Salles Sainz
Grant Thornton

Financial Statements and Independent auditor's report

Comestel Automotive Technologies Mexicana, S. de R.L. de C.V.

March 31, 2021 and 2020

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Independent auditor's Report

To the Stockholders of Comestel Automotive Technologies Mexicana, S. de R.L. de C.V.:

Opinion
We have audited the accompanying financial statements of **Comestel Automotive Technologies Mexicana, S. de R.L. de C.V.,** (the "Company") which comprise the statements of financial position as of March 31. 2021 and 2020 the statements of profit or loss, statements of changes in stockholders' equity and statements of cash flows, for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Comestel Automotive Technologies Mexicana, S. de R.L. de C.V.,** as of March 31, 2021, and 2020 its financial performance and its cash flows for the year then ended in accordance with Mexican Financial Reporting Standards (NIF *for its acronym in Spanish*).

Basis of opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report, and the following "Exhibit". We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Mexico in accordance with the Instituto Mexicano de Contadores Públicos A.C.'s Code of Professional Ethics (IMCP Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA and IMCP Codes. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and using the going concern basis of accounting, or otherwise, making the appropriate disclosures.

Auditor's Responsibilities for the Audit of the Financial Statements

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

SALLES, SAINZ – GRANT THORNTON, S.C.

C.P. Juan Laurrabaquio Campos

Querétaro, México.
April 12, 2021

Exhibit of the independent auditor's report

Additional description of our responsibilities on the audit of the financial statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

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

COMESTEL AUTOMOTIVE TECHNOLOGIES MEXICANA, S.DE R.L. DE C.V.

Statements of financial position

As of march 31 2021 and 2020

(Stated in Pesos)

	Notes	2021	2020
ASSETS			
Current			
Cash and cash equivalents		**$ 1,242,090**	$ 6,633,829
Related parties	8	**16,008,893**	11,948,871
VAT recoverable		**8,994,245**	29,248,014
Income tax recoverable		**3,265,214**	-
Other accounts receivable		**670,802**	1,136,991
Advance payments		**457,661**	233,291
Total current assets		**30,638,905**	49,200,996
Non-current			
Machinery and equipment, net	5	**5,917,454**	6,290,381
Guarantee deposits		**286,030**	273,761
Right of use of asset, net	6	**830,736**	2,029,059
		7,034,220	8,593,201
Total assets		**$ 37,673,125**	$ 57,794,197
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Trade payables		**$ 2,661,810**	$ 1,102,631
Lease liability short term	6	**376,224**	364,173
Other accounts payable		**1,678,147**	3,248,906
Total current liabilities		**4,716,181**	4,715,710
Long-term liabilities			
Long-term borrowings with related party payable	8	**$ -**	$ 19,071,992
Lease liability long term	6	**862,520**	2,284,929
Total long-term liabilities		**862,520**	21,356,921
Total liabilities		**5,578,701**	26,072,631
STOCKHOLDERS' EQUITY			
Capital stock	9	**32,496,785**	32,496,785
Accumulated losses		**(402,361)**	(775,219)
Total stockholders' equity		**32,094,424**	31,721,566
Total liabilites and stockholders' equity		**$ 37,673,125**	$ 57,794,197

Tha accompanying notes are an integral part of these statements of financial position.

COMESTEL AUTOMOTIVE TECHNOLOGIES MEXICANA, S.DE R.L. DE C.V.

Statements of profit or loss

For the years ended March 31, 2021 and March 31, 2020

(Stated in Pesos)

	Note	**2021**	2020
Maquila services		**$ 27,764,972**	$ 33,261,732
Other Income		**790,159**	40,222
		28,555,131	33,301,954
Maquila service cost and expenses		**24,890,045**	25,728,011
Gross profit		**3,665,086**	7,573,943
Interest expense		**531,521**	674,331
Foreign exchange loss		**896,611**	849,638
Comprehensive result of financing		**1,428,132**	1,523,969
Profit before Income Taxes		**2,236,954**	6,049,974
Income taxes		**1,962,560**	1,620,561
Net profit for the year		**$ 274,394**	$ 4,429,413

Tha accompanying notes are an integral part of these statements.

COMESTEL AUTOMOTIVE TECHNOLOGIES MEXICANA, S.DE R.L. DE C.V.

Statements of changes in stockholders' equity

For the years ended March 31, 2021 and March 31, 2020

(Stated in Pesos)

	Capital stock	Accumulated losses	Total stockholders' equity
Balance as of March 31st, 2019	$ 20,000	$ (5,204,632)	(5,184,632)
Capital stock contributions	32,476,785	-	32,476,785
Net profit for the year		4,429,413	4,429,413
Balance as of March 31st , 2020	**$ 32,496,785**	**$ (775,219)**	**$ 31,721,566**
Prior period adjustement		98,464	98,464
Net profit for the year		274,394	274,394
Balance as of March 31st, 2021	**$ 32,496,785**	**$ (402,361)**	**$ 32,094,424**

Tha accompanying notes are an integral part of these statements.

COMESTEL AUTOMOTIVE TECHNOLOGIES MEXICANA, S.DE R.L. DE C.V.

Statements of cash flows

For the years ended March 31, 2021 and March 31, 2020

(Stated in Pesos)

	2021	2020
OPERATION:		
Profit before income taxes	**$ 2,236,954**	$ 6,049,974
Items in results that did not affect cash:		
Depreciation and amortization of fixed asset	**630,277**	639,351
Amortization of right-of-use assets	**529,246**	862,013
Items from financing activities:		
Interest expense	**(531,521)**	(674,329)
	2,864,956	6,877,009
Other accounts receivable	**(2,799,025)**	1,041,264
Related parties, net	**(4,060,022)**	(588,843)
VAT recoverable	**20,253,769**	(21,294,392)
Income tax recoverable	**(3,265,214)**	
Advance payments	**(224,370)**	-
Other account and tax payable	**1,694,455**	(369,884)
Guarantee deposit	**(12,269)**	(28,612)
Trade payables	**1,559,179**	968,116
Tax payable	**(1,962,560)**	(1,620,561)
Net cash flows from operating activities	**14,048,899**	(15,015,903)
INVESTMENT:		
Acquisition of leasehold , machinery and equipment, net of disposals	**507,917**	3,005,911
Net cash flows from investment activities	**507,917**	3,005,911
FINANCING:		
Related parties	**(19,071,992)**	19,071,992
Payments of current portion of capital interest of lease payments	**2,275**	(187,684)
Leasing payments	**(1,410,359)**	(1,419,708)
Interest expense	**531,521**	-
Net cash flows from financing activities	**(19,948,555)**	17,464,600
Increase in cash and cah equivalents	**(5,391,739)**	5,454,608
Cash and cash equivalents, at the beginning of year	**6,633,829**	1,179,221
Cash and cash equivalents, at the end of year	**$ 1,242,090**	$ 6,633,829

Tha accompanying notes are an integral part of these statements.

Comestel Automotive Technologies Mexicana, S. de R.L. de C.V.

Notes to the financial statements
March 31, 2021 and 2020

(Stated in pesos)

1 NATURE OF OPERATIONS

Comestel Automotive Techologies Mexicana, S.de R.L. de C.V. (“the company”) was constituted on January 17, 2017, in conformity with Mexicana Legislation. Its primary activity includes professional, technical and scientific services and manufacture of automotive spare.

The Company´s registered address and main business location is headquartered in highway Av. Irapuato 204 cd.Industrial 36541 Irapuato, Guanajuato

The Company provides “Maquila” services under a formal program (Programa de la industria manufacturera, maquiladora y de servicios de exportación, “IMMEX” *for its acronym in spanish*), all the inventories are property of Comestel Automotive Technologies Mexicana LTD (Hong Kong), those inventories are returned once the maquila services is performed.

On March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

The impacts for the Company has not represent a significant change in the financial position for the year ended as of March 31, 2021. Nevertheless the impacts arising as consequences of the COVID -19 will be accounted for when they are known and may be assessed.

2 APPROVAL AND BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The accompanying financial statements have been prepared in accordance with Mexican Financial Reporting Standards (NIF for its Acronym in Spanish) issued by the Mexican Board of Financial Reporting Standards (CINIF for its Acronym in Spanish). Likewise, they have been prepared under the assumption that the Company operates on a going concern basis.

The accompanying financial statements and their notes were authorized to be issued on April 12, 2021, by Tanay Gupta, legal representative; consequently, they do not reflect events beyond that date.

The General Corporate Law and the by-laws of the Company grant stockholders the possibility to amend the financial statements after their release. The accompanying financial statements will be submitted for approval at the General Stockholders’ Annual Meeting.

3 CHANGES IN ACCOUNTING POLICIES

a) New standards adopted on January 1, 2020

The Company has adopted the accounting changes resulting from new standards and improvements to NIFs that became effective in the current year, as follows:

In January 2020, the CINIF issued the 'NIF's Improvements 2020'. These improvements, among other things, include the following aspects:

NIF D-5 'Leases' - risk free rate - this improvement incorporates the possibility for the lessee to use a risk free rate to discount future lease payments, thereby recognizing the lease liability. This option is applicable provided that the interest rate implicit in the lease cannot be readily determined. Toward that end, the Company used a risk free rate to discount the future lease payments, thereby recognizing the lease liability with regard to its lease agreements of the offices and facilities, insofar as the interest rate implicit in the lease could not be readily determined.

NIF D-4 'Tax on Income' and NIF D-3 'Employee benefits' - these improvements incorporate the evaluation that Management must make as to whether or not the determination of income tax and employee profit sharing (PTU for its acronym in Spanish), both current and deferred, is accepted by the tax authorities, who may require, if applicable, the calculation of the estimate of the corresponding effect on current and deferred taxes, as well as the disclosures deemed appropriate in terms of the provisions set forth in those standards.

At the date of authorization of these financial statements, several new standards and amendments to existing standards have been published by the CINIF, that will be effective on January 1, 2021 and in the following years. Which it is estimated will not have a significant effect on the Company's financial position and results.

NIF's Improvements 2021

The CINIF issued the 'NIF's Improvements 2021', which will become effective for periods beginning as of January 1, 2021, its early application is permitted. Those amendments are not expected to have a significant effect on the Company's financial statements

4 SIGNIFICANT ACCOUNTING POLICES

The significant accounting policies used to prepare these financial statements are summarized below.

a Foreign currency translation

Functional and presentation currency

The Company by legal requirements maintains the Mexican peso as its recording currency. The financial statements are presented in the Mexican pesos currency.

Since the Company reports its financial information on a stand-alone basis, and given that its recording and presentation currency are the same and, in turn, are different from the functional currency, it has applied the established exception in NIF B-15 "Foreign currency translation", which allows the presentation currency to be the recording currency without having to carry out any currency translation (conversion).

Foreign currency transactions and balances
Foreign currency transactions are translated into the recording currency using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognized in profit or loss.
Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction dates).

b Impact of inflation

The financial statements as of March 31, 2021 and 2020, are prepared under historical cost basis. In accordance with NIF B-10, the Company does not recognize the effects of inflation as it operates in a non-inflationary economic environment; accumulated inflation for the last three years prior to the date of the financial statements is less than 26%.

Annual inflation in 2019, 2018 and 2017 was 2.8300%, 4.8300% and 6.7730%, respectively. Accumulated inflation for the prior three year period was 14.4330%.

c Statements of profit or loss

Statements of profit or loss include costs and expenses classified based on their function, which allows disclosing their gross profit margin; also this policy is consistent with corporate accounting policies. For the years included, the Company did not generate items of other comprehensive income, so the profit or (loss) and the comprehensive income (loss) of the period is the same.

d Statements of cash flows

Statements of cash flows have been prepared using the indirect method, which consists of first presenting pre-tax loss and further presenting changes in working capital, investing activities, and finally financing activities.

e Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank deposits in checking accounts

f Other materials

The other materials mainly include complementary products in the maquila operation, which are recognized at their acquisition cost.

g Prepayments

Prepayments represent benefits for which, the receiving goods or services, including their inherent risks, have not yet been delivered and/or transferred to the Company. Payments made in foreign currency are recognized at the exchange rate of the transaction and are not modified by subsequent exchange fluctuations between the functional currency and the foreign currency.

h machinery and equipment, net

Leasehold improvements, machinery and equipment are recorded at acquisition cost.

Depreciation is calculated based on the carrying value of fixed assets, using the straight-line method based on the useful life thereof at the following rates:

Leasehold improvements	5%
Machinery and equipment	10%
Furniture and fixture	10%
Transportation equipment	25%
Computer equipment	30%

i Leases

<u>The Company as a lessee</u>

The Company makes the use of leasing arrangement principally for the provision of the main warehouse. The rental contracts for offices are typically negotiated for terms of between 5 years and some of these have extension terms. The Company does not enter into sale and leaseback arrangements.

The Company assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

Some lease contracts contain both lease and non-lease components. These non-lease components are usually associated with facilities management services at offices and servicing and repair contracts in respect of motor vehicles. The Company has elected to not separate its leases for offices into lease and non-lease components and instead accounts for these contracts as a single lease component. For its other leases, the lease components are split into their lease and non-lease components based on their relative stand-alone prices.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

j Financial instruments

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets and liabilities represent contractual rights and obligations, respectively, in relation to monetary economic resources.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

The classification is determined both by the business model of the entity on the management of the financial asset, as well as the contractual characteristics of the cash flow of the financial asset. Financial assets are classified in the following categories:

- Cash and cash equivalents
- Trade receivables
- Financial instruments to collect its principal and interest
- Financial instruments to collect or sell
- Financial instruments to trade

As of March 31, 2021, and 2020, the Company does not maintain financial assets in the categories of financial instruments to collect its principal and interest, financial instruments to collect or sell, or financial instruments to trade.

Cash, trade receivables and other accounts receivable, that do not contain a significant financing component are measured at the transaction price in accordance with NIF D-1 'Revenue from Contracts with Customers' (NIF D-1) and subsequently at the transaction price pending of collectionand cash equivalents, both on initial and subsequent recognition, is measured at fair value, which is its face value.

Subsequent measurement of financial assets

<u>Trade receivables and financial instruments to collect its principal and interest (IFCPI *for its Acronym in Spanish*)</u>

Financial assets (IFCPI) are measured at amortized cost if the assets meet the following conditions and were not designated as fair value through profit or loss (FVTPL):

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

Measurement at amortized cost is carried out by using the effective interest method, discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and other receivables, that do not contain a significant financing component , fall into this category of financial instruments and are measured at amortized cost.

Impairment of financial assets

According with the 'expected credit loss (ECL) model', impairment evaluation for financial assets use more forward-looking information to recognize expected credit losses. This replaces the previous 'incurred loss model'. Instruments within the scope of the new requirements included trade receivables, including contract assets measured under NIF D-1, loans and other debt-type financial assets measured at amortized cost and/or FVTOCI, as well as loan commitments and some financial guarantee contracts (for the issuer) that are not measured at FVTPL.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Trade and other receivables and contract assets

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

k. Income tax and employee profit sharing, prepaid or deferred

Provisions for income tax (ISR for its Spanish acronym) and employee profit sharing (PTU for its Spanish acronym) are recorded in profit or loss for the year they become payable. Also, a deferred tax related to these two items is included, arising from temporary differences resulting from comparing book and tax values of assets and liabilities, including the benefit of tax loss carryforwards and tax credits. A deferred tax asset is recorded only when there is a high likelihood that it can be recovered. Deferred taxes are determined using enacted tax rates that are estimated will be effective on the dates temporary items shall be reversed or realized.

Current and deferred PTU is considered an ordinary expense associated to employee benefits.

l. Employee benefits

Termination or post-employment benefits established in the Federal Labor Law in Mexico refer mainly to seniority premiums payable to employees who have completed fifteen or more years of service, and indemnifications for voluntary or involuntary separation.

The Company recognizes the liability for employee benefits as follows:

Direct benefits such as salaries, overtime, and vacation among others, are recognized in exchange for services rendered in the period in which they are accrued at their face value and are classified in the short or long-term whether these benefits occur or not within the following twelve months.

Termination benefits paid to employees prior to retirement while not having pre-existing conditions, are recognized in the year's profit or loss at the time of payment

The Company's Management considers that the liability corresponding to these obligations is immaterial due to the low employee turnover rate. There were no charges to profit or loss for indemnifications and seniority premium for the year ended on march 31, 2021

m. Equity

Share capital represents the nominal value of shares that have been issued (see Note 11).

Accumulated losses includes all current and prior period retained (losses) profits.

n. Revenue

Company's sales of products do not contemplate customization processes nor are subject to significant integration services with other products or services, so the performance obligation corresponds to the products sold by the Company; the control is transferred at the moment in which the customer receives the products obtaining the capacity to direct their use and obtain substantially all the benefits of the products. Sales operations generally do not contemplate variable payments, financing or any other relevant agreement that affects the transaction price.

The Company recognizes the revenues at a point in time when the control of the products has been transferred to its customers, the most relevant indicators considered to define the moment of the transfer of control are, among others, that the customer: i) has the physical and legal possession of the asset, ii) assumes the significant risks and benefits, iii) is entitled to the payment, and iv) has accepted the products.

o. Operating expenses

Operating expenses are recognized in profit or loss upon utilization of the service or as incurred.

5 MACHINERY AND EQUIPMENT, NET

	2021	2020
Leasehold Improvements	**$ 4,482,770**	$ 4,257,770
Computer equipment	**299,284**	279,457
Transport equipment	**488,966**	488,966
Machinery and equipment	**2,521,486**	2,427,841
Furniture and equipment	**558,014**	422,506
	8,350,257	7,876,540
Less- Accumulated depreciation	**(2,432,802)**	(1,586,159)
	$ 5,917,454	$ 6,290,381

6 LEASES

a) The company has a warehouse lease in Irapuato, Guanajuato, Mexico; which have a dimension of 2,289 m2 in which the offices are installed and where their operations are carried out. The term of the lease is 5 years, due on February 28, 2022 and may be renewed for another 5 years if agreed by both parties.

The Company's obligations as set forth in the lease are guaranteed by the landlord's title of ownership over the leased assets. the Company may transfer or sublease the property, only with the written consent of the lessor.

(b) The net carrying value of the recognized right of use asset and movement during the period is as follows:

The future minimum finance lease payments are as follows:

	2021	2020
Buildings	**$ 1,051,399**	$ 2,891,072
Accumulated depreciation	**(220,663)**	(862,013)
Right of use of asset, net	**$ 830,736**	$ 2,029,059
Future income payments are as follows:		
Total	**$ 1,252,391**	$ 2,955,355
Less interests	**(13,647)**	(306,252)
Present value of minimum payments	**1,238,744**	2,649,103
Less current portion	**(376,224)**	(364,174)
Long-term obligations	**$ 862,520**	$ 2,284,929

7 INCOME TAX

For the years ended March 31, 2021, and 2020, the Company determined taxable profit in the amount of $6,652,887 and $5,401,871, respectively, which were determined according to the Income Tax Law applicable to companies that performed maquila operations.

Income tax is determined in accordance with Article 182 of the Income tax law, which is named “Safe Harbor”, applicable to those taxpayers that provide maquila services to foreign related parties.

Taxable income results from the greater amount of: a) 6.9% of total assets, including inventory of raw materials and machinery, owned by the foreign related party, which have been imported on a temporary basis and used in the maquila operations, or b) 6.5% of the total amount of costs and operating expenses, including any expense paid by the foreign related party on behalf the Company.

As of March 31, 2021, and 2020, the greater taxable income determined was 6.9% of total assets used in the maquila operations

For the year ended March 31, 2021 and 2020 respectively income tax determined amounted $1,995,866 and $1,153,132.

8 RELATED PARTIES´ BALANCES AND TRANSACTIONS

During the years ended March 31, 2021 and 2020, the Company carried out transactions and had balances with related parties as shown below:

Receivable:

	2021	2020
Comestel Automotive Technologies Mexicana Limited	$ 16,008,893	$ 11,948,871

The balance receivable to related parties are made up of current account balances, without interest, in cash without deadline expired, and for which there is no guarantees

LONG TERM LOAN TO COMESTEL AUTOMOTIVE TECHNOLOGIES MEXICANA LIMITED

As of March 31, 2020, the debt in dollars is represented by various documents payable to for a total of $ 900,0000, maturing on March 31, 2022. Note will trigger ordinary interest equal to a fixed rate of 1 (one) year LIBOR Rate + 1%

	2021	**2020**
Notes payable to Comestel Automotive Technologies Mexicana Limited	**$19,312,715**	**$19,312,715**
Less-Short term interest	**240,723**	**240,723**
Payments	**(19,071,992)**	**-**
Total long-term documents payable	**-**	**19,071,992**

Likewise, during the years ended March 31, 2021 and 2020, the Company carried out operations with related parties as follows:

Revenues:

	2021	2020
Comestel Automotive Technologies Mexicana Limited	**$27,764,972**	$33,261,732

9 STOCKHOLDERS' EQUITY

Capital stock

As of March 31, 2021 and 2020, the Company's capital stock is represented as follows:

Partners	Social parts	Fixed Capital	Variable Capital	Total
Comestel Automotive Technologies Mexicana Limited	1	19,800	32,476,785	32,496,585
Comstar Automotive USA LLC.	1	200	-	200
	2	20,000	32,476,785	32,496,785

10 FINANCIAL INSTRUMENTS RISK

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarized below:

	2021	2020
Financial Assets		
Amortized cost		
Cash and cash equivalents	**$ 1,242,090**	$ 6,633,829
Related parties	**16,008,893**	11,948,871
	$ 17,250,983	$ 18,582,700
Financial liabilities		
Amortized cost		
Current liabilities		
Trade payables	**$ 2,661,810**	$ 1,102,631
Lease liability short term	**376,224**	364,174
Long-term liabilities		
Long-term borrowings with related party payable	**-**	19,071,992
Lease liability long term	**862,520**	2,284,929
	$ 3,900,554	$ 22,823,726

The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management is coordinated at its headquarters, in close cooperation with the board of directors, and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed are described below.

Market risk analysis

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

Foreign currency sensitivity

Most of the Company's transactions are carried out in US dollars (USD). Exposures to currency exchange rates arise from the Company's sales and purchases abroad, which are primarily denominated in US dollars (USD).

To mitigate the Company's exposure to foreign currency risk, non-parent´s currency cash flows are monitored and forward exchange contracts are entered into in accordance with the Company's risk management policies. Generally, the Company's risk management procedures distinguish short-term foreign currency cash flows (due within six months) from longer-term cash flows (due after six months). Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken. Forward exchange contracts are mainly entered into for significant long-term foreign currency exposures that are not expected to be offset by other same-currency transactions.

Foreign currency denominated financial assets and liabilities which expose the Company to currency risk are disclosed below. The financial statements at March 31, 2021 and 2020 include the following US Dollars as part of the financial assets and liabilities:

Amounts in US Dollars	**2021**	**2020**
Financial assets	**813,609**	**760,970**
Financial liabilities	**(33,753)**	**(817,222)**
Net exposure	**779,855**	**(56,252)**

As of March 31, 2021, and 2020, and April 12, 2021, date of the financial statements approval, foreign exchange rates MXP per USD were $20,44 23.5122 and $20.1630 respectively.

Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to credit risk from financial assets including cash and cash equivalents held at banks, trade and other receivables.

Credit risk management

The credit risk is managed on a group basis based on the Company's credit risk management policies and procedures.

The credit risk in respect of cash balances held with banks and deposits with banks are managed via diversification of bank deposits, and are only with major reputable financial institutions.

Liquidity risk analysis

Liquidity risk is that the Company might be unable to meet its obligations. The Company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analyzing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Company's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum.

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables.

11 SUBSEQUENT EVENTS

COVID -19

On March 11, 2020, the World Health Organization ('WHO') declared a pandemic of COVID-19, theGovernments worldwide, including Mexico, have implemented a series of policies and actions to combat it.At the date of authorization of the financial statements, the scope of the impact of COVID-19 for the worldwide economies, Mexico and Society is uncertain and cannot yet be determined. The Management will continue to monitor the development of the pandemic and its impact on Society, including its operations, income and costs, loan agreements and its obligations, realization value of its inventories, credit losses, impairment conditions on its long-lived assets, amount of assets measured at value reasonable, as well as other estimates included in its financial statements and its corresponding notes.