subsecuentemente a valor razonable a través de resultados.

Costo amortizado y método de interés efectivo

El método de interés efectivo es un método para calcular el costo amortizado de un instrumento de deuda y para asignar los ingresos por intereses durante el período relevante.

Para los activos financieros que no fueron comprados u originados por activos financieros con deterioro de crédito (por ejemplo, los activos que tienen deterioro de crédito en el reconocimiento inicial), la tasa de interés efectiva es la tasa que descuenta exactamente las entradas futuras de efectivo esperadas (incluidas todas las comisiones y puntos pagados o recibidos que forma parte integrante de la tasa de interés efectiva, los costos de transacción y otras primas o descuentos) excluyendo las pérdidas crediticias esperadas, a lo largo de la vida esperada del instrumento de deuda o, en su caso, un período más corto, al importe en libros bruto del instrumento de deuda en el reconocimiento inicial. Para los activos financieros con deterioro crediticio comprados u originados, una tasa de interés efectiva ajustada por crédito se calcula descontando los flujos de efectivo futuros estimados, incluidas las pérdidas crediticias esperadas, al costo amortizado del instrumento de deuda en el reconocimiento inicial.

El costo amortizado de un activo financiero es el monto al cual el activo financiero se mide en el reconocimiento inicial menos los reembolsos del principal, más la amortización acumulada utilizando el método de interés efectivo de cualquier diferencia entre ese monto inicial y el monto de vencimiento, ajustado por cualquier pérdida. El valor bruto en libros de un activo financiero es el costo amortizado de un activo financiero antes de ajustar cualquier provisión para pérdidas.

Los ingresos por interés se reconocen usando el efecto de interés efectivo para los instrumentos de deuda medidos subsecuentemente a costo amortizado y a valor razonable a través de otros resultados integrales. Para los activos financieros comprados u originados distintos de los activos financieros con deterioro de crédito, los ingresos por intereses se calculan aplicando la tasa de interés efectiva al valor en libros bruto de un activo financiero, excepto para los activos financieros que posteriormente han sufrido deterioro de crédito (ver debajo). Para los activos financieros que posteriormente se han deteriorado el crédito, los ingresos por intereses se reconocen aplicando la tasa de interés efectiva al costo amortizado del activo financiero. Si en periodos de reporte posteriores el riesgo crediticio en el instrumento financiero con deterioro crediticio mejora, de modo que el activo financiero ya no tiene deterioro crediticio, los ingresos por intereses se reconocen aplicando la tasa de interés efectiva al valor en libros bruto del activo financiero.

Para los activos financieros adquiridos u originados que tengan deterioro crediticio, la Entidad reconoce los ingresos por intereses aplicando la tasa de interés efectiva ajustada por crédito al costo amortizado del activo financiero a partir de su reconocimiento inicial. El cálculo no vuelve a la base bruta, incluso si el riesgo crediticio del activo financiero mejora posteriormente, de modo que el activo financiero ya no tiene deterioro crediticio.

Los ingresos por interés son reconocidos por resultados (ganancias / pérdidas) y es incluido en el rubro de ingresos por intereses.

Un activo financiero es mantenido para negociación si:

– Ha sido obtenido con el objetivo principal de venderse en el corto plazo; o

– En el reconocimiento inicial es parte de un portafolio de instrumentos financieros identificados que la Entidad maneja juntas y tiene evidencia de un patrón reciente de obtención de ganancias en el corto plazo; o

– Es un derivado (excepto por derivados que son garantías financieras contractuales o un instrumento efectivo de cobertura).

Las inversiones en instrumentos de capital en valor razonable a través de otros resultados integrales se miden inicialmente al valor razonable más los costos de transacción. Posteriormente, se miden a valor razonable con ganancias y pérdidas que surgen de los cambios en el valor razonable reconocidos en otros resultados integrales y acumulados en la reserva de revaluación de inversiones. La ganancia o pérdida acumulada no se puede reclasificar a utilidad o pérdida en la disposición de las inversiones de capital, sino que se transfiere a ganancias retenidas.

Los dividendos de estas inversiones en instrumentos de capital se reconocen en utilidad o pérdida de acuerdo con la IFRS 9, a menos que los dividendos representen claramente una recuperación de parte del costo de la inversión.

Ganancias y pérdidas cambiarias

El valor en libros de los activos financieros denominados en una moneda extranjera se determina en esa moneda extranjera y se convierte al tipo de cambio al final de cada período sobre el que se informa.

Baja de activos financieros

La Entidad deja de reconocer un activo financiero únicamente cuando expiran los derechos contractuales sobre los flujos de efectivo del activo financiero, y transfieren de manera sustancial los riesgos y beneficios inherentes a la propiedad del activo financiero. Si la Entidad no transfiere ni retiene substancialmente todos los riesgos y beneficios inherentes a la propiedad y continúa reteniendo el control del activo transferido, la Entidad reconocerá su participación en el activo y la obligación asociada por los montos que tendría que pagar. Si la Entidad retiene substancialmente todos los riesgos y beneficios inherentes a la propiedad de un activo financiero transferido, la Entidad continúa reconociendo el activo financiero y también reconoce un préstamo colateral por los recursos recibidos.

En la baja de un activo financiero en su totalidad, la diferencia entre el valor en libros del activo y la suma de la contraprestación recibida y por recibir y la ganancia o pérdida acumulada que haya sido reconocida en otros resultados integrales y resultados acumulados se reconocen en resultados.

En la baja de un activo financiero que no sea en su totalidad (por ejemplo, cuando la Entidad retiene una opción para recomprar parte de un activo transferido), la Entidad distribuye el importe en libros previo del activo financiero entre la parte que continúa reconociendo en virtud de su involucramiento continuo, y la parte que ya no reconoce sobre la base de los valores razonables relativos de dichas partes en la fecha de la transferencia. La diferencia entre el importe en libros imputable a la parte que ya no se reconoce y la suma de la contraprestación recibida por la parte no reconocida y cualquier ganancia o pérdida acumulada que le sea asignada que haya sido reconocida en otros resultados integrales se reconoce en el resultado del ejercicio. La ganancia o pérdida acumulada que haya sido reconocida en otros resultados integrales se distribuirá entre la parte que continúa reconociéndose y la parte que ya no se reconoce sobre la base de los valores razonables relativos de dichas partes.

Pasivos financieros a valor razonable con cambios a través de resultados

Los pasivos financieros se clasifican al valor razonable con cambios en resultados cuando el pasivo financiero es (i) la contraprestación contingente que sería pagada por el adquirente como parte de una combinación de negocios a la que se aplica la IFRS 3, (ii) mantenido para negociación, o (iii) se designa a valor razonable con cambios a través de resultados.

Un pasivo financiero se clasifica como mantenido con fines de negociación si:

- Se adquiere principalmente con el objetivo de recomprarlo en un futuro cercano; o
- Es parte de una cartera de instrumentos financieros identificados que se administran conjuntamente, y para la cual existe evidencia de un patrón reciente de toma de utilidades a corto plazo; o
- Es un derivado que no ha sido designado como instrumento de cobertura y cumple las condiciones para ser efectivo.

Un pasivo financiero distinto a un pasivo financiero con fines de negociación o contraprestación contingente que sería pagada por el adquiriente como parte de una combinación de negocios puede ser designado como a valor razonable con cambios a través de resultados al momento del reconocimiento inicial si:

- Con ello se elimina o reduce significativamente alguna inconsistencia en la valuación o en el reconocimiento que de otra manera surgiría; o
- El rendimiento de un grupo de activos financieros, de pasivos financieros o de ambos, se administre y evalúe sobre la base de su valor razonable, de acuerdo con una estrategia de inversión o de administración del riesgo que la Entidad tenga documentada, y se provea internamente información sobre ese grupo, sobre la base de su valor razonable; o
- Forme parte de un contrato que contenga uno o más instrumentos derivados implícitos, y la IAS 39 *Instrumentos Financieros: Reconocimiento y Medición* permita que la totalidad del contrato híbrido (activo o pasivo) sea designado como a valor razonable.

Los pasivos financieros a valor razonable con cambios a través de resultados se registran a valor razonable, reconociendo cualquier ganancia o pérdida surgida de la remedición en resultados. La ganancia o pérdida neta reconocida en los resultados incluye cualquier dividendo o interés pagado del pasivo financiero y se incluye en la partida de “otros resultados integrales” en los estados separados de resultados y otros resultados integrales y el valor razonable se determina de la forma descrita en la Nota 12.

Otros pasivos financieros

Otros pasivos financieros, (incluyendo los préstamos y cuentas por pagar), se valúan subsecuentemente al costo amortizado usando el método de tasa de interés efectiva.

El método de tasa de interés efectiva es un método de cálculo del costo amortizado de un pasivo financiero y de asignación del gasto financiero a lo largo del periodo pertinente. La tasa de interés efectiva es la tasa que descuenta exactamente los flujos de efectivo estimados a lo largo de la vida esperada del pasivo financiero o (cuando sea adecuado) en un periodo más corto con el importe neto en libros del pasivo financiero en su reconocimiento inicial.

Baja de pasivos financieros

La Entidad da de baja los pasivos financieros si, y solo si, las obligaciones de la Entidad se cumplen, cancelan o han expirado. La diferencia entre el valor en libros del pasivo financiero dado de baja y la contraprestación pagada y por pagar se reconoce en resultados.

i. ***Instrumentos financieros derivados*** **-** Debido a sus actividades en los ámbitos nacional e internacional, la Entidad está expuesta a riesgos de fluctuaciones cambiarias precios en insumos de la industria química, así como de riesgos financieros relacionados con el financiamiento de sus proyectos.

La política de la Entidad es la de utilizar ciertas coberturas que le permitan mitigar la volatilidad de los precios de ciertas materias primas y de riesgos de tasa de interés y de tipo de cambio en operaciones financieras, todas ellas relacionadas con su negocio.

Los derivados se reconocen inicialmente al valor razonable a la fecha en que se subscribe el contrato del derivado y posteriormente se miden a su valor razonable al final del período que se informa. La Entidad designa ciertos derivados ya sea como coberturas de valor razonable, de activos o pasivos reconocidos o compromisos en firme (coberturas de valor razonable), coberturas de transacciones pronosticadas altamente probables, o coberturas de riesgo de moneda extranjera de compromisos en firme (coberturas de flujos de efectivo), o coberturas de la inversión neta en un negocio en el extranjero.

Derivados implícitos

La Entidad lleva a cabo la revisión de los contratos que se celebran para identificar derivados implícitos que deban separarse del contrato anfitrión para efectos de su valuación y registros contables. Cuando se identifica un derivado implícito en otros instrumentos financieros o en otros contratos (contratos anfitriones) se tratan como derivados separados cuando sus riesgos y características no están estrechamente relacionados con los de los contratos anfitriones y cuando dichos contratos no se registran a su valor razonable con cambios a través de resultados.

j. ***Contabilidad de coberturas*** **-** La Entidad designa ciertos instrumentos de cobertura, los cuales incluyen, derivados de moneda extranjera, tasa de interés y no derivados con respecto al riesgo de moneda extranjera, ya sea como coberturas de valor razonable, coberturas de flujo de efectivo, o coberturas de la inversión neta en una operación extranjera. La cobertura del riesgo de moneda extranjera de un compromiso en firme se contabiliza como cobertura de flujos de efectivo.

Al inicio de la cobertura, la Entidad documenta la relación entre el instrumento de cobertura y la partida cubierta, así como los objetivos de la administración de riesgos y su estrategia de administración para emprender diversas transacciones de cobertura. Adicionalmente, al inicio de la cobertura y sobre una base continua, se documenta si el instrumento de cobertura es altamente efectivo para compensar la exposición a los cambios en el valor razonable o los cambios en los flujos de efectivo de la partida cubierta.

La Nota 9 incluye detalles sobre el valor razonable de los instrumentos derivados usados para propósitos de cobertura.

Coberturas de flujo de efectivo

La Entidad al inicio de la cobertura documenta la relación de la cobertura y el objetivo y estrategia de gestión de riesgo de la entidad, esa documentación incluirá la forma en que se medirá la eficacia del instrumento de cobertura para compensar el valor de los cambios en el valor razonable en la partida cubierta o en los cambios en el flujo de efectivo atribuibles al riesgo cubierto.

La Entidad reconoce todos los activos o pasivos que surgen de las operaciones con instrumentos financieros derivados en los estados separados de posición financiera a valor razonable, independientemente del propósito de su tenencia. El valor razonable se determina con base en precios de mercados reconocidos y cuando no cotizan en un mercado, con base en técnicas de valuación aceptadas en el ámbito financiero. La decisión de tomar una cobertura económica o contable obedece a las condiciones del mercado y expectativas esperadas en el contexto económico nacional e internacional.

La porción efectiva de los cambios en el valor razonable de los derivados que se designan y califican como cobertura de flujo de efectivo se reconoce en otros resultados integrales. Las pérdidas y ganancias relativas a la porción no efectiva del instrumento de cobertura se reconocen en los resultados, y se incluye en el rubro “Otros ingresos”.

Los montos previamente reconocidos en la otra utilidad integral, y acumulados en el capital contable, se reclasifican a los resultados en los períodos en los que la partida cubierta se reconoce en los resultados, en el mismo rubro de los estados separados de resultados y otros resultados integrales de la partida cubierta reconocida. Sin embargo, cuando una transacción pronosticada que está cubierta da lugar al reconocimiento de un activo no financiero o un pasivo no financiero, las pérdidas o ganancias previamente acumuladas en el capital contable, se transfieren y se incluyen en la valuación inicial del costo del activo no financiero o del pasivo no financiero.

La contabilización de coberturas se discontinúa cuando se revoca la relación de cobertura, cuando el instrumento de cobertura vence o se vende, termina, o se ejerce, o cuando deja de cumplir con los criterios para la contabilización de coberturas. Cualquier ganancia o pérdida acumulada del instrumento de cobertura que haya sido reconocida en el capital contable continuará en el capital hasta que la transacción pronosticada sea finalmente reconocida en los resultados. Cuando ya no se espera que la transacción pronosticada ocurra, la ganancia o pérdida acumulada en el capital contable, se reclasifica inmediatamente a los resultados.

Coberturas de valor razonable

Los cambios en el valor razonable de los derivados que se designan y califican como coberturas de valor razonable se reconocen en los resultados, junto con cualquier cambio en el valor razonable del activo o pasivo cubierto que se atribuya al riesgo cubierto. El cambio en el valor razonable del instrumento de cobertura y el cambio en la partida cubierta atribuible al riesgo cubierto se reconocen en el rubro del estado de resultados relacionada con la partida cubierta.

La contabilización de coberturas se discontinúa cuando la Entidad revoca la relación de cobertura, cuando el instrumento de cobertura vence o se vende, termina, o se ejerce, o cuando deja de cumplir con los criterios para la contabilización de coberturas. El ajuste a valor razonable del valor en libros de la partida cubierta que surge del riesgo cubierto se amortiza contra resultados a partir de esa fecha.

Coberturas de una inversión neta en una operación extranjera

Las coberturas de una inversión neta en una operación extranjera se contabilizarán de manera similar a las coberturas de flujo de efectivo. Cualquier ganancia o pérdida del instrumento de cobertura relativa a la porción efectiva de la cobertura se reconoce en otros resultados integrales y se acumula en el efecto de conversión de operaciones extranjeras. La ganancia o pérdida relacionada con la porción ineficaz se reconoce en los resultados y se incluye en el rubro de “Otros ingresos”.

Las ganancias y pérdidas sobre el instrumento de cobertura, relativas a la porción efectiva de la cobertura acumulada en la reserva de conversión de operaciones extranjeras, se reclasifica a los resultados de la misma forma que las diferencias en tipo de cambio relativas a la operación extranjera.

k. ***Provisiones*** - Las provisiones se reconocen cuando la Entidad tiene una obligación presente (ya sea legal o asumida) como resultado de un suceso pasado, es probable que la Entidad tenga que liquidar la obligación, y puede hacerse una estimación confiable del importe de la obligación.

El importe que se reconoce como provisión es la mejor estimación del desembolso necesario para liquidar la obligación presente, al final del periodo sobre el que se informa, teniendo en cuenta los riesgos y las incertidumbres que rodean a la obligación. Cuando se valúa una provisión usando los flujos de efectivo estimados para liquidar la obligación presente, su valor en libros representa el valor presente de dichos flujos de efectivo (cuando el efecto del valor del dinero en el tiempo es material).

Cuando se espera la recuperación de un tercero de algunos o todos los beneficios económicos requeridos para liquidar una provisión, se reconoce una cuenta por cobrar como un activo si es virtualmente seguro que se recibirá el efectivo y el monto de la cuenta por cobrar puede ser valuado confiablemente.

l. ***Activos intangibles*** - Corresponde al uso de marcas. Los activos intangibles con vida útil definida se amortizan con base en el método de línea recta sobre la vida económica estimada de cada activo, aquellos con vida útil indefinida no se amortizan, pero son sometidos a pruebas de deterioro anualmente, o con mayor frecuencia si existe cualquier indicación de que podría haberse deteriorado su valor. La vida útil estimada, valor residual y método de amortización se revisan al final de cada año, y el efecto de cualquier cambio en la estimación registrada se reconoce sobre una base prospectiva.

m. ***Reserva para adquisición de acciones propias*** - Las compras y ventas de acciones se registran directamente en la reserva de adquisición de acciones propias a su costo de adquisición. Cualquier ganancia o pérdida generada se registra en las utilidades acumuladas.

n. ***Impuestos a la utilidad*** - El gasto por impuestos a la utilidad representa la suma de los impuestos a la utilidad causados y los impuestos a la utilidad diferidos.

   i. Impuestos a la utilidad causados - El impuesto causado calculado corresponde al impuesto sobre la renta (ISR) y se registra en los resultados del año en que se causa.

   ii. Impuestos a la utilidad diferidos - Los impuestos a la utilidad diferidos se reconocen sobre las diferencias temporales entre el valor en libros de los activos y pasivos incluidos en los estados financieros y las bases fiscales correspondientes utilizadas para determinar el resultado fiscal, la tasa correspondiente a estas diferencias y en su caso se incluyen los beneficios de las pérdidas fiscales por amortizar y de algunos créditos fiscales. El activo o pasivo por impuesto a la utilidad diferido se reconoce generalmente para todas las diferencias fiscales temporales. Se reconocerá un activo por impuestos diferidos, por todas las diferencias temporales deducibles, en la medida en que resulte probable que la Entidad disponga de utilidades fiscales futuras contra las que pueda aplicar esas diferencias temporales deducibles. Estos activos y pasivos no se reconocen si las diferencias temporales surgen del crédito mercantil o del reconocimiento inicial (distinto al de la combinación de negocios) de otros activos y pasivos en una operación que no afecta el resultado fiscal ni el contable.

Se reconoce un pasivo por impuestos diferidos por diferencias temporales gravables asociadas con inversiones en subsidiarias, excepto cuando la Entidad es capaz de controlar la reversión de la diferencia temporal y cuando sea probable que la diferencia temporal no se reversará en un futuro previsible. Los activos por impuestos diferidos que surgen de las diferencias temporales asociadas con dichas inversiones se reconocen únicamente en la medida en que resulte probable que habrá utilidades fiscales futuras suficientes contra las que se utilicen esas diferencias temporales y se espera que éstas se reversarán en un futuro cercano.

El valor en libros de un activo por impuestos diferidos debe someterse a revisión al final de cada período sobre el que se informa y se debe reducir en la medida que se estime probable que no habrá utilidades gravables suficientes para permitir que se recupere la totalidad o una parte del activo.

Los activos y pasivos por impuestos diferidos se valúan empleando las tasas fiscales que se espera aplicar en el período en el que el pasivo se pague o el activo se realice, basándose en las tasas (y leyes fiscales) que hayan sido aprobadas o sustancialmente aprobadas al final del período sobre el que se informa. La valuación de los pasivos y activos por impuestos diferidos refleja las consecuencias fiscales que se derivarían de la forma en que la Entidad espera, al final del período sobre el que se informa, recuperar o liquidar el valor en libros de sus activos y pasivos.

Los impuestos causados y diferidos se reconocen como ingreso o gasto en resultados, excepto cuando se refieren a partidas que se reconocen fuera de los resultados, ya sea en los otros resultados integrales o directamente en el capital contable.

o. ***Reconocimiento de ingresos*** - Los ingresos de actividades ordinarias se reconocen de forma que representen la transferencia de control de los servicios comprometidos con sus partes relacionadas por un importe que refleja la contraprestación a que la Entidad espera tener derecho a cambio de dichos servicios. ingresos se calculan al valor razonable de la contraprestación cobrada o por cobrar.

Ingresos por servicios y regalías

Los ingresos por servicios administrativos y por regalías se registran conforme se devengan según los contratos establecidos con partes relacionadas.

Ingresos por intereses

Los ingresos por intereses se reconocen como se devengan y existe la probabilidad que los beneficios económicos fluirán hacia la Entidad y el importe de los ingresos pueda ser valuado confiablemente.

Los ingresos por intereses se registran sobre una base periódica, con referencia al capital y a la tasa de interés efectiva aplicable.

5. Juicios contables críticos y fuentes clave de incertidumbre en las estimaciones

En la aplicación de las políticas contables la Administración de la Entidad realiza juicios, estimaciones y supuestos sobre algunos importes de los activos y pasivos de los estados financieros. Las estimaciones y supuestos asociados se basan en la experiencia y otros factores que se consideran como relevantes. Los resultados reales podrían diferir de dichos estimados.

Las estimaciones y supuestos subyacentes se revisan sobre una base regular. Las revisiones a las estimaciones contables se reconocen en el período de la revisión y períodos futuros si la revisión afecta tanto al período actual como a períodos subsecuentes.

Los juicios contables críticos y fuentes clave de incertidumbre al aplicar las estimaciones efectuadas a la fecha de los estados financieros, y que tienen un riesgo significativo de derivar un ajuste en los valores en libros de activos y pasivos durante el siguiente período financiero son como sigue:

a. La Entidad efectúa proyecciones financieras con el objeto de determinar si los activos fiscales podrán ser utilizados en el futuro, en particular las pérdidas fiscales por amortizar. En atención a esas proyecciones, las pérdidas fiscales son activadas o reservadas.

6. Efectivo y equivalentes de efectivo

	2020	2019
Efectivo	$ 16,388	$ 430
Equivalentes de efectivo:		
Inversiones a la vista	1,760	944
Papel bancario	-	148
	$ 18,148	$ 1,522

7. Inversión en acciones de subsidiarias

Grupo	Participación %	2020	2019
Vestolit (Polymer Solutions):			
Mexichem Resinas Vinílicas, S.A. de C.V.	100%	$ 795,586	$ 798,238
Mexichem Compuestos, S.A. de C.V.	100%	163,843	178,071
Petroquímica Mexicana de Vinilo, S.A. de C.V.	100%	70,728	69,789
Mexichem Derivados, S.A. de C.V.	100%	112,959	107,482
Mexichem Derivados Colombia, S.A.	100%	2,316	2,079
Koura (Fluor):			
Mexichem Flúor, S.A. de C.V.	100%	875,191	779,693
Holding Minera Alfil, S.A. de C.V.	100%	61,954	62,252
Wavin (Building and Infraestructure)/Dura-Line (Data Communications)/ Netafim (Precision Agriculture):			
Mexichem Soluciones Integrales Holding, S.A. de C.V.	100%	2,247,302	2,147,328
Grupo de Negocio Energy:			
Mexichem Energía, S.A. de C.V.	100%	4,806	7,878
Holdings:			
Mexichem Servicios Administrativos, S.A. de C.V.	100%	28,170	64,744
Otras	100%	27,281	28,803
		$ 4,390,136	$ 4,246,357

A continuación, se presentan los movimientos de la inversión en subsidiarias al 31 de diciembre de 2020

	2020	2019
Saldo inicial	$ 4,246,357	$ 4,247,617
Dividendos recibidos	(99,082)	(113,483)
Aumento (disminución) en el capital social de subsidiarias	26,016	(64,559)
Participación en el resultado de subsidiarias (ER)	236,341	220,828
Participación en el resultado de subsidiarias (ORI)	(19,496)	(44,046)
Saldo final	$ 4,390,136	$ 4,246,357

8. Instrumentos financieros

La Entidad tiene exposición a riesgos de mercado, operación y financieros derivados del uso de instrumentos financieros tales como tasa de interés, crédito, liquidez y riesgo cambiario, los cuales se administran en forma centralizada. El Consejo de Administración establece y vigila las políticas y procedimientos para medir y administrar estos riesgos, los cuales se describen a continuación.

a. ***Administración del riesgo de capital*** - La Entidad administra su capital para asegurar que continuará como negocio en marcha, mientras que maximiza el rendimiento a sus accionistas a través de la optimización de los saldos de deuda y capital. La estructura del capital de la Entidad no está expuesta a ningún tipo de requerimiento de capital.

b. ***Administración del riesgo de tasa de interés*** - La Entidad se encuentra expuesta a riesgos en la tasa de interés debido a que tiene deuda contratada a tasas variables. El riesgo es manejado por la Entidad con el uso de contratos swap de tasas de interés si las variaciones de tasas proyectadas exceden entre 100 a 200 puntos base por trimestre. Las actividades de cobertura se evalúan regularmente para que se alineen con las tasas de interés y su riesgo relacionado, asegurando que se apliquen las estrategias de cobertura más rentables.

   Las exposiciones de la Entidad por riesgo de tasas de interés se encuentran principalmente en tasas de interés TIIE y Libor sobre los pasivos financieros. El análisis de sensibilidad que determina la Entidad se prepara con base en la exposición a las tasas de interés de su deuda financiera total no cubierta sostenida en tasas variables, se prepara un análisis asumiendo que el importe del pasivo pendiente al final del período sobre el que se informa ha sido el pasivo pendiente para todo el año. La Entidad informa internamente al Consejo de Administración sobre el riesgo en las tasas de interés.

   Si las tasas de interés TIIE y Libor hubieran tenido un incremento de 100 puntos base en cada periodo que se informa y todas las otras variables hubieran permanecido constantes, la utilidad antes de impuestos de los ejercicios 2020 y 2019 hubieran disminuido en cada año en $2 millones aproximadamente. Esto es principalmente atribuible a la exposición de la Entidad a las tasas de interés TIIE sobre sus préstamos a largo plazo.

c. ***Administración del riesgo de liquidez*** - La Administración de la Entidad es la que tiene la responsabilidad final por la gestión de liquidez, quien ha establecido las políticas apropiadas para el control de ésta, a través del seguimiento del capital de trabajo, lo que permite que la gerencia pueda administrar los requerimientos de financiamiento a corto, mediano y largo plazo de la Entidad, manteniendo reservas de efectivo, disposición de líneas de crédito, monitoreando continuamente los flujos de efectivo, proyectados y reales, conciliando los perfiles de vencimiento de los activos y pasivos financieros.

   La siguiente tabla detalla los vencimientos contractuales de la Entidad para sus activos y pasivos financieros considerando los períodos de rembolso acordados. La tabla ha sido diseñada con base en los flujos de efectivo proyectados no descontados de los activos y pasivos financieros con base en la fecha en la cual la Entidad deberá hacer los cobros y pagos. La tabla incluye tanto los flujos de efectivo de intereses proyectados como los desembolsos de capital de la deuda financiera incluidos en los estados separados de posición financiera y los intereses que se obtendrán de los activos financieros. En la medida en que los intereses sean a la tasa variable, el importe no descontado se deriva de las curvas en la tasa de interés al final del período sobre el que se informa. El vencimiento contractual se basa en la fecha mínima en la cual la Entidad deberá hacer el pago.

Al 31 de diciembre de 2020	Tasa de interés efectiva promedio ponderada	3 meses	6 meses	1 año	Entre 1 y 3 años	Más de 3 años	Total
Pasivo con instituciones de crédito	4.55%	$ 59,097	$ 421,237	$ 65,370	$ 1,028,664	$ 3,977,808	$ 5,552,176
Cuentas por pagar partes relacionadas	1.43%	51,381	1,139	342,718	-	-	395,238
Otras cuentas por pagar y otros		72,909	-	2,854	-	-	75,763
Instrumentos financieros derivados (Flujo neto)		7,667	-	-	94,573	-	102,240
Total		191,054	422,376	410,942	1,123,237	3,977,808	6,125,417
Efectivo y equivalentes de efectivo		18,148	-	-	-	-	18,148
Cuentas por cobrar partes relacionadas y otras	6.22%	25,853	35,320	124,934	350,631	2,365,125	2,901,863
Instrumentos financieros derivados (Flujo neto)		19,278	-	-	-	-	19,278
Total		63,279	35,320	124,934	350,631	2,365,125	2,939,289
Neto		$ (127,775)	$ (387,056)	$ (286,008)	$ (772,606)	$ (1,612,683)	$ (3,186,128)

Al 31 de diciembre de 2019	Tasa de interés efectiva promedio ponderada	3 meses	6 meses	1 año	Entre 1 y 3 años	Más de 3 años	Total
Pasivo con instituciones de crédito	5.94%	$ 209,699	$ 94,268	$ 65,060	$ 1,157,091	$ 3,970,176	$ 5,496,294
Cuentas por pagar partes relacionadas	4.42%	147,266	2,199	262,729	17,987	-	430,181
Otras cuentas por pagar y otros		158,672	45,000	24,348	-	-	228,020
Instrumentos financieros derivados (Flujo neto)		6,035	-	6,035	26,788	39,993	78,851
Total		521,672	141,467	358,172	1,201,866	4,010,169	6,233,346
Efectivo y equivalentes de efectivo		1,522	-	-	-	-	1,522
Cuentas por cobrar partes relacionadas y otras	6.54%	368,574	23,023	214,154	328,033	2,221,573	3,155,357
Total		370,096	23,023	214,154	328,033	2,221,573	3,156,879
Neto		$ (151,576)	$ (118,444)	$ (144,018)	$ (873,833)	$ (1,788,596)	$ (3,076,467)

Los importes incluidos en la deuda con instituciones de crédito, incluyen instrumentos a tasa de interés fija y variable. Los pasivos financieros a tasa de interés variable están sujetos a cambio, si los cambios en las tasas de interés variable difieren de aquellos estimados de tasas de interés determinados al final del período sobre el que se informa se presenta a valor razonable.

La Entidad espera cumplir sus obligaciones con los flujos de efectivo de las operaciones y recursos que se reciben del vencimiento de activos financieros. Adicionalmente, 31 de diciembre de 2020 la Entidad tiene acceso a líneas de crédito revolventes con un saldo no dispuesto de $1,000,000.

d. ***Administración del riesgo cambiario*** - La Entidad realiza transacciones denominadas en moneda extranjera; consecuentemente está expuesta a fluctuaciones en el tipo de cambio, las cuales son manejadas dentro de los parámetros de las políticas aprobadas utilizando en su caso, contratos forward de tipo de cambio, cuando se consideran efectivos.

Los valores en libros de los activos y pasivos monetarios denominados en moneda extranjera a los que la Entidad se encuentra expuesta principalmente, al final del período sobre el que se informa son los siguientes (cifras en miles):

	Activos 2020	Pasivos 2020
Pesos mexicanos	3,630,472	131,247
Euros	57	653,252

- Análisis de sensibilidad de moneda extranjera

La siguiente tabla detalla la sensibilidad de Orbia a un incremento y decremento de 10% en dólares americanos contra las divisas extranjeras relevantes. El 10% representa la tasa de sensibilidad utilizada cuando se reporta el riesgo cambiario internamente al personal clave de la gerencia, y representa la evaluación de la administración sobre el posible cambio razonable en los tipos de cambio. El análisis de sensibilidad incluye únicamente las partidas monetarias denominadas en moneda extranjera y se ajusta su conversión al final del período con una fluctuación del 10%. El análisis de sensibilidad incluye préstamos externos, así como préstamos de las operaciones extranjeras en la Entidad donde la denominación del préstamo se encuentra en una divisa distinta al dólar americano. Una cifra negativa o positiva, respectivamente, (como se aprecia en el cuadro que sigue) indica un (decremento) o incremento en los resultados que surge de debilitar en un 10% la moneda extranjera con respecto a la divisa en referencia:

	2020
Pesos mexicanos	(44,729)
Euros	59,381

El análisis de sensibilidad no es representativo del riesgo cambiario inherente ya que la exposición neta al cierre del ejercicio no refleja la exposición que se mantiene durante el año.

Al 31 de diciembre, los tipos de cambio de las principales monedas extranjeras con las que opera la Entidad fueron como sigue:

	2020
Pesos mexicanos	19.9487
Euros	0.813

e. ***Objetivos de la administración del riesgo financiero*** - La función de Tesorería Corporativa de la Entidad ofrece servicios a los negocios, coordina el acceso a los mercados financieros nacionales e internacionales, supervisa y administra los riesgos financieros relacionados con las operaciones de la Entidad a través de los informes internos de riesgo, los cuales analizan las exposiciones por grado y la magnitud de los riesgos. Estos riesgos incluyen el riesgo de mercado (incluyendo el riesgo cambiario, riesgo en las tasas de interés a valor razonable y riesgo en los precios), riesgo de crédito, riesgo de liquidez y riesgo de la tasa de interés del flujo de efectivo.

La Entidad busca minimizar los efectos de estos riesgos utilizando instrumentos financieros derivados para cubrir las exposiciones de riesgo. El uso de los derivados financieros se rige por la política de la Entidad aprobadas por el Consejo de Administración, las cuales proveen principios escritos sobre el riesgo cambiario, riesgo de las tasas de interés, riesgo de crédito, el uso de instrumentos financieros derivados y no derivados y la inversión de exceso de liquidez. Se revisan periódicamente el cumplimiento con las políticas y los límites de exposición. La Entidad no subscribe o negocia instrumentos financieros, entre los que se incluye los instrumentos financieros derivados, para fines especulativos.

f. ***Riesgo de mercado*** - Las actividades de la Entidad la exponen principalmente a riesgos financieros de variaciones en los tipos de cambio (ver inciso e. de esta Nota) y tasas de interés (ver inciso b. de esta Nota). La Entidad subscribe una variedad de instrumentos financieros derivados para administrar su exposición al riesgo cambiario y en tasas de interés, incluyendo:

- Cross Currency Swaps Peso-Dólar y Dólar-Euro para mitigar la exposición que se tiene en deudas denominadas en pesos mexicanos y deuda intercompañía en euros.
- Principal Only Swaps de moneda extranjera para cubrir el riesgo cambiario que surge en la conversión de la inversión de la Entidad en la operación extranjera en Euros, cuya moneda funcional es el euro.

Las exposiciones al riesgo del mercado se valúan usando un análisis de sensibilidad.

g. ***Contratos Swaps de divisas (Cross Currency Swap) -*** De acuerdo a los contratos Swaps de divisas, la Entidad acuerda intercambiar flujos Peso-Dólar y Dólar-Euro calculados sobre los importes de los montos nocionales y tasas de interés establecidos en dichos contratos, para cubrir la exposición de su deuda bancaria en pesos y con partes relacionadas en Euros, respectivamente.

Contratos Principal Only- Swaps - De acuerdo a los contratos Swaps de divisas, la Entidad acuerda intercambiar flujos de efectivo Dólar-Euro del principal y una tasa fija en dólares, establecidos en dichos contratos, los cuales le permiten a la Entidad mitigar el riesgo de variaciones en los tipos de cambio por la exposición que genera su inversión en euros por la adquisición de sus subsidiarias en Europa Wavin y Vestolit. El valor razonable de los Swaps de divisas, al final del periodo sobre el que se informa, se determina descontando los flujos de efectivo futuros utilizando las curvas y tipos de cambio vigentes a la fecha de la determinación.

Orbia es una entidad cuya moneda funcional es el dólar americano. Orbia tiene emitida: i) deuda por 3,000 millones de pesos mexicanos a 10 años, a tasa fija del 8.12%, y ii) emisión de papel comercial por $300 millones de libras con vencimiento en mayo de 2021 a una tasa de interés de 0.60%.

Por lo anterior, los swaps antes señalados han sido designados formalmente como operaciones de cobertura para propósitos contables como sigue:

Actualmente Orbia tiene contratados 5 Principal Only-Swap Dólar-Euro, designados como relaciones de cobertura de inversión neta de sus subsidiarias en Europa.

En mayo de 2020, se realizó la cancelación del 50% de uno de los principal-only-swap que se menciona en el párrafo anterior, por un monto nocional de EUR 102 millones.

Así mismo, la Entidad tiene contratados 4 Cross Currency Swap Peso-Dólar, que han sido designados como relaciones de cobertura de flujos de efectivo para cubrir fluctuaciones cambiarias a las que está expuesta por revaluación de la deuda en pesos mexicanos.

Al 31 de diciembre de 2020 y 2019, el valor razonable de los Swaps de divisas representa un pasivo de $99,240 y $78,851, respectivamente. El efecto reconocido en capital correspondiente a la cobertura de la inversión en las subsidiarias en el extranjero es de $15,800 y $24,000, netos de ISR diferido. Por lo que respecta a la porción que cubre la deuda en pesos mexicanos, y la deuda en GBPs, efecto del cambio en el valor razonable asciende a $(5,300) y $6,600, respectivamente, y se reconoce en resultados del periodo para enfrentar la revaluación de la partida cubierta. El importe a reciclar a resultados del periodo durante los próximos 12 meses dependerá del comportamiento de los tipos de cambio.

9. Valor razonable de los instrumentos financieros

El valor razonable de los instrumentos financieros que posteriormente se presentan ha sido determinado por la Entidad usando la información disponible en el mercado u otras técnicas de valuación que requieren de juicio para desarrollar e interpretar las estimaciones de valores razonables, asimismo utiliza supuestos que se basan en las condiciones de mercado existentes a cada una de las fechas de los estados separados de posición financiera. Consecuentemente, los montos estimados que se presentan no necesariamente son indicativos de los montos que la Entidad podría realizar en un intercambio de mercado actual. El uso de diferentes supuestos y/o métodos de estimación podrían tener un efecto material en los montos estimados de valor razonable.

Los instrumentos financieros que se miden luego del reconocimiento inicial al valor razonable, agrupados en Niveles que abarcan del 1 al 3 con base en el grado al cual se observa el valor razonable son:

- Nivel 1 son aquellas derivadas de los precios cotizados (no ajustados) en los mercados activos para pasivos o activos idénticos que la Entidad puede obtener a la fecha de valuación;
- Nivel 2 son aquellas derivadas de indicadores distintos a los precios cotizados incluidos dentro del Nivel 1, pero que incluyen indicadores que son observables para un activo o pasivo, ya sea directamente a precios cotizados o indirectamente es decir derivados de estos precios; y
- Nivel 3 son aquellas derivadas de las técnicas de valuación que incluyen los indicadores para los activos o pasivos, que no se basan en información observable del mercado (indicadores no observables).

Los importes de efectivo y equivalentes de efectivo de la Entidad, así como las cuentas por cobrar y por pagar de terceros y partes relacionadas, y la porción circulante de préstamos bancarios y deuda a largo plazo se aproximan a su valor razonable porque tienen vencimientos a corto plazo. La deuda a largo plazo de la Entidad se registra a su costo amortizado y, consiste en deuda que genera intereses a tasas fijas y variables que están relacionadas a indicadores de mercado.

Para obtener y revelar el valor razonable de la deuda a largo plazo se utilizan los precios de cotización del mercado o las cotizaciones de los operadores para instrumentos similares. Para determinar el valor razonable de los otros instrumentos financieros se utilizan otras técnicas como la de flujos de efectivo estimados, considerando las fechas de flujo en las curvas intertemporales de mercado y descontando dichos flujos con las tasas que reflejan el riesgo de la contraparte, así como el riesgo de la misma Entidad para el plazo de referencia. El valor razonable de los swaps de tasas de interés se calcula como el valor presente de los flujos netos de efectivo estimados a futuro. El valor razonable de los futuros de divisas se determina utilizando los tipos de cambio futuros cotizados a la fecha de los estados separados de posición financiera.

a. Valor razonable de los activos y pasivos financieros de la Entidad que se miden a valor razonable sobre una base recurrente.

   Algunos de los activos y pasivos financieros de la Entidad se valúan a su valor razonable al cierre de cada ejercicio. La siguiente tabla proporciona información sobre cómo se determinan los valores razonables de los activos y pasivos financieros (en particular, la técnica de valuación (s) y los datos de entrada utilizados).

Activos/pasivos financieros	**Valor razonable**		**Jerarquía del valor razonable**	**Técnicas de valuación y datos de entrada principales**
	31/12/20	**31/12/19**		
1) Swap de tipo de cambio y tasa de interés (ver Nota 10)	$ (14,717)	$ (22,764)	Nivel 2	La Entidad utiliza el método “ratio analysis” bajo el modelo de derivado hipotético para simular el comportamiento del elemento cubierto, el cual consiste en comparar los cambios en el valor razonable de los instrumentos de cobertura con los cambios en el valor razonable del derivado hipotético que resultaría en una cobertura perfecta del elemento cubierto.

Activos/pasivos financieros	Valor razonable 31/12/20	31/12/19	Jerarquía del valor razonable	Técnicas de valuación y datos de entrada principales
2) Principal-only swap EUR/USD (ver Nota 10)	(87,523)	(56,087)	Nivel 2	La Entidad utiliza el método "ratio analysis" bajo el modelo de derivado hipotético para simular el comportamiento del elemento cubierto, el cual consiste en comparar los cambios en el valor razonable de los instrumentos de cobertura con los cambios en el valor razonable del derivado hipotético que resultaría en una cobertura perfecta del elemento cubierto.
3) Contratos forward (ver Nota 10)	19,278	-	Nivel 2	Flujo de caja descontado. Los flujos de efectivo futuros se estiman sobre la base de las tasas de tipos de cambio forward (a partir de tasas de tipo cambio observables del forward al final del periodo del que se informa) y las tasas del contrato de forward, descontadas a una tasa que refleje el riesgo de crédito de varias contrapartes.
Total	(82,962)	(78,851)		
Menos- porción circulante, Neto	11,611	(12,070)		
Total	$ (94,573)	$ (66,781)		

b. Los importes en libros de los instrumentos financieros por categoría y sus valores razonables estimados al 31 de diciembre, son como sigue:

	2020		2019	
	Valor en libros	Valor razonable	Valor en libros	Valor razonable
Activos financieros:				
Efectivo y equivalentes de efectivo	$ 18,148	$ 18,148	$ 1,522	$ 1,522
Préstamos y cuentas por cobrar				
Partes relacionadas y otros activos financieros	1,882,959	1,882,959	1,900,229	1,900,229
Cuentas por pagar	(549,492)	(549,492)	(649,091)	(649,091)
Préstamos bancarios y deuda a largo plazo	(3,420,773)	(4,001,511)	(3,245,697)	(3,417,874)
Total	$ (2,069,158)	$ (2,649,896)	$ (1,993,037)	$ (2,165,214)

Al 31 de diciembre de 2020 y 2019, la jerarquía del valor razonable del efectivo y equivalentes de efectivo por $18,148 y $1,522, respectivamente es Nivel 1.

Los valores razonables mostrados al 31 de diciembre de 2020 y 2019, no difieren de su valor en libros, excepto por las cuentas por cobrar y cuentas por pagar a largo plazo con partes relacionadas y la deuda a largo plazo, debido a que los valores observados en el mercado son muy similares a los registrados en este período.

Durante el período no existieron transferencias entre el Nivel 1 y 2.

10. Instrumentos financieros derivados

a. Forward de tipo de cambio:

Durante 2020, Orbia contrató Forwards de tipo de cambio Dólar americano (USD)/Libra esterlina (GBP) para cubrir la emisión de papel comercial en GBP, la vigencia de estos instrumentos es idéntica a la vigencia del papel comercial comenzando el 16 de septiembre del 2020 y venciendo el 17 de mayo del 2021.

b. Opción "Put":

De acuerdo con el convenio de accionistas firmado con los accionistas minoritarios que retuvieron el 20% restante del capital social (participación no controladora redimible) de Netafim (ver Nota 2a.), existe una opción "Put" otorgada a ellos, que les permite la opción de venta, y en consecuencia la obligación de la Entidad de compra, a partir del quinto año del aniversario de la transacción y por 10 años subsecuentes. El valor de la opción dependerá del valor de mercado de Netafim y de ciertas condiciones referidas al múltiplo del valor de la acción. La Entidad reconoció el valor futuro con base a escenarios estimados, considerando el valor presente de la obligación asumida. El registro contable inicial fue un débito al capital contable y un crédito al largo plazo en el rubro de participación no controladora redimible por $227,205. Al 31 de diciembre de 2020 y 2019, el valor de la opción fue de $274,000 y $264,287, reconociendo la variación del cambio en el valor razonable en el resultado del periodo.

c. *Swaps* de tipo de cambio y tasa de interés y Principal-Only:

Las operaciones de contratos de swaps de 2020 y 2019 representan una cobertura desde un punto de vista económico; para efectos contables se clasificaron como de cobertura, el valor razonable al 31 de diciembre de 2020 y 2019 ascendió a $82,962 y $78,851, respectivamente. Las variaciones del valor razonable fueron reconocidas en otros resultados integrales, en los rubros de intereses, ganancia y pérdida cambiaria y efecto de conversión por operaciones en moneda extranjera en el período correspondiente.

Los montos nocionales relacionados con los instrumentos financieros derivados que se presentan en la siguiente tabla reflejan los montos contratados:

				2020				
Instrumentos derivados	**Institución Financiera**	**Fecha de inicio**	**Fecha de terminación**	**Monto nocional**	**Monto swap**	**Tasa de interés /Tipo de cambio Swap**	**Tasa de interés / Tipo de cambio al cierre**	**Valor razonable a diciembre de 2020**
Swap de tipo de cambio y tasa de interés	J.P. Morgan	08-sep-15	05-mar-21	MXN$ 750,000,000	USD$ 56,775,170	4.11% / 13.2100	5.3360% /19.9487	$ (1,941)
Swap de tipo de cambio y tasa de interés	Bank of America	08-sep-15	05-mar-21	MXN$ 750,000,000	USD$ 56,775,170	4.49% / 13.2100	5.3360% /19.9487	(1,953)
Swap de tipo de cambio y tasa de interés	HSBC	23-ene-14	05-mar-21	MXN$1,500,000,000	USD$ 112,612,613	3.57% / 13.3200	5.3360% /19.9487	(3,774)
Swap de tipo de cambio y tasa de interés	Citi Banamex	16-jun-17	09-mar-22	MXN$1,500,000,000	USD$ 83,892,617	3.09% / 17.8800	8.1200% /19.9487	(7,049)
Principal-Only swap EUR/USD	Morgan Stanley	10-jun-15	17-mar-22	USD $ 96,993,210	EUR$ 100,279,164	1.6006% / 0.9672	1.2298	(24,555)
Principal-Only swap EUR/USD	Santander	11-jun-15	17-mar-22	USD $ 97,402,597	EUR$ 101,050,000	1.7200% / 0.9639	1.2298	(24,787)
Principal-Only swap EUR/USD	BBVA Bancomer	05-may-15	18-mar-25	USD $ 113,997,538	EUR$ 101,856,271	1.7087% / 1.1192	1.2298	(6,964)
Principal-Only swap EUR/USD	Banamex	03-dic-15	17-mar-25	USD $ 121,011,000	EUR$ 114,000,000	1.7500% / 1.0615	1.2298	(15,706)
Principal-Only swap EUR/USD	Barclays	03-dic-15	17-mar-25	USD $ 121,011,000	EUR$ 114,000,000	1.5500% / 1.0615	1.2298	(15,511)
Forward de tipo de cambio	Barclays	15-sep-20	17-may-21	GBP $ 150,000,000	USD$ 195,318,750	1.3021	1.3625	9,663
Forward de tipo de cambio	BBVA Bancomer	15-sep-20	17-may-21	GBP $ 50,000,000	USD$ 65,107,250	1.3021	1.3625	3,261
Forward de tipo de cambio	Morgan Stanley	15-sep-20	17-may-21	GBP $ 100,000,000	USD$ 130,240,000	1.3024	1.3625	6,354
								$ (82,962)

(i) En mayo de 2020, fue cancelado el 50% del Principal-Only swap EUR/USD contratado con BBVA Bancomer.

(ii) En octubre de 2013, se contrató Swap de tipo de cambio y tasa de interés con Morgan Stanley con una vigencia del 09-Oct-2013 hasta el 05-Mar-2021, por un monto nocional original de MXN$ 1´500,000,000; en septiembre de 2015 se negoció una novación con Bancomer transfiriendo la mitad del total de las operaciones quedando este con un monto nocional de MXN$ 750,000,000. En marzo de 2018 se negoció una novación con Bank of America transfiriendo el total de la operación que anteriormente se tenía con Morgan Stanley, cuyo estado actual es “vigente” con un monto n5ocional de MXN$150,000,000.

(iii) En septiembre de 2015 se negoció una novación con Bancomer de un Swap de tipo de cambio y tasa de interés que originalmente se tenía con Morgan Stanley con una vigencia del 10-Sept-2015 al 05-Mar-2021 por un monto nocional de MXN$ 750,000,000. En marzo de 2018 se negoció una novación con J.P. Morgan transfiriendo el total de la operación que anteriormente se tenía con BBVA Bancomer, cuyo estado actual es “vigente” con un monto nocional de MXN$150,000,000.

				2019				
Instrumentos derivados	**Institución Financiera**	**Fecha de inicio**	**Fecha de terminación**	**Monto nocional**	**Monto swap**	**Tasa de interés /Tipo de cambio Swap**	**Tasa de interés / Tipo de cambio al cierre**	**Valor razonable a diciembre de 2020**
Swap de tipo de cambio y tasa de interés	J.P. Morgan	5/marzo/2019	05/marzo/2021	MXN$ 750,000,000	USD$ 56,775,170	4.11% / 13.2100	8.7800% /18.8452	$ (5,308)
Swap de tipo de cambio y tasa de interés	Bank of America	5/marzo/2019	05/marzo/2021	MXN$ 750,000,000	USD$ 56,775,170	4.49% / 13.2100	8.7800% /18.8452	(5,345)
Swap de tipo de cambio y tasa de interés	HSBC	23/enero/2014	05/marzo/2021	MXN$1,500,000,000	USD$ 112,612,613	3.57% / 13.3200	8.7800% /18.8452	(10,175)
Swap de tipo de cambio y tasa de interés	Citi Banamex	16/junio/2018	09/marzo/2022	MXN$1,500,000,000	USD$ 83,892,617	3.09% / 17.8800	8.5125% /18.8452	(3,260)
Swap de tipo de cambio y tasa de interés	MUFG	05/noviembre/19	05/mayo/2020	MXN$ 1,566,610,000	USD$ 82,000,000	2.16% / 19.1050	8.1050% /18.8452	1,324
Principal-Only swap EUR/USD	Morgan Stanley	10/junio/2015	17/marzo/2022	USD$ 96,993,210	EUR$ 100,279,164	1.6006% / 0.9672	1.1198	(16,561)
Principal-Only swap EUR/USD	Santander	11/junio/2015	17/marzo/2022	USD$ 97,402,597	EUR$ 101,050,000	1.7200% / 0.9639	1.1198	(16,494)
Principal-Only swap EUR/USD (i)	HSBC	17/septiembre/2014	17/septiembre/2024	USD$ 132,000,000	EUR$ 104,761,905	1.4350% / 1.2600	-	-
Principal-Only swap EUR/USD	BBVA Bancomer	05/mayo/2015	18/marzo/2025	USD$ 228,316,800	EUR$ 204,000,000	1.7087% / 1.1192	1.1198	(3,507)
Principal-Only swap EUR/USD	Banamex	03/diciembre/2015	17/marzo/2025	USD$ 121,011,000	EUR$ 114,000,000	1.7500% / 1.0615	1.1198	(9,805)
Principal-Only swap EUR/USD	Barclays	03/diciembre/2015	17/marzo/2025	USD$ 121,011,000	EUR$ 114,000,000	1.5500% / 1.0615	1.1198	(9,720)
								$ (78,851)

i) En mayo de 2019, el Principal-Only swap EUR/USD contratado con HSBC fue cancelado.

11. Activos intangibles

Al 31 de diciembre de 2020 y 2019, los activos intangibles de 19,563 y 19,757, representados principalmente por las marcas no amortizables por $17,435, comercializadas por las subsidiarias Mexichem Resinas Vinílicas, S.A. de C.V. y Mexichem Compuestos, S.A. de C.V.

12. Préstamos bancarios y porción circulante de la deuda a largo plazo

Al 31 de diciembre se integran como sigue:

	2020	2019
Resumen de acuerdos de préstamos en dólares americanos, euros, pesos mexicanos y otras monedas:		
Emisión de Bono Internacional a 30 años por $750 millones que causa interés semestral a tasa fija de 5.875%. El principal se amortiza en un pago al vencimiento en septiembre de 2044	$ 750,000	$ 750,000

	2020	2019
Emisión de Bono Internacional a 10 años por $750 millones que causa interés semestral a tasa fija de 4.875%. El principal se amortiza en un pago al vencimiento en septiembre de 2022	750,000	750,000
Emisión de Bono Internacional a 10 años por $500 millones que causa interés semestral a tasa fija de 4.00%. El principal se amortiza en un pago al vencimiento en octubre de 2027	500,000	500,000
Emisión de Bono Internacional a 30 años por $500 millones que causa interés semestral a tasa fija de 5.50%. El principal se amortiza en un pago al vencimiento en enero de 2048	500,000	500,000
Bank of England:		
Emisión de Papel Comercial por $300 millones de libras. La tasa de descuento del préstamo es de 0.60% con vencimiento el 18 de mayo de 2021	408,753	-
Emisión de Bono Internacional a 30 años por $400 millones que causa interés semestral a tasa fija de 6.75%. El principal se amortiza en un pago al vencimiento en septiembre de 2042	400,000	400,000
Scotiabank:		
Préstamo Bancario a 1 año por $200 millones que causaba interés trimestral a tasa variable de LIBOR 1M + 0.496%. El principal amortiza en un pago a vencimiento. En diciembre 2020, se prepagaron 49 millones y se refinanció el crédito cambiando el vencimiento a junio 2020 y con una nueva tasa a LIBOR 1M + .35%	-	151,000
Préstamos en pesos mexicanos:		
Certificado bursátil a 10 años por 3,000 millones que causa intereses semestrales a tasa fija de 8.12%. El vencimiento del principal es un solo pago en marzo de 2022	150,386	159,192
Citibanamex:		
Préstamo Bancario a 6 meses por 1,566 millones que causa interés mensual a tasa variable de TIIE28 + 0.15%. El principal amortiza en un pago a vencimiento en mayo de 2020	-	83,130
	3,459,139	3,293,322
Menos- Préstamos bancarios y porción circulante de la deuda a largo plazo	(408,753)	(234,130)
Menos- Gastos por colocación de la deuda	(38,366)	(47,625)
	$ 3,012,020	$ 3,011,567

Los vencimientos de la deuda a largo plazo al 31 de diciembre de 2020 serán como sigue:

A pagar durante-	
2022	$ 900,386
2023 en adelante	2,111,634
	$ 3,012,020

Al 31 de diciembre de 2020, los financiamientos contratados establecen ciertas restricciones, las cuales han sido cumplidas y son calculadas sobre cifras consolidadas de la Entidad y sus subsidiarias.

a. Ciertas restricciones para la existencia de nuevos gravámenes.
b. Mantener un índice de cobertura de intereses consolidada no menor a 3.0 a 1.0.
c. Mantener un índice de apalancamiento con respecto a la utilidad antes de intereses, impuestos, depreciación y amortización no mayor de 3.0 a 1.0.
d. Asegurar y mantener en buenas condiciones de operación los inmuebles, maquinaria y equipo.
e. Cumplir con todas las leyes, reglas, reglamentos y disposiciones que sean aplicables.

13. Capital contable

a. ***Capital contribuido***

El capital social al 31 de diciembre de 2020 y 2019, está representado por 2,100,000,000 acciones, ordinarias, nominativas con derecho a voto y sin expresión de valor nominal, las cuales se encuentran totalmente pagadas. La parte fija del capital está representada por acciones nominativas de la Clase I sin derecho a retiro. La parte variable del capital está representado por acciones nominativas de la Clase II, sin expresión de valor nominal y no podrá exceder diez veces del capital mínimo fijo. Al 31 de diciembre de 2020 y 2019 el número de acciones e importe del capital social se integra como sigue:

	Número de acciones	Importe
Capital suscrito-		
Clase I	308,178,735	$ 37,598
Clase II	1,791,821,265	218,884
	2,100,000,000	$ 256,482

b. ***Reserva para adquisición de acciones propias***

En Asamblea General Ordinaria de Accionistas celebrada el 28 de abril de 2020, se aprobó la cancelación parcial del saldo del fondo de recompra que no fue utilizado durante el periodo del 24 de abril de 2019 al 27 de abril de 2020 por $146,677; asimismo se estableció un monto máximo de recursos que la Entidad podrá destinar a la compra de acciones propias o títulos de crédito que representen dichas acciones. Cualquier ganancia o pérdida generada se registra en las utilidades acumuladas. Al 31 de diciembre de 2020 y 2019 el saldo de la reserva asciende a $400,000 y $295,530, respectivamente, a esas fechas se tienen 83,204,267 y 47,891,427 acciones propias, respectivamente.

En Asamblea General Ordinaria de Accionistas celebrada el 23 de abril de 2019, se aprobó la cancelación parcial del saldo del fondo de recompra que no fue utilizado durante el periodo del 24 de abril de 2018 al 22 de abril de 2019 por $335,379; asimismo se acordó incrementar dicha reserva en $374,079 como monto máximo de recursos que la Entidad podrá destinar a la compra de acciones propias o títulos de crédito que representen dichas acciones.

c. ***Capital ganado***

En Asamblea General Ordinaria de Accionistas celebrada el 2 de diciembre de 2019, se aprobó el pago de un dividendo en efectivo por $180,000, aplicado a utilidades acumuladas y utilidad fiscal neta (CUFIN), que se pagará en cuatro exhibiciones durante 2020.

En Asamblea General Ordinaria de Accionistas celebrada el 26 de noviembre de 2018, se aprobó el pago de un dividendo en efectivo por $168,000, aplicado a utilidades acumuladas y utilidad fiscal neta (CUFIN), que se pagará en cuatro exhibiciones durante 2019.

La distribución del capital contable, excepto por los importes actualizados del capital social aportado y de las utilidades retenidas fiscales, causará el ISR a cargo de la Entidad a la tasa vigente al momento de la distribución. El impuesto que se pague por dicha distribución se podrá acreditar contra el ISR del ejercicio en el que sea pagado el impuesto sobre dividendos y en los dos ejercicios inmediatos siguientes, contra el impuesto del ejercicio y los pagos provisionales de los mismos.

Las utilidades acumuladas incluyen el fondo de reserva. En México de acuerdo con la Ley General de Sociedades Mercantiles, de las utilidades netas del ejercicio debe separarse un 5% como mínimo para formar el fondo de reserva, hasta que su importe ascienda al 20% del capital social a valor nominal. El fondo de reserva puede capitalizarse, pero no debe repartirse a menos que se disuelva la Entidad, y debe ser reconstituido cuando disminuya por cualquier motivo. Al 31 de diciembre de 2020 y 2019, representa ya el 20% del capital social nominal en pesos mexicanos y su importe asciende a $51,298 en cada uno de los períodos.

Los dividendos pagados provenientes de utilidades generadas a partir del 1 de enero de 2014 a personas físicas residentes en México y a residentes en el extranjero, pudieran estar sujetos a un ISR adicional de hasta el 10%, el cual deberá ser retenido por la Entidad.

Los saldos de las cuentas fiscales del capital contable al 31 de diciembre son:

	2020	**2019**
Cuenta de capital de aportación	$ 1,558,658	$ 1,621,179
CUFIN	$ 183,429	$ 331,764

14. Saldos y transacciones con partes relacionadas

a. Los saldos con partes relacionadas son:

	2020	**2019**
Por cobrar:		
Mexichem Resinas Vinílicas, S.A. de C.V. (i)	$ 82,826	$ 319,237
Mexichem Soluciones Integrales Holding, S.A. de C.V. (ii)	205,799	122,994
Mexichem Compuestos, S.A. de C.V.	654	23,515
Mexichem Ibérica, S.L.	6,423	6,423
Mexichem Servicios Administrativos, S.A. de C.V.	2,849	-
Quimir, S.A. de C.V.	2,054	4,365
Mexichem Flúor, S.A. de C.V.	29	184
Mexichem Servicios Compuestos, S.A. de C.V.	1,003	1,061
Mexichem Flúor Comercial, S.A. de C.V.	1,024	930
Mexichem Derivados, S.A. de C.V.	174	819
Mexichem Soluciones Integrales, S.A. de C.V.	9,974	90
Mexichem Colombia, S.A.S.	609	846
Otros	622	919
	$ 314,040	$ 481,383

(i) Se compone principalmente por un contrato de cuenta corriente renovable anualmente, a la tasa Libor anual más 1% con pago mensual de intereses.

(ii) Se compone principalmente de intereses.

	2020	2019
Por cobrar a largo plazo:		
Mexichem Soluciones Integrales Holding, S.A. de C.V. (i)	$ 1,206,909	$ 1,301,534
Mexichem Resinas Vinílicas, S.A. de C.V. (iv)	355,500	110,306
Mexichem Soluciones Integrales, S.A. de C.V. (iii)	9,000	12,000
	$ 1,571,409	$ 1,423,840

(i) Se compone por tres préstamos con tasas: TIIE más 0.845%, tasa fija de 8.22% y tasa fija 6.075%, dos vencimientos en marzo 2022 y uno septiembre 2044, en todos los casos se pagan intereses semestralmente. En febrero de 2019, se realizaron tres préstamos adicionales por $1,135,792 a tasas fijas de 5.10%, 6.60% y 8.60% dos vencimientos en febrero 2028 y uno en febrero de 2048, en los tres casos se pagan intereses semestralmente.

(ii) Se compone por siete créditos simples a la tasa fija de 5.98% con pago trimestral de intereses cada uno. Los capitales se pagarán en una sola amortización en los años 2026 y 2027.

(iii) Crédito simple a la tasa de 5.3% con pago trimestral de intereses. El capital se paga en una sola amortización en mayo de 2021. En 2019 se hizo un prepago de $4.8 millones.

	2020	2019
Por pagar:		
Mexichem Flúor, S.A. de C.V. (i)	$ 304,165	$ 294,451
Dura-Line Corporation	65,067	-
Kaluz, S.A. de C.V.	-	98,709
Amanco Tubositemas de Centro America	14,402	4,131
Mexichem Servicios Administrativos, S.A. de C.V.	396	9,914
Mexichem UK, Ltd.	49,896	4,204
Mexichem Amanco Holding, S.A. de C.V.	2	1,311
Mexichem Compuestos, S.A. de C.V.	144	176
Quimir, S.A. de C.V.	79	79
Otros	1,786	2,511
	$ 435,937	$ 415,486
Por pagar a largo plazo:		
Mexichem Costa Rica, S.A.	$ 5,000	$ -
Amanco Tubosistemas Centro América, S.A.	-	10,000
Mexichem Flúor, S.A. de C.V. (ii)	-	5,755
Unión Minera del Sur, S.A. de C.V. (iii)	1,504	1,592
	$ 6,504	$ 17,347

(i) Se compone principalmente por un contrato de cuenta corriente renovable anualmente, a Libor anual más 1% con pago de mensual de intereses.

(ii) Préstamo que causa intereses a la tasa TIIE más 0.975%, se pagan intereses trimestralmente y el principal se paga en marzo 2021.

(iii) Préstamo que causa intereses a la tasa fija de 6.20%, se pagan intereses anuales y el principal se paga en agosto 2019.

b. La Entidad realizó las siguientes transacciones con partes relacionadas:

	2020	2019
Ingresos por-		
Intereses	$ 85,542	$ 99,610
Regalías	37,296	39,301
Servicios administrativos	3,576	19,585
	$ 126,414	$ 158,496
Egresos por-		
Servicios administrativos	$ 6,023	$ 14,523
Intereses	5,782	9,433
	$ 11,805	$ 23,956

Adicionalmente, la Entidad ha realizado operaciones con Banco Ve por Más, S.A. y Casa de Bolsa Arka, S.A. por inversiones y servicios de banca corporativa, principalmente. Dichas transacciones han sido realizadas en condiciones y valores de mercado.

15. Gastos operacionales

a. ***Gastos de administración:***

	2020	2019
Servicios administrativos por partes relacionadas	$ 6,023	$ 14,523
Servicios externos	8,481	5,958
Honorarios de Consejo y Comités	3,850	542
Amortización de proyectos	445	102
Otros	477	578
	$ 19,276	$ 21,703

16. Impuestos a la utilidad

La Entidad en México está sujeta al ISR. Conforme a la Ley de ISR la tasa para 2020 y 2019 fue el 30% y continuará al 30% para años posteriores. Debido a que se abrogó la Ley de ISR vigente hasta el 31 de diciembre de 2013, se eliminó el régimen de consolidación fiscal, por lo tanto, la Entidad y sus subsidiarias tienen la obligación del pago del impuesto diferido determinado a esa fecha durante los siguientes diez ejercicios a partir de 2014, como se muestra más adelante. El monto de este pasivo al 31 de diciembre de 2020 es de aproximadamente $2,857.

De acuerdo a la fracción IX del artículo segundo de las disposiciones transitorias del Decreto por el que se reforman, adicionan y derogan diversas disposiciones de la Ley del Impuesto sobre la Renta, de la Ley del Impuesto Especial sobre producción y Servicios, del Código fiscal de la Federación y de la Ley Federal de Presupuesto y Responsabilidad Hacendaria vigente a partir el 1 de enero de 2016, durante 2020 la entidad realizó el séptimo pago diferido por pérdidas fiscales en enajenación de acciones. El pago ascendió a $1,134 y se reconoció como una disminución al ISR por pagar a largo plazo.

Al mismo tiempo en el que la Ley del ISR derogó el régimen de consolidación fiscal, se estableció una opción para calcular el ISR de manera conjunta en grupos de sociedades (régimen de integración fiscal). El nuevo régimen permite para el caso de sociedades integradas poseídas directa o indirectamente en más de un 80% por una sociedad integradora, tener ciertos beneficios en el pago del impuesto (cuando dentro de la Entidad existan entidades con utilidades o pérdidas en un mismo ejercicio), que podrán diferir por tres años y enterar, en forma actualizada, a la fecha en que deba presentarse la declaración correspondiente al ejercicio siguiente a aquél en que se concluya el plazo antes mencionado.

La Entidad y sus subsidiarias en México optaron por adherirse a este nuevo régimen, por lo que han determinado el ISR del ejercicio 2020, 2019 y 2018 de manera conjunta. El pasivo relacionado con el ISR diferido del régimen de integración se presenta en el renglón de Impuesto sobre la renta dentro del pasivo no circulante.

a. ***Impuestos diferidos***

Los principales conceptos que originan el saldo del activo por ISR diferido al 31 de diciembre, son:

	2020	2019
Pérdidas fiscales y costo financiero por amortizar	$ 251,959	$ 195,678
Instrumentos financieros	(17,582)	(8,906)
Activos intangibles	(3,766)	(3,591)
Otros	1,302	1,528
Pasivos acumulados que serán deducibles al pagarse	6,226	41
	$ 238,139	$ 184,750

b. ***Los movimientos del activo de impuestos diferidos en el ejercicio son como sigue:***

	2020	2019
Saldo inicial	$ (184,750)	$ (151,898)
Aplicado a resultados	(46,599)	(43,546)
Efectos en capital de la Entidad	(6,790)	10,694
	$ (238,139)	$ (184,750)

c. ***Conciliación de la tasa de impuestos***

Los impuestos a la utilidad y la conciliación de la tasa legal y la tasa efectiva expresadas en importes y como un porcentaje de la utilidad antes de impuestos a la utilidad, es como sigue:

	2020	%	2019	%
Utilidad antes de impuestos a la utilidad	$ 149,059	30.00	$ 163,185	30.00
Partidas permanentes que modificaron la base del impuesto:				
Ajuste anual por inflación acumulable	70,374	14.00	54,202	10.00
Gastos no deducibles	921	0.19	-	-
Activo por pérdidas fiscales no reconocido	-	-	(219,636)	(40.38)
Fluctuación cambiaria fiscal y efecto en conversión, neto	(139,343)	(28.04)	77,924	14.30
Participación en los resultados de subsidiarias	(236,341)	(47.41)	(220,828)	(40.61)
Total de partidas permanentes	(304,389)	(61.26)	(308,338)	(56.69)

	2020	%	2019	%
Resultado base de impuestos a la utilidad	$ (155,330)	(31.26)	$ (145,153)	(26.69)
ISR en consolidación	956		-	
Impuesto diferido	(46,599)		(43,546)	
Total impuesto (beneficio)	$ (45,643)		$ (43,546)	
Tasa efectiva	(31.26)%		(26.69)%	

Los beneficios de las pérdidas fiscales actualizadas pendientes de amortizar por los que ya se ha reconocido parcialmente el activo por ISR diferido, pueden recuperarse cumpliendo con ciertos requisitos. El vencimiento de las pérdidas fiscales pendientes de amortizar y su monto actualizado al 31 de diciembre de 2020 son:

Año de Vencimiento	Pérdidas fiscales por amortizar	Costo financiero por amortizar
2024	$ 39,251	$ -
2025	251,969	-
2026	345,015	-
2030	109,813	93,815
	$ 746,049	$ 93,815

Durante el ejercicio 2018, la Administración de la Entidad registró un activo por impuesto diferido relacionado con el beneficio futuro de pérdidas fiscales que no habían sido reconocidas en ejercicios anteriores, derivado principalmente de una serie de acciones estratégicas planificadas por la Entidad para el futuro cercano que incrementaron la probabilidad de su utilización. Al 31 de diciembre de 2020, estos planes continúan vigentes y se estima su realización en un plazo consistente con la recuperación de los activos de ISR diferido en cuestión. El importe de ISR diferido activo soportado por estos planes es de aproximadamente $250,000.

17. Información por segmentos

La información por segmentos se presenta de acuerdo con los cinco grupos de negocio, los cuales están agrupados conforme a la integración vertical de sus materias primas; con dicha segmentación se toman las decisiones operativas de la Entidad con el propósito de asignar los recursos y evaluar el rendimiento de cada segmento.

Los segmentos de operación de la Entidad se incluyen en los cinco grupos de negocio: i) Wavin (Building & Infrastructure), ii) Dura-Line (Data Communications) y iii) Netafim (Precision Agriculture), (los cuales se presentaban anteriormente como el segmento reportable de Fluent), iv) Koura (Fluor) y)Vestolit (Polymer Solutions). Los principales productos de dichos segmentos son: tuberías y conexiones de PVC (*Building and infrestructure*), polietileno (PE) y polipropileno (PP), de polietileno de alta densidad (HDPE) (*Data communication*), goteros de riego y geosintéticos (*Precision agriculture*); así como fluorita, fluorocompuestos, ácido fluorhídrico, gases refrigerantes y propelentes médicos (*Fluor*), y finalmente resinas y compuestos de cloruro de polivinilo (PVC) (*Polymer solutions*), entre otros. Estos cinco segmentos operativos constituyen los segmentos reportables de Orbia. El segmento “Controladora” constituye las operaciones de las tenedoras y servicios corporativos asociados a las mismas.

A continuación, se muestra un resumen de los rubros más importantes de los estados financieros consolidados por grupo de negocio:

	31 de diciembre de 2020							
	Polymer Solutions	Fluor	Building & Infrastructure	Data Communications	Precision Agriculture	Controladora	Eliminaciones	Consolidado
Ventas netas	$ 2,170,679	$ 697,951	$ 2,071,265	$ 732,154	$ 972,015	$ 183,720	$ (408,014)	$ 6,419,770
Costo de ventas	1,764,404	406,744	1,487,380	497,530	642,580	108,893	(333,923)	4,573,608
Utilidad bruta	406,275	291,207	583,885	234,624	329,435	74,827	(74,091)	1,846,162
Gastos generales	182,435	97,736	457,106	94,191	240,192	128,158	(74,126)	1,125,692
Otros gastos (ingresos) partes relacionadas	-	3	(36)	(2)	-	-	35	-
Regalías	27,487	7,766	2,374	7,895	-	(45,522)	-	-
Fluctuación cambiaria, Neta	(4,135)	(13,945)	11,741	(298)	12,444	(3,429)	-	2,378
Gastos por intereses	28,677	2,495	12,838	16,504	15,952	192,843	(30,628)	238,681
Ingresos por intereses	(1,911)	(7,308)	(17,064)	(524)	(1,186)	(12,754)	30,628	(10,119)
Cambio en el valor razonable de la participación no controladora redimible	-	-	-	-	-	9,713	-	9,713
Utilidad por posición monetaria	-	-	1,436	-	-	-	-	1,436
Participación en las utilidades de subsidiarias y asociadas	(1,669)	(5,758)	(5,992)	4,658	3,204	(315,256)	319,946	(867)
Utilidad antes de impuestos a la utilidad	175,391	210,218	121,482	112,200	58,829	121,074	(319,946)	479,248
Impuestos a la utilidad	53,894	75,328	39,897	29,216	14,098	(61,622)	-	150,811
Utilidad antes de operaciones discontinuas	121,497	134,890	81,585	82,984	44,731	182,696	(319,946)	328,437
Operaciones discontinuas	(8,085)	(262)	8	(1,318)	-	-	-	(9,657)
Utilidad neta consolidada	$ 113,412	$ 134,628	$ 81,593	$ 81,666	$ 44,731	$ 182,696	$ (319,946)	$ 318,780

31 de diciembre de 2019	Polymer Solutions	Fluor	Building & Infrastructure	Data Communications	Precision Agriculture	Controladora	Eliminaciones	Consolidado
Ventas netas	$ 2,333,796	$ 805,187	$ 2,238,757	$ 749,108	$ 1,063,447	$ 96,919	$ (300,032)	$ 6,987,182
Costo de ventas	1,900,166	434,244	1,633,055	544,111	716,484	(1,271)	(197,870)	5,028,919
Utilidad bruta	433,630	370,943	605,702	204,997	346,964	98,190	(102,163)	1,958,263
Gastos generales	162,762	77,354	463,833	88,693	255,427	90,761	(3,588)	1,135,242
Otros gastos (ingresos) partes relacionadas	61,016	26,689	-	-	-	10,870	(98,575)	-
Regalias	28,136	8,703	2,462	7,228	-	(46,529)	-	-
Fluctuación cambiaria, Neta	3,851	1,692	1,560	219	12,522	(1,470)	23	18,397
Gastos por intereses	38,069	4,329	17,414	4,070	20,974	206,369	(19,152)	272,073
Ingresos por intereses	(4,617)	(12,013)	(22,717)	18,358	467	(12,800)	19,127	(14,195)
Cambio en el valor razonable de la participación no controladora redimible	-	-	-	-	-	18,488	-	18,488
Utilidad por posición monetaria	-	-	(151)	-	-	-	-	(151)
Participación en las utilidades de subsidiarias y asociadas	(9,829)	(6,586)	(5,105)	-	963	(218,351)	234,766	(4,142)
Utilidad antes de impuestos a la utilidad	154,242	270,775	148,406	86,430	56,612	50,852	(234,766)	532,551
Impuestos a la utilidad	46,976	108,942	37,984	18,018	20,727	(42,679)	-	205,542
Utilidad antes de operaciones discontinuas	107,266	161,833	110,422	68,412	35,885	77,956	(234,765)	327,009
Operaciones discontinuas	(502)	318	(282)	573	-	-	-	107
Utilidad neta consolidada	$ 107,768	$ 161,515	$ 110,704	$ 67,839	$ 35,885	$ 77,956	$ (234,766)	$ 326,902

Al 31 de diciembre de 2020	Polymer Solutions	Fluor	Building & Infrastructure	Data Communications	Precision Agriculture	Controladora	Eliminaciones	Consolidado
Activos circulantes:								
Efectivo y equivalentes de efectivo	$ 231,474	$ 122,345	$ 288,591	$ 63,143	$ 135,364	$ 34,268	$ -	$ 875,185
Cuentas por cobrar, Neto	405,620	211,657	315,940	116,622	281,578	45,979	(52,658)	1,324,738
Otros activos circulantes	263,302	450,304	409,006	133,211	190,033	228,428	(727,705)	946,579
Activos mantenidos para venta	1,254	3,869	2,968	1,559	-	-	-	9,650
Total de activos circulantes	901,650	788,175	1,016,505	314,535	606,975	308,675	(780,363)	3,156,152
Inmuebles, maquinaria y equipo	1,991,223	302,221	622,451	114,736	150,693	5,173	-	3,186,497
Otros activos	760,211	225,514	1,336,838	415,641	1,534,865	6,616,964	(7,021,571)	3,868,462
Total de activos	$ 3,653,084	$ 1,315,910	$ 2,975,794	$ 844,912	$ 2,292,533	$ 6,930,812	$ (7,801,934)	$ 10,211,111

Al 31 de diciembre de 2020

Pasivos circulantes:								
Préstamos bancarios y porción circulante de la deuda a largo plazo	$ 7,687	$ 7,681	$ 7,042	$ -	$ 64,143	$ 408,753	$ -	$ 495,306
Proveedores y cartas de crédito	702,872	46,905	334,507	97,936	112,003	31,883	-	1,326,106
Otros pasivos circulantes	250,477	63,075	425,598	56,249	190,816	554,151	(780,363)	760,003
Pasivos asociados a activos mantenidos para venta	-	5,783	-	438	-	-	-	6,221
Total de pasivos circulantes	961,036	123,444	767,147	154,623	366,962	994,787	(780,363)	2,587,636
Préstamos bancarios y deuda a largo plazo	-	-	-	-	118,686	3,012,020	-	3,130,706
Otros pasivos a largo plazo	807,552	178,748	301,130	320,059	231,401	387,577	(913,270)	1,313,197
Total de pasivos	1,768,588	302,192	1,068,277	474,682	717,049	4,394,384	(1,693,633)	7,031,539
Total del capital contable	$ 1,884,496	$ 1,013,718	$ 1,907,517	$ 370,230	$ 1,575,484	$ 2,536,428	$ (6,108,301)	$ 3,179,572

Al 31 de diciembre de 2019

	Polymer Solutions	Fluor	Building & Infrastructure	Data Communications	Precision Agriculture	Controladora	Eliminaciones	Consolidado
Activos circulantes:								
Efectivo y equivalentes de efectivo	$ 192,898	$ 120,591	$ 140,096	$ 47,432	$ 66,996	$ 18,396	$ -	$ 586,409
Cuentas por cobrar, Neto	444,641	199,627	341,449	102,376	291,009	43,085	(70,159)	1,352,028
Otros activos circulantes	264,912	384,608	369,471	70,117	177,671	555,910	(918,107)	904,582
Activos mantenidos para venta	1,254	3,870	2,354	1,618	-	-	-	9,096
Total de activos circulantes	903,705	708,696	853,370	221,543	535,676	617,391	(988,266)	2,852,115
Inmuebles, maquinaria y equipo, Neto	2,091,671	301,585	673,268	115,088	158,760	8,449	-	3,348,821
Otros activos, Neto	783,145	271,633	1,355,570	386,443	1,569,663	7,478,383	(7,988,692)	3,856,145
Total de activos	$ 3,778,521	$ 1,281,914	$ 2,882,208	$ 723,074	$ 2,264,099	$ 8,104,223	$ (8,976,958)	$ 10,057,081
Pasivos circulantes:								
Préstamos bancarios y porción circulante de la deuda a largo plazo	$ 16,288	$ 16,287	$ 4,876	$ 2,181	$ 48,584	$ 234,130	$ -	$ 322,346
Proveedores y cartas de crédito	674,527	42,101	288,378	90,296	126,563	41,737	-	1,263,602
Otros pasivos circulantes	515,017	89,553	396,753	35,737	169,600	766,776	(988,266)	985,170
Pasivos asociados a activos mantenidos para venta	-	5,605	-	638	-	-	-	6,243
Total de pasivos circulantes	1,205,832	153,546	690,007	128,852	344,747	1,042,643	(988,266)	2,577,361
Préstamos bancarios y deuda a largo plazo	8,067	8,043	-	-	100,943	3,011,567	-	3,128,620
Otros pasivos a largo plazo	614,494	201,472	288,922	317,918	258,218	1,665,715	(2,090,050)	1,256,689
Total de pasivos	1,828,393	363,061	978,929	446,770	703,908	5,719,925	(3,078,316)	6,962,670
Total del capital contable	$ 1,950,128	$ 918,853	$ 1,903,279	$ 276,304	$ 1,560,191	$ 2,384,298	$ (5,898,642)	$ 3,094,411

A continuación, se muestra otra información por segmento de los estados financieros consolidados por grupo de negocio:

	Depreciación y amortización				Adiciones directas a inmuebles, maquinaria y equipo			
	2020		2019		2020		2019	
Polymer Solutions	$	238,124	$	233,313	$	69,003	$	71,038
Fluor		60,859		57,840		40,471		31,655
Building & Infrastructure		134,257		129,912		64,087		72,467
Data Communications		32,901		29,933		11,197		17,360
Precision Agriculture		91,925		87,700		19,703		25,963
Controladora		39,721		3,485		13		5,154
	$	597,787	$	542,183	$	204,474	$	223,637

A continuación, se muestra información financiera clasificada por área geográfica:

País	Ventas netas provenientes de clientes externos				Activos de larga duración			
	A diciembre de 2020		A diciembre de 2019		A diciembre de 2020		A diciembre de 2019	
México	$	1,247,375	$	1,322,888	$	1,253,758	$	1,315,086
Noroeste de Europa		1,138,524		1,237,309		862,114		812,685
Estados Unidos de América		1,220,845		1,174,672		1,949,849		2,056,458
Suroeste de Europa		794,925		894,272		151,256		154,742
Colombia		466,060		542,218		269,101		286,934
AMEA		383,642		473,155		65,983		85,110
Brasil		333,595		367,811		70,571		98,545
Centro y este de Europa		227,054		237,123		114,634		114,927
Sureste de Europa		35,472		41,552		158,083		161,353
Centro América		159,063		196,839		61,961		66,040
Otros		69,194		100,097		20,667		26,321
Israel		166,234		175,598		1,662,782		1,659,774
Perú		99,307		128,144		58,912		66,413
Ecuador		78,336		95,357		34,748		38,143
Venezuela		144		147		359		402
Total	$	6,419,770	$	6,987,182	$	6,734,778	$	6,942,933

Los activos de larga duración incluyen activos por derecho de uso, propiedad, planta y equipo, activos intangibles y crédito mercantil.

18. Aprobación de los estados financieros separados

Los estados financieros separados por el año terminado el 31 de diciembre de 2019, fueron aprobados en la Asamblea General de Accionistas celebrada el 23 de abril de 2020. Los estados financieros separados por el año que terminó el 31 de diciembre de 2020 fueron autorizados para su emisión el 26 de febrero de 2021, por el Licenciado Edgardo Carlos, Director de Finanzas; consecuentemente éstos no reflejan los hechos ocurridos después de esa fecha y están sujetos a la aprobación del Consejo de Administración y de la Asamblea Ordinaria de Accionistas de la Entidad, quien puede decidir su modificación de acuerdo con lo dispuesto en la Ley del Mercado de Valores.

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