NUEVA ELEKTRA DEL MILENIO, S. A. DE C. V.
AND SUBSIDIARIES
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2024 AND DECEMBER 31,2023
AND FOR THE NINE-MONTH PERIOD ENDED
SEPTEMBER 30, 2024 AND 2023

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

Condensed consolidated financial statements as of September 30, 2024 and December 31, 2023, and for the nine-month period ended September 30, 2024 and 2023

Table of contents

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

Condensed consolidated statements of financial position
September 30, 2024 and December 31, 2023
(Thousands of Mexican pesos)

	Note	2024	2023
Assets			
Current			
Cash and cash equivalents		$ 9,749,995	$ 7,479,121
Investments in securities	5	3,310,035	4,691,501
		13,060,030	12,170,622
Accounts receivable:			
Related parties	7	25,851,493	26,024,668
Accounts receivables, net	6	1,753,771	2,992,445
Recoverable taxes		1,785,025	1,659,323
Senior notes service reserve		1,289,884	1,081,389
Account receivable with collateral agent		2,381,369	593,868
Other accounts receivable		2,643,195	2,777,513
		35,704,737	35,129,206
Inventories, net	8	7,204,265	6,485,916
Prepayments		1,723,344	1,572,921
Assets held for sale		36,585	36,435
Total current assets		57,728,961	55,395,100
Investments in securities	5	2,059,082	1,772,128
Related parties	7	19,216,007	15,792,230
Investment in stores, furniture and equipment, net	9	4,414,589	4,750,597
Right-of-use assets	10-b	10,103,984	10,425,172
Deferred income tax		4,372,068	4,606,990
Investment in associates		1,033,870	978,671
Other assets		560,783	512,458
		41,760,383	38,838,246
Total assets		$ 99,489,344	$ 94,233,346

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

Condensed consolidated statements of financial position (Continued)
September 30, 2024 and December 31, 2023
(Thousands of Mexican pesos)

	Note	2024	2023
Liabilities			
Current			
Senior notes	12	$ 2,453,625	$ 1,689,350
Trade payables		6,897,384	5,114,557
Related parties	7	35,500,316	36,344,893
Provisions		3,986,296	3,406,364
Lease liabilities	10-c	1,850,261	2,594,438
Other accounts payable	13	5,301,532	4,502,723
Total current liabilities		55,989,414	53,652,325
Senior notes	12	4,333,548	5,367,579
Lease liabilities	10-c	9,948,894	9,391,382
Contributions for future capital increases	14-c	-	2,268,202
Income tax payable	16-b	97,690	568,956
Employee benefits		655,141	529,407
Other liabilities		87,387	59,524
Total non-current liabilities		15,122,660	18,185,050
Total liabilities		71,112,074	71,837,375
Stockholders' equity	14		
Capital stock		6,642,060	4,373,858
Legal reserve		201,509	201,509
Retained earnings		14,328,738	14,208,161
Other comprehensive income		6,954,505	3,397,839
Total controlling equity		28,126,812	22,181,367
Total non-controlling equity		250,458	214,604
Stockholders' equity		28,377,270	22,395,971
Total liabilities and stockholders' equity		$ 99,489,344	$ 94,233,346

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 nine-month period ended September 30, 2024 and 2023
(Thousands of Mexican pesos)

	Note	2024	2023
Net sales and revenue from services	7 and 15	$ 48,272,500	$ 44,683,237
Cost	15	23,577,591	22,392,845
Gross profit		24,694,909	22,290,392
Selling and administrative expenses	7	20,971,241	17,585,830
Depreciation and amortization		3,069,041	3,208,215
Other income, net		(20,123)	(15,824)
		24,020,159	20,778,221
Profit from operations		674,750	1,512,171
Comprehensive financial results:	7		
Interest income		1,394,055	3,100,037
Interest expense		(1,709,045)	(1,898,432)
Exchange gain, net		289,676	143,887
Gain (loss) on investments		(210,234)	23,443
		(235,548)	1,368,935
Equity in the net profit of associated companies		17,957	70,858
Profit before income tax		457,159	2,951,964
Income tax	16	(333,029)	(723,589)
Profit before discontinued operations		124,130	2,228,375
Loss from discontinued operations		(2,180)	(20)
Net profit for the period		121,950	2,228,355
Other comprehensive income:			
Exchange gain (loss) arising on translation of foreign operations in subsidiaries and associates	14-g	3,556,666	(2,110,762)
Total comprehensive income for the period		$ 3,678,616	$ 117,593
Profit for the year attributable to:			
Non-controlling interest		$ 1,373	$ 1,579
Controlling interest		120,577	2,226,776
		$ 121,950	$ 2,228,355
Total comprehensive income (loss) attributable to:			
Non-controlling interest		$ 1,373	$ (20,285)
Controlling interest		3,677,243	137,878
		$ 3,678,616	$ 117,593

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 nine-month period ended September 30, 2024 and 2023
(Thousands of Mexican pesos)

	Capital stock	Legal reserve	Retained earnings	Other comprehensive income	Total controlling equity	Total non controlling equity	Total equity
Balances at December 31, 2022	$ 4,373,858	$ 201,509	$ 13,640,340	$ 6,473,404	$ 24,689,111	$ 243,747	$ 24,932,858
Dividends payments (Note 14-b)			(1,000,000)		(1,000,000)		(1,000,000)
Comprehensive income for the period (Notes 2-e and 14-g)	-	-	2,226,776	(2,088,898)	137,878	(20,285)	117,593
Balances at September 30, 2023	$ 4,373,858	$ 201,509	$ 14,867,116	$ 4,384,506	$ 23,826,989	$ 223,462	$ 24,050,451
Balances at December 31, 2023	$ 4,373,858	$ 201,509	$ 14,208,161	$ 3,397,839	$ 22,181,367	$ 214,604	$ 22,395,971
Capital Stock (Notes 14 and 14-C)	2,268,202				2,268,202	34,481	2,302,683
Comprehensive income for the period (Notes 2-e and 14-g)	-	-	120,577	3,556,666	3,677,243	1,373	3,678,616
Balances at September 30, 2024	$ 6,642,060	$ 201,509	$ 14,328,738	$ 6,954,505	$ 28,126,812	$ 250,458	$ 28,377,270

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 nine-month period ended September 30, 2024 and 2023
(Thousands of Mexican pesos)

	2024	2023
Operating activities		
Profit before income tax	$ 457,159	$ 2,951,964
Items related to investment activities:		
Depreciation and amortization	3,069,041	3,208,215
Equity in net profit of associates, net	(17,957)	(70,858)
Interest income	(1,394,055)	(3,100,037)
Other items not realized	(159,289)	(165,307)
Loss (gain) investment valuation	210,234	(23,443)
Items related with financing activities:		
Interest expense	1,709,045	1,898,432
	3,874,178	4,698,966
Variations in:		
Increase in inventories	(422,156)	(1,043,521)
Increase receivables and other assets	(880,663)	(9,314,011)
Increase in liabilities	2,195,026	10,110,096
Income tax paid	(708,577)	(39,166)
Net cash flows from operating activities	4,057,808	4,412,364
Investing activities		
Decrease in Investments	1,903,878	61,956
Investment in stores, and purchases of furniture and equipment	(814,407)	(972,920)
Interest received	1,199,176	2,777,423
Other	21,734	45,187
Net cash flows from investing activities	2,310,381	1,911,646
Cash flows use in financing activities	6,368,189	6,324,010
Financing activities		
Payments from debt	(1,278,388)	(1,371,723)
Lease payments	(1,751,817)	(1,523,491)
Dividends payment		(1,000,000)
Interest paid	(1,513,290)	(1,324,624)
Net cash flows (used in) from financing activities	(4,543,495)	(5,219,838)
Net increase in cash and cash equivalents	1,824,694	1,104,172
Cash and cash equivalents at beginning of year	7,479,121	7,777,016
Exchange profit (losses) on cash and cash equivalents	446,180	(511,901)
Cash and cash equivalents at end of the period	$ 9,749,995	$ 8,369,287

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

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 1,354 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, Orlani, 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, México City.

2. Basis of preparation of condensed consolidated financial statements

a. Compliance with financial reporting standards

The condensed consolidated financial statements for the nine months ended September 30, 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 were 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:

Company	Percentage of equity (%)	Activity
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, SARL., a Luxembourg 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:

Company	Percentage of equity (%)	Activity
Baz Entregas, S. A. de C. V. (formerly Proveedora AOS de Servicios, S. A. de C. V.), a Mexican entity	50.0%	Freight 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 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 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 fair 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.

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.

	Annual rate %
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 has 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 from 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 another 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 made 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.

The financial statements of the subsidiaries and associated companies abroad maintain a recording currency that coincides with their functional currency, which served as the basis for converting foreign operations to the Company's reporting currency, causing a translation effect in the foreign currency at the end of each period.

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

	2024	2023
Investments in high-liquidity securities	$ 3,188,944	$ 4,570,410
Debt securities	2,059,082	1,772,128
Equity instruments	121,091	121,091
Total Investments	$ 5,369,117	$ 6,463,629
Less, current investments	3,310,035	4,691,501
Non-Current investments	2,059,082	1,772,128

6. Accounts receivable, net

Accounts receivable as of September 30, 2024 and December 31, 2023 are integrated as follows:

		2024	2023
Trade receivables:			
Sale of shares		$ 1,515,647	$ 1,515,647
Accounts receivable from remittance companies		884,346	2,304,147
Commissions for remittances		603,316	381,895
Wholesale and employee sales		402,069	517,182
		3,405,378	4,718,871
Allowance for expected credit losses:			
Sale of shares	(1)	(1,515,647)	(1,515,647)
Accounts receivable from wholesale portfolio	(2)	(46,453)	(46,453)
Wholesale and employee sales		(89,507)	(164,326)
		(1,651,607)	(1,726,426)
		$ 1,753,771	$ 2,992,445

(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

	2024	2023
Accounts receivable:		
Grupo Elektra, S. A. B. de C. V.	$ 8,038,018	$ 8,273,436
Arrendadora Internacional Azteca, S. A. de C. V.	3,355,546	383,988
Intra Mexicana, S. A. de C. V.	3,083,917	2,872,974
Dirección y Administración Central, S. A. de C. V.	2,662,570	3,449,759
Operadoras en Servicios Comerciales, S. A. de C. V.	2,083,557	3,782,379
Selabe Motors, S. A. de C. V.	1,402,972	1,467,463
Banco Azteca, S. A. Institución de Banca Múltiple	1,394,920	1,600,838
Procesos de Oro y Metales, S. A. de C. V.	884,394	1,067,064
Purpose Financial, Inc.	165,764	254,510
Others	2,779,835	2,872,257
	25,851,493	26,024,668
Long-term intercompany loans: (1)	19,216,007	15,792,230
	$ 45,067,500	$ 41,816,898

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

		Amount MXN	Amount USD	Maturity date
Grupo Elektra, S. A. B. de C. V.	(1)	$ 2,944,350	$ 150,000	July 30, 2027
Grupo Elektra, S. A. B de C. V.	(2)	434,764	22,149	April 3, 2026
Grupo Elektra, S. A. B de C. V.	(3)	1,059,966	54,000	September 20, 2026
Grupo Elektra, S. A. B de C. V.	(4)	824,418	42,000	September 21, 2026
Grupo Elektra, S. A. B de C. V.	(5)	1,668,465	85,000	September 23, 2026
Grupo Elektra, S. A. B de C. V.	(5)	647,757	33,000	October 26, 2026
Grupo Elektra Global, SLU.	(6)	153,322	7,811	April 6, 2025
Purpose Financial, Inc.	(7)	8,047,890	410,000	June 30,2030
Purpose Financial, Inc.	(8)	2,846,205	145,000	June 30,2032
Purpose Financial, Inc.	(9)	588,870	30,000	October 30,2032
Long-term loans		**$ 19,216,007**	**$ 978,960**	

(1) Interest rate: SOFR + 300 Basis Point
(2) Interest rate: SOFR + 300 Basis Point
(3) Interest rate: SOFR + 300 Basis Point
(4) Interest rate: SOFR + 300 Basis Point
(5) Interest rate: SOFR + 300 Basis Point
(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. The company subsequently paid US$ 27,851 in September 2024.

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.

Grupo Elektra lent a loan for US$ 150,000 in July 2024 with a maturity date in July 30, 2027.

The company paid US$ 28,625 on June 13, 2024 of the loan it had with Grupo Elektra of US$ 98,000.

Subsequently, the loan was paid in full on August 30 and September 5, 2024 in the amount of US$ 58,868 and US$ 10,507, respectively.

	2024	2023
Accounts payable:		
Elmex Superior, S. A. de C. V.	$ 7,800,667	$ 7,805,278
Comercializadora de Motocicletas de Calidad, S. A. de C. V.	6,559,114	8,419,958
Mercadotecnia Tezontle, S. A. de C. V.	5,152,295	5,136,181
Comercializadora de Motos y Garantías CMG S. de R. L. C. V.	3,065,319	826,466
Mi Garantía Extendida, S. A. de C. V.	2,673,569	2,815,906
Salinas y Rocha, S. A. de C. V.	2,542,766	2,682,426
Grupo Elektrafin S. A. de C.V.	1,219,300	1,452,792
Compañía Operadora de Teatros, S. A. de C. V.	556,920	1,264,895
Others	5,930,366	5,940,991
	$ 35,500,316	$ 36,344,893

ii. Transactions with related parties

	2024	2023
Revenue		
Sale of inventory:		
Grupo Elektra, S. A. B. de C. V.	$ 11,465,704	$ 10,459,463
Operadoras en Servicios Comerciales, S. A. de C. V.	345,513	459,002
Salinas y Rocha, S. A. de C. V.	153,246	160,469
Others	34,527	41,613
	$ 11,998,990	$ 11,120,547
Revenue from administrative and operating services:		
Banco Azteca, S. A. Institución de Banca Múltiple	$ 12,733,686	$ 11,350,183
Seguros Azteca, S. A. de C. V.	697,068	654,555
Banco Azteca de Guatemala S. A.	489,912	371,975
Afore Azteca, S. A. de C. V.	65,481	57,353
Banco Azteca de Honduras	72,489	48,844
Punto Casa de Bolsa, S. A. de C. V.	4,752	4,733
Others	152,860	124,930
	$ 14,216,248	$ 12,612,573
Interest income:		
Grupo Elektra, S. A. B. de C. V.	$ 444,140	$ 2,484,954
Purpose Financial, Inc.	488,292	231,885
Inmuebles Ardoma S. A. de C.V.	106,246	107,255
Banco Azteca, S. A. Institución de Banca Múltiple	80,494	58,235
Arrendadora Internacional Azteca, S. A. de C. V.	48,615	21,045
Elektra Satelital, S.A. de C.V.	6,533	6,639
Others	15,997	15,373
	$ 1,190,317	$ 2,925,386
Other income:		
Comercializadora de Motocicletas de Calidad, S. A. de C. V.	$ 295,889	$ 255,876
Grupo Elektra, S. A. B. de C. V.	281,444	247,006

	2024	2023
Grupo Elektrafin, S. A. de C. V.	232,800	244,921
Intra Mexicana, S. A. de C. V.	138,965	127,906
Operadoras en Servicios Comerciales, S. A. de C. V.	111,575	20,372
Others	478,948	313,460
	$ 1,539,621	$ 1,209,541

	2024	2023
Expenses		
Expenses from administrative and operating services:		
Grupo Elektra, S. A. B. de C. V.	$ 681,511	$ 305,950
Dirección de Administración Central, S. A. de C. V.	531,261	696,493
Banco Azteca, S. A. Institución de Banca Múltiple	447,079	432,134
Grupo Elektrafin, S. A. de C. V.	325,068	290,301
Comercializadora de Motos y Garantías CMG S. de R. L. de C.V.	252,000	-
Aerotaxis Metropolitanos, S. A. de C. V.	165,496	174,969
Arrendadora Internacional Azteca, S.A. de C.V.	128,742	97,082
Selabe Diseños, S. A. de C. V.	124,927	154,923
Ekt Trading & Consulting Group, S. A. de C. V	111,670	46,737
Operadoras en Servicios Comerciales, S. A. de C. V.	87,118	152,368
TV Azteca, S. A. B. de C. V.	98,632	16,616
Elmex Superior, S. A. de C. V.	57,828	53,004
Others	235,765	223,858
	$ 3,247,097	$ 2,644,435

	2024	2023
Interest expense:		
Grupo Elektra, S. A. B. de C. V.	$ 218,573	$ 296,309
Aerotaxis Metropolitanos, S. A. de C. V.	89,168	82,874
Grupo Elektrafin, S. A. de C. V.	44,075	44,503
Others	83,674	99,269
	$ 435,490	$ 522,955
Purchases of inventories:		
Mercancía Exclusiva Universal, S. A. de C. V.	$ 1,313,280	$ 1,428,655
Telecomunicaciones 360, S. A. de C. V.	119,567	381,089
Comercializadora de Motocicletas de Calidad, S. A. de C. V.	6,088	18,133
	$ 1,438,935	$ 1,827,877

As from April, 2022, the Company's management and its affiliates agreed to centralize the motorcycles Italika's logistic and merchandising, so from that date, the motorcycles sales is through Comercializadora de Motocicletas de Calidad, S. A. de C. V. and NEM only renders the distribution channel service.

8. Inventories

a. At September 30, 2024 and December 2023 is as follows:

	2024	2023
Household appliances	$ 2,916,022	$ 2,386,556
Electronic	1,898,801	1,872,684
Motorcycles	1,085,696	719,646
Computer	425,996	696,449
Transportation	188,266	245,567
Furniture	318,724	288,634

Telephones	370,676	276,163
Others	84	217
	$ 7,204,265	$ 6,485,916

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

	2024	2023
Balance at January 1	$ 448,100	$ 216,078
Charges (credits) to income statement:		
Additional reserve	198,251	232,022
	$ 646,351	$ 448,100

9. Investment in stores, furniture and equipment, net

	2024				
	Initial balance	Additions	Disposals	Foreign effect	Final balance
Investment:					
Investment in stores	$ 14,850,784	$ 583,677	$ (125,660)	$ 164,609	$ 15,473,410
Furniture and equipment	426,855	59,999	(3,635)	14,655	497,874
Computer equipment	536,056	102,808	(19,464)	22,589	641,989
Machinery and equipment	337,121	61,965	(2,838)	7,874	404,122
Transportation equipment	49,559	5,958	(2,715)	7,746	60,548
Others	37,585	-	(1,004)	4,975	41,556
	16,237,960	814,407	(155,316)	222,448	17,119,499
Depreciation:					
Investment in stores	(11,012,220)	(1,008,530)	113,389	(139,386)	(12,046,747)
Furniture and equipment	(105,471)	(30,035)	3,346	(8,017)	(140,177)
Computer equipment	(258,942)	(99,462)	3,124	(18,885)	(374,165)
Machinery and equipment	(72,598)	(22,253)	2,836	(4,952)	(96,967)
Transportation equipment	(24,976)	(5,718)	2,383	(4,034)	(32,345)
Others	(13,156)	(492)	1,004	(1,865)	(14,509)
	(11,487,363)	(1,166,490)	126,082	(177,139)	(12,704,910)
	$ 4,750,597	$ (352,083)	$ (29,234)	$ 45,309	$ 4,414,589

	2023					
	Initial balance	Additions	Disposals	Foreign effect	Impairment	Final balance
Investment:						
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
	15,501,034	1,094,748	(134,943)	(196,259)	(26,620)	16,237,960
Depreciation:						
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)
	(9,869,572)	(1,880,571)	99,567	163,213	-	(11,487,363)
	$ 5,631,462	$ (785,823)	$ (35,376)	$ (33,046)	$ (26,620)	$ 4,750,597

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 transportation equipment, 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 September 30, 2024:

	Properties	Computer equipment	Investment in stores	Transportation equipment	Total assets
January 1, 2024	$ 9,615,980	$ 7,303	$ 70,631	$ 731,258	$10,425,172
Exchange differences	89,061	-	-	-	89,061
Additions for new contracts and rent update	1,668,445	-	-	39,972	1,708,417
Disposals	(108,112)	-	-	(182,518)	(290,630)
Amortization	(1,664,650)	(2,241)	(16,363)	(144,782)	(1,828,036)
September 30, 2024	$ 9,600,724	$ 5,062	$ 54,268	$ 443,930	$10,103,984

As of December 31, 2023:

	Properties	Computer equipment	Investment in stores	Transportation equipment	Total assets
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	(2,093,234)	(5,004)	(26,033)	(222,523)	(2,346,794)
December 31, 2023	$ 9,615,980	$ 7,303	$ 70,631	$ 731,258	$10,425,172

c. Lease liabilities

	2024	2023
Balance at January 1	$ 11,985,820	$ 12,029,286
Additions for new contracts and rent update	1,711,591	2,341,011
Interest accrued in the period	974,585	1,325,913
Disposals	(297,553)	(342,986)
Payments for leases	(2,726,403)	(3,420,964)
Foreign currency effects	151,115	53,560

	2024	2023
	11,799,155	11,985,820
Less, short-term	(1,850,261)	(2,594,438)
Long-term	$ 9,948,894	$ 9,391,382

d. Maturity of lease liabilities

Years of maturity	2024	2023
Short Term	$ 1,850,261	$ 2,594,438
Between 1 and 2 years	2,118,819	2,466,602
Between 2 and 5 years	3,823,193	3,102,652
Over 5 years	4,006,882	3,822,128
Long term	9,948,894	9,391,382
	$ 11,799,155	$ 11,985,820

11. Disposal of business

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 September 30, 2024 and December 31, 2023, the Senior Notes net outstanding balance was $6,787,173, and $7,056,929:

	2024	2023
Outstanding balance	$ 6,870,150	$ 7,179,738
Transaction costs	(82,977)	(122,809)
	$ 6,787,173	$ 7,056,929
Less, current Senior notes	2,453,625	1,689,350
Non-current Senior notes	$ 4,333,548	$ 5,367,579

On October 17, 2024, the Company made the payment of the amortization of the Senior Notes for an amount of US$ 25 million of principal and US$ 4.5 million 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 143.8x, 136.8x, and 132.0x during July, August and September, 2024, respectively, and a Quarterly Debt Service Coverage Ratio of 137.6x during the third quarter of 2024."

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

	2024
2025	$ 2,453,625
2026	1,890,059
2027	1,953,054
2028 hereafter	490,435
	6,787,173
Less current portion	(2,453,625)
Non-current debt	$ 4,333,548

13. Other accounts payable

	2024	2023
Creditor for goods and services	$ 3,982,699	$ 3,082,918
Merchandise reserve	1,073,581	896,261
Deferred income	97,651	67,143
Taxes to pay	142,030	451,552
Employee benefits	-	42
Liabilities attributable to assets held for sale	5,571	4,807
	$ 5,301,532	$ 4,502,723

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 September 30, 2024 and December, 31 2023, the share capital are as follows:

	Number of shares	Amount
Fixed capital stock	500	$ 50
Variable capital stock	39,204,850	3,920,485
	39,205,350	3,920,535
Restatement until December 31, 2007		453,323
		4,373,858
Capital stock increase		2,268,202
Total capital stock		$ 6,642,060

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 September 30, 2024, the Company did not decreed dividends.

c. Contributions for future capital increases

In June 2024, the Company has formalized the meeting minutes on the capital increases for an amount of $2,268,202, consequently are presented in the stockholders' equity.

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 September 30, 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 September 30, 2024 the updated balance of the account called "Updated contribution capital" amounts to $23,282,310. 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 September 30, 2024, the updated balance amounts to $13,263,062.

g. Other comprehensive income

Other comprehensive income as of September 30, 2024 and, 2023 is composed as shown below:

	2024	2023
Net profit of the period	$ 121,950	$ 2,228,355
Exchange gains arising on translation of foreign operations in subsidiaries and associated companies	3,556,666	(2,088,898)
Non-controlling	-	(21,864)
Comprehensive loss (income) of the period	$ 3,678,616	$ 117,593

15. Revenue and costs

As of September 30, 2024 and 2023 the principal income of the Company is as follows:

	2024	2023
Inventory retail sales	$ 27,282,637	$ 25,926,404
Administrative services	16,504,627	14,576,674

	2024	2023
Money transfers	3,261,161	3,188,913
Commissions and extended warranty services	1,224,075	991,246
	$ 48,272,500	$ 44,683,237

As of September 30, 2024 and 2023 costs by nature are as follows:

	2024	2023
Inventory retail sales	$ 22,676,294	$ 21,549,194
Money transfers	73,312	66,798
Commissions and extended warranty services	827,985	776,853
	$ 23,577,591	$ 22,392,845

16. Income taxes

This item is integrated as shown below:

	2024	2023
Current income tax	$ 98,388	$ 28,478
Deferred income tax	234,641	695,111
	$ 333,029	$ 723,589

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 September 30, 2024 and 2023 is presented below:

	Mexico	Central America	Other	Total
September 30, 2024				
Income	$ 43,818,633	$ 4,453,867	$ -	$ 48,272,500
Gross profit	23,143,829	1,551,080	-	24,694,909
Gain from operations	423,757	263,276	(12,283)	674,750
Depreciation and amortization	(2,857,586)	(211,446)	(9)	(3,069,041)
Income tax	(275,321)	(108,020)	50,312	(333,029)

	Mexico	Central America	Other	Total
September 30, 2023				
Income	$ 40,605,324	$ 4,077,913	$ -	$ 44,683,237
Gross profit	20,960,713	1,329,679	-	22,290,392
Profit from operations	1,340,322	182,178	(10,329)	1,512,171
Depreciation and amortization	(3,026,050)	(182,148)	(17)	(3,208,215)
Income tax	(768,257)	(80,204)	124,872	(723,589)

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.

19. Subsequent Events

On October 29, new senior notes for $350 million were issued at a rate of 12.50% with a maturity date of October 15, 2031 and the previous bond was settled.

MEXICO,

November, 2024

CP. ANTONIO APARTADO PEREZ **Accounting Manager.**	**CP. ALEJANDRO CUEVAS CASTRO** **Accounting Director.**