BUEN MANEJO DEL CAMPO, S.A. DE C.V. & SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AS OF
DECEMBER 31, 2021 & 2020
INDEPENDENT AUDITORS REPORT THEREON

C O N T E N T

Independent Auditors Report

To the Shareholders of
Buen Manejo del Campo, S.A. de C.V.

Opinion

We have audited the accompanying consolidated financial statements of Buen Manejo del Campo, S. A. de C. V. and Subsidiaries (the Group), which includes the consolidated Statement of Financial Position as of December 31, 2021, as well as the consolidated statements of comprehensive income, changes in equity and cash flows for the year 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 aspects, the consolidated financial position of the Group as of December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended, in accordance with the Financial Reporting Standards (NIF).

Basis for the opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibility under those standards is described below in the section Auditor's Responsibilities for the Audit of the consolidated financial statements of this report. We are independent of the Group in accordance with the Code of Professional Ethics, together with the ethical requirements that are applicable to audits of consolidated financial statements in Mexico and comply with other ethical responsibilities in accordance with these requirements. We believe that the audit evidence provides a sufficient and adequate basis for our opinion.

Emphasis paragraph

We make emphasis on note 2c to the financial statements, which describes that The financial statements of Buen Manejo del Campo, S. A. S. (Colombian subsidiary) and Buen Manejo del Campo, S. A. (Nicaraguan subsidiary) as of December 31 , 2021, were not audited before their inclusion in the consolidation process; that note details the participation of those components in the consolidated performance and consolidated assets of the Group. Our opinion has not been modified regarding this matter.

Different information to the financial statements and the corresponding audit report

Management is responsible for the other information presented in the appendixes I and II. This includes the not consolidated and not audited financial statements of the main holding of the Group, Sistema bio. Inc. as of December 31, 2021, as well as the consolidated but not audited financial statements of the main holding of the Group, Sistema bio. Inc. as of December 31, 2021.

Our opinion on the financial statements does not refer to the other information and we are not expressing any conclusion that provides a security level on that information.

Regarding our audit of the financial statements, our responsibility is to read the other information and, by doing this, consider if there is any material misstatement between the other information and the financial statements or the knowledge we got from our audit or, if a material misstatement is likely to exists in the other information because of any cause. If, based on our work, we concluded that a material misstatement exists in the other information, we are obliged to report it. We have nothing to report on this matter.

Responsibilities of Management and Those Charged with Governance in the entity in relation to the Consolidated financial statements

Management is responsible for the preparation and fair presentation of the accompanying consolidated financial statements in compliance with the FRS and for the internal control that management considers necessary to enable the preparation of consolidated financial statements free of material misstatement due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as appropriate, matters relating to going concern and using the principle of going concern unless the management intends to liquidate the Group or to cease operations, or there is no other realistic alternative.

Those responsible for the entity's government are responsible for overseeing the Group's financial reporting process.

Responsibility of the auditor in relation to the audit of the consolidated financial statements

The objective of our audit is to obtain reasonable assurance that the consolidated financial statements as a whole are free from material misstatement, due to fraud or error, and to issue an auditor´s report containing 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 be due to fraud or error and are considered material if, individually or in the aggregate, could reasonably be expected to influence the decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement in the consolidated financial statements, due to fraud or error, designing and applying audit procedures to respond to those risks, and obtain sufficient and adequate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is greater than for one resulting in from error, as fraud may involve collusion, forgery, deliberate 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 to the circumstances and not intended to express opinion on the effectiveness of internal control.

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

- Conclude on the adequacy of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, it is concluded on whether or not there is a material uncertainty related to facts or conditions that can generate significant doubts 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 auditors' report on the corresponding information disclosed in the consolidated financial statements or, if such disclosures are inadequate, to express a modified opinion. The conclusions are based on the audit evidence obtained up to the date of our auditors' 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves reasonable presentation.

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 ethics requirements in relation to independence and communicated with them all relationships and other matters that may reasonably be expected to affect our independence, and where applicable, related safeguards.

Despacho Luis G. Pastor, S.C. – Kreston FLS

C.P.A. Jaime Pérez Martínez
Audit Partner

May 20, 2021

Buen Manejo del Campo, S. A. de C. V. and Subsidiaries
Consolidated Statement of Financial Position
for the years ended December 31, 2021 & 2020
(USD)

		2021		2020
ASSETS				
Current				
Cash and cash equivalents (Note 4)	$	2,537,584	$	3,717,900
Receivables				
Clients (Note 5)		3,988,477		2,418,491
Debtors		221,391		197,381
Recoverable taxes		1,617,334		1,309,864
		5,827,202		3,925,736
Inventories (Note 6)		2,271,643		1,643,242
Prepaid expenses		67,539		29,330
Deferred taxex (Note 12)		960,706		329,762
Total current assets		11,664,674		9,645,970
Non-current				
Deposits in guarantee		3,252		4,812
Property, furniture and equipment (Notes 7)		500,450		455,653
Total non-current assets		503,702		460,465
Total assets	$	12,168,376	$	10,106,435

The accompanying notes are integral part of the financial statements

		2021		2020
LIABILITIES				
Current				
Suppliers	$	1,161,720	$	15,773
Accrued accounts		485,219		1,088,310
Short term loans (Note 8)		1,524,360		2,224,954
Profit sharing to employees (Note 13b)				32,071
Tax payable		108,500		105,389
Total current liabilities		3,279,799		3,466,497
Non current				
Benefits to employees (Note 10)		41,656		34,496
Long term loans (Note 9)		5,237,923		5,945,797
Total non-current liabilities		5,279,579		5,980,293
Total liabilities		8,559,378		9,446,790
EQUITY (Note 11)				
Share capital		8,459,718		7,668,545
Retained losses		(2,170,514)		(4,530,830)
Net loss for the current year		(2,690,782)		(2,367,523)
Other comprehensive Incomes from the cumulative conversion effects		10,577		(110,547)
Total equity		3,608,998		659,645
Total liabilities and equity	$	12,168,376	$	10,106,435

Mexico City, May 20, 2022

Alexander Bennet Eaton
Legal Representative

Buen Manejo del Campo, S. A. de C. V. and Subsidiaries
Consolidated Statement of Comprehensive Income
For the years from January 1 to December 31, 2021 & 2020
(USD)

Annex 2

		2021		2020
Net Sales	$	7,038,268	$	4,155,302
Grants		939,890		1,361,661
Other revenues				60,257
Total revenues		7,978,158		5,577,220
Cost of goods sold		4,006,411		2,287,948
Gross profit		3,971,747		3,289,272
Operative and technical expenses		1,810,854		1,638,000
Sales expenses		1,154,811		1,052,055
Administrative expenses		3,032,845		2,492,975
		5,998,510		5,183,030
Operating loss		(2,026,763)		(1,893,758)
Comprehensive financing result				
Interest expense		763,415		397,251
Interest income				(4,880)
Exchange income		89,083		(2,608,185)
Exchange loss				2,958,587
		852,498		742,773
Loss before taxes		(2,879,261)		(2,636,531)
Income tax (Notes 3j, 15)		(188,479)		(269,008)
Net consolidated loss	$	(2,690,782)	$	(2,367,523)
Other comprehensive incomes				
Conversion effects of foreign currencies		121,124		249,907
Consolidated Comprehensive loss	$	(2,569,658)	$	(2,117,616)

The accompanying notes are integral part of the financial statements

Mexico City, May 20, 2022

Alexander Bennet Eaton
Legal Representative

Buen Manejo del Campo, S. A. de C. V. and Subsidiaries
Consolidated Statement of Changes in Equity
For the years ended December 31, 2021 & 2020
(USD)

Annex 3

		Share capital	Current year loss	Retained Earnings (losses)	Other comprehensive Incomes from the cumulative conversion effects	Total
Equity as of December 31, 2019		7,668,545	(3,563,131)	(967,699)	(360,454)	2,777,261
Transfer of the previous year loss			3,563,131	(3,563,131)		-
Net loss for the year 2020			(2,367,523)			(2,367,523)
Other items from the comprehensive loss					249,907	249,907
Equity as of December 31, 2020		7,668,545	(2,367,523)	(4,530,830)	(110,547)	659,645
Transfer of the previous year profit			2,367,523	(2,367,523)		-
Share capital reimbursement		(7,666,805)		4,727,839		(2,938,966)
Increase of share capital		8,457,978				8,457,978
Net loss for the year 2021			(2,690,782)			(2,690,782)
Other items from the comprehensive loss					121,124	121,124
Equity as of December 31, 2021	$	8,459,718	(2,690,782)	(2,170,514)	10,577	3,608,998

The accompanying notes are integral part of the financial statements

Mexico City, May 20, 2022

Alexander Bennet Eaton
Legal Representative

Buen Manejo del Campo, S. A. de C. V. and Subsidiaries

Annex 4

Consolidated Statement of Cash Flows

For the years from January 1 to December 31, 2021 & 2020

(Amounts in report currency USD)

	2021		2020
OPERATING ACTIVITIES			
Net loss	(2,690,782)	$	(2,367,525)
Depreciation and amortization	173,801		120,589
Gain in assets disposal	-		(7,598)
Bad receivables estimate	462,179		407,344
Net interest	234,576		-329,762
Deferred taxes	192,254		397,251
Currency fluctuation	63,820		
Conversion effects of foreign currencies	-		249,907
	(1,564,152)		(1,529,794)
Changes in operating assets and liabilities			
(Increase) decrease in:			
Accounts Receivables	(2,026,699)		344,725
Recoverable taxes	(1,038,986)		(341,948)
Inventories	(774,841)		(468,780)
Prepaid expenses	-		72,616
Deposits in guarantee	-		(4,812)
Other assets	(10,227)		
Increase (decrease) i:			
Suppliers and accured payables	421,105		(798,831)
Employee profit sharing	-		32,071
Tax payables	54,788		(5,683)
Benefits t employees	-		(9,699)
Other liabilities	31,841		
Net resources used by operating activities	(4,907,171)		(2,710,135)
INVESTING ACTIVITIES			
Fixed assets purchases	(214,971)		(194,483)
Net resources applied in investing activities	(214,971)		(194,483)
Necessary cash to apply in financial activities	(5,122,142)		(2,904,618)
FINANCIAL ACTIVITIES			
Contributed capital	3,109,287		
Interest	(192,254)		(397,251)
Short and long term loans	1,024,792		5,441,840
Net resources generated by financial activities	3,941,825		5,044,589
Net increase (decrease) of cash and cash equivalents	(1,180,317)		2,139,971
Cash and cash equivalents at beginning of year	3,717,901		1,577,930
Cash and cash equivalents at end of year	2,537,584	$	3,717,901

The accompanying notes are integral part of the financial statement

Mexico City, May 20, 2022

Alexander Bennet Eaton

Legal Representative

Buen Manejo del Campo, S.A. de C.V.
And Subsidiaries
Notes to the Consolidated Financial Statements
as of December 31, 2021 and 2020
(Expressed in US dollars)

NOTE 1 – COMPANY BUSINESSES

a) Buen Manejo del Campo, S.A. de C.V. and Subsidiaries (BMC or the Company), is a company incorporated under the Mexican law, a holding company of operating subsidiaries which it owns directly and which jointly have as their main purpose the design, development, manufacture, purchase, sale, leasing, distribution, commission, consulting, representation, export and import and general trade of equipment, systems and technology related to the agricultural sector, rural and urban waste and care of the environment.

The subsidiaries are companies incorporated under the applicable laws of the country in which they are incorporated, reside and operate.

The conformation of BMC is as shown below:

Holding Company		Country of residence and operation
Buen Manejo del Campo, S. A. de C. V.		Mexico
Subsidiary	**Shareholding percentage**	
Buen Manejo del Campo Colombia, S.A.S	100%	Colombia
Good Farmland Management Kenya Limited	100%	Kenya
Buen Manejo del Campo India Pvt. Ltd	99.99%	India
Buen Manejo del Campo, S. A.*	100%	Nicaragua

*See note 2.c)

b) On December 17, 2021, the Shareholders Meeting agreed to carry out a corporate restructuring, which they considered necessary due to the fact that the conditions of some of its investors and external financiers included the establishment of a new holding company. in a country other than

Mexico. For this reason, Buen Manejo del Campo, S. A. de C. V. made changes in its shareholding structure since it had to reimburse the capital stock to shareholders who became part of the new controller and, in turn, to receive new contributions of capital stock for part of established society in the United States of America.

As of the date mentioned, this company goes from being a pure holding company to an intermediate holding company since they maintain the investments in subsidiaries of the same corporate group that they had until the date of the shareholders' agreement.

NOTE 2 – PREPARATION BASES

2.1 Compliance Statement

The attached consolidated financial statements have been prepared in accordance with the Financial Reporting Standards, *FRS*. The *FRS* require that the Company's management, applying its professional judgment, make certain estimates and perform certain assumptions to determine the valuation of some items included in the financial statements. Even though their final effect may differ, the Company's management considers that the estimates and assumptions used are adequate for the circumstances and the issuance date of these documents.

These financial statements and notes will be presented to the General Shareholders' meeting of the Company, which has the power to approve and modify them.

a) **Report currency** – The accompanying financial statements have been prepared in a reporting currency (US dollars), for which the translation of the functional currency was made (Mexican pesos, Indian rupees, Kenyan shillings, Colombian pesos and Nicaraguan cordobas), and this will be used exclusively for the presentation to the General Shareholders´ meeting and to comply with the legal provisions to which the Company is subject.

b) **Conversion of Financial Statements in functional currency to reporting currency** – In order to consolidate the financial statements, these are required to be converted, prior to consolidation, to the same reporting currency; this includes subsidiaries that are considered foreign operations. For this, the Administration applied the guidelines of NIF B-15, "Foreign Currency Conversion" establishing the US dollar as the reporting currency.

c) **Consolidation of Financial Statements** – This process was carried out in accordance with NIF B-8 guidelines, "Consolidated or Combined Financial Statements" and they include those of Buen Manejo del Campo, S.A. de C.V. (parent) and those of the subsidiaries (components) on which it exercises control, regardless of whether their activities and / or their legal status are different from those of the rest of the group entities. Significant balances and transactions between group companies have been eliminated in the preparation of the consolidated financial statements. The consolidation was made based on the audited and unaudited financial statements of the issuing companies as of December 31, 2021.

d) **Use of estimates** – The preparation of financial statements in accordance with IFRS requires that certain estimates be made and certain assumptions be used to value some items in the financial statements and to make the disclosures required therein. However, actual results may differ from those estimates, so it is considered that the estimates and assumptions used were appropriate in such circumstances.

The key relevant assumptions used in determining the accounting estimates are periodically reviewed, and the relative effects, if any, are recognized in the same period and in the future periods affected.

e) **Presentation of the consolidated income statement** – This statement is presented by classifying related costs and expenses by function in accordance with general industry practices.

f) **Presentation of the consolidated statement of cash flows** – This statement is presented using the indirect method provided in NIF B-2 "Statement of Cash Flows".

NOTE 3. SUMMARY OF THE MAIN ACCOUNTING POLICIES

3a. Consolidation Bases.

The consolidated financial statements are made up of the financial statements of the Company. Control is achieved when the Company is exposed, or has the rights, to variable returns from its involvement in the investee and has the ability to influence those returns through its power over it.

Specifically, the Company controls an investee if, and only if, the Company has:

• Power over the investee (example: existing rights that give it the current ability to direct the relevant activities of the investee);
• Exposure, or right, to variable returns from their involvement in the investee; and
• The ability to use its power over the investee to influence the amount of returns that correspond to it as an investor.

The Company's Management considers that it exercises power over its investees by obtaining it directly from the voting rights granted by the capital instruments (shares) that it owns from such investees.

The assets, liabilities, income and expenses of the subsidiaries are included in the consolidated financial statements for the entire year 2021, since there were no acquisitions or disposals of these for which shorter periods should be considered, with respect to the date when the Company started the control or loss of it.

When necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies in line with the Company's accounting policies. All intercompany assets and liabilities, equity, income, expenses and cash flows related to transactions between members of the Company have been eliminated in their entirety on consolidation.

3d. Cash and cash equivalents

They are valued at acquisition cost plus accrued interest or at fair value and consist mainly of available cash, highly liquid demand bank deposits that are easily convertible into cash and are subject to a negligible risk of changes in their value. Interests earned and valuation gains and losses are presented in the income statement as part of financial expenses and products.

3e. Accounts receivable

Trade and other accounts receivable are initially recognized at the transaction price. Most sales are made on the basis of normal credit conditions and accounts receivable do not accrue interest.

At the end of each reporting period, the carrying amounts of trade accounts receivable and other accounts receivable are reviewed to determine if there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognized immediately.

3f. Allowance for doubtful accounts

Accounts receivable are presented at their realizable value, that is, net of the allowance for doubtful accounts (impairment) determined in accordance with the guidelines of NIF C-16 and based on the historical experience that the Management has with respect to credit losses, the conditions of each period and its reasonable and sustainable forecasts of the different quantifiable future events that may affect the cash flows it expects to recover from its accounts receivable.

3g. Inventories

The Company calculates the real realizable values of the inventories, taking into account the most reliable tests available on each reporting date. The future realization of these inventories may be affected by future demand or other market-driven changes that may lower future selling prices.

Inventories are expressed at the lower of cost and sale price minus completion and sale costs. The unit cost of the products is calculated using the first-in-first-out (FIFO) method.

3h. Machinery, furniture and equipment

Investments in machinery, furniture and equipment are recognized at their acquisition cost. Depreciation is determined through the straight-line method based on the estimated useful life of each type of asset.

Type	Rate
Machinery	10%
Office equipment	10%
Transport equipment	25%
Computer equipment	30%
Other equipment	12.5%, 25%, 35% y 50%

3i. Provisions

Provisions are recognized if, as a result of a past event, there is a present, legal or assumed obligation that can be reliably estimated, and it is probable that an outflow of economic benefits will be necessary to cancel the obligation.

3j. Laboral obligations

The Company follows the practice of charging severance payments and seniority premiums to the results of the year in which the amounts corresponding to short-term benefits are paid; the other concepts based on seniority to which workers may be entitled to in the event of separation or death are recorded in the results of the year in which they are due.

As of December 31, 2020, the Company has established a liability, calculated in accordance with the regulatory provisions contained in the Financial Reporting Standards, to recognize and present in its financial information the amount that termination benefits and post-employment benefits could reach, except for what corresponds to the Indian subsidiary in which only short-term benefits are recognized, and to the Nicaraguan subsidiary in which neither short-term nor long-term benefits are recognized.

The Employee Profit Sharing (in Spanish, *PTU*, *"Participación de los Trabajadores en las Utilidades"*) is a benefit that is only applicable in the controlling entity, given its mandatory nature under the Mexican Federal Labor Law. It is recognized in the year in which it is incurred and is recorded within the corresponding costs and expenses item according to the functions performed by the Company's personnel. Deferred Employee Profit Sharing is recognized based on temporary differences according to the assets and liabilities method indicated in NIF D-4 "Income Tax". Active Deferred Employee Profit Sharing is recorded only when it can be reasonably presumed that it will generate a future profit and there is no indication that this situation will change in the future.

3k. Revenue recognition

Revenues are recognized in the period in which the risks and benefits of the inventories are transferred to the customers who acquire them, which generally occurs when said inventories are delivered in fulfillment of the orders placed by the customers.

3l. Foreign currency transactions and consolidation of foreign subsidiaries

When preparing the individual financial statements of the parent company and each subsidiary, operations in foreign currencies carried out in currencies other than the functional currency of each reported unit are recognized at the exchange rates prevailing on the dates of the operations. At the end of the year, monetary items denominated in foreign currency are converted back to the exchange rates prevailing on that date. Non-monetary items that are measured in terms of historical cost in foreign currency are not converted back.

The exchange fluctuation is recognized in the consolidated net income of the period in which it arises, except for:

• The variations in the net investment in foreign subsidiaries generated by the exchange rate fluctuation that are included in the other accumulated items that, if applicable, form part of the comprehensive income (loss) that is recorded within equity as part of the accumulated translation adjustment within the statement of comprehensive income.
• Intercompany financing balances of subsidiaries abroad are considered long-term investments when their payment is not planned in the short term, so the monetary position and exchange fluctuation generated by such balances are recorded in the accumulated / accrued profit or loss account for conversion in stockholders' equity as part of the other accumulated items of comprehensive income (loss).

3m. Income Tax

Income tax is determined in accordance with current tax provisions. It is recorded in the results of the year in which it is incurred, except that which originates from a transaction that is recognized in *Other Comprehensive Income* (ORI) or directly in a caption of the stockholders' equity.

Deferred taxes are determined based on the assets and liabilities method, which consists of comparing the accounting and tax values of assets and liabilities, from which temporary differences arise, both deductible and accumulative. To all the resulting temporary differences, including the benefit of tax losses to be amortized, the tax rate that will be in effect for at least the following fiscal year is applied and it is recognized as a deferred asset or liability. Active deferred tax is recorded only when there is a high probability of doing so.

3n. Loans

Loans are initially recognized at fair value, net of incurred transaction costs. Loans are subsequently recorded at amortized cost using the effective interest method; any difference between income (net of transaction costs) and the redemption value is recognized in the profit and loss account over the period of the loans.

Loans are classified as current liabilities unless the company has the unconditional right to defer the settlement of the liability for at least 12 months after the balance sheet date.

3o.- Recognition of the effects of inflation on financial information

In accordance with FRS, the Company must recognize the inflationary effects in its financial information and that of its subsidiaries when operating in hyperinflationary environments (when the accumulated inflation of the last three years approaches, or exceeds, 100% or more, in addition to other qualitative factors). For the year 2020 and the two previous ones, accumulated inflation did not correspond to that of a hyperinflationary environment, therefore such effects were not recognized.

NOTE 4. CASH AND CASH EQUIVALENTS

As of December 31, 2021, and 2020, the composition of the Cash and Cash Equivalents Item is as follows:

Concept		2021		2020
Cash fund	$	4,819	$	4,155
Bank deposit		2,532,765		3,713,745
Total	**$**	**2,537,584**	**$**	**3,717,900**

NOTE 5. ACCOUNTS RECEIVABLE

a) As of December 31, 2021, and 2020, the composition of accounts receivable is as shown below:

Concept		2021		2020
Clients	$	5,037,378	$	3,602,147
Deposit to apply to invoices		(5,794)		(449,069)
Allowance for doubtful accounts		(1,043,107)		(734,587)
	$	**3,988,477**	**$**	**2,418,491**

The balance of the "Deposits to apply to invoices" account, which at the end of 2020 was $449,069, was duly purged during 2021 and the corresponding charges were applied to customers; the balance as of December 31, 2021, is considered irrelevant and corresponds, for the most part, to transactions of this year.

b) The determination of the estimate of uncollectible accounts (impairment), applicable only to the accounts receivable of the controlling entity before consolidation, was carried out considering the following elements:

Evaluation	Estimated amount
The reserve for doubtful accounts comes from the expected loss on accounts receivable from customers accumulated from 2015 to the end of fiscal year 2021. The estimated loss for the years prior to 2018 is 100%, for the following years the following is estimated percentage; 2018: 60%, 2019: 25%, 2020: 4% and in 2021: 3% (equivalent in 2021 to the total number of customers with delays in their payments for more than 90 days).	676,018

The reserve for doubtful accounts comes from the Nicaraguan subsidiary (Buen Manejo del Campo, S.A.). The corresponding invoices were issued during 2018. The subsidiary currently generates very limited sales and the inventory is identified as obsolete. We conservatively estimate that 100% of those invoices are considered difficult to recover.	367,089
Allowance for doubtful accounts	$ 1,043,107

NOTE 6. INVENTORIES

As of December 31, 2021, and 2020, the composition of the inventories is as shown below:

Concept		2021		2020
Raw material	$	2,204,537	$	272,504
Finished product		50,736		1,200,802
Production in process		16,370		13,972
Manufacturing process				272,504
Total	**$**	**2,271,643**	**$**	**1,643,242**

NOTE 7 – FURNITURE AND EQUIPMENT

As of December 31, 2021, and 2020, investment in property, machinery, furniture, and equipment is as follows:

2021:

Concept	Investment	Accumulated depreciation	Net investment
Machinery	313,900	162,019	151,881
Transportation equipment	416,601	227,236	189,365
Office equipment	133,810	42,819	93,991
Computer equipment	116,650	67,390	49,260
Intangible assets	17,393	1,440	15,953
Total	1,001,354	364,567	500,450

2020:

Concept	Investment	Accumulated depreciation	Net investment
Machinery	206,215	113,188	93,027
Transportation equipment	439,428	189,908	249,520
Office equipment	100,350	23,286	77,064
Computer equipment	74,227	38,185	36,042
Total	820,220	364,567	455,653

NOTE 8 – SHORT TERM LOANS

As of December 31, 2021, and 2020, this item is as follows:

2021:

Institution	Country	Foreign currency loan	Currency	Due date	Balance as of 31/dic/2021 in reporting currency
(*) Lendahand	The Netherlands	$ 1,500,000	Eur	May 20, 2023	1,524,360
				Total	1,524,360

2020:

Institution	Country	Foreign currency loan	Currency	Due date	Balance as of 31/dic/2020 in reporting currency
(*) Lendahand	The Netherlands	$ 1,500,000	Eur	April 1, 2020	785,540
Social Alpha Inv Fd-Bastion	Luxemburg	1,639,676	USD	August 1, 2020	438,082
(**) Stichting Hivos-Triodoscon	The Netherlands	1,000,000	USD	August 1, 2020	1,001,331
Kenya Climate Venture	Kenya	319,794	USD		319,794
				Total	2,224,954

Interest rates on these loans range from 6% to 11%.

(*) The contract with Lendahand works similarly to a revolving credit. Sistema.bio can choose the amount of each provision monthly with terms between 6 and 36 months. 92% expires in 2022 and the rest in 2023, so it is considered in the short-term category.

NOTE 9 - LONG TERM LOANS

As of December 31, 2021, this item is as follows:

2021:

Institution	Country	Foreign currency loan	Currency	Due date	Balance as of 31/dic/2021 in reporting currency
(***) Kiva Micro Funds	USA	442,748	USD	30 days after your notification	350,530

(**) Shell Foundation	The United Kingdom	500,000	USD	January 20, 2022	501,185
Benificial Returns LLC	USA	75,000	USD	February 22, 2023	23,806
Ecoenterprises Partners 111, LP	USA	1,000,000	USD	March 6, 2026	854,108
(****) Stichting Hivos-Triodoscon	The Netherlands	1,000,000	USD	May 25, 2024	1,002,370
				Total	$ 5,237,923

Interest rates on these loans range from 6% to 12%.

(**) The Shell Foundation repayable Grant does not accrue interest and will only begin to be paid under certain conditions and not before the next 5 years.

(***) The Kiva loan is a non-recourse loan in which Kiva takes the credit risk on the company's clients with terms of up to 24 months. Kiva may decide to terminate the Agreement by giving 30 days' notice, but does not affect the refund schedule for customers accepted prior to the termination date.

(****) For the loan with Stichting Hivos-Triodoscon from May 5, 2021, its maturity has been extended to 30 months for 50% and 36 months for the other 50% of the debt.

NOTE 10 – LABORAL OBLIGATIONS

a) The Company has the following labor obligations attributable to the controlling entity derived from the Federal Labor Law:

   Compensations
   Those workers who are dismissed for unjustified causes have the right to collect compensation that will be set in the terms of the Federal Labor Law.

   Seniority bonus
   Workers who stop providing their services to the Company have the right to collect a seniority premium, which will be computed under the terms established by the same Law.

   As of December 31, 2021, the Company recognizes the liability for employee benefits in accordance with the guidelines contained in NIF D-3, as amended and effective as of Jan. 1, 2016, through an actuarial study carried out by an independent third party. The amount of the projected net liability presented in the statement of financial position as of December 31, 2021 is for $ 41,656 and the net cost for the period presented in the statement of income was ($8,102).[1]

b) Retirement benefit costs in the Kenyan subsidiary

   The employer and employees contribute to the National Social Security Fund. This fund is a defined contribution scheme registered under the National Social Security Fund Law. The company's obligations under this scheme are limited to contributions that are determined under local rules and are currently limited to a maximum of $ 1.83 per month per employee.

[1] Refer to note 12 to the individual financial statements of the parent company for detailed calculations.

NOTE 11 – EQUITY

a) As of December 31, 2021, the Company´s capital stock is comprised as follows:

Nationality	Series	Type	Amount
Mexico	Series A	Fixed	1,740.10
USA	Series B	Variable	8,457,978
		Total capital	7,459,718

b) The results of the consolidation of the financial statements do not have tax effects for the Company in accordance with the tax legislation in force. The profits that it will receive from its foreign subsidiaries are subject, in general terms, to Income Tax in the year they are made.

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The provisions referred to in subsections c to h below are applicable only to the tax environment of the controlling entity:

c) On December 17, 2021, the Shareholders Meeting agreed to a decrease, through reimbursement, of its capital stock for an amount of $10,035 in its fixed part and $7,656,770 in its variable part.

d) On the other hand, on the same date an increase in the capital stock was agreed upon, which was covered by the contribution made by the foreign company Sistema.bio, Inc. for an amount of $8,457,978.

e) The distribution of dividends from retained earnings and other capital reserves, as well as distributed earnings derived from capital reductions, will be taxed for purposes of Income Tax (ISR) applying the rate in effect on the date of distribution or reduction on a pyramid basis, except when the distribution of dividends comes from the Net Tax Income Account (CUFIN) and when the distributed profits derived from capital reductions come from the Updated Contribution Capital Account (CUCA).

f) The tax paid for said distribution may be credited against the income tax for the year in which it is paid and in the two immediately following years against the tax for the year and the provisional payments of Income Tax.

g) The balance of the Net Tax Income Account generated up to December 31, 2013, updated as of December 31, 2021 is $ 0.

h) The balance of the Updated Contribution Capital Account (CUCA) determined in accordance with the applicable provisions of the Income Tax Law as of December 31, 2021 amounts to $ 9,596,270. Any capital reduction that is made for amounts greater than this account must be treated as dividends and, where appropriate, would cause Income Tax.

i) The payment of dividends and distributed profits from profits generated as of January 1, 2014 to shareholders, individuals and residents abroad, are subject to an additional 10% of income tax on dividends as the definitive payment in Mexico.

j) Pursuant to transitory provisions of the Income Tax Law, it is stated that the aforementioned withholding will only be applicable to the profits generated as of fiscal year 2014; The amount of the Net Tax Income Account generated as of 2014, updated as of December 31, 2020, is $ 0.

NOTE 12 – INCOME TAXES

Income tax is incurred at the rate of 30% on the tax result, which differs from the accounting profit mainly due to permanent differences, such as the annual adjustment for inflation and expenses that are not deductible.

The Company follows the practice of fully recognizing the effects of deferred taxes as established in NIF D-4 "Income Taxes", issued by the CINIF.

The determination of the deferred Income Tax was made through the assets and liabilities method that compares their accounting and tax values; this comparison results in temporary differences to which the corresponding tax rates are applied.

As of December 31, 2021, the consolidated financial statements include the recognition of the guidelines of NIF D-4 Income Taxes, so the statement of financial position recognizes the balance of Deferred Income Tax as of that date and the income statement includes the deferred effect of the year.[2]

NOTE 13 – INCOME TAX AND PROFIT SHARING TO EMPLOYEES[3]

a) In the current fiscal year, the company did not cause an income tax (ISR) by virtue of the fact that it generated a tax loss of $ 598,568.

b) For fiscal year 2021, the company did not determine Employee Profit Sharing in the amount in accordance with the provisions of the Federal Labor Law and the Income Tax Law. Likewise, a deferred Employee Profit Share was determined for ($ 3,782) dollars because of the application of NIF D-4. Therefore, these items make up the Effective Employee Profit Share presented in the statement of results and in the statement of financial position.

NOTE 14 – TAX LOSSES FOR AMORTIZATION[4]

The Company has generated tax losses in previous years, which are summarized below:

Exercise in which it was caused	Amount of tax loss	Updated tax los	Amortization in 2020	Loss to amortize	Prescription year
2018	$ 299,580	$ 320,336	$ 315,079	5,105	2028
2019	544,426	593,309		593,309	2029
2021	598,568	617,603		617,603	2031
Total	**$ 1,442,574**	**$ 1,531,248**	**$ 315,079**	**$ 1,216,017**	

NOTE 15 - CONTINGENCIES

In accordance with the Income Tax Law, the Companies that carry out operations with domestic and foreign related parties are subject to limitations and tax obligations, regarding the determination of the agreed prices,

2 Refer to note 15 to the individual financial statements of the parent company for detailed calculations.
3 Provisions applicable only to the tax and labor environment of the controlling entity
4 Amortizable losses only against tax profits generated by the controlling entity.

since these must be comparable to those that would be used with or between independent parties in comparable transactions.

In the event that the tax authorities revise the prices and reject the determined amounts, there could be, in addition to the collection of taxes with their corresponding update and surcharges, penalties on the omitted contributions, which could possibly be up to 100% on the updated amount of contributions.

For fiscal year 2021 and 2020, the Company commissioned an independent third party to carry out the transfer pricing study to document the transactions performed with its related parties in accordance with the provisions of the Income Tax Law.

NOTE 16 - OPERATING COMPANY CONSIDERATIONS

a) At the end of 2020, the company was still in a construction phase with a presence in countries such as Kenya, India and Colombia, which likewise continue to grow to seek profitability. Growth, although slowed down in 2020 due to the pandemic, has been important and has potential in 2021. Purchase orders already received cover a significant part of the year's sales target, new income from carbon credits will contribute to the margin improvement. The company's business plan foresees reaching the break-even point in 2022, including Carbon revenues and grants. The budget approved by the Board of Directors for 2022 still anticipates a loss without Carbon and Grants of USD 1.9m.

b) The absorption of accounting losses from previous years by the partners in December 2021, and the capitalization of liabilities in 2021, as well as a contribution of 2.5 million dollars in January 2022 in the company from the raising of capital in the new US holding company Sistema Bio Inc. of 10 million dollars in 2021. Obtaining cash flows through convertible debt in 2020 demonstrates the support of current investors and the viability they observe in granting these financings, these contributions they will be supplemented by the automatic conversion of part of the convertible debt.

   The actions indicated in the previous paragraph were partially carried out since the Shareholders' Meeting agreed on a corporate modification as explained in notes 1 and 13, which allowed reducing the impact of accumulated losses from previous years.

c) Additionally, the company has two carbon bond programs that offset Co2 emissions applicable to 4,636 biodigesters installed each year.

   In Mexico, the company has a long-term purchase-sale agreement ("Offtake agreement") with a guaranteed price for the respective carbon bonds for 10 years. In Kenya, carbon credits are sold each year at market price after verification of the amount of CO_2 tons effectively reduced, each installed biodigester generates income throughout its estimated useful life of at least 10 years. Therefore, Management considers that there are solid bases to expect future revenues between 2022 and 2028 that will partially offset the losses at the end of 2021.

NOTE 17. EFFECTS OF THE IMPACT OF THE COVID 19 PANDEMIC.

a) On March 27, 2020, the Federal Government of the United Mexican States, in response to the recommendations made by the World Health Organization, declared the SARS-CoV2 virus "COVID19" a pandemic, ordering the immediate suspension of non-essential activities as of March 30, 2020, in order to mitigate the spread and transmission of the virus.

   The result of the SARS-CoV2 "COVID19" pandemic had a major impact on the company, as sales were primarily concluded after face-to-face events with potential customers. The company had to adapt, reach customers through new means, and reduce its costs. The activities, both operational and administrative, had to be limited for the safety of the employees. Even with the conditions that had to be met during the year, net income went from $ 82,631,239 to $ 100,996,107.

b) The effects of the pandemic due to the SARS-CoV2 "COVID19" virus for fiscal year 2021 produced an approximate 25% decrease in revenues in relation to the previous year, this was due to the fact that sales mainly concluded after face-to-face events with potential customers. Activities, both operational and administrative, had to be limited for the safety of the employees. Clients, mostly farmers with medium-low resources, were significantly impacted in their cash flow, so the company kept its prices unchanged despite inflation of more than 7% in all our markets.

   Specifically, the company was affected by the strong and rapid wave of infections in Mexico and in its subsidiary in India starting in May 2021 when the installation programs had to stop for several weeks. This meant that the sale of approximately 3,000 biodigesters had to be carried out with customer credit terms of between 4 to 6 months. Those programs require the hiring of temporary workers and those hirings had to restart losing the considerable work that had been done. Sistema.bio had to find emergency short-term financing at a cost of USD 40,000

NOTE 18. RECENTLY ISSUED REGULATORY PRONOUNCEMENTS

Mexican Board for Research and Development of Financial Reporting Standards (CINIF) has issued following FRS:

As of and after January 1, 2022, some provisions of the following NIFs and improvements to the NIFs, issued by the Mexican Council of Financial Information Standards, A.C., come into force. (IFRC). The main changes that could apply to the Entity are described below:

Improvements to the FRS that generate accounting changes

NIF B-15, “Foreign Currency Conversion”- NIF B-15 includes a practical solution in the form of an exception whereby the financial statements may be issued in a reporting currency that is the same as the recording currency, even when both are different from the functional currency, without carrying out the conversion to the functional currency. It is explained in the bases for conclusions of NI F B-15 that the previous exception is allowed for practical sense when the financial statements that are used for legal and tax purposes must be prepared in a reporting currency that is the same as the recording currency. .

In November 2008, INIF 15, Financial statements whose reporting currency is the same as the recording currency, but different from the functional currency, was issued to explain the exception. The CINIF considered it convenient to keep said exception by incorporating the explanations included in INIF 15 into NIF B-15, thus repealing this INIF.

NIF B-10, “Effects of inflation” - NIF B-10, Effects of inflation, requires certain disclosures when the entity operates in a non-inflationary economic environment. IAS 29, Financial Reporting in Hyperinflationary Economies, does not require such disclosures.

The CINIF has concluded that such disclosures must be conditioned to relevant situations, for example, when it is seen that inflation is increasing and could lead to a change in the inflationary environment.

NIF C-6, "Property, plant and equipment" - NIF C-6, Property, plant and equipment, requires the disclosure of the time in which it is planned to carry out the constructions in process, when there are approved plans for these. IAS 16, Property, Plant and Equipment, does not establish a similar disclosure.

Improvements to the FRS that do not generate accounting changes

NIF B-6, "Statement of financial position" - As a result of the issuance of new NIFs, new items have emerged that must be added to the lists of assets and liabilities in NIF B-6.

NIF B-1, Accounting changes and error corrections - It was detected that paragraph 12 duplicates what is already established in paragraph 21 of NIF B-1, for which the CINIF considers it appropriate to adjust the wording of paragraph 12 itself and of paragraph 11 above, hoping to give greater clarity to the rule.

Management estimates that the adoption of this new NIF will not generate significant effects.

NOTE 19 - AUTHORIZATION DATE FOR THE ISSUE OF THE FINANCIAL STATEMENTS

On May 20, 2022, the Company's Administration, through its legal representative, Mr. Alexander Bennet Eaton authorized the issuance of its financial statements, which are subject to the approval of the Company's Shareholders' Meeting, who may decide to modify them in accordance with the provisions of the General Law of Commercial Companies.

These notes are an integral part of the consolidated financial statements as of December 31, 2021.

Sistema.bio, Inc
Statement of Financial Position as of December 31, 2021
(Not consolidated, Not audited)
(USD)

Apendix I
Annex 1

		2021
ASSETS		
Current		
Cash and cash equivalents	$	7,498,990
Total current assets		7,498,990
Non-current		
Investment in subsidiaries		8,362,059
Total non.current assets		8,362,059
Total assets	$	15,861,049
EQUITY		
Share capital		15,862,059
Net loss for the current year		(1,010)
Total equity	$	15,861,049

Sistema.bio, Inc
Income Statement for the year from December 1, 2021, to December 31, 2021
(Not consolidated, Not audited)
(USD)

Apendix I

Annex 2

		2021
Net revenue	$	-
Gross profit		-
Administrative expenses		1,010
Loss before taxes		(1,010)
Income taxes		-
Net loss	$	(1,010)

Apendix II
Annex 1

Sistema.bio, Inc
Statement of Financial Position as of December 31, 2021
(Consolidated, Not audited)
(USD)

ASSETS	2021
Current	
Cash and cash equivalents	$ 10,036,574
Receivables	
Clients (Note 5)	3,988,477
Debtors	221,391
Recoverable taxes	1,617,334
	5,827,202
Inventories (Note 6)	2,271,643
Prepaid expenses	67,539
Deferred taxex (Note 12)	960,706
Total current assets	19,163,664
Non-current	
Deposits in guarantee	3,252
Property, furniture and equipment (Notes 7)	500,450
Total non-current assets	503,702
Total assets	$ 19,667,366

LIABILITIES	2021
Current	
Suppliers	$ 1,161,720
Accrued accounts	485,219
Short term loans (Note 8)	1,524,360
Tax payable	108,500
Total current liabilities	3,279,799
Non current	
Benefits to employees (Note 10)	41,656
Long term loans (Note 9)	5,237,923
Total non-current liabilities	5,279,579
Total liabilities	8,559,378
EQUITY (Note 11)	
Share capital	15,959,718
Retained losses	(2,170,514)
Net loss for the current year	(2,691,792)
Other comprehensive Incomes from the cumulative conversion effects	10,577
Total equity	11,107,988
Total liabilities and equity	$ 19,667,366

Sistema.bio, Inc
Comprehensive Income Statement for the year from
December 1, 2021, to December 31, 2021
(Consolidated, Not audited)
(USD)

Apendix II

Annex 2

		2021
Net Sales	$	7,038,268
Grants		939,890
Total revenues		7,978,158
Cost of goods sold		4,006,411
Gross profit		3,971,747
Operative and technical expenses		1,810,854
Sales expenses		1,154,811
Administrative expenses		3,033,855
		5,999,520
Operating loss		(2,027,773)
Comprehensive Financing Result		
Interest expense		763,415
Exchange income		89,083
		852,498
Loss before taxes		(2,880,271)
Income tax		(188,479)
Net Consolidated loss	$	(2,691,792)
Other comprehensive incomes		
Conversion effects of foreign currencies		121,124
Consolidated comprehensive loss	$	(2,570,668)