

BINA ORMASEL, S.A.P.I. DE C.V.

To the shareholders of Bina Ormasel, SAPI de CV:

Bina has a net loss of \$118.6 thousand pesos according to normal accounting standards.

This amount includes \$490 pesos in capital gains and a decrease of \$119.1 thousand pesos in unrealized losses. These amounts are after taxes.

Since Bina did not have full business operations in 2022, we do not have operational results.

To the point

- Guillermo, I don't have time to read this letter. What should I do in simple terms?
- Increase your ownership in Bina significantly, without harming your financial situation.

Inflation, Interest Rates, and the Market

In 2022, the world entered a more complex situation than in the previous four decades.

In my first letter of 2020, I noted that we were starting a global change process that would bring uncertainty to the overall reality.

Events like the COVID-19 pandemic triggered extraordinary reactions. Among these were economic stimulus packages in many countries. This was also accompanied by perhaps an exaggeration of hopes that humanity was doing better than it actually seems.

This phenomenon of putting a large amount of money into circulation happened to different degrees in various countries, including Mexico. Therefore, it is a general global phenomenon and one of the main reasons for the sudden changes in exchange rates of all currencies.

I will support this with some market price figures from a graph we discussed in the shareholders meeting on May 7, 2022.

	M1: Outstanding Dollars; coins and bills (trillions)	Global population (billions)	% Change in outstanding M1 money	% in population	Outstanding Dollars per human
aug-82	\$0.5	4.6			\$99
aug-92	\$1.0	5.5	+116%	+19%	\$181
aug-02	\$1.2	6.3	+21%	+15%	\$191
aug-12	\$2.4	7.1	+99%	+13%	\$337
aug-22	\$20.3	8.0	+750%	+13%	\$2,542

The stock market environment changed quickly after political events and many disappointments. This created a widespread fear that affected how people viewed the value of things, leading to a situation full of opportunities.

Now, I want to draw your attention to a phenomenon that occurred in the last four years (let's look closely at the previous table).

Since COVID-19, central banks have increased the number of dollars in circulation worldwide. This means that more dollars are being used to buy roughly the same amount of goods and services to meet the needs of families around the world.

This sudden "flood" of dollars happened through loans or direct economic support. This is why we see high prices in various markets, like the stock market and the real estate market.

	% Change in M1 money circulation	% Inflation	% Change in Interest Rate	% US Market
sep-19	+5%	+1.7%	-23%	0%
sep-20	+340%	+1.4%	-13%	+18%
sep-21	+16%	+5.4%	-2%	+32%
sep-22	+2%	+8.2%	+98%	-12%

	M1 (trillions of USD outstanding)	US Consumer Price Index	Interest Rate for Corporate Debt Baa	S&P500 Index
sep-18	3.7	252	4.8%	2,897
sep-22	20.3	297	6.4%	3,986
Change 2018-2022	+448%	+18%	+32%	+38%

We can see the impact of this sudden flow of money on the results of companies that were ready to grow during lockdowns, such as e-commerce, entertainment, and technology companies with little competition.

Then, there was an exaggeration in market prices from 2019 to 2021. I pointed out this stimulus in my 2020 letter:

"The problem with the current situation is that the huge amount of money injected into the American economy has significantly affected market prices in the U.S. Although the Federal Reserve says that the economy is facing a global recession worsened by the lockdown, the U.S. market shows signs of strong economic momentum. This has pushed the prices of most assets to levels that might be considered very high."

As the market reached its highest value, inflation started to rise, increasing the cost of living for families in 2021. Suddenly, the cost of borrowing money increased, leading to a drop in stock prices in 2022. This also caused widespread panic in the market.

As I write these lines, the world is going through geopolitical adjustments, and a global recession seems likely. This will affect the results of major corporations in different regions, leading to "disappointing" outcomes. Just as there was exaggeration when money was cheap, now there is concern and anxiety as borrowing becomes more expensive.

The Vision of Bina in the Current Context

I write all of this to give you a context of reality as I see it. As I mentioned in the first letter, we want Bina to last for many years while keeping the goal of creating wealth for everyone. The plan for increasing capital remains generally the same.

We achieve this by making Bina reach its essential business value at its highest possible dignity.

Bina's goal is still to become partners of extraordinary businesses at reasonable prices. We do this through careful selection, practical fundamental analysis, and patiently partnering with good business ideas. As for our positions, they remain at similar levels to the report from May.

I made a mistake. I should have waited a few more months with patience before the current situation started, which would have given us a much larger position in the businesses we own.

I have not made significant moves except to increase our position. If I had more cash, I would continue investing in this and other outstanding businesses that are slowly becoming available at discounted prices. We will not take losses because I believe we are facing a temporary situation with truly exceptional businesses, and their intrinsic value will exceed the costs we have incurred.

Investments

Our capital is invested in these companies that we do not control. Below is a list of our four main positions as of December 6, 2022.

<i>Shares</i>	<i>Company</i>	<i>Cost*</i>	<i>Market</i>
		<i>(000's pesos)</i>	
113	Alibaba Group Holding Limited	\$278.2	\$197.7
26	Meta Platforms Inc	105.5	58.0
8	Bank OZK	6.9	6.0
2	Skyworks Solutions Inc.	7.4	3.7
	Otras**	2.9	1.1
	Market Value of Total Investments in Shares	<u>\$400.9</u>	<u>\$266.6</u>

* This is the purchase price.

If interpreting these numbers makes you feel anxious, please contact me.

My opinion about Alibaba and Meta Platforms is the same as what I described in last year's annual report. Both businesses have a significantly higher intrinsic value than what the market currently reflects. The only change is that the market has a very different short-term opinion of them compared to mine. I believe these differences are not permanent.

The widespread drop in prices and the ongoing disappointment in the markets are creating many wonderful opportunities that we will take advantage of as we have available capital to invest.

Integration of Betsela into the Bina Ecosystem

"Listen carefully: A sower went out to sow."

Mark 4:3

This year, I focused on solving the value generation equation for Bina to increase its overall size and how to participate in private businesses.

In 1962, Everett Rogers proposed the "Innovation Diffusion Model" to describe the lifecycle of projects and ideas.

In this model, if we assume that a business depends on a single outstanding product, we would say that in Bina, we acquire shares in companies whose recognition has reached the majority of the population (+84%) in their respective markets.

The only purpose of Betsela when I founded it eight years ago was to serve as a family asset vehicle for managing Bina. Now, from this point forward, Betsela's role expands to function as a private "venture capital" company.

It will focus on what I call "mustard seeds." These are simply businesses in a very early stage, basically at the start of the growth curve.

These "mustard seeds" have the potential to yield abundant results. They are led by wonderful entrepreneurs who apply integrity, initiative, and humility, and especially specialize in "deep work."

This person understands that they could benefit from a partner with experience like Betsela, which can help apply good judgment in designing a product and deliberately expanding that idea.

In other words, Betsela is a "business sower" that invests wisdom, courage, and special considerations in designing and preparing a valuable business idea. This is done within a strong relationship with these adventure partners in private businesses.

The businesses we participate in through Betsela cover a wide range of commercial activities, but each must be considered on a case-by-case basis. The focus in designing these businesses will be on generating cash flow in exchange for an ownership share in the company. A concrete example of this is "Superinversores," a project I am personally leading.

This activity is risky by nature because only 1 out of 100 attempts truly stands out. However, it does not pose any risk to the partners of Bina. Part of the money that Betsela receives will be used to buy shares in Bina.

Then, outstanding businesses will be transferred to Bina at the right time. This will happen with the integration of other strategic partners and when the overall agreement is built on a decentralized relationship of trust.

Changes in the Relationship of Bina

Bina will continue to focus on investing capital in wonderful businesses. The goal is to navigate an unpredictable future and achieve greater intrinsic value than the average in the American market.

At Bina, we dedicate ourselves to discipline, study, effort, analysis, wisdom, and willpower. We practice patience and intelligence to build a strong intellectual framework. We also work on developing good character to control our thoughts, emotions, behavior, expectations, and actions.

Additionally, I will increase communication about teaching, business philosophy, and value. This will help train partners to make wise decisions. If there are any specific topics you would like us to discuss, please let me know.

The integration of Betsela allows us to access private businesses in their early stages. We will only pass on those that establish themselves successfully, increase the intrinsic value of Bina, and can be managed in a decentralized way. At the same time, this will change the relationship between Bina and its partners.

This year, Rocío Cynthia González Paredes, a dear friend, is helping us with all accounting and tax matters.

Rocío is excellent and very professional. She and her family have built a great team of experts who support businesses of different sizes with various challenges in many industries. I highly recommend her services (finanzas@fhacea.com).

As you may have noticed, there is a fundamental adjustment in how we will report. Although Rocío mentioned that we will use the calendar year for authorities, our reports will be based on the natural calendar of the seasons. This means our year will end after summer.

The most significant change is that we will start a policy of dividends every year. This means that a part of the profits will be given to the partners, while another portion will be reinvested to continue doing business.

The distribution of dividends will be accompanied by clear and simple communication. This will encourage Bina partners to step out of their comfort zones and consider one share of Bina as a way to be more generous with the dividends distributed each year.

Dividends can be seen as a tool to practice generosity. By sharing the dividends they receive, people can support causes that help others with fewer opportunities to solve problems of scarcity, even if these actions seem small.

What can you do about this situation?

The truth is that no one can predict the future.

We do not know what will happen in the coming years with inflation and a possible recession or how long it will last. While some people observe repeating cycles throughout history, this particular situation has not been experienced globally on this scale.

Bina's response focuses on creative value in three areas.

I believe that to get through uncertain times like these, each of us should focus on using our time wisely. We need to make smart decisions, stay disciplined to do deep work, and live with integrity according to our principles.

A couple of months ago, I published a book that summarizes this philosophy well. I suggest it as a guide for our entrepreneurial adventure with Betsela: “How to Value Your Days: (or How to Make Up from Lost Time) and Some Notes”

<https://www.amazon.com/dp/B0BD1V2GS7>

The second way is to increase your participation in Bina. This will allow us to take advantage of existing value offers in the market while panic spreads over the next few months.

The third way is to invite you to think about whether you would like us to start working together on that business project you have always wanted to begin but haven't found the right partner for. If that's the case, please contact me, and let's see if we can start the project together.

While Betsela's activities are not limited to doing business with Bina partners, you definitely have priority over those who are not Bina partners.

One of the advantages of Betsela joining the Bina ecosystem is that it solves the issue of Bina's advertising.

Mexican regulations prevent us from offering shares publicly, but there are no limits on how many partnerships we can have to conduct business.

The culture of Betsela is the same as Bina's. We treat everyone with respect, equality, loyalty, and fairness. We always act with clarity, professionalism, transparency, and honesty.

If you are having trouble getting the book right now, please let me know, and I will send it to you at no cost.

As we have said from the beginning, we will only discuss our activities at Bina and Betsela as legally required. You can be sure that our conversations will remain confidential.

A good investment is rare, valuable, and faces competition. We usually do not talk about our investment ideas or the businesses in our portfolios, including stocks we have sold. However, we often discuss our business and investment philosophy.

The Annual Meeting

The annual meeting will again be held virtually. It is usually at the beginning of December, but this time, since I took a little more time to prepare this letter, I decided it is best to move the meeting to January 14, 2022, at 6:00 PM (Central Mexico Time).

I will prepare a general presentation. You may have questions, so if you think of any before the meeting, please let me know. I will do my best to explain the answers in the presentation material.

December 7, 2022

Guillermo Estefani M.
Chairman of the Board