

**NUEVA ELEKTRA DEL MILENIO, S. A. DE C. V.  
AND SUBSIDIARIES  
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF MARCH 31, 2024 AND DECEMBER 31, 2023  
AND FOR THE THREE-MONTH PERIOD ENDED  
MARCH 31, 2024 AND 2023**

Nueva Elektra del Milenio, S. A. de C. V. and subsidiaries  
Condensed consolidated financial statements as of March 31, 2024  
and December 31, 2023, and for the three-month period ended  
March 31, 2024 and 2023

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Nueva Elektra del Milenio, S. A. de C. V. and subsidiaries

Condensed consolidated statements of financial position  
 March 31, 2024 and December 31, 2023  
 (Thousands of Mexican pesos)

	Note	<u>2024</u>	<u>2023</u>
<b>Assets</b>			
<b>Current</b>			
Cash and cash equivalents		\$ 9,523,329	\$ 7,479,121
Investments in securities	5	<u>3,669,841</u>	<u>4,691,501</u>
		<u>13,193,170</u>	<u>12,170,622</u>
Accounts receivable:			
Related parties	7	25,565,377	26,024,668
Accounts receivables, net	6	3,889,343	2,992,445
Recoverable taxes		1,759,356	1,659,323
Senior notes service reserve		1,077,035	1,081,389
Account receivable with collateral agent		850,526	593,868
Other accounts receivable		<u>2,934,195</u>	<u>2,777,513</u>
		<u>36,075,832</u>	<u>35,129,206</u>
Inventories, net	8	<u>6,518,336</u>	<u>6,485,916</u>
Prepayments		<u>1,581,677</u>	<u>1,572,921</u>
Assets held for sale		<u>36,423</u>	<u>36,435</u>
<b>Total current assets</b>		<u>57,405,438</u>	<u>55,395,100</u>
Investments in securities	5	1,749,522	1,772,128
Related parties	7	15,665,829	15,792,230
Investment in stores, furniture and equipment, net	9	4,477,621	4,750,597
Right-of-use assets	10-b	10,363,383	10,425,172
Deferred income tax		4,544,419	4,606,990
Investment in associates		966,322	978,671
Other assets		<u>459,142</u>	<u>512,458</u>
		<u>38,226,238</u>	<u>38,838,246</u>
<b>Total assets</b>		<u>\$ 95,631,676</u>	<u>\$ 94,233,346</u>

**Nueva Elektra del Milenio, S. A. de C. V. and subsidiaries**  
**Condensed consolidated statements of financial position (Continued)**  
**March 31, 2024 and December 31, 2023**  
**(Thousands of Mexican pesos)**

	<u>Note</u>	<u>2024</u>	<u>2023</u>
<b>Liabilities</b>			
<b>Current</b>			
Senior notes	12	\$ 4,586,450	\$ 1,689,350
Trade payables		6,430,405	5,114,557
Related parties	7	37,232,879	36,344,893
Provisions		3,319,460	3,406,364
Lease liabilities	10-c	1,931,123	2,594,438
Other accounts payable	13	<u>4,943,010</u>	<u>4,502,723</u>
<b>Total current liabilities</b>		<u>58,443,327</u>	<u>53,652,325</u>
<b>Non-current</b>			
Senior notes	12	1,976,081	5,367,579
Lease liabilities	10-c	10,066,270	9,391,382
Contributions for future capital increases	14-c	2,268,202	2,268,202
Income tax payable	16-b	102,223	568,956
Employee benefits		559,910	529,407
Other liabilities		<u>63,172</u>	<u>59,524</u>
<b>Total non-current liabilities</b>		<u>15,035,858</u>	<u>18,185,050</u>
<b>Total liabilities</b>		<u>73,479,185</u>	<u>71,837,375</u>
<b>Stockholders' equity</b>			
Capital stock	14	4,373,858	4,373,858
Legal reserve		201,509	201,509
Retained earnings		14,233,089	14,208,161
Other comprehensive income		<u>3,132,889</u>	<u>3,397,839</u>
<b>Total controlling equity</b>		21,941,345	22,181,367
<b>Total non-controlling equity</b>		<u>211,146</u>	<u>214,604</u>
<b>Stockholders' equity</b>		<u>22,152,491</u>	<u>22,395,971</u>
<b>Total liabilities and stockholders' equity</b>		<u>\$ 95,631,676</u>	<u>\$ 94,233,346</u>

The accompanying notes are part of these condensed consolidated financial statements.

**Nueva Elektra del Milenio, S. A. de C. V. and subsidiaries**  
**Condensed consolidated statements of comprehensive income**  
**For the three-month period ended March 31, 2024 and 2023**  
**(Thousands of Mexican pesos)**

	Note	2024	2023
Net sales and revenue from services	7 and 15	\$ 15,258,029	\$ 14,139,429
Cost	15	<u>7,781,870</u>	<u>6,812,126</u>
<b>Gross profit</b>		<u>7,476,159</u>	<u>7,327,303</u>
Selling and administrative expenses	7	6,249,500	5,363,842
Depreciation and amortization		1,028,500	1,036,015
Other income, net		<u>(12,421)</u>	<u>(4,517)</u>
		<u>7,265,579</u>	<u>6,395,340</u>
<b>Profit from operations</b>		<u>210,580</u>	<u>931,963</u>
<b>Comprehensive financial results:</b>	7		
Interest income		430,445	1,262,147
Interest expense		(591,264)	(668,869)
Exchange (loss) gain, net		(18,944)	48,598
Gain (loss) on investments		<u>75,792</u>	<u>(37,736)</u>
		<u>(103,971)</u>	<u>604,140</u>
Equity in the net profit of associated companies		<u>13,458</u>	<u>20,804</u>
<b>Profit before income tax</b>		120,067	1,556,907
Income tax	16	<u>(95,320)</u>	<u>(465,655)</u>
<b>Profit before discontinued operations</b>		24,747	1,091,252
Income from discontinued operations		<u>(577)</u>	<u>259</u>
<b>Net profit for the period</b>		24,170	1,091,511
Other comprehensive income:			
Exchange (loss) arising on translation of foreign operations in subsidiaries and associates	14-g	<u>(264,950)</u>	<u>(1,593,175)</u>
<b>Total comprehensive (loss) income for the period</b>		<u>\$ (240,780)</u>	<u>\$ (501,664)</u>
Profit for the year attributable to:			
Non-controlling interest		\$ (758)	\$ 508
Controlling interest		<u>24,928</u>	<u>1,091,003</u>
		<u>\$ 24,170</u>	<u>\$ 1,091,511</u>
Total comprehensive income attributable to:			
Non-controlling interest		\$ (758)	\$ (15,282)
Controlling interest		<u>(240,022)</u>	<u>(486,382)</u>
		<u>\$ (240,780)</u>	<u>\$ (501,664)</u>

The accompanying notes are part of these condensed consolidated financial statements.

Nueva Elektra del Milenio, S. A. de C. V. and subsidiaries  
Condensed consolidated statements of changes in stockholders' equity  
For three-month period ended March 31, 2024 and 2023  
(Thousands of Mexican pesos)

	<u>Capital stock</u>	<u>Legal reserve</u>	<u>Retained earnings</u>	<u>Other comprehensive income</u>	<u>Total controlling equity</u>	<u>Total non controlling equity</u>	<u>Total equity</u>
<b>Balances at December 31, 2022</b>	\$ 4,373,858	\$ 201,509	\$ 13,640,340	\$ 6,473,404	\$ 24,689,111	\$ 243,747	\$ 24,932,858
Comprehensive income for the period (Notes 2-e and 14-g)	-	-	1,091,003	(1,577,385)	(486,382)	(15,282)	(501,664)
<b>Balances at March 31, 2023</b>	<u>\$ 4,373,858</u>	<u>\$ 201,509</u>	<u>\$ 14,731,343</u>	<u>\$ 4,896,019</u>	<u>\$ 24,202,729</u>	<u>\$ 228,465</u>	<u>\$ 24,431,194</u>
<b>Balances at December 31, 2023</b>	\$ 4,373,858	\$ 201,509	\$ 14,208,161	\$ 3,397,839	\$ 22,181,367	\$ 214,604	\$ 22,395,971
Capital Stock						(2,700)	(2,700)
Comprehensive income for the period (Notes 2-e and 14-g)	-	-	24,928	(264,950)	(240,022)	(758)	(240,780)
<b>Balances at March 31, 2024</b>	<u>\$ 4,373,858</u>	<u>\$ 201,509</u>	<u>\$ 14,233,089</u>	<u>\$ 3,132,889</u>	<u>\$ 21,941,345</u>	<u>\$ 211,146</u>	<u>\$ 22,152,491</u>

The accompanying notes are part of these condensed consolidated financial statements.

Nueva Elektra del Milenio, S. A. de C. V. and subsidiaries

Condensed consolidated Statements of cash flows  
For three-month period ended March 31, 2024 and 2023  
(Thousands of Mexican pesos)

	<u>2024</u>	<u>2023</u>
<b>Operating activities</b>		
Profit before income tax	\$ 120,067	\$ 1,556,907
Items related to investment activities:		
Depreciation and amortization	1,028,500	1,036,015
Equity in net profit of associates, net	(13,458)	(20,804)
Interest income	(430,445)	(1,262,147)
Other items not realized	9,038	(125,490)
Loss investment valuation	(75,792)	37,736
Items related with financing activities:		
Interest expense	<u>591,264</u>	<u>668,869</u>
	1,229,174	1,891,086
Variations in:		
(Increase) decrease in inventories	(48,496)	269,853
(Increase) receivables and other assets	(1,150,648)	(3,821,619)
Increase in liabilities	2,850,444	3,087,878
Income tax paid	<u>(482,258)</u>	<u>(21,368)</u>
<b>Net cash flows from operating activities</b>	<u>2,398,216</u>	<u>1,405,830</u>
<b>Investing activities</b>		
Decrease in Investments	1,041,444	223,441
Investment in stores, and purchases of furniture and equipment	(147,690)	(248,559)
Interest received	298,528	902,603
Sale of furniture and equipment	<u>21,735</u>	<u>30,743</u>
<b>Net cash flows from (used in) investing activities</b>	<u>1,214,017</u>	<u>908,228</u>
<b>Cash flows use in (obtain from) financing activities</b>	<u>3,612,233</u>	<u>2,314,058</u>
<b>Financing activities</b>		
Debt Payments	(421,450)	(500,000)
Lease payments	(525,222)	(495,796)
Interest paid	<u>(520,760)</u>	<u>(420,296)</u>
<b>Net cash flows (used in) from financing activities</b>	<u>(1,467,432)</u>	<u>(1,416,092)</u>
Net increase in cash and cash equivalents	2,144,801	897,966
Cash and cash equivalents at beginning of year	7,479,121	7,777,016
Exchange losses on cash and cash equivalents	<u>(100,593)</u>	<u>(377,704)</u>
<b>Cash and cash equivalents at end of the period</b>	<u>\$ 9,523,329</u>	<u>\$ 8,297,278</u>

The accompanying notes are part of these condensed consolidated financial statements.

**Nueva Elektra del Milenio, S. A. de C. V. and subsidiaries**

**Notes to the condensed consolidated financial statements  
March 31, 2024 and December 31, 2023 and for the  
three-month period ended March 31, 2024 and 2023  
(Thousands of Mexican Pesos)**

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**1. Activity**

The main activity of Nueva Elektra del Milenio, S. A. de C. V. (NEM) and subsidiaries (the Company) (Subsidiary of Grupo Elektra, S. A. B. de C. V.), is the sales of consumer electronics furniture, household appliances, mobile phones, telephony, transportation equipment and computers, among other products, as well as provision of electronic money transfers, extended warranties and mobile phone airtime among other services, through a network of 1,343 stores in Mexico and Central America; and affiliate lending and services provider.

The revenue from money transfers represents: i) the commissions paid by Western Union, Vigo, Orlandi, BTS, MG, among others to the Company, originated by the transfers collected at the points of sale, ii) the commissions collected for transfers in the country and iii) international remittances made through the commercial and financial network of Grupo Elektra, S. A. B. de C. V. Both types of commissions are recorded as income as services are rendered.

Headquarters are located in: Av. Ferrocarril de Río Frío N° 419-CJ, Col. Fraccionamiento Industrial del Moral, Delegación Iztapalapa, C.P. 09010, Mexico City.

**2. Basis of preparation of condensed consolidated financial statements**

**a. Compliance with financial reporting standards**

The condensed consolidated financial statements for the three months ended 31 March 2024 have been prepared in accordance with the Mexican Financial Reporting Standard NIF B-8 "Consolidated or combined financial statements".

The accompanying condensed consolidated financial statements have been prepared in accordance with NIF B-8 "Consolidated or combined financial statements" and NIF B-9 "Interim Financial Reporting", therefore they do not include all the information required for the annual financial statements in accordance with NIF, so it is recommended to read the annual financial statements as of December 31, 2023 as a whole.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

**b. Use of estimates**

The preparation of the financial statements in accordance with NIF requires the use of certain estimations and assumptions to measure some amounts of the condensed consolidated financial statements and to make the disclosures required therein. However, the actual results may differ from such estimations, therefore it is considered that the estimations and assumptions used where the adequate under the circumstances.



The relevant key assumptions used in the determination of accounting estimates are reviewed periodically, and the relative effects, if any, are recognized in the same period and in the future periods affected. The key estimates are described in the following notes:

- Note 3-c Accounts receivable and allowance for expected credit losses. Evaluation of the probability of non-payment of accounts receivable.
- Note 3-g Allowance for inventory impairment losses. Determination of the net realizable value.
- Note 3-i Investments in shares of subsidiaries and associates. Investment impairment.
- Note 3-j Impairment in the value of long live assets and their disposal.
- Note 3-k Leases determination of the incremental financing rate.
- Note 3-l Provisions. Identification and quantification of present obligations, determination of the present value of the obligation.
- Note 3-m Revenue recognition. Assessment of the timing of revenue recognition, over time or at a point in time, estimate of expected returns.
- Note 3-o Income tax. Provision of taxes on multiple jurisdictions.
- Note 3-p Employee benefits. Key actuarial assumptions.
- Note 3-r Contingencies. Assessment of the likelihood and amount of outgoing cash flows.

c. Functional and reporting currency

The reporting currency in which is presented the condensed consolidated financial statements of the Company is the Mexican peso. Since the Company maintains investments in subsidiaries abroad, the items included in the financial statements of each one of the entities comprising the Company are measured in the currency of the primary economic environment where each entity operates, that is, its "functional currency". The Company is exposed to a foreign currency translation risk.

For disclosure purposes in the condensed consolidated financial statements and related notes, when reference is made to pesos or "\$", it refers to Mexican pesos, and when it refers to dollars, it refers to dollars of the United States of America.

d. Consolidation

The condensed consolidated financial statements comprise the financial statements of NEM and its subsidiaries together with the equity in the net results of associates. The results of subsidiaries sold or acquired are included in the statement of comprehensive income to, or from the date on which control is transferred.

1. Subsidiaries

A subsidiary is an entity controlled, directly or indirectly, by NEM. Control is effective if, and only if, the following criteria is met:

- Power over the subsidiary.
- Exposure or rights, to variable returns from its involvement with the subsidiary.
- The ability to use its power over the subsidiary to affect the amount of the Company's returns.

For the purposes of consolidation, accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

When NEM ceases to have control, any retained interest in the entity is re-measured at its fair value at the date when control is lost; the change in carrying amount is recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the group has directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

Balances and transactions between the companies have been eliminated in consolidation.

The main subsidiaries of NEM are the following:

<u>Company</u>	<u>Percentage of equity (%)</u>	<u>Activity</u>
Elektra de Guatemala, S. A., a Guatemalan entity	100%	Retail
Comercializadora EKT, S. A. de C.V., a Honduran entity	100%	Retail
EKT International Investment, Zrt., a Hungarian entity	100%	Intercompany lending

## 2. Associates

Associates are all entities over which the Company has significant influence but not control, that is, the faculty to just only participate in decisions of the financial and operating policies. It is presumed that significant influence exists if the Company possess directly or indirectly, 25% or more of the voting power in the associate, unless it can be clearly demonstrated that there is no such influence or that for other circumstances, a less participation, could be consider the existence of significant influence.

Investments in associates are initially recognized at cost and are subsequently accounted for using the equity method. The Company's investment in associates includes goodwill identified at time of purchase.

The Company's share of profits or losses after acquisition is recognized in the statement of comprehensive income, except when the losses exceed the Company's investment in the associate.

If there is objective evidence that the investment in an associate is impaired, the carrying amount of the investment is subject to impairment tests, by comparing the recoverable amount and the carrying value of the investment, which is recognized together with the participation in the results of associates.

The main associates companies of NEM are the following:

<u>Company</u>	<u>Percentage of equity (%)</u>	<u>Percentage Activity</u>
Banco Azteca de Honduras, S. A., a Honduran entity	29.1%	Banking services
Baz Entregas, S. A. de C.V., a Mexican entity	33.5%	Logistics services
Inmuebles Ardoma, S. A. de C. V., a Mexican entity	10.2%	Real estate

## e. Segment information

The condensed financial information regarding business segments operated by the Company, whose operating results are reviewed in decision-making, is presented in Note 17.

f. Translation of foreign currency

According to the NIF - B15 "The effects of changes in foreign exchange rates", transactions in foreign currencies are recorded at the exchange rates prevailing on the dates on which they are entered into. Assets and liabilities denominated in these currencies are stated in local currency, applying the exchange rates prevailing as of the date of the financial position statement. Differences arising from fluctuations in the exchange rates between the dates on which transactions are entered into and those on which they are settled or valued at the close of the period are applied to the results of the period.

The financial statements of the subsidiary companies abroad maintain a registry currency that matches the functional currency, which served as the base to convert foreign operations to the Company's presentation currency, considering that in these cases there was a non-inflationary environment. The accumulated effect originated by the translation of such financial statements is presented within the stockholders' equity in the accumulative effect of foreign currency translation.

g. Condensed consolidated statement of comprehensive income

The consolidated comprehensive income is presented in a single statement that includes the items that make up the net income or loss, including the other comprehensive results and the participation in the other comprehensive results of other entities.

Ordinary costs and expenses are presented according to their function because it is the practice of the sector to which the Company belongs to and allows knowing the gross profit margin.

Additionally, the operating income item is presented, this heading is the result of decreasing the net sales and sales income with the cost of sales and general expenses. This item is included since it contributes to a better understanding of the economic and financial performance of the Company. In addition, other expenses are included as it is considered convenient to present the amounts of activities that are not directly related to the Company's activities.

h. Condensed consolidated cash flows statements

The condensed consolidated statements of cash flows were prepared using the indirect method which consists in presenting the income before income taxes, then the changes on the working capital, investment activities and lastly the finance operation.

### 3. Summary of significant accounting policies

The main accounting policies adopted in the preparation of the condensed consolidated financial statements are set out below. The policies have been consistently applied to the previous year presented in these condensed consolidated financial statements, unless otherwise stated.

a. Cash and cash equivalents

They are measured at nominal value and consist mainly of cash for the Company's operations, high liquidity deposits which are easily convertible in cash and subject to non-significant risks of changes in their value. Interests accrued and gains and losses in their measurement are presented in the statement of comprehensive income, as part of the comprehensive financing result.

b. Investment in financial Instruments (securities)

The classification of financial instruments in which the Company has invested depends on the business model used for the management of investments and the contractual terms of the cash flows. As a consequence of the business model, investments in financial instruments are classified as follows:

Financial instruments held to collect principal and interest. See Note 3-d.

Financial instruments held to collect or trade.

Financial instruments held to collect or trade. These are financial instruments in which the investment objective is to obtain a profit in its sale when it is convenient or to collect the contractual cash flows in order to obtain a gain on the contractual interest they generate. These instruments are measured at fair value and changes in their value are recognized through other comprehensive income, after affecting the year's net income or loss as follows:

- i. Interests accrued at the effective interest rate.
- ii. Exchange gains or losses when they occur.
- iii. Decreases in its value which are attributable to impairment due to expected credit losses of the financial instrument.

Financial instruments held for trading

These are financial instruments in which the investment objective is to generate profits between their purchase and sale prices. These instruments are measured at fair value and changes in their value are recognized through profit and loss.

c. Accounts receivable and allowance for expected credit losses

Accounts receivable are generated from the sale of goods and services, as well as other activities and are recognized initially at fair value, and subsequently at amortized cost, which is equal to the nominal value of the contract which supports them, net of provisions for returns and discounts, and the estimate for expected credit losses for impairment in accounts receivable.

The Company established an account policy for the creation of an estimate for impairment of accounts receivable on the basis of expected credit losses during the expected life of the financial instruments. During this process, the Company assesses the likelihood of default for accounts receivable at the time of their recognition in accordance with its historical experience and subsequently adjusts it based on current credit conditions and future macroeconomic factors, such as the growth of domestic product, unemployment rates and inflation, which the Company considered could affect the likelihood of default by its customers.

When the Company confirms that an account receivable will not be recovered, the net carrying value of the account receivable is cancelled against the applicable estimation.

d. Financial instruments held to collect principal and interest (IFCPI for its acronym in Spanish)

The Company classifies financial instruments as IFCPI when the objective of the business model is to hold said instruments to collect the contractual cash flows and the terms of the agreement include established dates to collect said cash flows, which relate exclusively to payments of principal and interest on the amount of principal pending payment.

The IFCPI are originated from the sale of goods or services and are recognized initially at the fair value of the estimated cash flows to be received from principal and interests.

Subsequent to their initial recognition, IFCPI are measured at amortized cost including increases due to the effective interest accrued, the decreases due to the amortization of the costs of transaction and other items collected in advance such as commissions and interest, and the decreases due to the collection of principal and interests and the cancellations or discounts.

#### Amortized cost and effective interest method

The effective interest method is used in the calculation of the amortized cost of financial instruments to distribute their income or expense by an effective interest during the expected life of the financial instruments.

#### e. Prepaid expenses

Prepaid expenses are recorded based on the value paid of goods or services to be received and are presented in the short or long term in view of the classification of the destination item. Advance payments for services, freights and leases are recognized in the results of the period in which services are received.

#### f. Inventories and cost of sales

Inventories are recorded at the lowest of their acquisition cost or their net realizable value, and are valued under the average cost's allocation formula.

Cost of sales represents the cost of inventories at the time of sale, increased, if applicable, by reductions in the net realizable value of inventories during the year.

#### g. Allowance for inventory impairment losses

It follows the practice of creating an estimate for losses due to impairment, obsolescence, slow movement and other causes that indicate that the use or realization of the products that are part of the inventory will be less than their net carrying value.

The amount of any penalty for impairment losses on inventories, to be valued at their net realizable value and all losses on inventories must be recognized as cost of sales in the period in which the losses occur. The result of any reversal of impairment losses as a result of increases in the net realizable value should be recognized as a decrease in cost of sales in the period in which the reversal occurs.

#### h. Investment in stores, furniture and equipment

Investments in stores, furniture and equipment are recorded at acquisition cost, and until December 31, 2007, they were updated by applying factors derived from the National Consumer Price Index.

Depreciation is calculated using the straight-line method based on the estimated useful live of assets.

	<u>Annual rate %</u>
Computer equipment	30 and 33
Furniture and equipment	10
Storehouse equipment	2
Communication equipment and others	10 and 20

Amortization of the investment in stores is calculated using the straight-line method based on initial monthly balances in periods that do not exceed five years. (See Note 9)

Maintenance and minor repair expenses are recorded in the net income and loss when incurred.

The Company performs most of its operations in leased properties, through renewable lease contracts.

i. Investment in equity of associates

Associated companies are all entities over which the Company has significant influence but not control, that is, the power to participate in the decisions of financial and operating policies. Investments in shares in associated companies and subsidiaries are initially recognized at acquisition cost, and are subsequently valued using the equity method.

In the event that there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is subject to impairment tests, such as the difference between the recovery value and the carrying amount of the investment.

j. Impairment in the value of long-lived assets and their disposal

The values of the long-lived assets are periodically evaluated to determine the existence of indications that these values exceed their recovery value. The realizable value represents the amount of potential income reasonably expected to be obtained as a result of the use of these assets. If it is determined that restated values are excessive, the Company records the allowances necessary to reduce them to their recoverable value. When the Company intends to sell the assets, the latter are presented in the financial statements at their restated or realizable value, whichever is lower.

k. Leases

Leases are those contracts where there is an identified asset, all the economic benefits from use of the asset are obtained and the Company had the right of to direct use of the asset.

In determining whether the Company obtains substantially all the economic benefits from use of the asset, it is only considered the economic benefits that arise use of the asset, not those incidentals to legal ownership or other potential benefits. In addition, the Company considers whether the supplier has substantive substitution rights, if it is the case, the contract is not a lease.

The Company accounts for a contract, or a portion of a contract, as a lease when it transfers the right to use an asset for a period of time in exchange for consideration.

In determining whether the Company has the right to direct use of the asset, the Company considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Company considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Company applies other applicable NIF rather than NIF D-5.

All leases are accounted for by recognizing a right-of-use asset and a lease liability, except for leases of low value assets; and leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the future lease payments to be made, discounted using implicit interest rate in the lease unless this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

Subsequent to initial measurement lease liabilities increase as a result of interest accrued at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset, what is expected to happen first.

When the Company renegotiates the contractual terms of a lease, the accounting depends on the nature of the modification:

- i. If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.
- ii. In all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is premeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.
- iii. If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognized in profit or loss of the year. The lease liability is then further adjusted to ensure it carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

#### l. Provisions

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

#### m. Revenue recognition

##### Performance obligations and timing of revenue recognition

The majority of the Company's revenue is derived from retail sales with revenue recognized at a point in time when control of the goods has transferred to the customer.

This is generally when the goods are delivered to the customer. There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the Company no longer has physical possession, usually will have a present right to payment (as a single payment on delivery) and retains none of the significant risks and rewards of the goods in question.

Some goods sold by the Company include warranties which require the Company to either replace or mend a defective product during the warranty period if the goods fail to comply with agreed-upon specifications. The warranty period is 15 days. In accordance with NIF D-1, such warranties are not accounted for as separate performance obligations and hence no revenue is allocated to them.

##### Determining the transaction price

Most of the Company's revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices. Exceptions are as follows:

- Some contracts provide customers a limited right of return. Historical experience allows the Company to reliably estimate the value of the assets to be returned and to restrict the amount of income that is recognized, so that it is highly probable that a reversal of previously recognized income will not occur when the goods are returned.
- The income from money transfers represents the commissions paid by Western Union, Vigo, Orlandi, BTS, MG, among others to the Company, originated by the transfers collected at the points of sale, plus the participation that corresponds to the Company in the exchange gain. These commissions are recorded as income as services are rendered.
- Administrative services revenue is recognized in the accounting period in which the service is rendered.

#### n. Foreign currency balances and transactions

Foreign currency transactions are recorded at the applicable exchange rate in effect at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into Mexican pesos at the applicable exchange rate in effect at the non-consolidated financial statements date. The exchange rate fluctuations are recognized in the statement of income of the year. (revisar párrafo?)

#### o. Income tax

The income tax is determined according to the current tax provisions, recorded in the results of the year in which it is incurred, except those arising from a transaction that is recognized in the OCI or directly in a stockholders' equity heading.



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 cumulative. All resulting temporary differences, including the benefit of tax losses to be amortized, are subject to the corresponding tax rate and recognized as a deferred asset or liability. Deferred tax assets are recorded only when there is a high probability of recovery.

When there is uncertainty over income tax treatment on the tax base of assets and liabilities, the tax treatment of certain transactions and other tax assumptions, the Company:

- i. Determine whether uncertain tax treatments should be considered separately, or together with other uncertain tax treatments, based on which approach provides better predictions of the resolution.
- ii. Determine if it is probable that the tax authorities will accept the uncertain tax treatment; and
- iii. If it is probable that the uncertain tax treatment should not be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. This measurement is required to be based on the assumption that the tax authority will examine amounts they have a right to examine and have full knowledge of all related information when making those examinations.

p. Employee benefits

The liabilities derived from benefits granted by the Company to its employees are determined as follows:

- a. Liabilities for direct short-term benefits are recognized as they are earned, based on the present salaries, expressed at their nominal value.
- b. The retirement benefits under the defined benefits scheme require actuarial assumptions to measure the obligations contracted and the expense corresponding to each period, and also there is the possibility of obtaining actuarial profits or losses. They are measured using the projected unit credit method by considering the present value of the obligation to the date of the statement of Condensed consolidated financial position.

The valuation of employee benefits is carried out by independent specialists based on actuarial studies. Among others, the following assumptions that could have an important impact are used: (i) discount rates, (ii) expected salaries' increase rates, (iii) the expected real growth rates of the fund, and (iv) rotation and mortality rates based on recognized charts.

The company determines the deferred Employee Profit Sharing (PTU, for its acronym in Spanish) based on the Financial Reporting Standard D-3 "Employee Benefits" (NIF D-3), using the assets and liabilities method when there are temporary differences. When the Company considers, according to its projections, that PTU in subsequent years will be less than 10% of profit calculated in accordance with the guidelines of the Federal Labor Law (LFT), the corresponding asset is not recognized (if there would be), since it is uncertain that the temporary difference will be realized.

q. Debt instruments at amortized cost

Securities at amortized cost are those securities held for collecting contractual cash flows, which give rise to cash flows on certain dates, which are only payments of principal and interest on the amount of the unpaid principal, which are initially recorded at their acquisition, and they are subsequently measured by using the effective interest rate method and are subject to impairment. Gains and losses are recognized in income when the asset is derecognized in accounts, modified, or becomes impaired.

r. Contingencies

Significant obligations or losses related to contingencies are recognized when their effects are likely to materialize and there are reasonable elements for their quantification. If these reasonable elements do not exist, their disclosure is included qualitatively in the notes to the condensed consolidated financial statements. Contingent income, profits or assets are recognized until the moment that certainty will be realized.

**4. Risk management**

The Company is exposed through its operations to the following financial risks:

The Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these condensed financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

a. Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Cash and cash equivalents
- Accounts receivables
- Investments in securities
- Accounts payable to suppliers

b. General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives monthly reports from the Company's Financial Administration through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The Company's internal auditors also review the risk management policies and processes and report their findings to the Audit Committee.

Foreign exchange risk

Foreign exchange risk arises when the Company enters into transactions denominated in a currency other than their functional currency. Where the Company has liabilities denominated in a currency other than their functional currency and has insufficient reserves of that currency to settle them, cash already denominated in that currency will, where possible, be transferred from elsewhere within the Company's subsidiaries.

In order to monitor the continuing effectiveness of this policy, the Board receives a monthly forecast, analyzed by the major currencies held, of liabilities due for settlement and expected cash reserves.

## 5. Investments in securities

	<u>2024</u>	<u>2023</u>
Investments in high-liquidity securities	\$ 3,548,750	\$ 4,570,410
Debt securities	1,749,522	1,772,128
Equity instruments	<u>121,091</u>	<u>121,091</u>
Total Investments	<u>\$ 5,419,363</u>	<u>\$ 6,463,629</u>
Less, current investments	<u>3,669,841</u>	<u>4,691,501</u>
Non-Current investments	<u><u>1,749,522</u></u>	<u><u>1,772,128</u></u>

## 6. Accounts receivable, net

Accounts receivable as of March 31, 2024 and December 31, 2023 are integrated as follows:

	<u>2024</u>	<u>2023</u>
Trade receivables:		
Sale of shares	\$ 1,515,647	\$ 1,515,647
Accounts receivable from remittance companies	3,181,851	2,304,147
Commissions for remittances	352,554	381,895
Wholesale and employee sales	<u>565,442</u>	<u>517,182</u>
	<u>5,615,494</u>	<u>4,718,871</u>
Allowance for expected credit losses:		
Sale of shares (1)	(1,515,647)	(1,515,647)
Accounts receivable from remittance companies and commissions (2)	(46,453)	(46,453)
Wholesale and employee sales	<u>(164,051)</u>	<u>(164,326)</u>
	<u>(1,726,151)</u>	<u>(1,726,426)</u>
	<u><u>\$ 3,889,343</u></u>	<u><u>\$ 2,992,445</u></u>

- (1) On August 6, 2013, the Company signed a sale contract with respect to 100% of the capital stock of Elektra de Argentina, S. A., for a total value of US \$ 80,000 to be collected in five exhibitions; and whenever the payment obligation by the buyers, unrelated parties, has expired in the amount of US \$ 72,000 (\$1,515,647), a figure that has not been updated during the 2024 and 2023 financial years, as it is estimated at 100%, since the Company initiated the corresponding legal actions to obtain its collection.
- (2) The company makes estimates for expected credit losses, preventing bankruptcies in operations that are not recognized by money transfer partners.

## 7. Related parties, net

### i. Balances with related parties

	<u>2024</u>	<u>2023</u>
Accounts receivable:		
Grupo Elektra, S. A. B. de C. V.	\$ 8,075,878	\$ 8,273,436
Dirección y Administración Central, S. A. de C. V.	2,837,990	3,449,759
Intra Mexicana, S. A. de C. V.	2,957,570	2,872,974
Operadoras en Servicios Comerciales, S. A. de C. V.	4,183,319	3,782,379
Selabe Motors, S. A. de C. V.	1,589,144	1,467,463
Banco Azteca, S. A. Institución de Banca Múltiple	1,242,792	1,600,838
Procesos de Oro y Metales, S. A. de C. V.	564,701	1,067,064
Purpose Financial, Inc.	216,616	254,510
Others	<u>3,897,367</u>	<u>3,256,245</u>
	25,565,377	26,024,668
Long-term intercompany loans: (1)	<u>15,665,829</u>	<u>15,792,230</u>
	<u>\$ 41,231,206</u>	<u>\$ 41,816,898</u>

(1) The Company, through its subsidiary EKT International Investment, Zrt., provides intercompany loans as detailed in the following schedule:

		<u>Amount MXN</u>	<u>Amount USD</u>	<u>Maturity date</u>
Grupo Elektra, S. A. B. de C. V.	(1)	\$ 1,634,444	\$ 98,000	November 10, 2024
Grupo Elektra, S. A. B de C. V.	(2)	833,900	50,000	April 3, 2026
Grupo Elektra, S. A. B de C. V.	(3)	900,612	54,000	September 20, 2026
Grupo Elektra, S. A. B de C. V.	(4)	700,476	42,000	September 21, 2026
Grupo Elektra, S. A. B de C. V.	(5)	1,417,630	85,000	September 23, 2026
Grupo Elektra, S. A. B de C. V.	(5)	550,374	33,000	October 26, 2026
Grupo Elektra Global, SLU.	(6)	130,272	7,811	April 6, 2025
Purpose Financial, Inc.	(7)	6,837,980	410,000	June 30,2030
Purpose Financial, Inc.	(8)	2,418,310	145,000	June 30,2032
Purpose Financial, Inc.	(9)	241,831	14,500	October 30,2032
<b>Long-term loans</b>		<u>\$ 15,665,829</u>	<u>\$ 939,311</u>	

- (1) Interest rate: SOFR + 300 Puntos base
- (2) Interest rate: SOFR + 300 Puntos base
- (3) Interest rate: SOFR + 300 Puntos base
- (4) Interest rate: SOFR + 300 Puntos base
- (5) Interest rate: SOFR + 300 Puntos base
- (6) Interest rate: 8.05%
- (7) Interest rate: 7.9%
- (8) Interest rate: 8.28%
- (9) Interest rate: 9.50%

The Company collect the total balance of loan with Grupo Elektra for a value of US 50,000 with maturity date in March 8, 2025 it was paid in January 2023. Subsequently, in April 2023, the company lent US 50,000 again with a maturity date in April 3, 2026.

Grupo Elektra lent three loans of US 54,000, US 42,000 and US 85,000 in September 2023 with a maturity date in September, 2026.

	<u>2024</u>	<u>2023</u>
Accounts payable:		
Comercializadora de Motocicletas de Calidad, S. A. de C. V.	\$ 10,160,975	\$ 8,419,958
Elmex Superior, S. A. de C. V.	7,805,732	7,805,278
Mercadotecnia Tezontle, S. A. de C. V.	5,143,299	5,136,181
Mi Garantía Extendida, S. A. de C. V.	2,727,999	2,815,906
Salinas y Rocha, S. A. de C. V.	2,731,212	2,682,426
Grupo Elektrafin S. A. de C.V.	995,364	1,452,792
Compañía Operadora de Teatros, S. A. de C. V.	467,534	1,264,895
Others	<u>7,200,764</u>	<u>6,767,457</u>
	<u>\$ 37,232,879</u>	<u>\$ 36,344,893</u>

ii. Transactions with related parties

	<u>2024</u>	<u>2023</u>
<b>Revenue</b>		
Sale of inventory:		
Grupo Elektra, S. A. B. de C. V.	\$ 4,127,839	\$ 3,395,458
Operadoras en Servicios Comerciales, S. A. de C. V.	80,750	90,692
Salinas y Rocha, S. A. de C. V.	45,621	47,351
Others	<u>11,241</u>	<u>52,716</u>
	<u>\$ 4,265,451</u>	<u>\$ 3,586,217</u>

	<u>2024</u>	<u>2023</u>
Revenue from administrative services:		
Banco Azteca, S. A. Institución de Banca Múltiple	\$ 3,633,680	\$ 3,698,141
Seguros Azteca, S. A. de C. V.	214,069	204,623
Afore Azteca, S. A. de C. V.	19,585	18,589
Punto Casa de Bolsa, S. A. de C. V.	1,504	2,076
Others	<u>221,031</u>	<u>193,150</u>
	<u>\$ 4,089,869</u>	<u>\$ 4,116,579</u>

Interest income:		
Grupo Elektra, S. A. B. de C. V.	\$ 144,489	\$ 1,103,462
Purpose Financial, Inc.	141,711	35,248
Inmuebles Ardoma S. A. de C.V.	35,785	34,773
Banco Azteca, S. A. Institución de Banca Múltiple	35,771	16,647
Arrendadora Internacional Azteca, S. A. de C. V.	9,494	7,943
Others	<u>7,313</u>	<u>7,226</u>
	<u>\$ 374,563</u>	<u>\$ 1,205,299</u>

Other income:		
Grupo Elektra, S. A. B. de C. V.	\$ 99,124	\$ 87,578
Intra Mexicana, S. A. de C. V.	41,573	39,214
Comercializadora de Motocicletas de Calidad, S. A. de C. V.	83,025	26,090
Others	<u>265,477</u>	<u>184,886</u>
	<u>\$ 489,199</u>	<u>\$ 337,768</u>

## Expenses

### Expenses from administrative and operating services:

Dirección de Administración Central, S. A. de C. V.	\$ 187,636	\$ 302,277
Banco Azteca, S. A. Institución de Banca Múltiple	136,273	126,884
Grupo Elektra, S. A. B. de C. V.	258,254	23,686
TV Azteca, S. A. B. de C. V.	31,629	21,067
Others	<u>347,761</u>	<u>304,403</u>
	<u>\$ 961,553</u>	<u>\$ 778,317</u>
	<u>2024</u>	<u>2023</u>

### Interest expense:

Grupo Elektra, S. A. B. de C. V.	\$ 82,945	\$ 127,869
Aerotaxis Metropolitanos, S. A. de C. V.	32,876	26,897
Others	<u>42,136</u>	<u>46,470</u>
	<u>\$ 157,957</u>	<u>\$ 201,236</u>

### Purchases of inventories:

Mercancía Exclusiva Universal, S. A. de C. V.	\$ 414,602	\$ 421,205
Comercializadora de Motocicletas de Calidad, S. A. de C. V.	4,050	22,569
Telecomunicaciones 360, S. A. de C. V.	17,027	82,257
Others	<u>14,485</u>	<u>14,508</u>
	<u>\$ 450,164</u>	<u>\$ 540,539</u>

## 8. Inventories

a. At March 31, 2024 and December 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Household appliances	\$ 2,537,065	\$ 2,386,556
Electronic	1,873,685	1,872,684
Motorcycles	739,226	719,646
Computer	523,692	696,449
Transportation	203,406	245,567
Furniture	291,145	288,634
Telephones	349,949	276,163
Others	<u>168</u>	<u>217</u>
	<u>\$ 6,518,336</u>	<u>\$ 6,485,916</u>

b. The allowance for slow-moving inventories and obsolete is analyzed as follows:

	<u>2024</u>	<u>2023</u>
Balance at January 1	\$ 448,100	\$ 216,078
Charges (credits) to income statement:		
Additional reserve	-	232,022
Applications	(8,211)	-
Exchange differences	<u>-</u>	<u>-</u>
	<u>\$ 439,889</u>	<u>\$ 448,100</u>

## 9. Investment in stores, furniture and equipment, net

	2024					
	Initial balance	Additions	Disposals	Foreign effect	Final balance	
<b>Investment:</b>						
Investment in stores	\$ 14,850,784	\$ 95,883	\$ (94,171)	\$ (13,729)	\$ 14,838,767	
Furniture and equipment	426,855	3,556	(698)	(1,350)	428,363	
Computer equipment	536,056	37,398	(16,857)	(1,660)	554,937	
Machinery and equipment	337,121	7,206	(47)	(685)	343,595	
Transportation equipment	49,559	3,647	(645)	(511)	52,050	
Others	37,585	-	-	(410)	37,175	
	<u>16,237,960</u>	<u>147,690</u>	<u>(112,418)</u>	<u>(18,345)</u>	<u>16,254,887</u>	
<b>Depreciation:</b>						
Investment in stores	(11,012,220)	(351,999)	94,171	11,701	(11,258,347)	
Furniture and equipment	(105,471)	(9,459)	666	938	(113,326)	
Computer equipment	(258,942)	(30,986)	1,028	1,423	(287,477)	
Machinery and equipment	(72,598)	(6,804)	47	472	(78,883)	
Transportation equipment	(24,976)	(1,787)	391	313	(26,059)	
Others	(13,156)	(158)	-	140	(13,174)	
	<u>(11,487,363)</u>	<u>(401,193)</u>	<u>96,303</u>	<u>14,987</u>	<u>(11,777,266)</u>	
	<u>\$ 4,750,597</u>	<u>\$ (253,503)</u>	<u>\$ (16,115)</u>	<u>\$ (3,358)</u>	<u>\$ 4,477,621</u>	
2023						
	Initial balance	Additions	Disposals	Foreign effect	Impairment	Final balance
<b>Investment:</b>						
Investment in stores	\$ 14,400,441	\$ 703,129	\$ (81,026)	\$ (148,985)	\$ (22,775)	\$ 14,850,784
Furniture and equipment	344,560	101,069	(5,668)	(11,599)	(1,507)	426,855
Computer equipment	425,698	150,060	(19,526)	(18,912)	(1,264)	536,056
Machinery and equipment	233,925	133,937	(24,060)	(5,607)	(1,074)	337,121
Transportation equipment	53,829	6,553	(4,519)	(6,304)	-	49,559
Others	42,581	-	(144)	(4,852)	-	37,585
	<u>15,501,034</u>	<u>1,094,748</u>	<u>(134,943)</u>	<u>(196,259)</u>	<u>(26,620)</u>	<u>16,237,960</u>
<b>Depreciation:</b>						
Investment in stores	(9,513,479)	(1,708,605)	79,530	130,334	-	(11,012,220)
Furniture and equipment	(80,631)	(34,003)	1,871	7,292	-	(105,471)
Computer equipment	(179,068)	(108,448)	12,481	16,093	-	(258,942)
Machinery and equipment	(57,034)	(21,655)	1,487	4,604	-	(72,598)
Transportation equipment	(24,997)	(7,205)	4,055	3,171	-	(24,976)
Others	(14,363)	(655)	143	1,719	-	(13,156)
	<u>(9,869,572)</u>	<u>(1,880,571)</u>	<u>99,567</u>	<u>163,213</u>	<u>-</u>	<u>(11,487,363)</u>
	<u>\$ 5,631,462</u>	<u>\$ (785,823)</u>	<u>\$ (35,376)</u>	<u>\$ (33,046)</u>	<u>\$ (26,620)</u>	<u>\$ 4,750,597</u>

## 10. Leases

### a. Nature of leasing activities

The Company leases land and buildings in diverse jurisdictions from which it operates. In some jurisdictions it is customary for lease contracts to provide for payments to increase each year by inflation and in others to be reset periodically to market rental rates. In some jurisdictions, the periodic rent is fixed over the lease term.

The Company has entered into furniture and equipment lease agreements, and has the option to purchase certain furniture and equipment for a nominal amount at the end of the lease term. The Company's obligations on the leases are guaranteed by the lessor's title to the leased assets. Generally, the Company has restrictions on assigning and subletting leased assets and some contracts require that certain financial ratios be maintained.

Leasing contracts with related companies are normally executed over a period of 10 years and with companies other than the commercial group to which the company belongs, the leases were made between 5 and 10 years, in both cases with the option to renew the contract lease after that date.

### b. Right-of-use assets

As of March 31, 2024:

	<u>Properties</u>	<u>Computer equipment</u>	<u>Investment in stores</u>	<u>Transportation equipment</u>	<u>Total assets</u>
January 1, 2024	\$ 9,615,980	\$ 7,303	\$ 70,631	\$ 731,258	\$10,425,172
Exchange differences	2,615				2,615
Contracts changes	-				-
Additions for new contracts	766,413			21,592	788,005
Disposals	(71,201)			(179,530)	(250,731)
Amortization	<u>(541,712)</u>	<u>(833)</u>	<u>(5,542)</u>	<u>(53,591)</u>	<u>(601,678)</u>
March 31, 2024	<u>\$ 9,772,095</u>	<u>\$ 6,470</u>	<u>\$ 65,089</u>	<u>\$ 519,729</u>	<u>\$10,363,383</u>

As of December 31, 2023:

	<u>Properties</u>	<u>Computer equipment</u>	<u>Investment in stores</u>	<u>Transportation equipment</u>	<u>Total assets</u>
January 1, 2023	\$ 9,887,862	\$ 5,230	\$ 96,664	\$ 805,485	\$10,795,241
Foreign exchange differences	(49,264)	-	-	-	(49,264)
Contracts changes	1,088	-	-	-	1,088
Additions for new contracts	2,124,273	7,077	-	219,064	2,350,414
Disposals	(254,745)	-	-	(70,768)	(325,513)
Amortization	<u>(2,093,234)</u>	<u>(5,004)</u>	<u>(26,033)</u>	<u>(222,523)</u>	<u>(2,346,794)</u>
December 31, 2023	<u>\$ 9,615,980</u>	<u>\$ 7,303</u>	<u>\$ 70,631</u>	<u>\$ 731,258</u>	<u>\$10,425,172</u>

### c. Lease liabilities

	<u>2024</u>	<u>2023</u>
Balance at January 1	\$ 11,985,820	\$ 12,029,286
Additions for new contracts and rent update	788,900	2,341,011
Interest accrued in the period	331,645	1,325,913
Disposals	(260,207)	(342,986)
Payments for leases	(856,868)	(3,420,964)
Foreign currency effects	8,103	53,560
Decrease in lease payments	<u>-</u>	<u>-</u>



	11,997,393	11,985,820
Less, short-term	<u>(1,931,123)</u>	<u>(2,594,438)</u>
Long-term	<u>\$ 10,066,270</u>	<u>\$ 9,391,382</u>

d. Maturity of lease liabilities

<u>Years of maturity</u>	<u>2024</u>	<u>2023</u>
Short Term	<u>\$ 1,931,123</u>	<u>\$ 2,594,438</u>
Between 1 and 2 years	3,406,105	2,466,602
Between 2 and 5 years	3,182,799	3,102,652
Over 5 years	<u>3,477,366</u>	<u>3,822,128</u>
Long term	<u>10,066,270</u>	<u>9,391,382</u>
	<u>\$ 11,997,393</u>	<u>\$ 11,985,820</u>

## 11. Disposal of business

- (i). On May 8, 2015, Grupo Elektra announced the beginning of the retirement process of all subsidiary operations in the Federative Republic of Brazil. As a result of the liquidation of subsidiary companies, the Company recognizes in the results of the period the effects of this process. See Note 18.

## 12. Senior Notes

On January 20, 2021, NEM, as originator, issued Senior Notes through a special purpose vehicle under Luxemburg laws for US \$500 million within a 7-year period and a rate of 4.875%, under a financing program. NEM, among others, signed an escrow contract and a contribution agreement in order to transmit irrevocably certain collection rights ("Receivables" according to the transaction documents definition) that act as a main payment of the Senior Notes. The Senior Notes also have a corporate guarantee from the Company.

Under the financing program, the Company transferred the Receivables (as defined on the transaction documents) to the SPV and thus are not assets of the Company.

As of March 31, 2024 and December 31, 2023, the Senior Notes net outstanding balance was \$6,562,531, and \$7,056,929:

	<u>2024</u>	<u>2023</u>
Outstanding balance	\$ 6,671,200	\$ 7,179,738
Transaction costs	<u>(108,669)</u>	<u>(122,809)</u>
	\$ 6,562,531	\$ 7,056,929
Less, current Senior notes	<u>4,586,450</u>	<u>1,689,350</u>
Non-current Senior notes	<u>\$ 1,976,081</u>	<u>\$ 5,367,579</u>

On April 17, 2024, the Company made the payment of the first amortization of the Senior Notes for an amount of US\$ 25 million of principal and US\$ 5.1million of interest with the flows entering the financing structure in accordance with the transaction documents. In addition, the Senior Notes have a Debt Service Reserve for US\$ 31,094 equal to the Maximum Quarterly Debt Service.

“The Senior notes had a Monthly Debt Service Coverage Ratio of 118.5x, 108.5x, and 108.8x during January, February and March, 2024, respectively, and a Quarterly Debt Service Coverage Ratio of 111.9x during the first quarter of 2024.

The maturities of total debt of the Company are shown below:

	<u>2024</u>
2025	\$ 4,586,450
2026	1,630,232
2027 hereafter	<u>345,849</u>
	6,562,531
Less current portion	<u>(4,586,450)</u>
<b>Non-current debt</b>	<b><u>\$ 1,976,081</u></b>

### 13. Other accounts payable

	<u>2024</u>	<u>2023</u>
Creditor for goods and services	\$ 3,826,502	\$ 3,082,918
Merchandise reserve	1,014,408	896,261
Deferred income	65,407	67,143
Taxes to pay	31,962	451,552
Employee benefits	-	42
Liabilities attributable to assets held for sale	<u>4,731</u>	<u>4,807</u>
	<b><u>\$ 4,943,010</u></b>	<b><u>\$ 4,502,723</u></b>

### 14. Stockholders' equity

#### a. Capital stock

The capital stock consists of ordinary, common and nominative shares with a nominal value of one hundred pesos each. As of March 31, 2024 and December, 31 2023, the share capital are as follows:

	<u>Number of shares</u>	<u>Amount</u>
Fixed capital stock	500	\$ 50
Variable capital stock	<u>39,204,850</u>	<u>3,920,485</u>
	<u>39,205,350</u>	3,920,535
Restatement until December 31, 2007		<u>453,323</u>
		<b><u>\$ 4,373,858</u></b>

#### b. Dividends Payments

The dividends distribution resulting from retained earnings and other capital reserves; as well as distributed earnings derived from reductions of capital, will be taxable for effects of the income tax (ISR for its acronym in Spanish) applying the current rate on the distribution or reduction date on a grossed-up base, except when the distribution of dividends comes from Net Tax Income Account (CUFIN for its acronym in Spanish) and when the distributed profits derived from the capital reduction come from the restated Contributed capital account (CUCA for its acronym in Spanish).

The tax paid for such distribution may be credited against the income tax for the year in which the dividend tax is paid and in the next two fiscal years against the tax for the year and the provisional payments thereof. The payment of dividends and distributed profits from profits generated as of January 1, 2014, to shareholders and individuals' resident abroad, are subject to an additional 10% of income tax on dividends as final payment in Mexico.

As of March 31, 2024, the Company did not decreed dividends.

c. Contributions for future capital increases

As of March 31, 2024, the Company has made contributions for future capital increases in the amount of \$ 2,268,202, which have not been formalized in the minutes of the meeting consequently, they are presented in long-term liabilities.

d. Legal reserve

The Company recognizes what is stated in item 20 of the Mexican General Law of Mercantile Companies, relative to the separation of 5% of net profits to form the "reserve fund" until this fund reaches the amount of 20% of the capital stock; The fund is intended to protect the capital of the company against eventual losses and / or contingencies that arise. The Company has a reserve fund as of March 31, 2024 of \$ 201,509.

e. Contribution capital account

The capital contributions made in cash, in kind, as well as the capitalization of liabilities, form the contribution capital account, which is updated annually in accordance with the provisions of the current Income Tax Law. As of March 31, 2024 the updated balance of the account called "Updated contribution capital" amounts to \$22,941,678. In the case of reimbursement to shareholders for the excess of said reimbursement over this amount, it must be given the tax treatment of a distributed profit.

f. Net tax profit account

Accumulated profits, including those that have been capitalized, are subject to ISR payment, in the case of distribution in cash or in kind, except that they correspond to profits pending distribution, on which the tax has already been covered, which form the CUFIN. As of March 31, 2024, the updated balance amounts to \$13,067,791.

g. Other comprehensive income

Other comprehensive income as of March 31, 2024 and, 2023 is composed as shown below:

	<u>2024</u>	<u>2023</u>
Net profit of the period	\$ 24,170	\$ 1,091,511
Exchange gains arising on translation of foreign operations in subsidiaries and associated companies	(176,763)	(1,592,667)
Non-controlling	<u>(88,187)</u>	<u>(508)</u>
Comprehensive loss (income) of the period	<u>\$ (240,780)</u>	<u>\$ (501,664)</u>

**15. Revenue and costs**

As of March 31, 2024 and 2023 the principal income of the Company is as follows:

	<u>2024</u>	<u>2023</u>
Inventory retail sales	\$ 9,046,400	\$ 8,053,991
Administrative services	4,829,810	4,706,770
Money transfers	963,983	1,046,241
Commissions and extended		

warranty services	<u>417,836</u>	<u>332,427</u>
	<u>\$ 15,258,029</u>	<u>\$ 14,139,429</u>

As of March 31, 2024 and 2023 costs by nature are as follows:

	<u>2024</u>	<u>2023</u>
Inventory retail sales	\$ 7,534,419	\$ 6,518,816
Money transfers	21,761	24,904
Commissions and extended warranty services	<u>225,690</u>	<u>268,406</u>
	<u>\$ 7,781,870</u>	<u>\$ 6,812,126</u>

## 16. Income taxes

This item is integrated as shown below:

	<u>2024</u>	<u>2023</u>
Current income tax	\$ 32,724	\$ 54,192
Deferred income tax	<u>62,596</u>	<u>411,463</u>
	<u>\$ 95,320</u>	<u>\$ 465,655</u>

- a. The ISR rate was 30% on a basis that differs from the accounting income mainly due to permanent differences such as annual adjustment for inflation, as well as certain non-deductible expenses.
- b. Grupo Elektra, S. A. B. de C. V. (conciliatory entity of Nueva Elektra del Milenio, S. A. de C. V.) and its Subsidiaries considered as conciliatory entity and integrated entities, respectively; determine the ISR according to what is mentioned in Article 64 of the ISR Law, Chapter IV "Of the optional regimen for Company entities". This new optional regime requires a participation in the capital of the subsidiaries of at least 80% and will allow the integrating Company (Controlling) to differ the annual tax payments of its integrated subsidiaries who generated profits for a period equivalent to 3 years to the extent that its expenses due to taxes do not exceed individually the expense for comprehensive tax of the Controlling Company, without considering those companies that have tax losses pending amortization prior to 2014. Foreign subsidiaries determine their income taxes according to the applicable tax rates in each jurisdiction.

## 17. Information by segments

Condensed financial information by geographic area as of March 31, 2024 and 2023 is presented below:

	<u>Mexico</u>	<u>Central America</u>	<u>Other</u>	<u>Total</u>
<b>March 31, 2024</b>				
Income	\$ 13,912,031	\$ 1,345,998	\$ -	\$ 15,258,029
Gross profit	6,999,874	476,285	-	7,476,159
Profit (loss) from operations	129,836	81,839	(1,095)	210,580
Depreciation and amortization	(963,230)	(65,266)	(4)	(1,028,500)
Income tax	(73,323)	(34,521)	12,524	(95,320)

	<u>Mexico</u>	<u>Central America</u>	<u>Other</u>	<u>Total</u>
<b>March 31, 2023</b>				
Income	\$ 12,881,019	\$ 1,258,410	\$ -	\$ 14,139,429
Gross profit	6,907,016	420,287	-	7,327,303
Profit (loss) from operations	879,063	57,653	(4,753)	931,963
Depreciation and amortization	(974,021)	(61,988)	(6)	(1,036,015)
Income tax	(429,973)	(35,682)	-	(465,655)

## 18. Commitments and contingencies

### a. Commitments

The Company is the Trustor and Second Trustee of an Irrevocable Administration Trust, Payment Source and Guarantee, established as a financing structure obtained by Grupo Elektra, S. A. B. de C. V. (Grupo Elektra), through which the Company provides the main source of payment, which are the commissions generated by the remittance payment service charged to various business partners.

On July 2017, Grupo Elektra made a disposition of the loan for \$ 2,000,000 with Banco Nacional de Comercio Exterior, for a term of 10 years.

On June 30, 2023 Grupo Elektra made an additional disposal for \$ 500,000 with Banco Multiva, for a term of 3 years.

On July 5, 2023 Grupo Elektra made an additional disposal for \$ 1,000,000 with Banco Multiva, for a term of 3 years.

### b. Contingencies

#### 1. Processes in Central and South America

Closing of bank transactions in the Federative Republic of Brazil:

On May 11, 2015, Banco Azteca de Brasil informed the Central Bank of Brazil of its decision to stop operating the bank business in Brazil. All the necessary activities were carried out to liquidate its bank assets and pay its bank creditors.

As part of that closing process, on January 8, 2016, the Central Bank of Brazil notified the beginning of the out-of-court settlement process of Banco Azteca de Brasil.

Derived from the request for closure of the extrajudicial liquidation, the Central Bank of Brazil approved the closing plan, including: the change of name to Deler Consultoria, S. A., the amendment to its corporate purpose and the cancellation of the bank license, remaining consequently as an unregulated business in the financial system, which was approved by the Central Bank on November 27, 2018.

To date, Deler Consultoria, S. A. (unregulated business in the financial system) continues to make the corresponding negotiations with its creditors and hopes to solve the contingencies.

#### 2. Tax proceeding against liquidation of income tax

The Company has filed four petitions for cancellation against income tax liabilities with the Divisions of the Federal Administrative Justice Court pursuant to tax years 2010, 2012, and 2014.

The Company is currently waiting for a ruling to be handed down.

The historical contingency of the matters discussed amounts to \$1,281,084,805. (Amount presented in Mexican Pesos).

We consider that there are serious, reasonable elements of defense to have a final ruling handed down in benefit of the interests of the company concerning the matters discussed above. However, as in any case of a litigation nature, it is not possible to guarantee results.

Finally, it is important to mention that the aforementioned tax credits are duly guaranteed before the tax authorities.

The Company is subject to various lawsuits and claims during the normal course of its operations (such as litigation, arbitration, administrative proceedings that are incidental to its business including, without limitation, regulatory enforcement matters, contract disputes, labor lawsuits, clients, among others). Management believes that none of these lawsuits will have any material adverse effect on its business or financial condition.

The reference to historical contingency indicated in the previously mentioned numeral, is determined on the date on which the tax authority issued the official letter with the resolution of each tax credit, and said historical contingency considers and includes the determination of the supposedly omitted tax, update by inflation, surcharges and fines as of that date.

**MEXICO,  
May, 2024**



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**CP. ANTONIO APARTADO  
PEREZ  
Accounting Manager.**



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**CP. ALEJANDRO CUEVAS  
CASTRO  
Accounting Director.**