Quarterly Financial Information

[105000] Management commentary

Management commentary [text block]

GRUPO ELEKTRA ANNOUNCES REVENUE OF Ps.40,045 MILLION AND EBITDA OF Ps.4,119 MILLION IN THE THIRD QUARTER OF 2022

—Strong growth of Grupo Elektra's consolidated gross portfolio; increases 20%, to Ps.155,737 million—

—15% increase in consolidated deposits, to Ps.208,014 million, generates solid prospects for the financial business, with optimal cost of funding—

Mexico City, October 26, 2022—Grupo Elektra, S.A.B. de C.V. (BMV: ELEKTRA* Latibex: XEKT), Latin America's leading specialty retailer and financial services company, and the largest non-bank provider of cash advance services in the United States, today announced third quarter 2022 financial results.

Third quarter results

Consolidated revenue grew 13% to Ps.40,045 million in the period, compared to Ps.35,504 million in the same quarter of the previous year. Operating costs and expenses were Ps.35,926 million, from Ps.29,947 million in the same period of 2021.

As a result, EBITDA was Ps.4,119 million, compared to Ps.5,557 million a year ago. Operating income was Ps.1,802 million this quarter, from Ps.3,433 million in the same period of 2021.

The company reported net loss of Ps.2,384 million, compared to net income of Ps.999 million a year ago.

	3Q 2021	**3Q 2022**	**Change**	
			Ps.	**%**
Consolidated revenue	$35,504	**$40,045**	**$4,541**	**13%**
EBITDA	$5,557	**$4,119**	**$(1,437)**	**-26%**
Operating profit	$3,433	**$1,802**	**$(1,631)**	**-48%**
Net result	$999	**$(2,384)**	**$(3,383)**	**----**
Net result per share	$4.40	**$(10.55)**	**$(14.95)**	**----**

Figures in millions of pesos
EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization.
As of September 30, 2021, Elektra* outstanding shares were 227.2 million and as of September 30, 2022, were 225.9 million.

Revenue

Consolidated revenue increased 13% in the period, as a result of a 19% growth in financial income and a 5% increase in commercial sales.

The increase in financial income — to Ps.23,949 million, from Ps.20,202 million in the previous year — largely reflects a 22% increase in revenue from Banco Azteca México — which further strengthens its solid financial margin— in the context of dynamic growth of the gross credit portfolio in the period, which improves the well-being of millions of families and the growth of businesses.

The increase in sales of the commercial business — to Ps.16,095 million, from Ps.15,302 million a year ago — is largely the result of strong growth in sales of Italika motorcycles — which strengthens the productivity of the businesses and the mobility of the families —, white line — which boosts the quality of life in households — and income related to electronic money transfers, in the context of important transfer flows from the United States to Mexico, which contribute to the well-being and progress of millions of families.

Costs and expenses

Consolidated costs for the quarter were Ps.18,653 million, compared to Ps.16,855 million from the previous year. The growth is explained by a 21% increase in the financial cost — derived from a higher creation of allowance for credit risks, in the context of the solid dynamism of the consolidated gross portfolio, as well as higher interest payments, in line with rising market rates. — and a 5% increase in the commercial cost, consistent with higher income from the sale of merchandise.

Sales, administration and promotion expenses totaled Ps.17,273 million, from Ps.13,092 million a year ago, mainly as a result of higher operating expenses in the period. The increase is related to the development of supply logistics strategies that will further strengthen the product supply process, to promptly meet the growing demand for world-class merchandise by millions of families, both on the sales floor and through the company's Omnichannel operations.

Similarly, impacting expenses are system developments to additionally promote high efficiency standards, both in digital banking — which currently has more than 18 million users and is growing dynamically — and in Omnichannel sales — with superior levels of security, comfort and time savings — as well as higher personnel and maintenance expenses, in the context of a solid expansion of contact points, which allow maximizing the customer's shopping experience.

EBITDA and net result

EBITDA was Ps.4,119 million, from Ps.5,557 million the previous year. The company reported operating income of Ps.1,802 million, compared to Ps.3,433 million in the same quarter of 2021.

The most important variation below EBITDA was a reduction of Ps.2,805 million in other financial results, which reflects an 11% loss this quarter in the market value of the underlying financial instruments held by the company — and which does not imply cash flow — compared to a 3% loss a year ago.

Consistent with the results of the quarter, a reduction of Ps.1,534 million was recorded in the tax provision in the period.

Grupo Elektra reported a net loss of Ps.2,384 million, from a net income of Ps.999 million a year ago.

Unconsolidated Balance Sheet

A proforma balance sheet exercise of Grupo Elektra is presented, which allows knowing the non-consolidated financial situation, excluding the net assets of the financial business, whose investment is valued in this case under the participation method.

This presentation shows the debt of the company without considering Banco Azteca's immediate and term deposits, which do not constitute debt with cost for Grupo Elektra. Also, the pro forma balance sheet does not include the bank's gross loan portfolio.

This provides greater clarity on the situation of the different businesses that make up the company, and allows financial market participants to make estimates of the value of the company, considering only the relevant debt for said calculations.

Thus, the debt with cost was Ps.40,609 million as of September 30, 2022, compared to Ps.32,505 million of the previous year. The growth of the debt balance is related to the issuance of *Certificados Busatiles* and bank loans during the period.

The balance of cash and cash equivalents was Ps.9,480 million, from Ps.7,476 million in the previous year.

As of September 30, 2022, the company's stockholders' equity was Ps.94,406 million, and the ratio of stockholders' equity to total liabilities was 1.16 times.

	As of September 30 2021	As of September 30 2022	Cambio Ps.	%
Cash and cash equivalents	$7,476	$9,480	2,004	27%
Marketable financial instruments	34,734	34,411	(323)	(1%)
Inventories	19,130	24,204	5,074	27%
Accounts receivables	59,809	43,287	(16,522)	(28%)
Other current assets	5,167	5,226	58	1%
Investments in shares	38,189	37,238	(951)	(2%)
Fixed assets	7,406	9,704	2,298	31%
Right of use assets	8,700	10,413	1,713	20%
Other assets	1,356	1,674	318	23%
Total assets	$181,967	$175,636	($6,331)	(3%)
Short-term debt	$14,450	$13,643	(808)	(6%)
Suppliers	8,374	7,041	(1,334)	(16%)
Other short-term liabilities	12,967	19,395	6,428	50%
Long-term debt	18,055	26,966	8,911	49%
Differed taxes	12,284	1,800	(10,484)	(85%)
Other long-term debt	11,198	12,387	1,188	11%
Total liabilities	$77,328	$81,230	$3,902	5%
Stakeholder´s equity	$104,639	$94,406	($10,233)	(10%)
Liabilities and equity	$181,967	$175,636	($6,331)	(3%)

Figures in millions of pesos.

<u>Consolidated Balance Sheet</u>

Loan Portfolio and Deposits

As detailed in the previous quarter, starting on January 1, 2022, Banco Azteca México adopted IFRS-9 ('Financial Instruments') and IFRS-16 ('Leases'), contained in the International Financial Reporting Standards (IFRS) to report their financial statements. These changes implied: growth in its portfolio, in the reserve for credit risks and in the accumulated results (IFRS-9) and a growth in the assets for rights of use and in the liabilities for leases (IFRS-16), when compared to figures for 2021.

The consolidated gross portfolio of Banco Azteca México, Purpose Financial and Banco Azteca Latin America as of September 30, 2022, grew 20%, to Ps.155,737 million, from Ps.129,929 million in the previous year.

Banco Azteca México's gross portfolio balance increased 34% to Ps.149,849 million, from Ps.111,888 million a year ago. The Bank's delinquency rate at the end of the quarter was 3.2%, compared to 4.7% a year earlier.

Grupo Elektra's consolidated deposits grew 15%, to Ps.208,014 million, from Ps.180,609 million a year ago. Banco Azteca México's deposits were Ps.207,233 million, 16% above the Ps.177,908 million of the previous year.

Banco Azteca México's ratio of deposits to gross portfolio was 1.4 times, which allows solid growth for the Bank, with optimal funding costs.

The capitalization index of Banco Azteca México was 14.73%.

Infrastructure

Grupo Elektra currently has 6,207 points of contact, compared to 6,400 units the previous year. The decrease results from the closure of 294 points of contact of Purpose Financial in the United States — in the context of strategies aimed at boosting online credit operations and strengthening the company's operational efficiency — partially offset by growth of 81 points of contact in Mexico and 20 in Central America.

In Mexico, in the last twelve months, 38 new Elektra stores were opened in strategic locations, with a format that offers an optimal mix of merchandise and services, and allows maximizing the customer's shopping experience.

The company has 4,843 storefronts in Mexico at the end of the quarter, 978 in the United States, and 386 in Central America. The important distribution network allows the company to maintain close contact with customers and grants a superior market positioning in the countries where it operates.

Nine-month results

Consolidated revenue in the first nine months of the year grew 13%, to Ps.116,394 million, from Ps.102,957 million registered in the same period of 2021, driven by a growth of 17% in financial income and 9% in commercial sales.

EBITDA was Ps.14,873 million, compared to Ps.16,076 million in the previous year. The company reported operating income of Ps.7,080 million, from Ps.9,989 million a year ago.

In the first nine months of 2022, a net loss of Ps.8,764 million was registered, compared to a net income of Ps.10,996 million a year ago. The change reflects, to a large extent, a decrease in the market value of the underlying financial instruments held by the company — and which does not imply cash flow — compared to the gain of the previous year.

	9M 2021	**9M 2022**	**Change**	
			Ps.	**%**
Consolidated revenue	$102,957	**$116,394**	**$13,437**	**13%**
EBITDA	$16,076	**$14,873**	**$(1,203)**	**-7%**
Operating profit	$9,989	**$7,080**	**$(2,909)**	**29%**
Net result	$10,996	**$(8,764)**	**$(19,760)**	**----**
Net result per share	$48.40	**$(38.80)**	**$(87.20)**	**----**

Figures in millions of pesos

EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization.

As of September 30, 2021, Elektra* outstanding shares were 227.2 million and as of September 30, 2022, were 225.9 million.

Disclosure of nature of business [text block]

Grupo Elektra is the leading specialty retailer and provider of financial services and Money transfer services in Central America focusing mainly on the middle- and low –income economic sectors of the population C+, C, C- y D+. In addition, Grupo Elektra has operations in the United States, where it is the largest provider of short-term non-bank loans services through its subsidiary Purpose Financial, Inc. ("Purpose Financial" formerly Advance America Cash Advance Centers, Inc.) addressed to the middle class of the USA.

The Company's main point of contact in Mexico are Elektra and Salinas y Rocha stores, Banco Azteca branches (including those located within the Elektra and Salinas y Rocha stores), and in Central America, Elektra and Banco Azteca. The point of contact in the United States correspond to Purpose Financial branches.

With the points of contact mentioned above, Grupo Elektra offers worldwide retail products and financial services, as saving deposits, consumer credit and personal loans, focused on C+, C, C- y D+ economic sectors of the population. The Company believes that its consumer financing offerings increase the potential customer base for its commercial business segment and strengthen Grupo Elektra's existing customers' loyalty and purchasing power.

Grupo Elektra's operations can be classified in two business segments: Financial Services Business and Commercial Business.

Financial Services Business

Grupo Elektra's financial services business includes the results of its financial services operations in Latin America, which are carried out under the Azteca brand, with Banco Azteca in Mexico being the flagship brand. This segment currently operates in Mexico, Guatemala, Honduras, Panama and the United States of America. This segment also includes financial results derived from the operations of the following business units: Seguros Azteca, Seguros Azteca Daños, Afore Azteca, Punto Casa de Bolsa and Purpose Financial, Inc. (formerly Advance America Cash Advance Centers, Inc.). The financial services business offers products and services such as consumer credit, personal loans, commercial credit, savings deposits, time deposits, credit card accounts and other consumer finance services; casualty, health and life insurance products; pension fund administration services; and full-service brokerage services, among others. Purpose Financial is the largest non-bank provider of cash advance services in the United States, measured by the number of stores.

Commercial Business

Grupo Elektra's commercial business includes the financial results derived from the sale of products and services such as motorcycles, telephony, household appliances, household items, entertainment, consumer electronics, furniture, computers, electronic money transfers, extended warranties, cellphone minutes, among other services and products. The commercial business mainly operates through two store chains: Elektra in Mexico and Central and South America, which is owned and operated by Nueva Elektra del Milenio, and Salinas y Rocha in Mexico, which is owned and operated by Grupo Elektra's subsidiary Salinas y Rocha S.A. de C.V. Grupo Elektra's money transfer business is conducted through Nueva Elektra del Milenio.

Market Information

Grupo Elektra offers financial services and retail products to all socioeconomic sectors of the population but continues to focus on the middle- and low-income economic sectors (e.g., the C+, C, C- and D+ socio-economic levels in Mexico), which represent approximately 66% of the total population in Mexico and Central America, a market that has been ignored by the traditional banking institutions.

We consider our business is highly competitive, as the Mexican market is very segmented and the consumers are served by an extensive variety of business formats: local retail stores, independent stores, commercial chains and department stores, as well as informal establishments such as vendors and street markets.

Retail Competitors in Mexico

Grupo Elektra's commercial business in Mexico is highly competitive. The market is very fragmented, and consumers are served by a wide variety of formats, including independent retail stores, retail chains and department stores, as well as informal outlets such as street vendors and markets.

Grupo Elektra's main competitors in Mexico are Almacenes Coppel and Grupo Famsa, in addition to independent retail stores.

The following table provides information regarding the number of stores in Mexico of Grupo Elektra and its main competitors.

Cadena	Operaciones	Número de Tiendas
Elektra	Nacional	1,206 (1)
Famsa	Nacional	201 (2)
Coppel	Nacional	+1,600 (3)

(1) As of the third quarter of 2022.
(2) Source: Second quarter 2022 report to the BMV.
(3) Source: https://blog.coppel.com/celebra-coppel-80-anos-de-historias-con-sus-clientes-y-colaboradores

As of September 30, 2022, Grupo Elektra operated 1,206 stores in the Elektra and Salinas y Rocha formats in Mexico. Given this extensive distribution network, Grupo Elektra believes that it is one of the leaders in the specialized commercial business segment. We consider that Almacenes Coppel is our national principal competitor as well as all the formal competitors as retail stores, regional and local department stores. Grupo Elektra believes that its retail operations place it in a competitive position in Grupo Elektra's target market in Mexico.

Retail Competitors of Grupo Elektra in Central America

Grupo Elektra's consumer electronics, household appliances and furniture retail operations in Central America face a large number of competitors in all product categories. As in Mexico, the retail sector in all of Central America is highly fragmented and consumers are served by a wide variety of formats including independent retail stores, retail chains and department stores, as well as informal outlets such as street vendors and markets.

The following table sets forth certain information, based on Grupo Elektra's estimates, concerning Grupo Elektra's primary competitors in two Central American countries where Grupo Elektra operates commercial business in consumer electronics, household appliances and furniture:

Guatemala	Honduras
La Curacao	La Curacao
Agencias Way	El Gallo más Gallo
Almacenes Tropigas	Almacenes Tropigas
Dístelsa-Max Supertiendas	Diunsa
El Gallo más Gallo	Lady Lee
Walmart	Jetstereo
Electrónica Panamericana	Walmart
Almacenes Japón	Comercial M&M
Tecnofácil	Molineros Comercial
Distribuidora La Económica	Mundiofertas
Radio Shack	Comercial Yoli
Cemaco	Key-mart
Americana 2000	Radio Shack

Source: The Internet sites of the competitor companies and market research in each country.

Competitors of Banco Azteca in Mexico

The number of financial, banking and non-bank intermediaries that focus on Grupo Elektra's target customer segment in Mexico is very large and Banco Azteca faces intense competition from most of these intermediaries. In the banking sector, Banco Azteca's principal competitors are Bancoppel, Banco Autofin, Banco Compartamos, Consubanco and BBVA. On the non-bank side, the most significant competitors are Multiple Purpose Financial Companies (Sociedades Financieras de Objeto Múltiple) (Sofomes) that are specialized in consumer credit and microcredit, and retailers that offer installment loans and other financial services (correspondent banking, remittance payment, etc.).

Competitors of Banco Azteca in Central America

Banco Azteca serves a market that has traditionally been neglected by the commercial banking sector. The informal sector does not have a specially established source of financing to serve it.

The low level of penetration of banking into the lower-income sectors of society and the lack of availability of information constitute a barrier to entry into this market by traditional banks. Principal competitors of Banco Azteca in the four countries in Central and South America where it operates include the following:

Guatemala	Honduras	Panamá
Banrural	Banco Atlántida	Caja de Ahorro
Banco de Antigua (Scotiabank)	Banco del País	Banco Nacional
Banco de los Trabajadores	Banco de los Trabajadores	Banco Delta
Banco Promérica	Banco Promérica	Microserfin
MICOOPE	Banco Lafise Honduras	Adelantos

Compartamos	Banco Financiera Comercial Hondureña - FICOHSA	Financiera El Sol
Finca	Banco Popular	
Genésis	Banco de Desarrollo Rural Honduras BANRURAL	
Interconsumo	BAC Credomatic	
Banco Industrial	Banco de Occidente	
FICOHSA	Banco Ficensa	
Crédito Hipotecario Nacional	Da Vivienda	

Source: The Internet sites of the competitor companies and market research in each country.

As of September 30, 2022, Grupo Elektra operated 215 points of contact and 60 freestanding locations.

Competitors of Purpose Financial in the United States

Since Advance America (now Propose Financial) acquisition in 2012, Grupo Elektra has presence in the United States market with short term, accessible, convenient and reliable loans. These alternative financial products are offered to underbanked consumers with limited access to traditional credit from financial institutions.

Historically, alternative financial services have been highly competitive due to relatively low barriers to entry and the regulatory safe harbor that many state statutes provided. We compete primarily with services provided by traditional financial institutions, such as overdraft services and bounced check protection for their account holders, and with other non-bank short term cash loan providers, small loan providers, credit unions, short term consumer lenders, financial services entities, and other retail businesses that offer consumer loans or other products and services entities that are similar to ours. We also compete with companies that offer short term non-bank cash loans and short term loans over the internet as well as over the phone. The largest competitors are Check'n Go and Check into Cash, each have nearly 1,000 bases in the United States, in addition QC Holdings, Inc. has more than 240 branches in the United states.

As of the third quarter of 2022, Grupo Elektra operated 978 points of contact in 24 states in USA.

Regulation and Tax Regime

The Commercial Companies Law governs the incorporation, business activities, corporate governance and dissolution of Mexican companies. Along with the Mexican Income Tax Law (*Ley del Impuesto sobre la Renta*) (the "*MITL*"), it also regulates the payment of dividends, profit distribution, reserve funds, shareholders' rights and obligations, shareholders' meetings, disclosure requirements and establishes sanctions in case of infringements.

In addition, as a group primarily engaged in offering retail commercial and financial services, Grupo Elektra is subject to a diverse array of consumer and financial regulatory requirements under the laws of the jurisdictions in which it operates, largely in Mexico, including a comprehensive statutory and regulatory regime that governs the activities of Banco Azteca as a bank, Seguros Azteca and Seguros Azteca Daños as insurance companies, Afore Azteca as a retirement fund manager and Punto Casa de Bolsa as a brokerage firm.

Some of these legal and regulatory requirements are described below.

Consumer Protection Laws.

- The commercial activities of Grupo Elektra in Mexico are subject to the Consumer Protection Law (Ley Federal de Protección al Consumidor), which regulates consumer installment sales programs in Mexico and are subject to supervision by the Consumer Protection Bureau (Procuraduría Federal del Consumidor) (PROFECO).

- Particularly, consumer credit services are regulated by the banking regulation of the countries where they are offered. In Mexico, the Law for Protection and Defense of Financial Services Users (Ley de Protección y Defensa al Usuario de Servicios Financieros) protects and defends the rights of users of financial services, as further described below.
- The collection practices and repossession procedures Grupo Elektra use in Grupo Elektra's operations in Mexico are regulated under the Consumer Protection Law, the Mexican Commercial Code (Código de Comercio) and the applicable Mexican Civil Codes (Códigos Civiles).

Regulation Affecting Publicly Listed Companies

- The Mexican Securities Market Law (Ley del Mercado de Valores) (the "LMV"). The LMV regulates, among other things: (i) public offerings, (ii) registration requirements, (iii) private placement exemptions, (iv) market trading, (v) tender offers, (vi) disclosure requirements, (vii) periodic reporting obligations; (viii) corporate governance of public companies, (ix) intermediaries, authorities' and other securities market participants, and (x) applicable duties of care and of loyalty for directors of public companies.

- The CNBV oversees and regulates the public offering and trading of securities and participants in the Mexican securities market, and imposes sanctions for the illegal use of insider information and other violations of the LMV. The CNBV regulates the Mexican securities market, the BMV and brokerage firms through its staff and a board of governors comprised of thirteen members. As part of the specific regulation issued by the CNBV, Grupo Elektra's is subject to:

  - The General Regulation Applicable to Securities Issuers and Other Securities Market Participants (Disposiciones de carácter general aplicables a las emisoras de valores y a otros participantes del mercado de valores), which regulates: (i) the registration and maintenance of securities with the National Securities Registry; (ii) public offerings; (iii) disclosure requirements, among others.

  - The General Regulation Applicable to Entities and Issuers Supervised by the CNBV that Contract External Audit Services (Disposiciones de carácter general aplicables a las entidades y emisoras supervisadas por la CNBV que contraten servicios de auditoría externa de estados financieros básicos) (the "External Auditors Regulation"), which sets forth: (i) the requirements that external independent auditors must comply with, (ii) the norms and standards applicable to external audit work, (iii) the content of the external audit reports and other communications and opinions, prepared by external independent auditors, and (iv) the rules regarding hiring, substitution, monitoring and evaluation of external audit work, among others.

Other Applicable Regulation.

- To Banco Azteca: Banco Azteca is a Multiple Banking Institution, authorized by the SHCP to operate as a credit institution in accordance with the Mexican Banking Law (Ley de Instituciones de Crédito) and its bylaws. Banco Azteca is supervised by the SHCP, the Mexican Central Bank, the CNBV, the Institute for the Protection of Bank Savings (Instituto para la Protección al Ahorro Bancario) ("IPAB") and the CONDUSEF, as well as the Anti-Money Laundering Law (Ley Federal para la Prevención e Identificación de Operaciones con Recursos de Procedencia Ilícita ("Ley Antilavado").

- To Afore Azteca: Afore Azteca is regulated mainly by the Retirement Savings Systems Law (Ley de los Sistemas de Ahorro para el Retiro) ("LSAR") and by the regulations issued by the National Retirement Fund System Commission (Comisión Nacional del Sistema de Ahorro para el Retiro) (the "CONSAR"). The CONSAR has the mandate to coordinate, regulate and supervise the AFORE pension system, while the CONDUSEF manages customer claims against the AFORES.

- To Seguros Azteca: Insurance companies are authorized by the SHCP and supervised by the National Insurance and Bonding Commission (Comisión Nacional de Seguros y Finanzas) (the "CNSF"). As insurance companies Seguros Azteca and Seguros Azteca Daños are regulated by the Insurance Law (Ley General de Instituciones y Sociedades

Mutualistas de Seguros), by the Insurance Contract Law (Ley Sobre el Contrato de Seguro) and by the provisions established by the CNSF and the SHCP. The CNSF is in charge of the supervision and surveillance of the insurance companies and the CONDUSEF processes customer complaints against the insurance institutions. The insurance regulations establish the organization, operation and performance of insurance institutions, as well as the minimum requirements that insurance contracts must contain.

- To Money Transmitters: Grupo Elektra’s entities engaged in the money transfer business, including NEM, are subject to articles 81-A Bis, 95 Bis and other applicable provisions of the Law on Credit Organizations and Auxiliary Activities (Ley General de Organizaciones y Actividades Auxiliares del Crédito) and the general regulations and guidelines issued thereunder by the CNBV and the SHCP. Corporations engaged in money transmission must have a valid registration with the CNBV to operate as a money transfer service provider in Mexico pursuant to said law, and are supervised and monitored by the CNBV. Claims by customers of money transfer operators are managed by PROFECO pursuant to the Consumer Protection Law.

- The aforementioned regulations set forth the anti-money laundering rules, procedures and mechanisms for the offer and operation of money transfer services, preventing the funding of terrorist activities and illegally funded transactions. Particularly, they set forth: (i) the general rules for the activities of money transfer operators, (ii) the guidelines of their KYC policy for users and clients, (iii) risk-based approach, (iv) corporate governance, (v) the classification of transactions, (vi) reporting obligations to CNBV (for relevant, unusual, internal and other notorious transactions), (vii) minimum provisions to include in any contract entered into with individuals and legal entities regarding the money transfer activities; (viii) confidentiality and (ix) process of filing of new authorizations, renewals and revocation of authorization to operate as money transmitter, among others

- On March 9, 2018, the Law on the Regulation Financial Technology Institutions (the “FinTech Law”) was published in the Official Gazette. The main purpose of the FinTech Law is to regulate the financial services provided by financial technology institutions, including their organization, operation and functioning as well as the innovative financial services. In this sense, the FinTech Law created and regulates two types of financial technology institutions: (i) Collective Financing (Crowdfunding) Institutions, which are intended to put members of the public in contact with one another so that any member of the public can provide financing to any other member of the public, and (ii) Electronic Payment Institutions, which are intended to provide the public with technological solutions to make electronic payments.

- The CNBV is the authority responsible for granting authorizations and supervising the organization and operation of Collective Financing (Crowdfunding) Institutions and Electronic Payment Institutions.

- The Federal Law for Protection of Personal Information in Possession of Private Parties (Ley Federal de Protección de Datos Personales en Posesión de los Particulares) sets forth the rules and that must be observed by private parties when obtaining, managing, transferring and using personal information of their customers with the objective to protect the privacy and prevent the misuse of personal and sensitive information.

- Outsourcing Law. On April 23, 2021 the Mexican Official Gazette published a presidential decree on the amendment to the rules regarding outsourcing, this legislation prohibits subcontracting personnel, but allows it if the services provided are specialized and such services are not part of the Company’s corporate purposes or preponderant business activity, in order to provide the Company´s collaborators with better working conditions and benefits in the field.

The effects on this amendment in the Companies that held subcontracting services leads to a higher burden on the Payroll Tax, Income tax over wages and salaries and Social Security fees, and the effects on the determination of the Worker´s Profit Sharing (PTU for its acronym in Spanish).

The Company is in the process to assess the possible financial impact that implementing these changes may have on the information.

This summary is based on some laws and regulations applicable to the main subsidiaries in Mexico in force at the date of this Annual Report, which is subject to constant changes. This summary applies only to the main applicable Mexican legislation and does not address foreign legal considerations.

Tax Regime

The Commercial Companies Law governs the incorporation, business activities, corporate governance and dissolution of Mexican companies. Along with the Mexican Income Tax Law (*Ley del Impuesto sobre la Renta*) (the "*MITL*"), it also regulates the payment of dividends, profit distribution, reserve funds, shareholders' rights and obligations, shareholders' meetings, disclosure requirements and establishes sanctions in case of infringements.

Information on the company's tax regime is described in Note 23. Income taxes, of our Audited Consolidated Financial Statements at the end of fiscal year 2021.

Products and Services

The following table details the products and services offered by Grupo Elektra at its points of contact:

Commercial Business	Negocio Financiero
Electronics	Consumer credits
Appliances	Personal loans
Furniture	Commercial credits
Home	Savings deposits
Telephony	Term deposits
Motorcycles (Italika and Hero)	Debit cards
Automotive and Hardware	Credit cards
Computer	Insurance (Life, Accidents, Health)
Mattresses	Liability Insurance
Gaming	Retirement fund administration (Afore)
Fashion and Accessories	Credit Scores
Beauty and Personal Care	Financial leasing
Sporting Goods	Pawn loans
Travel	Short-term non bank loans
Movies, Music and Books	Group loans
Virtual Mobile Network Operator (OUI)	
Money Transfers (Remittances)	
Extended Warranties	
Cellphone minutes	
Domestic calls	

Structure

The following table shows the name and activity from our most important subsidiaries, as well as the percentage of ownership that we directly or indirectly have as of September 30, 2022:

Company name	Percentage of ownership	Activity
Purpose Financial, Inc., an American subsidiary.	100%	Non-bank provider of cash advance services

Afore Azteca, S.A. de C.V., a mexican subsidiary.	100%	Pension fund administrator
Banco Azteca (Panamá), S.A., a panamanian subsidiary.	100%	Banking operations
Banco Azteca de Guatemala, S.A., a guatemalan subsidiary	100%	Banking operations
Banco Azteca de Honduras, S.A., an honduran subsidiary.	100%	Banking operations
Banco Azteca, S.A. Institución de Banca Múltiple, a mexican subsidiary.	100%	Banking operations
Comercializadora de Motocicletas de Calidad, S.A. de C.V., a mexican subsidiary.	100%	Motorcycles retailer
Nueva Elektra del Milenio, S.A. de C.V., a mexican subsidiary.	100%	Retail operations and services provider
Intra Mexicana, S.A. de C.V., a mexican subsidiary.	100%	Money transfer services
Punto Casa de Bolsa, S.A. de C.V., a mexican subsidiary.	100%	Brokerage Firm
Salinas y Rocha, S.A. de C.V., a mexican subsidiary.	100%	Retail operations and services provider
Seguros Azteca Daños, S.A. de C.V., a mexican subsidiary.	100%	Casualty insurance products provider
Seguros Azteca, S.A. de C.V., a mexican subsidiary.	100%	Life and health insurance roducts provider

Value Creation

Grupo Elektra contributes to generating well-being and progress for thousands of families in the middle-low socioeconomic levels, through its offering of world-class merchandise and financial services.

The Company has an extensive distribution network of 6,207 points of contact in Mexico, the United States, Guatemala, Honduras and Panama. The important distribution network allows the company to maintain close contact with customers and allow us to have a superior market positioning in the countries where it operates.

We grant access to world-class merchandise that best suits the needs of our target market, under competitive market conditions, which increases the quality of life of thousands of families in the communities where we operate.

Regarding the financial business, we have a large number of saving accounts in Mexico. These accounts boost our client's wealth and strengthen financial inclusion. Also, our loans expand the purchasing power of thousands of families and companies have been able to form capital to increase their productivity.

Disclosure of management's objectives and its strategies for meeting those objectives [text block]

Grupo Elektra maintains a strategy of strong focus on the growth of its businesses, seeking opportunities for increase its sales and profitability, capitalizing on its leadership position as a distributor of electronics, appliances, furniture, motorcycles, cell phones, computers and services in Mexico and Central America, and using its extensive distribution network to offer its broad client base new banking and financial services and take advantage of business opportunities.

Grupo Elektra continues to focus on the middle- and low- income economic sectors of the population (e.g., the C+, C, C- and D+ socio-economic levels in Mexico), which represent approximately 66% of the total population in Mexico and Latin America. In the United States, Grupo Elektra's focus is on the average of the traditional U.S. population (i.e., a 43-year-old with a family income of U.S.$50,000, 79% of whom own their homes and 96% of whom have a high school degree or higher education according to the 2010 United States Census).

In addition, through the financial business we offer several loans to our clients for various purposes. Grupo Elektra believes that some of the key advantages to its business success are extensive credit experience, a high-level technological operating platform, personalized services and the social focus of its operations.

Disclosure of entity's most significant resources, risks and relationships [text block]

Debt

As of September 30, 2022, consolidated debt with cost was Ps.38,890 million (excluding Banco Azteca's deposits, creditors from repurchase agreements and lease liabilities due to the adoption of IFRS 16), 19% higher from Ps.32,622 million for the same period in 2021 due to new long term stock Certificates issuances for Ps.5,000 million.

Consolidated debt is made up of Ps.38,434 million from the commercial business and Ps.456 million from the financial business. Total balance of current cash, cash equivalents and investments in securities of the commercial business was Ps.16,642 million, as a result, the net debt for such business was Ps.21,792 million. In addition, the commercial business has non-restricted long-term investments in securities for Ps.9,913 million.

Capital management

The Company's consolidated capital management goals are:

- To keep its ability to continue as an ongoing concern.
- To provide an attractive profitability to the shareholders.
- To maintain an optimal capital structure to reduce the cost of capital.

In order to comply with the mentioned objectives, the Company constantly monitors its different business units to ensure that these maintain the expected profitability. However, the Company also could vary the amount of paid dividends to shareholders, issue new shares or monetize assets to reduce its debt.

The Company monitors the ratio of adjusted capital over debt with cost. This ratio is the result of dividing the net debt and the consolidated equity. Also the net debt is defined as a total of the short and long term debt with cost in the consolidated financial position statement (excluding demand terms deposits and debtors from repurchase agreements), less the non-restricted cash and cash equivalents.

The adjusted capital ratio per debt as of September 30, 2022 and December 31, 2021, is calculated as follows:

	2022	2021
Total Debt with cost (1)	**$ 38,889,523**	$ 32,592,799
Less: Cash and cash equivalents (2)	**(28,834,198)**	(29,809,248)
Net Debt	**10,055,325**	2,783,551
Total Equity	**94,405,697**	105,454,497
Ratio	**0.11**	0.03

(1) Does not include leases and deposits of immediate and term demand.
(2) Does not include restricted cash.

The ratio is at a comfortable level as of September 2022 0.11x, vis-a-vis 0.03x at the closing of 2021.

Capitalization index (Banco Azteca)

In addition of the consolidated equity administration, the Company has to closely monitor the equity of its regulated subsidiaries been the most important one Banco Azteca. The standards of Banxico for the determination of the capitalization index consider that a net equity over the market risk, credit and operational has to be maintained. The mentioned net equity cannot be lower than the resulting amount of adding the equity requirements for those types of risks.

As of September 30, 2022, Banco Azteca Mexico’s capitalization ratio was 14.73%. Banco Azteca’s policy is that the capitalization ratio is not less than 12%.

Infrastructure

As of September 30, 2022, Grupo Elektra has 6,207 points of contact compared to 6,400 units the previous year. The decrease results from the closure of 294 points of contact of Purpose Financial in the United States — in the context of strategies aimed at boosting online credit operations and strengthening the company's operational efficiency — partially offset by growth of 81 points of contact in Mexico and 20 in Central America.

In Mexico, in the last twelve months, 38 new Elektra stores were opened in strategic locations, with a format that offers an optimal mix of merchandise and services, and allows maximizing the customer's shopping experience.

The company has 4,483 storefronts in Mexico at the end of the quarter, 978 in the United States, and 386 in Central America. The important distribution network allows the company to maintain close contact with customers and grants a superior market positioning in the countries where it operates.

Employees

As of September 30, 2022, the number of employees was 71,890. Grupo Elektra gives a high priority to training and certification of its personnel in order to ensure the highest levels of customer service. Grupo Elektra believes the success of its operations depends, among other factors, on the level of service provided by Grupo Elektra’s personnel to its customers. All staff, from a sales advisor or cashier to a business Director, receive complete training on their duties since the first day joining the company, as well as a constantly training to help them developed the necessary skills and knowledge, thereby achieving both personal and professional improvement.

Financial risk management (non audited)

General Comprehensive Risk Management Process

The Company has adopted carrying out a conservative risk profile as a fundamental premise in its operations, thereby managing its balance sheet and its operation prudently, which seeks making the best use of its patrimony and investment of funds.

The Company has defined the following objectives for efficient performance of the comprehensive Risk Management process:

- Promote the development and application of a Comprehensive Risk Management culture by establishing the guidelines that allow for applying prudential Comprehensive Risk Management policies and procedures efficiently.

- Implement an independent Comprehensive Risk Management Unit (UAIR - for its acronym in Spanish) for managing and executing successfully.

- Set up a clear organizational structure whereby the Comprehensive Risk Management Policy and Procedures manual is disseminated and applied correctly.

- Have solid Comprehensive Risk Management practices, consistent with the prudential criteria set out by national authorities and with the recommendations drawn up in the international environment.

- Implement the necessary elements for identifying, measuring, overseeing, limiting, controlling, reporting, and disclosing the distinct types of quantifiable and unquantifiable risks from a comprehensive perspective, congruent with the institutional mission and with the business strategy set out by the Board of Directors.

For managing and executing the Risk Management function efficiently, the UAIR has the necessary technological support for operating and generating reports on the distinct types of risks: Credit, Market, Liquidity, and Operational Risks that covers storage, processing and using data that allows for generating quality information.

General risk management seeks to minimize the possible adverse effects on the financial profile of the company and the effects of these risks by using derivative financial instruments which to hedge risk exposures. The use of financial derivatives is governed by Company policies approved by the Board of Directors, which provide written principles on exchange risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments, and investment of surplus liquidity.

The criteria, policies, and procedures adopted by the company in risk management matters are based on institutional guidelines and applicable regulations, as well as the best practices drawn up nationally and internationally.

4.1 Risk factors

a. Market risk

The market risk is the potential loss from changes in risk factors that influence on the valuation or over the expected results in the assets and liabilities operations or that cause a contingent liability, interest rates, such as exchange rates, prices index, raw materials, among others.

To cover such risks, the Company uses different derivative financial instruments. The objective of carrying out hedging transactions is to reduce the exposure of primary position (securities, loan portfolio, deposits, debt) in light of adverse market movements in the risk factors. The hedge position must comply with the condition of behaving inversely to the primary position, i.e., increases in the risk factors that translate into losses in value in the primary position, diminishing the risk in a significant manner. It is worth to mention that to cover the primary position derivative instruments are used which operate in stock-exchange and non-stock exchange markets.

The Company has follow-up and control policies for these operations, in order to comply with the best practices. All the hedge operations made with derivative instruments, must be informed to the follow-up, registry, valuation, and supervision areas with the purpose of carrying out internal control functions concerning to each one of them. In the case of the risk management area, it presents the related information of the hedging derivative operations to the different collegiate of the Company, such as the Board of Directors and the Risk Committee. In a proactive way the integral risk management unit monitors the fulfillment of risks limits and reports, in its case, excesses.

Market Risk Measurement

The Company measures the market risk with the Value at Risk (VaR) model, considering the following parameters:

Parameters	
Method:	Historic Simulation
Level of Trust:	97.5%
Horizon:	1
Days of history:	253

Additionally, to the analysis of historical scenarios to measure the impact on the global position value with regards to unusual changes in market prices, some tests of stress and sensibility are used. To assess the effectiveness of the methodology used in the estimation of VaR, periodically there are tests of "back testing", and if it is the case, the calculation parameters are redefined.

The risk under historic scenarios in the money market, changes and derivatives position, consists in evaluating the market position considering the historical risk factors (prices, rates, exchange rates, indexes and raw materials) of the last 252 days and obtain the worst loss as a result of such valuations.

Market risk exposure of money market, derivative, and currency portfolios, specifically, that is, the Value at Risk (overnight VaR) represents the maximum loss that the Company could observe (for a determined position or investment portfolio, which is not supposed to change the next day) under normal market situations, with a determined level of probability.

As a measure of hedge effectiveness, a risk reduction ratio (RRR) is used by comparing the VaR of the primary position and the resulting VaR of the offset between the primary position and the derivative instrument. In addition, a retrospective test is performed that consists of comparing the gains/losses of a base period of the primary position and the derivative, based on estimates are market prices of both positions.

As measurement method for the commercial segment, was established the cash flow payable quotient of the primary position and the cash flow receivable from the derivative financial instrument. For the IRS, it was documented that the characteristics of the derivative are equal to the characteristics of the primary position. It was further determined that it complies with critical terms and the qualitative effectiveness evaluation, since it will always be 100% due to the effectiveness ratio. Moreover, exchange forwards were contracted to hedge certain forecasted transactions in 2022, which do not comply with critical terms. Consequently, the effectiveness of these derivative financial instruments was documented and calculated, pursuant to the Dollar Offset Method hypothetical derivative method which resulted in 100.00%.

The objective is to take advantage of the possibilities of arbitration that arise on the main financial markets within the authorized global risk limits. Just like the rest of trading portfolios, the market risk of the derivatives portfolio is measured by the Value at Risk (VaR), and consumption of that limit is measured daily.

The fair value of the derivatives trading portfolio as of september 2022, is not sensitive to variations of market risk factors, since exposure is perfectly neutralized by netting between identical long and short trades of currency forwards, rate swaps, currency options, and rate options.

Transactions with financial derivatives based on the prices of stock certificates (equity swaps), agree to settle differences over an initial reference value. Such settlement is made on the termination date of the agreements, which can be anticipated prior notice to the financial institutions which the financial instruments were contracted. The amount of the settlement corresponds to the open market value of the underlying less the initial value.

The Company is exposed to the inherent risk of the fluctuations in the price of the underlying assets of such financial derivative instruments. The Company reflects these fluctuations in its results through a periodical "mark-to-market" of such instruments. This not necessarily means a favorable or unfavorable cash flow, but until the maturity of them. In order to meet its possible payment obligation upon the termination thereof, the Company establishes a collateral deposit on the date of beginning of each agreement. The fact that it is collateralized means that the amount will be the maximum outflow against would be if the underlying asset had a zero value at the maturity of the instrument, in which case the Company would lose the collateral initially agreed.

b. Liquidity risk

Is the potential loss due to the impossibility or difficulty of renewing liabilities or being financed by them under normal conditions for the Company, for the advanced or inevitable sale of assets at unusual discounts to face its obligations, or due to the fact that a position cannot be opportunely transferred, acquired or covered through the establishment of an equivalent contrary position.

The income of the commercial business is mainly destined to the payment of suppliers, operating expenses, investments for expansion, and maintenance of the stores and distribution centers. The excess of generated cash flows, are generally invested in governmental securities and/or in bank notes, as well as foreign currency with first class financial institutions, since they are used to face the acquired commitments for the business, according to the agreed payment conditions with each one of them.

On the other hand, the bank's business model is mainly oriented to the bank intermediation through lending consumer loans and to a funding strategy sustained in the traditional deposit. This has allowed that the operation carried out by the Company to be in a prudent manner and without speculations, with the purpose of assuring the efficient allotment of resources towards the credit placement.

The bank's treasury has an investment portfolio with the excess of the deposits, which are invested mainly in high liquidity and low risk governmental instruments. In foreign currency operations, such resources are invested in first class foreign banks and always at short terms, complying with the market and liquidity risk limits as well as the maximum exposure in foreign currency established by the authorities.

The Company has solid liquidity that extensively meets the liquidity regulatory requirements.

Liquidity risk management is realized by following up on daily and monthly indicators, together with the treasury area. In addition to the foregoing, there is an early alert system that is set forth in the contingency financing plan.

Measurement of liquidity risk:

The liquidity risk is determined by the level of marketability of each of the instruments that make up the position, obtaining a measure of VaR adjusted for liquidity, this methodology consists of adding to the VaR the cost of not being able to sell the instrument due to lack of liquidity in the market.

The liquidity risk model (VaR adjusted for liquidity risk) considers the following:

Marketability	Adjustment factor	Liquidity risk
High	0	0
Medium	1	VaR
Low	3	3*VaR

Null	7	7*VaR

The calculation of risk under stress conditions is carried out by degrading the marketability of the instruments that make up the position.

Liquidity risk (liquidity VaR) is determined by adjusting the market VaR by a marketability factor, considering the trading levels of the instrument on the market. This measure estimates potential losses under the assumption that the instrument cannot be sold on the market, or that the selling price is written down by the low trading level.

In connection with the liquidity risk due to expirations of the liabilities related to derivatives trading, the Treasury area plans its liquidity risk and does not leave gaps between its financial assets and liabilities, thereby managing its lines granted effectively. In addition, there is a highly marketable, liquid asset portfolio in the event of any contingency.

c. Credit risk

Credit risk on financial instruments

The credit risk is defined as the potential loss due to a payment default, caused by changes in the ability or intention of the counterparty or the issuer of financial instruments to fulfill their contractual obligations. This loss could mean the non-fulfillment that is known as default or "no payment".

The Company employs expected and unexpected loss measures that indicate potential losses in dealing with the default of the issuer or counterparty with regard to its obligations or payment commitments.

To estimate the risk of credit in financial instruments an assets valuation methodology is used based on Monte Carlo simulation model, which starts from a binomial distribution of these default events to create the different loss scenarios, as well as the probability that these occur.

Credit risk on mortgage credit and commercial portfolio

To measure the risk of mortgage credit and commercial portfolio, BAZ implemented a methodology of assets valuation based on a Monte Carlo simulation model of default, due to its capacity to determine different loss scenarios as well as the probability that these occur based on the most recent quality valuation of its loans.

Credit risk of the consumer portfolio

This is the result of the potential loss for the non-fulfillment of payment for the credits granted to individual people.

The expected loss refers to the risk of credit first element, this depends on the impairment that the portfolio presents on the date of the analysis and it is determined with the quality of each one of the accredited through the qualification.

The rating system used has a functional design of the database that it has for generally describing how non-revolving consumer portfolio information is summarized and processed of the weekly billing of Banco Azteca, in order to obtain Default Probability indicators (PI - for its acronym in Spanish), Severity of the Loss (SP - for its acronym in Spanish), and Expected Loss (PE - for its acronym in Spanish), which will serve to estimate preventive allowances that are appropriate for the Company's risk profile.

The databases and systems used for generating information on the follow-up on originated credits are maintained and updated for validating the information.

Credit risk of the derivatives portfolio

The company estimates the exposure to credit risk for both hedge derivative and trading operations. Toward that end, the Effective Expected Positive Exposure (EEPE) is used, which measures maximum positive market value which, on the average, the derivatives portfolio at a counterparty level could eventually have during the life thereof. Thus, the potential loss that the Company would have in the event of a counterparty default is estimated, assuming that the recovery rate is zero.

Therefore, the Exposure to Default (EAD) is used to monitor the consumption of lines of credit for derivatives at a counterparty level, which is based on the EEPE metric with a one-year horizon and a fixed factor a = 1.4, established by Basel III.

Framework contracts for derivatives under which the regulated business operates contain close out netting clauses for balance sheet and off-balance sheet positions; therefore, counterparty transactions are netted between positive and negative market positions. Counterparties can trade up to the amount and for the period of the line of credit authorized by the Credit Committee.

On the other hand, the Company has defined that each margin call with its counterparties be carried out in strict adherence with the provisions of the corresponding framework contracts in the process of managing guarantees in its policies for derivative financial instruments trading. This action is carried out through an automated Treasury operation system where all clauses that define the exchange of collateral as the maximum exposure threshold are parameterized; therefore, all exposure that exceeds that threshold and the minimum transfer amount must be covered.

Moreover, the events arising from that action are reported to the operating, control, and risk management areas, based on valuation processes and margin calls, actions to follow in dealing with possible margin call disputes, liquidation of margin calls, settlement of margin calls for delivering as well as receiving guarantees. All of this is documented in operating manuals authorized by the corresponding committees.

The counterparties that trade derivatives are:

Financial institutions
Trusts
Company
States and municipalities

The Company has set out that an entity will be considered to be exposed to adverse correlation risk as an adverse correlation policy ("Wrong Way Risk"), if it is foreseeable that its future exposure will be high when its probability of default is also high.

d. Operating risk

For identifying operating risks, the Company appliesan expert judgment methodology, whereby the person responsible for each business unit as an expert determines the key processes required to meet strategic objectives. With regard to the processes selected, risk factors are identified that threaten meeting the process and line of business objectives, as well as the control measures that have been established for that purpose.

The methodology uses risk matrix and controls that allow for gathering qualitative and descriptive information of both risks and controls, as well as their classification by expected loss risk factor, type of operating risk factor, likelihood of occurrence, and magnitude of impact. These risks are detected and itemized in the relevant process of each process, which facilitates identification of each risk as well as the controls of each business unit.

For risk quantification, two ways of evaluating operational risk are considered:

Qualitative Methodology Ex-ante (Experts judgement)	Quantitative Methodology Ex-post (Materialized Risks)

» Estimate of risks and possible impacts through evaluation thereof by the Operating Risk Business Agent. » Reinforcement of control measures.	» Recognition of losses by identifying events. » Operating risk measurement through the journal entry of losses caused.

The Company has an advanced methodology for operating risk measurement, which is comprised of two components: on one hand, qualitative methodology whereby operating risk is quantified by considering the frequency, medium impacts, worst case scenario, as well as expected loss, the value at Risk (VaR), the likelihood of occurrence and the economic impact of risks (information obtained from the operating risk business agents of each business unit); on the other hand, the quantitative methodology which generates the operating risk exposure starting with the information gathered in the database of loss events.

Pursuant to the foregoing, the Company comprehensively quantifies the operating risk by inputting the relevant variables on the prospective view of the likelihood of occurrence of the risk and retrospectively with the materialized impacts, that is, not only are operating risks quantified, but quantified risks are quantified as well.

Additionally, Banco Azteca has developed an operating risk methodology theory to establish tolerance levels and appetite for risk, which have the following parameters:

a) Tolerance level

Analysis period: January 2017 to August 2020. (*)
Temporal horizon: Monthly
Analysis Type:

- Elimination of outliers.
- Standard deviation scenarios.
- Adjustment to a net capital.

Limit: 1.3% of the net capital

b) Appetite for risk

Analysis period: January 2017 to August 2020. (*)
Temporal horizon: Monthly
Analysis Type:

- Elimination of outliers.
- Standard deviation scenarios.
- Adjustment to a net capital.

Limit: 1% of the net capital

(*) The model parameter of the last analysis period does not change.

Such methodology considers the historical experience of BAZ accounts of observed losses and penalties/smatterings (by risk type); and has the purpose monitor losses on a monthly basis against defined and approved risk appetite and tolerance levels.

Part of operating risk management is designed to foster ongoing improvement in the main processes of the company, which identifies risks and possible impacts arising from new products and/or services approved by the Risk Committee.

In addition, BAZ has developed an institutional rating for monthly operating risk, which considers qualitative aspects (expert judgment) and quantitative aspects (materialized losses).

The methodological process adopted by BAZ for the management of technological risks is implemented by the IT Audit Area, through the Information Technology (IT) and consists in: the identification of risks, controls assessments, risks reports, risks management and monitoring of controls. This methodology takes two of the most recognized methodologies worldwide as the basis for the IT evaluation: COBIT and ISO27002.

Risks related to Banco Azteca and Purpose Financial

Regarding risks related to Banco Azteca, please refer to section Risks Associated with Banco Azteca ("*Riesgos Asociados con Banco Azteca*") of Group Elektra´s Annual Report for the year ended as of December 31, 2021.

Regarding risks related to Purpose Financial, please refer to section Risks Associated to the operation of Purpose Financial ("*Riesgos Relativos a la operación de Advance America, Cash Advance Centers Inc.*") of Grupo Elektra´s Annual Report for the year ended December 31, 2021.

Relations

Grupo Elektra maintains a close contact and proximity with its stakeholders.

On the Social field, we have the following results:

The Company generates nearly 72,000 direct jobs, and closely monitors their well-being, the respect for their human rights and establishes decent working practices.

There are codes of ethics to which employees have access, and a channel for reporting abuse and fraud called "Honestel PEIC" which deals with cases of inappropriate conduct promptly.

Regarding our clients, we offer a wide variety of world-class merchandise and financing options to thousands of families that belong mainly to the C+, C, C- and D+ socioeconomic levels, and we are a main factor for financial inclusion for a market unserved by the traditional banking.

Our operations are profitable, which allows us to be sustainable in a long term, to continue supporting the growth and living standards of our clients, generating well-paid jobs for collaborators, increasing purchase to our suppliers and giving a return for investors.

We believe that companies have become institutions that, in addition to generate wealth, have become a driver of inclusive prosperity and contributes meaningfully to the development of countries where they are present. Therefore, in addition of the economic value created through a supply of affordable, world-class merchandise that creates well-being and progress of our customers, Grupo Elektra supports programs related to health, food, education and the environment through Fundación Azteca and other social initiatives.

Sustainability:

Together with all the companies of Grupo Salinas, Grupo Elektra continued its commitment to the United Nations Global Pact, which is the largest global initiative promoting corporate sustainability through the implementation of 10 principles that promote respect for the Human Rights, the establishment of decent labor practices, the environment and the rejection of corruption.

This same year, for the first time, Grupo Elektra was selected to be part of the FTSE EMERGING ESG INDEX, along with 18 other Mexican companies that stand out in environmental, social and corporate governance (ASG) indicators. The Group had outstanding scores in customer responsibility, human rights, anti-corruption and climate change. For the second consecutive year, the Group was included in the S&P/BMV Total Mexico ESG index, which is comprised of 30 issuers listed on the Mexican Stock Exchange.

For the sixth consecutive year, Elektra and Banco Azteca received the distinction as Socially Responsible Companies (*Empresa Socialmente Responsable* "*ESR*" by its acronym in Spanish) for the Mexican Center for Philanthropy (*Centro Mexicano para la Filantropía* "CEMEFI" by its acronym in Spanish), while Italika was recognized with that same distinction for the eighth consecutive year.

As of April 29, 2022, the Board of Directors was restructured, considering in its integration two women as independent director, who represent 50% of the independent director. On the other hand, Elektra and Banco Azteca together with Italika maintained the certification in the Mexican Standard Norm NMX-R-025-SCFI-2015 for Labor Equality and Non-Discrimination. Banco Azteca launched the "Somos" card on the market, a savings account designed especially for women and provides them with benefits and tools. This product was the winner of the PAR LATAM 2021 Ranking, awarded by Aquelaes.

Through Banco Azteca's Learn and Grow program, which has benefited more than 60 million people in Mexico and Latin America, this being the only educational program certified by the Ministry of Public Education in Mexico, the Ministry of Labor and Social Security of Mexico, the National Commission for the Protection and Defense of Users of Financial Services of Mexico and the Banco del Bienestar.

Thirty-five percent of the energy consumed by the Company comes from renewable sources. We also analyze our operations to identify and propose the necessary measures to optimize the consumption of energy, paper, and water and manage waste with focusing on reuse and/or recycling. In 2020, we invested Ps.429 million in the different environmental management processes and initiatives.

Grupo Elektra also participates every year in Grupo Salinas initiatives that promote a culture of environmental responsibility and that benefit their families and the environment as a whole, such as "A New Forest", the national day of reforestation, which in 2020 they planted 16,000 trees on 1,123 hectares in 26 states. On the other hand, Grupo Elektra companies were part of the Let's Clean Mexico program through which 30 tons were collected in 9 clean-up days in 9 states.

More information related to Environmental Performance can be consulted at the Company´s Annual report for the year ended December 21, 2021, or the 2020 Sustainability Report at: https://www.grupoelektra.com.mx/Documents/Es/Downloads/Grupo-Elektra-Informe-de-Sustentabilidad-2021-Esp.pdf

Corporate Governance

We have a Corporate Governance structured in full adherence and pursuant to the Securities Market Law (*Ley del Mercado de Valores*). The Board of Directors is in charge to determine the strategic actions of the company and to evaluate them.

Through the Annual Shareholders' Meeting held on April 29, 2022, the appointment of our new four Independent Members was approved by the shareholders, replacing three directors in their positions on the Company's Board. Since then, the Board is integrated by ten members. By doing the aforementioned, Grupo Elektra strengthens its solid decision-making process, which further expands the growth prospects of the Company. Our commitment to our investors and stakeholders is to manage companies with integrity and transparency.

Through these changes to the Board and the jointment to the four new members, the proportion of independent members is increased to 40% from the 30% previously held and above the 25% established by the Securities Market Law.

We seek to recognize the rights of investors at any time, and to communicate financial results and any relevant event timely and transparently.

Through a shareholders' meeting held on August 17, 2009, the shareholders approved the restructuring of the committees to support and assist the board of directors. Elektra currently has the following board committees:

- Audit Committee (Comité de Auditoria) is responsible for, among other things, reviewing the financial reporting procedures, the internal control policies and procedures, and the internal financial control systems of Elektra and Grupo Elektra, as well as the activities and independence of the independent auditors and the activities of internal audit staff. The Audit Committee is also responsible for reviewing related party transactions. See "Related Party Transactions." As of April 29, 2022, the Audit Committee was comprised of three independent directors: Sergio Gutiérrez Muguerza, Aurora García de León Peñúñuri and Jorge Rodrigo Bellot Castro, who were appointed on the aforementioned date at the Elektra's annual shareholders' meetings.

- Corporate Practices Committee (Comité de Prácticas Societarias) is responsible for, among other things: (1) reviewing the investment policy and the use of the assets of Grupo Elektra; (2) approving the capital expenditures and supervising their use; and (3) opining on the performance of the executive officers. As of March 23, 2010, the Corporate Practices Committee was comprised of two independent directors, Sergio Gutiérrez Muguerza and Alma Rosa García Puig, and one non- independent director, Guillermo Salinas Pliego.

In this sense and with this new integration of the Board we currently have Mr. Sergio Gutiérrez Muguerza who has a wide experience in financial matters and who provides its services in our Committees as a financial expert.

In this regard, in 2018, Grupo Elektra's Board of Directors (i) ratified the principle of "Ethical Business Conduct and Zero Tolerance to Bribery and Corruption"; (ii) approved the creation of an intermediate, autonomous management body called the "Integrity Committee"; and (iii) instructed the Integrity Committee to design, create and implement the Ethics, Integrity and Compliance Program ("*PEIC*" *by its acronym in Spanish*).

The Integrity Committee is responsible for designing, structuring, implementing, executing and evaluating the EICP and, in general, addressing and resolving any issue related to Grupo Elektra's Integrity Program, including any violation thereof and the imposition of the corresponding sanctions. As of April 29, 2022, the Integrity Committee is made up of three members: Javier Arturo Ferrer Báez, Alberto Javier Bringas Gómez and Norma Lorena Contreras Cordero. Said members may be removed by the Board of Directors at any time.

Disclosure of results of operations and prospects [text block]

Third quarter results

Consolidated revenue grew 13% to Ps.40,045 million in the period, compared to Ps.35,504 million in the same quarter of the previous year. Operating costs and expenses were Ps.35,926 million, from Ps.29,947 million in the same period of 2021.

As a result, EBITDA was Ps.4,119 million, compared to Ps.5,557 million a year ago. Operating income was Ps.1,802 million this quarter, from Ps.3,433 million in the same period of 2021.

The company reported net loss of Ps.2,384 million, compared to net income of Ps.999 million a year ago.

	3Q 2021	**3Q 2022**	**Change**	
			Ps.	**%**

Consolidated revenue	$35,504	**$40,045**	**$4,541**	**13%**
EBITDA	$5,557	**$4,119**	**$(1,437)**	**-26%**
Operating profit	$3,433	**$1,802**	**$(1,631)**	**-48%**
Net result	$999	**$(2,384)**	**$(3,383)**	**----**
Net result per share	$4.40	**$(10.55)**	**$(14.95)**	**----**

Figures in millions of pesos
EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization.
As of September 30, 2021, Elektra* outstanding shares were 227.2 million and as of September 30, 2022, were 225.9 million.

Revenue

Consolidated revenue increased 13% in the period, as a result of a 19% growth in financial income and a 5% increase in commercial sales.

The increase in financial income — to Ps.23,949 million, from Ps.20,202 million in the previous year — largely reflects a 22% increase in revenue from Banco Azteca México — which further strengthens its solid financial margin— in the context of dynamic growth of the gross credit portfolio in the period, which improves the well-being of millions of families and the growth of businesses.

The increase in sales of the commercial business — to Ps.16,095 million, from Ps.15,302 million a year ago — is largely the result of strong growth in sales of Italika motorcycles — which strengthens the productivity of the businesses and the mobility of the families —, white line — which boosts the quality of life in households — and income related to electronic money transfers, in the context of important transfer flows from the United States to Mexico, which contribute to the well-being and progress of millions of families.

Costs and expenses

Consolidated costs for the quarter were Ps.18,653 million, compared to Ps.16,855 million from the previous year. The growth is explained by a 21% increase in the financial cost — derived from a higher creation of allowance for credit risks, in the context of the solid dynamism of the consolidated gross portfolio, as well as higher interest payments, in line with rising market rates. — and a 5% increase in the commercial cost, consistent with higher income from the sale of merchandise.

Sales, administration and promotion expenses totaled Ps.17,273 million, from Ps.13,092 million a year ago, mainly as a result of higher operating expenses in the period. The increase is related to the development of supply logistics strategies that will further strengthen the product supply process, to promptly meet the growing demand for world-class merchandise by millions of families, both on the sales floor and through the company's Omnichannel operations.

Similarly, impacting expenses are system developments to additionally promote high efficiency standards, both in digital banking — which currently has more than 18 million users and is growing dynamically — and in Omnichannel sales — with superior levels of security, comfort and time savings — as well as higher personnel and maintenance expenses, in the context of a solid expansion of contact points, which allow maximizing the customer's shopping experience.

EBITDA and net result

EBITDA was Ps.4,119 million, from Ps.5,557 million the previous year. The company reported operating income of Ps.1,802 million, compared to Ps.3,433 million in the same quarter of 2021.

The most important variation below EBITDA was a reduction of Ps.2,805 million in other financial results, which reflects an 11% loss this quarter in the market value of the underlying financial instruments held by the company — and which does not imply cash flow — compared to a 3% loss a year ago.

Consistent with the results of the quarter, a reduction of Ps.1,534 million was recorded in the tax provision in the period.

Grupo Elektra reported a net loss of Ps.2,384 million, from a net income of Ps.999 million a year ago.

Unconsolidated Balance Sheet

A proforma balance sheet exercise of Grupo Elektra is presented, which allows knowing the non-consolidated financial situation, excluding the net assets of the financial business, whose investment is valued in this case under the participation method.

This presentation shows the debt of the company without considering Banco Azteca's immediate and term deposits, which do not constitute debt with cost for Grupo Elektra. Also, the pro forma balance sheet does not include the bank's gross loan portfolio.

This provides greater clarity on the situation of the different businesses that make up the company, and allows financial market participants to make estimates of the value of the company, considering only the relevant debt for said calculations.

Thus, the debt with cost was Ps.40,609 million as of September 30, 2022, compared to Ps.32,505 million of the previous year. The growth of the debt balance is related to the issuance of *Certificados Busatiles* and bank loans during the period.

The balance of cash and cash equivalents was Ps.9,480 million, from Ps.7,476 million in the previous year.

As of September 30, 2022, the company's stockholders' equity was Ps.94,406 million, and the ratio of stockholders' equity to total liabilities was 1.16 times.

	As of September 30 2021	As of September 30 2022	Cambio Ps.	Cambio %
Cash and cash equivalents	$7,476	$9,480	2,004	27%
Marketable financial instruments	34,734	34,411	(323)	(1%)
Inventories	19,130	24,204	5,074	27%
Accounts receivables	59,809	43,287	(16,522)	(28%)
Other current assets	5,167	5,226	58	1%
Investments in shares	38,189	37,238	(951)	(2%)
Fixed assets	7,406	9,704	2,298	31%
Right of use assets	8,700	10,413	1,713	20%
Other assets	1,356	1,674	318	23%
Total assets	$181,967	$175,636	($6,331)	(3%)
Short-term debt	$14,450	$13,643	(808)	(6%)
Suppliers	8,374	7,041	(1,334)	(16%)
Other short-term liabilities	12,967	19,395	6,428	50%
Long-term debt	18,055	26,966	8,911	49%
Differed taxes	12,284	1,800	(10,484)	(85%)
Other long-term debt	11,198	12,387	1,188	11%
Total liabilities	$77,328	$81,230	$3,902	5%
Stakeholder´s equity	$104,639	$94,406	($10,233)	(10%)
Liabilities and equity	$181,967	$175,636	($6,331)	(3%)

Figures in millions of pesos.

<u>Consolidated Balance Sheet</u>

Loan Portfolio and Deposits

As detailed in the previous quarter, starting on January 1, 2022, Banco Azteca México adopted IFRS-9 ('Financial Instruments') and IFRS-16 ('Leases'), contained in the International Financial Reporting Standards (IFRS) to report their financial statements. These changes implied: growth in its portfolio, in the reserve for credit risks and in the accumulated results (IFRS-9) and a growth in the assets for rights of use and in the liabilities for leases (IFRS-16), when compared to figures for 2021.

The consolidated gross portfolio of Banco Azteca México, Purpose Financial and Banco Azteca Latin America as of September 30, 2022, grew 20%, to Ps.155,737 million, from Ps.129,929 million in the previous year.

Banco Azteca México's gross portfolio balance increased 34% to Ps.149,849 million, from Ps.111,888 million a year ago. The Bank's delinquency rate at the end of the quarter was 3.2%, compared to 4.7% a year earlier.

Grupo Elektra's consolidated deposits grew 15%, to Ps.208,014 million, from Ps.180,609 million a year ago. Banco Azteca México's deposits were Ps.207,233 million, 16% above the Ps.177,908 million of the previous year.

Banco Azteca México's ratio of deposits to gross portfolio was 1.4 times, which allows solid growth for the Bank, with optimal funding costs.

The capitalization index of Banco Azteca México was 14.73%.

Infrastructure

Grupo Elektra currently has 6,207 points of contact, compared to 6,400 units the previous year. The decrease results from the closure of 294 points of contact of Purpose Financial in the United States — in the context of strategies aimed at boosting online credit operations and strengthening the company's operational efficiency — partially offset by growth of 81 points of contact in Mexico and 20 in Central America.

In Mexico, in the last twelve months, 38 new Elektra stores were opened in strategic locations, with a format that offers an optimal mix of merchandise and services, and allows maximizing the customer's shopping experience.

The company has 4,843 storefronts in Mexico at the end of the quarter, 978 in the United States, and 386 in Central America. The important distribution network allows the company to maintain close contact with customers and grants a superior market positioning in the countries where it operates.

Nine-month results

Consolidated revenue in the first nine months of the year grew 13%, to Ps.116,394 million, from Ps.102,957 million registered in the same period of 2021, driven by a growth of 17% in financial income and 9% in commercial sales.

EBITDA was Ps.14,873 million, compared to Ps.16,076 million in the previous year. The company reported operating income of Ps.7,080 million, from Ps.9,989 million a year ago.

In the first nine months of 2022, a net loss of Ps.8,764 million was registered, compared to a net income of Ps.10,996 million a year ago. The change reflects, to a large extent, a decrease in the market value of the underlying financial instruments held by the company — and which does not imply cash flow — compared to the gain of the previous year.

	9M 2021	**9M 2022**	**Change**	
			Ps.	**%**
Consolidated revenue	$102,957	**$116,394**	**$13,437**	**13%**
EBITDA	$16,076	**$14,873**	**$(1,203)**	**-7%**
Operating profit	$9,989	**$7,080**	**$(2,909)**	**-29%**
Net result	$10,996	**$(8,764)**	**$(19,760)**	**----**
Net result per share	$48.40	**$(38.80)**	**$(87.20)**	**----**

Figures in millions of pesos
EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization.
As of September 30, 2021, Elektra* outstanding shares were 227.2 million and as of September 30, 2022, were 225.9 million.

Perspectives

The Company plans to continue growing and strengthening the Elektra stores format, improving the customer experience with a renewed store format, enabling us to increase our sales volumes and to support a better quality of life for our customers through a large variety of means to purchase our broad range of products and services.

Banco Azteca plans to continue its expansion program, both in formats within Elektra stores and independent branches.

In both, commercial and financial channels, the company has a strong and growing digital presence. It is estimated to invest in its e-commerce capabilities to maintain technological leadership and to offer the best goods and services for our clients.

Regarding our presence in the United States (Purpose Financial), Grupo Elektra plans to continue diversifying is way to offer financial products and services, aimed to promote online credit operations, as well as operational efficiency in its stores.

Grupo Elektra's consolidated deposits grew 15%, to Ps.208,014 million, from Ps.180,609 million a year ago. Banco Azteca México's deposits were Ps.207,233 million, 16% above the Ps.177,908 million of the previous year.

The consolidated gross portfolio of Banco Azteca México, Purpose Financial and Banco Azteca Latin America as of September 30, 2022, grew 20%, to Ps.155,737 million, from Ps.129,929 million in the previous year. Consolidated delinquency rate at the end of the quarter was 3.9%, compared to 4.7% a year earlier.

Banco Azteca México's gross portfolio balance increased 34% to Ps.149,849 million, from Ps.111,888 million a year ago. The Bank's delinquency rate at the end of the quarter was 3.2%, compared to 4.7% a year earlier.

Banco Azteca México's ratio of deposits to gross portfolio was 1.4 times, which allows solid growth for the Bank, with optimal funding cost.

Financial position, liquidity and capital resources [text block]

Liquidity and capital Resources

The purpose of Grupo Elektra’s liquidity management function is to ensure that it has funds available to meet its financial services and commercial business obligations. These obligations, in the financial services business, arise from withdrawals of deposits, repayments at maturity of short-term notes, extensions of loans or other forms of credit and working capital needs and in the commercial business, principally from the obligations to the supply chain.

Factors that may influence the levels of liquidity and capital resources of Grupo Elektra include:

- the ability of Grupo Elektra to generate sufficient free cash flow;
- the ability of Grupo Elektra's subsidiaries to make distributions or to adapt to changes in the supply chain; or customers' purchasing power and patterns, and to redesign the supply of current categories or products;
- general economic conditions in the markets where Grupo Elektra operates and elsewhere, demand for Grupo Elektra's products, the competitive environment, demographic changes in its market areas and regulation;
- technological disruptions which access to bank financing and the capital markets, including interest rate fluctuations, availability of credit and operational risks of Grupo Elektra's business.

Grupo Elektra's principal sources of liquidity include cash and marketable financial instruments on hand and short-term revolving credit lines and for the commercial business include cash from operations, marketable financial instruments, two programs of stock exchange certificates and a senior notes program listed on the Luxembourg Stock Exchange, among other available credit facilities. Grupo Elektra believes that these sources of liquidity will be sufficient to fund its capital needs for at least the next 12 months.

Working Capital

Grupo Elektra's net working capital as of September 30, 2022 was negative Ps.16,474 million, (compared to a negative working capital of Ps.2,945 million in September 30, 2021). The decrease is mainly due to a 12%, or Ps.8,297 million, increase in net loan portfolio, a 27%, or Ps.5,074 million, increase in inventories, and a marginal decrease of 13%, or Ps.20,955 million, in current cash and investments in securities. On the liabilities side, consolidated deposits increased 15%, or Ps.27,405 million, and leases increased 19%, or Ps.470 million, which was partially offset by a 5%, or Ps.785 million, decrease in short term debt, and a decrease of 56%, or Ps.24,617 million, in Banco Azteca's creditors from repurchase agreements.

Treasury Policies

Grupo Elektra is dedicated to offering financial and specialized trade services. Sales corresponding to specialized trade are traditionally made throughout the year; however, the main sales take place in the months of May, November and December of each year due to holiday season and special events such as Mother's Day, "El Buen Fin" (an annual discounted sale event) and Christmas. The income received is used to pay Grupo Elektra's suppliers, operating expenses, capital expenditures, maintenance of stores and distribution centers. The excess cash flow generated is generally invested in government securities and/or bank instruments, as well as in foreign currency, with first-rate financial institutions, since they are used to meet Grupo Elektra's commitments according to the payment conditions agreed with each of them. Grupo Elektra's borrowings are based on the domestic and foreign market conditions at the time, applicable considerations of short and long-term cash flow. Banco Azteca's main activity consists of attracting deposits from the general public and placing loans.

As of September 30, 2022, the total deposits of Banco Azteca in Mexico were Ps.207,233 million, while the gross loan portfolio was Ps.149,849 million. The difference between deposits and loans generates surplus cash that is invested in liquid and low risk instruments issued by the government of Mexico. In foreign currency operations, surpluses are invested in short-term instruments issued by first-rate foreign banks. During 3Q22, treasury operations complied with the market risk and liquidity limits, as well as the maximum exposure limits in foreign currency.

Main Accounts of the Statement of Financial Position

Consolidated Deposits

Grupo Elektra's consolidated deposits increased 15% to Ps.208,014 million, from Ps.180,609 million a year ago.

Consolidated Loan Portfolio

Consolidated gross loan portfolio as of September 30, 2022 was Ps.155,737, which increased 20% from Ps.129,929 a year ago.

Cash and Cash Equivalents

Cash and marketable securities totaled Ps.135,772 million as of September 30, 2022 compared to Ps.156,727 million as of September 30, 2021. For the commercial business, the total balance of cash and temporary investments was Ps.16,642 million compared to Ps.14,709 million from last year. In the financial services business, cash and temporary investments was Ps.119,130 million as of September 30, 2022 compared to Ps.142,018 million as of September 30, 2021. As of September 30, 2022, the commercial business debt with cost increased to Ps.38,434 million from Ps.32,506 million as of September 30, 2021, resulting in a net debt of Ps.21,792 million as of September 30, 2022 compared to a net debt of Ps.17,796 million as of September 30, 2021.

During 2018, Grupo Elektra established a dual program of stock exchange certificates in Mexican pesos for up to Ps.15,000 million which was increased to up to Ps.20,000 million in 2019, enabling Grupo Elektra to issue short-term (up to 364 days and up to Ps.4,000 million) and long-term certificates (up to Ps.20,000 million, without exceeding the total amount of the program, for a term of up to 30 years). As of 3Q22, Grupo Elektra has an available amount of Ps.11,000 million under this program. In addition, in April 2021, Grupo Elektra established a new program of long term stock exchange certificates for up to Ps.20,000 million or its equivalent in UDIS. As of 3Q22, Grupo Elektra has an available amount of Ps.3,506 million or its equivalent to UDIS under this facility.

Internal control [text block]

Grupo Elektra has an Internal Control System in all the critical areas of its operations, among them:

- In-store operations (cash sales, in-store expenditure, etc.);
- Treasury (flow of funds control, bank reconciliations, fund transfers to stores, etc.);
- Payment Portfolios in Payment Systems (Payment Transfers SPEI/SPID, Banking Correspondents)
- Research, provision, and collection of credits;
- Savings account of Guardadito and investment account);
- Cash management
- Inventory management (merchandise reception, transfers and departures);
- Fixed asset management (additions, reductions, inventories, etc.);
- Payroll (workforce personnel monitoring, processing and payment of wages and compensation, etc.);
- Operating Expenses (avoid waste and ensure austerity)

- Customer service (image, product availability, templates);
- Attention to Honestel, (a tool for complaints and reports from collaborators); and
- Afores (affiliation and services) and Insurance, among others.

The established Internal Control System has, among other purposes, that of ensuring that the operating mechanisms are consistent with the Group's strategies and purposes, which help to prevent, identify, manage, monitor and evaluate risks, with the purpose of minimize possible losses that may be incurred.

Internal controls are largely based on the systems implemented in the different processes of the Group, such as those mentioned above. In the case of Internal Audit, there is a specialized Audit Management System "ADA Web", which allows for adequate management of the Audit process, safeguarding of electronic work papers, reduction of execution times, adequate supervision, provide timely follow-up and have the result of the Audit in "real time".

The Internal Control procedures are designed jointly by the Business Units, the Process Analysis and Design Department, the Corporate Comptrollership Department; In this way, the policies that best adhere to the operation, to the applicable regulations (mainly financial, accounting, money laundering prevention and legal regulations) can be evaluated, elaborated, reflected, and disseminated, as well as our values, vision and mission established in the Code of Ethics and Conduct.

Finally, the Internal Audit Department periodically and systematically promotes and reviews, in accordance with the annual work program, compliance with internal control procedures, institutional and regulatory standards, the correct use of company resources, the truthfulness and sufficiency of the reports of our operations, information security, performs monitoring and alerts of certain processes; and if necessary, suggests changes to policies, Control and monitoring systems, etc.

Disclosure Controls.

Grupo Elektra's disclosure controls are designed with the aim of ensuring that information is compiled and communicated to its Relevant Officers. This information must be submitted in a manner suitable for opportune decision-making regarding disclosure of required information. Internal procedures and controls for financial reports are designed with the aim of providing reasonable certainty that:

The Company transactions are duly authorized; and

- Assets are protected against inappropriate or unauthorized use; and
- Transactions are duly documented and reported.

Limitations of the Validity of Controls.

Grupo Elektra's management does not expect, nor can it assure that Grupo Elektra's Disclosure Controls and Internal Controls prevent all errors and fraud. A control system, regardless of how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

In addition, the design of a Control System must reflect the fact that there are resource limitations, and the benefits of controls must be considered in relation to their costs. Due to the limitations inherent in all control systems, no evaluation of controls can provide the absolute guarantee that all control matters and cases of fraud, if any, within Grupo Elektra have been detected. These inherent limitations include the reality that judgments in decision-making can be incomplete, and failures can occur from simple mistakes or errors. Additionally, controls may be surrounded by individual acts of some people, by collusion of two or more people or by ignoring the control. The design of any control system is also based in part on certain actions about the probability of future events, and there can be no assurance that any control will succeed in achieving its goals under all possible future conditions. Over time, a control may become inadequate due to changes in conditions, or the degree of compliance with the policies or procedures related to the control may deteriorate. Due to the limitations inherent in an effective cost control system, false statements due to errors or fraud may occur and go undetected.

Annual Evaluation of Grupo Elektra's Disclosure Controls and Internal Controls.

An internal evaluation was made under the supervision and with the participation of Grupo Elektra's administration, assessing the effectiveness of the design and operation of Grupo Elektra's disclosure controls. From this evaluation, it was concluded that, subject to the limitations mentioned above that:

- During the execution of the 2021 annual audit plan, the main operational, administrative, regulatory and systems processes were reviewed, without detecting relevant deviations to report that could jeopardize the operation and/or continuance of the business.
- Internal Audit evaluated the policy and procedure manuals of the regulated Business, verifying their adherence to the Institutional and Regulatory Regulations, as well as providing support so that the Business, together with the Process Analysis and Design Department, updated the policies and procedures of the CORE business operations.
- Internal Audit validated that a response was given to the observations derived from the visits and letters of the Regulators, where the necessary corrective and preventive measures, responsible parties and commitment dates for our follow-up were established.
- The findings detected in Systems were not relevant, which reasonably guarantees the security and integrity of the information, as well as business continuity in the event of a disaster

Therefore, and based on the results of the Audits reviews, the Internal Control System for the 2021 annual audit plan and quarterly period 2022 in Grupo Elektra's, we classify is as reasonably acceptable.

Ethics, Integrity and Compliance Program.

Grupo Elektra is dedicated to conducting business in an ethical, honest, responsible manner, and in compliance with applicable laws.

In this regard, in 2018, Grupo Elektra's Board of Directors (i) ratified the principle of "Ethical Business Conduct and Zero Tolerance to Bribery and Corruption"; (ii) approved the creation of an intermediate, autonomous management body called the "Integrity Committee"; and (iii) instructed the Integrity Committee to design, create and implement the Ethics, Integrity and Compliance Program ("*Program*", or *"PEIC" by its acronym in Spanish*).

The Integrity Committee is responsible for designing, structuring, implementing, executing and evaluating the PEIC and, in general, addressing and resolving any issue related to Grupo Elektra's Integrity Program, including any violation thereof and the imposition of the corresponding sanctions.

The Integrity Committee is comprised of three members of senior management appointed by the Shareholders' Meeting and is supported by a Chief Compliance Officer to execute and implement anti-corruption policies.

The design and implementation of the Program is based on organic, procedural and normative elements provided by Mexican law (*i.e.*, National Code of Criminal Procedures, Federal Criminal Code and the General Law of Administrative Responsibilities), as well as certain principles and guidelines contained in the best national and international practices.

This Program is composed of various codes, policies, manuals and guidelines that govern the conduct of our managers and collaborators, including without limitation, anti-corruption; prohibition of bribery and facilitation payment; legality; conflict of interest; donations and contributions; hospitality, travel, per diem and entertainment; gifts and thanks; prevention of money laundering; economic competition; relationship with third parties and due diligence; complaints system; disciplinary processes; and a catalogue of sanctions, among others. This Program includes guidelines for its periodic evaluation; evaluation corruption risks, as well as a training program for managers and employees according to their profile, roles and responsibilities.

Disclosure of critical performance measures and indicators that management uses to evaluate entity's performance against stated objectives [text block]

Third Quarter Results

Consolidated revenue grew 13% on the period, as a result of growth of 19% in financial income and 5% in the commercial sales. Consolidated costs of the quarter were Ps.18,653 million in comparison of Ps.16,855 million last year. Sales, administration and promotion expenses totaled Ps.17,273 millon, from Ps.13,092 million a year ago, mainly as a result of higher operating expenses in the period.

As a result, EBITDA was Ps.4.119 million, compared to Ps.5,557 million a year ago.

The company reported a net loss of Ps.2,384 million, compared to a profit of Ps.999 million a year ago.

The consolidated gross portfolio of Banco Azteca México, Purpose Financial and Banco Azteca Latin America as of September 30, 2022, grew 20%, to Ps.155,737 million, from Ps.129,929 million in the previous year.

Banco Azteca México's gross portfolio balance increased 34% to Ps.149,849 million, from Ps.111,888 million a year ago. The Bank's delinquency rate at the end of the quarter was 3.2%, compared to 4.7% a year earlier.

Grupo Elektra's consolidated deposits grew 15%, to Ps.208,014 million, from Ps.180,609 million a year ago. Banco Azteca México's deposits were Ps.207,233 million, 16% above the Ps.177,908 million of the previous year.

Banco Azteca México's ratio of deposits to gross portfolio was 1.4 times, which allows solid growth for the Bank, with optimal funding costs.

The capitalization index of Banco Azteca México was 14.73%.

The Company monitors the ratio of adjusted capital over debt with cost. This ratio results from dividing the net debt by the consolidated stockholders' equity. In turn, the net debt is defined as the total of the short and long-term debt with cost in the consolidated statement of financial position (excluding deposits of immediate and term demand and creditors for repurchase agreements), less cash and cash equivalents, not including restricted cash and investments.

[110000] General information about financial statements

Ticker:	ELEKTRA
Period covered by financial statements:	2022-01-01 al 2022-09-30
Date of end of reporting period:	2022-09-30
Name of reporting entity or other means of identification:	GRUPO ELEKTRA, S. A. B. DE C. V.
Description of presentation currency:	MXN
Level of rounding used in financial statements:	Thousands of Pesos
Consolidated:	Yes
Number of quarter:	3
Type of issuer:	ICS
Explanation of change in name of reporting entity or other means of identification from end of preceding reporting period:	No applicable
Description of nature of financial statements:	Consolidated Financial statements

Disclosure of general information about financial statements [text block]

1. Activity of the Company

Grupo Elektra, S. A. B. de C. V. ("Grupo Elektra") is a Mexican entity, which through its subsidiaries has operations in Mexico, the United States of America (USA) and Central America.

Grupo Elektra is a leading specialty retailer and provider of financial services in Mexico and Central America, focusing mainly on the middle and low-income economic sector of the population (the C+, C, C- y D+ socio-economic levels in Mexico). In addition, Grupo Elektra has operations in USA, where it is a leading provider of non-bank cash advance services.

The main activities of Grupo Elektra and its subsidiaries (hereinafter "the Company or Group Elektra"), are:

- Specialized trade (retailer of goods and services, money transfers);
- Banking and credit services (receive deposits, accept and grant loans and credits, raise funds from the public, make investments in securities, enter into repurchase agreements, issue bank bonds, issue subordinated debentures and carry out other multiple banking operations).

- Other financial services (short-term cash advances in the USA ("payday loans"), insurance and reinsurance services in accident and illness operations, in the trade of personal accidents and medical expenses; insurance, coinsurance and reinsurance services in damage operations, in the trade of civil liability and professional risks, maritime and transportation, fire, automobiles, miscellaneous, earthquake and other catastrophic risks; pension and retirement funds management; and brokerage services).

The aforementioned activities are conducted through more than 6,207 points of sales in Mexico, USA, and Central America. The main points of contact are Elektra, Salinas y Rocha stores and branches of Banco Azteca and Purpose Financial (formerly Advance America).

The common shares of Grupo Elektra (ELEKTRA*) are listed in the Mexican Stock Exchange (BMV for its acronym in Spanish) and Latibex, an international stock dedicated to Latin American Shares in Euros, regulated by the current laws of the Spanish Stock Exchange.

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

These consolidated financial statements have been translated into English solely for the convenience of readers of this language. In all cases, where there are any disagreements between the English and Spanish versions, the Spanish version shall be considered authoritative and controlling.

The Company, to conduct its financial activities, has the following authorizations and is regulated for the following authorities:

Subsidiary	Type of authorization	Regulatory entity
Banco Azteca, S. A., Institución de Banca Múltiple (Banco Azteca)	Banking operations in the manner and terms established in the Mexican Credit Institutions Law.	Mexican National Banking and Securities Commission (CNBV, for its acronym in Spanish) and the Mexican Central Bank (Banxico, for its acronym in Spanish).
Afore Azteca, S. A. de C. V.	Management of retirement and pension funds through specialized investment companies called Siefores.	Mexican National Commission for the Retirement Funds (CONSAR, for its acronym in Spanish).
Seguros Azteca, S. A. de C. V.	Life, accident and illness, and damage insurance and reinsurance operations.	Mexican National Commission for the Retirement Funds (CONSAR, for its acronym in Spanish).
Seguros Azteca, S. A. de C. V.	Life, accident and illness, and damage insurance and reinsurance operations.	Mexican National Commission of Insurance and Bonding (CNSF, for its acronym in Spanish).
Seguros Azteca Daños, S. A. de C. V.	Damage insurance and reinsurance operations.	CNSF

Banco Azteca (Panamá), S. A.	Banking operations	Panama Bank Superintendence
Banco Azteca de Honduras, S. A.	Banking operations	National Commission on Banking and Insurance of Honduras
Banco Azteca de Guatemala, S. A.	Banking operations	Monetary Council of Guatemala
Punto Casa de Bolsa, S. A. de C. V.	Trading operations	CNBV
Purpose Financial, Inc. (formerly Advance America, Cash Advance Centers, Inc.)	Short-term cash advances ("Payday loans")	Several state regulators in the USA.

2. Basis of Preparation and Summary of Significant Accounting Policies

a. Basis of preparation and measurement

The accompanying consolidated financial statements have been prepared in accordance with the international accounting standard (IAS) 34 “Interim Financial Reporting”, because of that they do not include all the required information for annual financial statements in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB), so it is recommended to read altogether the annual financial statements as of December 31, 2021.

b. Use of estimates

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Company management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed Notes.

c. Functional and reporting currency

The reporting currency of the 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 Grupo Elektra 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.

d. Main accounting policies

The main accounting policies adopted in the preparation of the consolidated financial statements are set out in 813000 “Interim Financial Information in accordance with NIC34”. The policies have been consistently applied to the previous year presented in this consolidated financial statements, unless otherwise stated.

Follow-up of analysis [text block]

The hedge analysis of the Company is made by Signum Research, Grupo Financiero Actinver, Bursamétrica, online analysis services and BCP Securities.

[210000] Statement of financial position, current/non-current

Concept	Close Current Quarter 2022-09-30	Close Previous Exercise 2021-12-31
Statement of financial position [abstract]		
Assets [abstract]		
Current assets [abstract]		
Cash and cash equivalents	40,383,830,000	38,563,087,000
Trade and other current receivables	111,237,718,000	96,786,476,000
Current tax assets, current	0	0
Other current financial assets	97,206,919,000	107,101,626,000
Current inventories	24,203,589,000	18,368,832,000
Current biological assets	0	0
Other current non-financial assets	0	0
Total current assets other than non-current assets or disposal groups classified as held for sale or as held for distribution to owners	273,032,056,000	260,820,021,000
Non-current assets or disposal groups classified as held for sale or as held for distribution to owners	75,912,000	74,525,000
Total current assets	273,107,968,000	260,894,546,000
Non-current assets [abstract]		
Trade and other non-current receivables	63,882,010,000	55,809,040,000
Current tax assets, non-current	0	0
Non-current inventories	0	0
Non-current biological assets	0	0
Other non-current financial assets	42,986,645,000	59,636,363,000
Investments accounted for using equity method	2,287,170,000	2,267,147,000
Investments in subsidiaries, joint ventures and associates	0	0
Property, plant and equipment	19,711,718,000	15,058,810,000
Investment property	109,449,000	119,082,000
Right-of-use assets that do not meet definition of investment property	12,616,353,000	11,220,322,000
Goodwill	3,862,111,000	4,953,081,000
Intangible assets other than goodwill	4,253,648,000	4,689,081,000
Deferred tax assets	592,225,000	1,230,751,000
Other non-current non-financial assets	3,121,383,000	7,815,740,000
Total non-current assets	153,422,712,000	162,799,417,000
Total assets	426,530,680,000	423,693,963,000
Equity and liabilities [abstract]		
Liabilities [abstract]		
Current liabilities [abstract]		
Trade and other current payables	34,814,278,000	25,925,651,000
Current tax liabilities, current	165,376,000	4,120,458,000
Other current financial liabilities	241,044,963,000	235,858,734,000
Current lease liabilities	2,985,670,000	2,474,113,000
Other current non-financial liabilities	0	0
Current provisions [abstract]		
Current provisions for employee benefits	1,068,766,000	1,454,370,000
Other current provisions	9,269,496,000	8,758,589,000
Total current provisions	10,338,262,000	10,212,959,000
Total current liabilities other than liabilities included in disposal groups classified as held for sale	289,348,549,000	278,591,915,000
Liabilities included in disposal groups classified as held for sale	233,165,000	227,436,000
Total current liabilities	289,581,714,000	278,819,351,000
Non-current liabilities [abstract]		
Trade and other non-current payables	1,345,260,000	1,189,039,000
Current tax liabilities, non-current	2,316,707,000	1,297,204,000

Concept	Close Current Quarter 2022-09-30	Close Previous Exercise 2021-12-31
Other non-current financial liabilities	25,330,702,000	18,531,199,000
Non-current lease liabilities	10,837,407,000	9,809,595,000
Other non-current non-financial liabilities	0	0
Non-current provisions [abstract]		
Non-current provisions for employee benefits	2,644,636,000	2,381,025,000
Other non-current provisions	68,557,000	58,491,000
Total non-current provisions	2,713,193,000	2,439,516,000
Deferred tax liabilities	0	6,153,562,000
Total non-current liabilities	42,543,269,000	39,420,115,000
Total liabilities	332,124,983,000	318,239,466,000
Equity [abstract]		
Issued capital	566,024,000	566,024,000
Share premium	4,712,410,000	4,747,878,000
Treasury shares	9,920,830,000	9,347,127,000
Retained earnings	90,669,005,000	100,607,329,000
Other reserves	8,376,475,000	8,877,664,000
Total equity attributable to owners of parent	94,403,084,000	105,451,768,000
Non-controlling interests	2,613,000	2,729,000
Total equity	94,405,697,000	105,454,497,000
Total equity and liabilities	426,530,680,000	423,693,963,000

[310000] Statement of comprehensive income, profit or loss, by function of expense

Concept	Accumulated Current Year 2022-01-01 - 2022-09-30	Accumulated Previous Year 2021-01-01 - 2021-09-30	Quarter Current Year 2022-07-01 - 2022-09-30	Quarter Previous Year 2021-07-01 - 2021-09-30
Profit or loss [abstract]				
Profit (loss) [abstract]				
Revenue	116,393,970,000	102,956,940,000	40,044,599,000	35,503,926,000
Cost of sales	53,244,819,000	48,208,728,000	18,652,573,000	16,855,237,000
Gross profit	63,149,151,000	54,748,212,000	21,392,026,000	18,648,689,000
Distribution costs	43,467,461,000	34,875,317,000	15,126,265,000	12,058,678,000
Administrative expenses	11,565,536,000	9,990,617,000	4,465,062,000	3,165,428,000
Other income	0	106,423,000	1,192,000	8,407,000
Other expense	1,036,521,000	0	0	0
Profit (loss) from operating activities	7,079,633,000	9,988,701,000	1,801,891,000	3,432,990,000
Finance income	670,866,000	8,766,800,000	268,252,000	322,369,000
Finance costs	20,331,093,000	3,001,183,000	5,564,719,000	2,374,866,000
Share of profit (loss) of associates and joint ventures accounted for using equity method	193,232,000	45,427,000	(19,190,000)	24,323,000
Profit (loss) before tax	(12,387,362,000)	15,799,745,000	(3,513,766,000)	1,404,816,000
Tax income (expense)	(3,624,291,000)	4,673,363,000	(1,130,367,000)	403,507,000
Profit (loss) from continuing operations	(8,763,071,000)	11,126,382,000	(2,383,399,000)	1,001,309,000
Profit (loss) from discontinued operations	(675,000)	(130,500,000)	(874,000)	(2,154,000)
Profit (loss)	(8,763,746,000)	10,995,882,000	(2,384,273,000)	999,155,000
Profit (loss), attributable to [abstract]				
Profit (loss), attributable to owners of parent	(8,763,714,000)	10,996,172,000	(2,384,180,000)	999,399,000
Profit (loss), attributable to non-controlling interests	(32,000)	(290,000)	(93,000)	(244,000)
Earnings per share [text block]	The accumulated loss per share was calculated by dividing the profit or loss attributable to controlling interest of the period of $8,763,714,000 by the weighted average number of outstanding ordinary shares of 225,864,661.	The accumulated earnings per share was calculated by dividing the profit attributable to controlling interest of the period of $10,996,172,000 by the weighted average number of outstanding ordinary shares of 227,630,836.	The quarter's loss per share was calculated by dividing the profit or loss attributable to controlling interest of the period of $2,384,180,000 by the weighted average number of outstanding ordinary shares of 225,864,661.	The quarter's earnings per share was calculated by dividing the profit attributable to controlling interest of the period of $999,399,000 by the weighted average number of outstanding ordinary shares of 227,630,836.
Earnings per share [abstract]				
Earnings per share [line items]				
Basic earnings per share [abstract]				
Basic earnings (loss) per share from continuing operations	(38.8)	48.88	(10.56)	4.4
Basic earnings (loss) per share from discontinued operations	0	(0.57)	0	(0.01)
Total basic earnings (loss) per share	(38.8)	48.31	(10.56)	4.39
Diluted earnings per share [abstract]				
Diluted earnings (loss) per share from continuing operations	(38.8)	48.88	(10.56)	4.4
Diluted earnings (loss) per share from discontinued operations	0	(0.57)	0	(0.01)
Total diluted earnings (loss) per share	(38.8)	48.31	(10.56)	4.39

[410000] Statement of comprehensive income, OCI components presented net of tax

Concept	Accumulated Current Year 2022-01-01 - 2022-09-30	Accumulated Previous Year 2021-01-01 - 2021-09-30	Quarter Current Year 2022-07-01 - 2022-09-30	Quarter Previous Year 2021-07-01 - 2021-09-30
Statement of comprehensive income [abstract]				
Profit (loss)	(8,763,746,000)	10,995,882,000	(2,384,273,000)	999,155,000
Other comprehensive income [abstract]				
Components of other comprehensive income that will not be reclassified to profit or loss, net of tax [abstract]				
Other comprehensive income, net of tax, gains (losses) from investments in equity instruments	0	0	0	0
Other comprehensive income, net of tax, gains (losses) on revaluation	1,270,000	(17,836,000)	754,000	0
Other comprehensive income, net of tax, gains (losses) on remeasurements of defined benefit plans	23,000	(46,243,000)	0	(46,243,000)
Other comprehensive income, net of tax, change in fair value of financial liability attributable to change in credit risk of liability	0	0	0	0
Other comprehensive income, net of tax, gains (losses) on hedging instruments that hedge investments in equity instruments	0	0	0	0
Share of other comprehensive income of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss, net of tax	0	0	0	0
Total other comprehensive income that will not be reclassified to profit or loss, net of tax	1,293,000	(64,079,000)	754,000	(46,243,000)
Components of other comprehensive income that will be reclassified to profit or loss, net of tax [abstract]				
Exchange differences on translation [abstract]				
Gains (losses) on exchange differences on translation, net of tax	(314,249,000)	807,610,000	328,307,000	826,056,000
Reclassification adjustments on exchange differences on translation, net of tax	0	0	0	0
Other comprehensive income, net of tax, exchange differences on translation	(314,249,000)	807,610,000	328,307,000	826,056,000
Available-for-sale financial assets [abstract]				
Gains (losses) on remeasuring available-for-sale financial assets, net of tax	1,256,000	30,810,000	0	(977,000)
Reclassification adjustments on available-for-sale financial assets, net of tax	0	0	0	0
Other comprehensive income, net of tax, available-for-sale financial assets	1,256,000	30,810,000	0	(977,000)
Cash flow hedges [abstract]				
Gains (losses) on cash flow hedges, net of tax	(15,895,000)	726,538,000	159,646,000	97,640,000
Reclassification adjustments on cash flow hedges, net of tax	0	0	0	0
Amounts removed from equity and included in carrying amount of non-financial asset (liability) whose acquisition or incurrence was hedged highly probable forecast transaction, net of tax	0	0	0	0
Other comprehensive income, net of tax, cash flow hedges	(15,895,000)	726,538,000	159,646,000	97,640,000
Hedges of net investment in foreign operations [abstract]				
Gains (losses) on hedges of net investments in foreign operations, net of tax	0	0	0	0
Reclassification adjustments on hedges of net investments in foreign operations, net of tax	0	0	0	0
Other comprehensive income, net of tax, hedges of net investments in foreign operations	0	0	0	0
Change in value of time value of options [abstract]				
Gains (losses) on change in value of time value of options, net of tax	0	0	0	0
Reclassification adjustments on change in value of time value of options, net of tax	0	0	0	0
Other comprehensive income, net of tax, change in value of time value of options	0	0	0	0
Change in value of forward elements of forward contracts [abstract]				
Gains (losses) on change in value of forward elements of forward contracts, net of tax	0	0	0	0
Reclassification adjustments on change in value of forward elements of forward contracts, net of tax	0	0	0	0
Other comprehensive income, net of tax, change in value of forward elements of forward contracts	0	0	0	0
Change in value of foreign currency basis spreads [abstract]				

Concept	Accumulated Current Year 2022-01-01 - 2022-09-30	Accumulated Previous Year 2021-01-01 - 2021-09-30	Quarter Current Year 2022-07-01 - 2022-09-30	Quarter Previous Year 2021-07-01 - 2021-09-30
Gains (losses) on change in value of foreign currency basis spreads, net of tax	0	0	0	0
Reclassification adjustments on change in value of foreign currency basis spreads, net of tax	0	0	0	0
Other comprehensive income, net of tax, change in value of foreign currency basis spreads	0	0	0	0
Financial assets measured at fair value through other comprehensive income [abstract]				
Gains (losses) on financial assets measured at fair value through other comprehensive income, net of tax	0	0	0	0
Reclassification adjustments on financial assets measured at fair value through other comprehensive income, net of tax	0	0	0	0
Amounts removed from equity and adjusted against fair value of financial assets on reclassification out of fair value through other comprehensive income measurement category, net of tax	0	0	0	0
Other comprehensive income, net of tax, financial assets measured at fair value through other comprehensive income	0	0	0	0
Share of other comprehensive income of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss, net of tax	(173,594,000)	(38,976,000)	(5,620,000)	4,084,000
Total other comprehensive income that will be reclassified to profit or loss, net of tax	(502,482,000)	1,525,982,000	482,333,000	926,803,000
Total other comprehensive income	(501,189,000)	1,461,903,000	483,087,000	880,560,000
Total comprehensive income	(9,264,935,000)	12,457,785,000	(1,901,186,000)	1,879,715,000
Comprehensive income attributable to [abstract]				
Comprehensive income, attributable to owners of parent	(9,264,935,000)	12,457,785,000	(1,901,186,000)	1,879,715,000
Comprehensive income, attributable to non-controlling interests	0	0	0	0

[520000] Statement of cash flows, indirect method

Concept	Accumulated Current Year 2022-01-01 - 2022-09-30	Accumulated Previous Year 2021-01-01 - 2021-09-30
Statement of cash flows [abstract]		
Cash flows from (used in) operating activities [abstract]		
Profit (loss)	(8,763,746,000)	10,995,882,000
Adjustments to reconcile profit (loss) [abstract]		
+ Discontinued operations	675,000	130,499,000
+ Adjustments for income tax expense	(3,624,291,000)	4,673,363,000
+ (-) Adjustments for finance costs	19,660,227,000	(5,765,617,000)
+ Adjustments for depreciation and amortisation expense	6,757,066,000	6,193,991,000
+ Adjustments for impairment loss (reversal of impairment loss) recognised in profit or loss	1,063,257,000	0
+ Adjustments for provisions	11,287,049,000	9,985,500,000
+ (-) Adjustments for unrealised foreign exchange losses (gains)	0	0
+ Adjustments for share-based payments	0	0
+ (-) Adjustments for fair value losses (gains)	0	0
- Adjustments for undistributed profits of associates	0	0
+ (-) Adjustments for losses (gains) on disposal of non-current assets	0	(905,363,000)
	(193,232,000)	(45,427,000)
+ (-) Adjustments for decrease (increase) in inventories	(5,834,757,000)	(4,806,166,000)
+ (-) Adjustments for decrease (increase) in trade accounts receivable	(26,064,047,000)	(17,252,727,000)
+ (-) Adjustments for decrease (increase) in other operating receivables	1,050,078,000	(3,580,895,000)
+ (-) Adjustments for increase (decrease) in trade accounts payable	348,068,000	2,303,516,000
+ (-) Adjustments for increase (decrease) in other operating payables	9,287,569,000	31,251,287,000
+ Other adjustments for non-cash items	0	0
+ Other adjustments for which cash effects are investing or financing cash flow	0	0
+ Straight-line rent adjustment	0	0
+ Amortization of lease fees	0	0
+ Setting property values	0	0
+ (-) Other adjustments to reconcile profit (loss)	603,446,000	667,550,000
+ (-) Total adjustments to reconcile profit (loss)	14,341,108,000	22,849,511,000
Net cash flows from (used in) operations	5,577,362,000	33,845,393,000
- Dividends paid	0	0
	0	0
- Interest paid	0	0
+ Interest received	0	0
+ (-) Income taxes refund (paid)	4,401,499,000	3,002,907,000
+ (-) Other inflows (outflows) of cash	0	0
Net cash flows from (used in) operating activities	1,175,863,000	30,842,486,000
Cash flows from (used in) investing activities [abstract]		
+ Cash flows from losing control of subsidiaries or other businesses	0	0
- Cash flows used in obtaining control of subsidiaries or other businesses	0	166,338,000
+ Other cash receipts from sales of equity or debt instruments of other entities	0	0
- Other cash payments to acquire equity or debt instruments of other entities	0	0
+ Other cash receipts from sales of interests in joint ventures	0	0
- Other cash payments to acquire interests in joint ventures	0	0
+ Proceeds from sales of property, plant and equipment	0	1,150,000,000
- Purchase of property, plant and equipment	7,966,588,000	3,756,112,000
+ Proceeds from sales of intangible assets	0	0
- Purchase of intangible assets	944,761,000	311,480,000
+ Proceeds from sales of other long-term assets	0	0
- Purchase of other long-term assets	0	0

Concept	Accumulated Current Year 2022-01-01 - 2022-09-30	Accumulated Previous Year 2021-01-01 - 2021-09-30
+ Proceeds from government grants	0	0
- Cash advances and loans made to other parties	0	0
+ Cash receipts from repayment of advances and loans made to other parties	0	0
- Cash payments for futures contracts, forward contracts, option contracts and swap contracts	0	0
+ Cash receipts from futures contracts, forward contracts, option contracts and swap contracts	0	0
+ Dividends received	0	0
- Interest paid	0	0
+ Interest received	554,700,000	465,572,000
	0	0
+ (-) Other inflows (outflows) of cash	10,184,054,000	(30,112,942,000)
Net cash flows from (used in) investing activities	1,827,405,000	(32,731,300,000)
Cash flows from (used in) financing activities [abstract]		
+ Proceeds from changes in ownership interests in subsidiaries that do not result in loss of control	0	0
- Payments from changes in ownership interests in subsidiaries that do not result in loss of control	0	0
+ Proceeds from issuing shares	0	0
+ Proceeds from issuing other equity instruments	0	0
- Payments to acquire or redeem entity's shares	609,171,000	364,257,000
- Payments of other equity instruments	0	0
+ Proceeds from borrowings	17,713,982,000	17,174,382,000
- Repayments of borrowings	11,627,327,000	9,647,386,000
- Payments of finance lease liabilities	0	0
- Payments of lease liabilities	3,331,870,000	3,006,984,000
+ Proceeds from government grants	0	0
- Dividends paid	1,174,610,000	1,099,611,000
- Interest paid	2,153,529,000	1,951,726,000
+ (-) Income taxes refund (paid)	0	0
+ (-) Other inflows (outflows) of cash	0	0
Net cash flows from (used in) financing activities	(1,182,525,000)	1,104,418,000
Net increase (decrease) in cash and cash equivalents before effect of exchange rate changes	1,820,743,000	(784,396,000)
Effect of exchange rate changes on cash and cash equivalents [abstract]		
Effect of exchange rate changes on cash and cash equivalents	0	0
Net increase (decrease) in cash and cash equivalents	1,820,743,000	(784,396,000)
Cash and cash equivalents at beginning of period	38,563,087,000	37,659,384,000
Cash and cash equivalents at end of period	40,383,830,000	36,874,988,000

[610000] Statement of changes in equity - Accumulated Current

	Components of equity [axis]								
Sheet 1 of 3	Issued capital [member]	Share premium [member]	Treasury shares [member]	Retained earnings [member]	Revaluation surplus [member]	Reserve of exchange differences on translation [member]	Reserve of cash flow hedges [member]	Reserve of gains and losses on hedging instruments that hedge investments in equity instruments [member]	Reserve of change in value of time value of options [member]
Statement of changes in equity [line items]									
Equity at beginning of period	566,024,000	4,747,878,000	9,347,127,000	100,607,329,000	86,572,000	9,299,284,000	(55,275,000)	0	0
Changes in equity [abstract]									
Comprehensive income [abstract]									
Profit (loss)	0	0	0	(8,763,714,000)	0	0	0	0	0
Other comprehensive income	0	0	0	0	1,270,000	(314,249,000)	(15,895,000)	0	0
Total comprehensive income	0	0	0	(8,763,714,000)	1,270,000	(314,249,000)	(15,895,000)	0	0
Issue of equity	0	0	0	0	0	0	0	0	0
Dividends recognised as distributions to owners	0	0	0	1,174,610,000	0	0	0	0	0
Increase through other contributions by owners, equity	0	0	0	0	0	0	0	0	0
Decrease through other distributions to owners, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through other changes, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through treasury share transactions, equity	0	(35,468,000)	573,703,000	0	0	0	0	0	0
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through share-based payment transactions, equity	0	0	0	0	0	0	0	0	0
Amount removed from reserve of cash flow hedges and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of time value of options and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of forward elements of forward contracts and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of foreign currency basis spreads and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Total increase (decrease) in equity	0	(35,468,000)	573,703,000	(9,938,324,000)	1,270,000	(314,249,000)	(15,895,000)	0	0
Equity at end of period	566,024,000	4,712,410,000	9,920,830,000	90,669,005,000	87,842,000	8,985,035,000	(71,170,000)	0	0

	Components of equity [axis]								
Sheet 2 of 3	Reserve of change in value of forward elements of forward contracts [member]	Reserve of change in value of foreign currency basis spreads [member]	Reserve of gains and losses on financial assets measured at fair value through other comprehensive income [member]	Reserve of gains and losses on remeasuring available-for-sale financial assets [member]	Reserve of share-based payments [member]	Reserve of remeasurements of defined benefit plans [member]	Amount recognised in other comprehensive income and accumulated in equity relating to non-current assets or disposal groups held for sale [member]	Reserve of gains and losses from investments in equity instruments [member]	Reserve of change in fair value of financial liability attributable to change in credit risk of liability [member]
Statement of changes in equity [line items]									
Equity at beginning of period	0	0	0	(1,256,000)	0	7,712,000	0	0	0
Changes in equity [abstract]									
Comprehensive income [abstract]									
Profit (loss)	0	0	0	0	0	0	0	0	0
Other comprehensive income	0	0	0	1,256,000	0	23,000	0	0	0
Total comprehensive income	0	0	0	1,256,000	0	23,000	0	0	0
Issue of equity	0	0	0	0	0	0	0	0	0
Dividends recognised as distributions to owners	0	0	0	0	0	0	0	0	0
Increase through other contributions by owners, equity	0	0	0	0	0	0	0	0	0
Decrease through other distributions to owners, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through other changes, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through treasury share transactions, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through share-based payment transactions, equity	0	0	0	0	0	0	0	0	0
Amount removed from reserve of cash flow hedges and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of time value of options and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of forward elements of forward contracts and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of foreign currency basis spreads and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Total increase (decrease) in equity	0	0	0	1,256,000	0	23,000	0	0	0
Equity at end of period	0	0	0	0	0	7,735,000	0	0	0

Sheet 3 of 3	Components of equity [axis]							
	Reserve for catastrophe [member]	Reserve for equalisation [member]	Reserve of discretionary participation features [member]	Other comprehensive income [member]	Other reserves [member]	Equity attributable to owners of parent [member]	Non-controlling interests [member]	Equity [member]
Statement of changes in equity [line items]								
Equity at beginning of period	0	0	0	(459,373,000)	8,877,664,000	105,451,768,000	2,729,000	105,454,497,000
Changes in equity [abstract]								
Comprehensive income [abstract]								
Profit (loss)	0	0	0	0	0	(8,763,714,000)	(32,000)	(8,763,746,000)
Other comprehensive income	0	0	0	(173,594,000)	(501,189,000)	(501,189,000)	0	(501,189,000)
Total comprehensive income	0	0	0	(173,594,000)	(501,189,000)	(9,264,903,000)	(32,000)	(9,264,935,000)
Issue of equity	0	0	0	0	0	0	0	0
Dividends recognised as distributions to owners	0	0	0	0	0	1,174,610,000	0	1,174,610,000
Increase through other contributions by owners, equity	0	0	0	0	0	0	0	0
Decrease through other distributions to owners, equity	0	0	0	0	0	0	0	0
Increase (decrease) through other changes, equity	0	0	0	0	0	0	(84,000)	(84,000)
Increase (decrease) through treasury share transactions, equity	0	0	0	0	0	(609,171,000)	0	(609,171,000)
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control, equity	0	0	0	0	0	0	0	0
Increase (decrease) through share-based payment transactions, equity	0	0	0	0	0	0	0	0
Amount removed from reserve of cash flow hedges and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of time value of options and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of forward elements of forward contracts and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of foreign currency basis spreads and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0
Total increase (decrease) in equity	0	0	0	(173,594,000)	(501,189,000)	(11,048,684,000)	(116,000)	(11,048,800,000)
Equity at end of period	0	0	0	(632,967,000)	8,376,475,000	94,403,084,000	2,613,000	94,405,697,000

[610000] Statement of changes in equity - Accumulated Previous

	Components of equity [axis]								
Sheet 1 of 3	Issued capital [member]	Share premium [member]	Treasury shares [member]	Retained earnings [member]	Revaluation surplus [member]	Reserve of exchange differences on translation [member]	Reserve of cash flow hedges [member]	Reserve of gains and losses on hedging instruments that hedge investments in equity instruments [member]	Reserve of change in value of time value of options [member]
Statement of changes in equity [line items]									
Equity at beginning of period	566,024,000	3,547,255,000	6,393,962,000	89,167,871,000	104,177,000	8,403,207,000	(722,672,000)	0	0
Changes in equity [abstract]									
Comprehensive income [abstract]									
Profit (loss)	0	0	0	10,996,172,000	0	0	0	0	0
Other comprehensive income	0	0	0	0	(17,836,000)	807,610,000	726,538,000	0	0
Total comprehensive income	0	0	0	10,996,172,000	(17,836,000)	807,610,000	726,538,000	0	0
Issue of equity	0	0	0	0	0	0	0	0	0
Dividends recognised as distributions to owners	0	0	0	1,099,611,000	0	0	0	0	0
Increase through other contributions by owners, equity	0	0	0	0	0	0	0	0	0
Decrease through other distributions to owners, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through other changes, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through treasury share transactions, equity	0	1,155,671,000	1,519,928,000	0	0	0	0	0	0
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through share-based payment transactions, equity	0	0	0	0	0	0	0	0	0
Amount removed from reserve of cash flow hedges and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of time value of options and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of forward elements of forward contracts and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of foreign currency basis spreads and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Total increase (decrease) in equity	0	1,155,671,000	1,519,928,000	9,896,561,000	(17,836,000)	807,610,000	726,538,000	0	0
Equity at end of period	566,024,000	4,702,926,000	7,913,890,000	99,064,432,000	86,341,000	9,210,817,000	3,866,000	0	0

	Components of equity [axis]								
Sheet 2 of 3	Reserve of change in value of forward elements of forward contracts [member]	Reserve of change in value of foreign currency basis spreads [member]	Reserve of gains and losses on financial assets measured at fair value through other comprehensive income [member]	Reserve of gains and losses on remeasuring available-for-sale financial assets [member]	Reserve of share-based payments [member]	Reserve of remeasurements of defined benefit plans [member]	Amount recognised in other comprehensive income and accumulated in equity relating to non-current assets or disposal groups held for sale [member]	Reserve of gains and losses from investments in equity instruments [member]	Reserve of change in fair value of financial liability attributable to change in credit risk of liability [member]
Statement of changes in equity [line items]									
Equity at beginning of period	0	0	0	(32,226,000)	0	(542,334,000)	0	0	0
Changes in equity [abstract]									
Comprehensive income [abstract]									
Profit (loss)	0	0	0	0	0	0	0	0	0
Other comprehensive income	0	0	0	30,810,000	0	(46,243,000)	0	0	0
Total comprehensive income	0	0	0	30,810,000	0	(46,243,000)	0	0	0
Issue of equity	0	0	0	0	0	0	0	0	0
Dividends recognised as distributions to owners	0	0	0	0	0	0	0	0	0
Increase through other contributions by owners, equity	0	0	0	0	0	0	0	0	0
Decrease through other distributions to owners, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through other changes, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through treasury share transactions, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through share-based payment transactions, equity	0	0	0	0	0	0	0	0	0
Amount removed from reserve of cash flow hedges and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of time value of options and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of forward elements of forward contracts and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of foreign currency basis spreads and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Total increase (decrease) in equity	0	0	0	30,810,000	0	(46,243,000)	0	0	0
Equity at end of period	0	0	0	(1,416,000)	0	(588,577,000)	0	0	0

	Components of equity [axis]							
Sheet 3 of 3	Reserve for catastrophe [member]	Reserve for equalisation [member]	Reserve of discretionary participation features [member]	Other comprehensive income [member]	Other reserves [member]	Equity attributable to owners of parent [member]	Non-controlling interests [member]	Equity [member]
Statement of changes in equity [line items]								
Equity at beginning of period	0	0	0	(455,137,000)	6,755,015,000	93,642,203,000	2,789,000	93,644,992,000
Changes in equity [abstract]								
Comprehensive income [abstract]								
Profit (loss)	0	0	0	0	0	10,996,172,000	(290,000)	10,995,882,000
Other comprehensive income	0	0	0	(38,976,000)	1,461,903,000	1,461,903,000	0	1,461,903,000
Total comprehensive income	0	0	0	(38,976,000)	1,461,903,000	12,458,075,000	(290,000)	12,457,785,000
Issue of equity	0	0	0	0	0	0	0	0
Dividends recognised as distributions to owners	0	0	0	0	0	1,099,611,000	0	1,099,611,000
Increase through other contributions by owners, equity	0	0	0	0	0	0	0	0
Decrease through other distributions to owners, equity	0	0	0	0	0	0	0	0
Increase (decrease) through other changes, equity	0	0	0	0	0	0	(33,000)	(33,000)
Increase (decrease) through treasury share transactions, equity	0	0	0	0	0	(364,257,000)	0	(364,257,000)
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control, equity	0	0	0	0	0	0	0	0
Increase (decrease) through share-based payment transactions, equity	0	0	0	0	0	0	0	0
Amount removed from reserve of cash flow hedges and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of time value of options and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of forward elements of forward contracts and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of foreign currency basis spreads and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0
Total increase (decrease) in equity	0	0	0	(38,976,000)	1,461,903,000	10,994,207,000	(323,000)	10,993,884,000
Equity at end of period	0	0	0	(494,113,000)	8,216,918,000	104,636,410,000	2,466,000	104,638,876,000

[700000] Informative data about the Statement of financial position

Concept	Close Current Quarter 2022-09-30	Close Previous Exercise 2021-12-31
Informative data of the Statement of Financial Position [abstract]		
Capital stock (nominal)	566,024,000	566,024,000
Restatement of capital stock	0	0
Plan assets for pensions and seniority premiums	0	0
Number of executives	1,524	952
Number of employees	70,366	66,896
Number of workers	0	0
Outstanding shares	225,864,662	226,311,291
Repurchased shares	7,517,206	7,070,577
Restricted cash	11,549,632,000	8,753,839,000
Guaranteed debt of associated companies	0	0

[700002] Informative data about the Income statement

Concept	Accumulated Current Year 2022-01-01 - 2022-09-30	Accumulated Previous Year 2021-01-01 - 2021-09-30	Quarter Current Year 2022-07-01 - 2022-09-30	Quarter Previous Year 2021-07-01 - 2021-09-30
Informative data of the Income Statement [abstract]				
Operating depreciation and amortization	6,757,066,000	6,193,991,000	2,318,439,000	2,131,980,000

[700003] Informative data - Income statement for 12 months

Concept	Current Year 2021-10-01 - 2022-09-30	Previous Year 2020-10-01 - 2021-09-30
Informative data - Income Statement for 12 months [abstract]		
Revenue	159,455,783,000	136,619,615,000
Profit (loss) from operating activities	10,759,328,000	12,327,120,000
Profit (loss)	(6,815,865,000)	14,113,393,000
Profit (loss), attributable to owners of parent	(6,815,787,000)	14,113,282,000
Operating depreciation and amortization	9,008,676,000	8,343,559,000

[800001] Breakdown of credits

Institution [axis]	Foreign institution (yes/no)	Contract signing date	Expiration date	Interest rate	Denomination [axis]											
					Domestic currency [member]						Foreign currency [member]					
					Time interval [axis]						Time interval [axis]					
					Current year [member]	Until 1 year [member]	Until 2 years [member]	Until 3 years [member]	Until 4 years [member]	Until 5 years or more [member]	Current year [member]	Until 1 year [member]	Until 2 years [member]	Until 3 years [member]	Until 4 years [member]	Until 5 years or more [member]
Banks [abstract]																
Foreign trade																
TOTAL					0	0	0	0	0	0	0	0	0	0	0	0
Banks - secured																
Bancomext	NO	2017-07-17	2027-07-21	TIIE + 2.50	50,000,000	200,000,000	200,000,000	200,000,000	200,000,000	116,667,000	0	0	0	0	0	0
Multiva	NO	2018-06-11	2023-05-10	TIIE + 2.75	38,136,000	300,847,000	0	0	0	0	0	0	0	0	0	0
TOTAL					88,136,000	500,847,000	200,000,000	200,000,000	200,000,000	116,667,000	0	0	0	0	0	0
Commercial banks																
BAC Honduras	NO	2022-03-18	2023-03-18	BCH + 3.30	0	0	0	0	0	0	0	20,203,000	0	0	0	0
BAC Honduras1	NO	2022-09-21	2023-09-21	BCH + 2.85	0	0	0	0	0	0	0	20,205,000	0	0	0	0
Bank of China	SI	2020-04-01	2023-04-01	Libor 3M + 2.40	0	0	0	0	0	0	0	710,703,000	0	0	0	0
TOTAL					0	0	0	0	0	0	0	751,111,000	0	0	0	0
Other banks																
Banco de México (SHIF)	NO	2007-02-26	2027-07-05	9.10 Tasa fija	0	0	2,104,000	5,987,000	2,420,000	84,000	0	0	0	0	0	0
Banco de México1	NO	2022-05-19	2022-11-17	8.02 Tasa fija	103,008,000											
Banco de México2	NO	2022-09-28	2022-12-28	7.95 Tasa fija	200,158,000											
Banco de México3	NO	2022-07-28	2023-01-26	9.02 Tasa fija		101,629,000										
TOTAL					303,166,000	101,629,000	2,104,000	5,987,000	2,420,000	84,000	0	0	0	0	0	0
Total banks																
TOTAL					391,302,000	602,476,000	202,104,000	205,987,000	202,420,000	116,751,000	0	751,111,000	0	0	0	0
Stock market [abstract]																
Listed on stock exchange - unsecured																
Cebures Elektra 16-2 Value	NO	2016-04-07	2023-03-30	8.16 Tasa fija	0	500,000,000	0	0	0	0	0	0	0	0	0	0
Cebures Elektra 19-2 CI Banco	NO	2019-04-25	2022-10-06	TIIE + 2.30	2,500,000,000	0	0	0	0	0	0	0	0	0	0	0
Cebures Elektra 20 CI Banco	NO	2020-05-13	2027-05-05	9.35 Tasa fija	0	0	0	0	0	2,500,000,000	0	0	0	0	0	0
Cebures Elektra 121 CI Banco	NO	2021-12-14	2022-12-09	TIIE + 1.10	2,500,000,000	0										
Elektra Series 2021-1 Senior Notes	SI	2021-01-20	2028-01-15	4.875 Tasa fija								1,522,935,000	1,948,417,000	1,979,197,000	1,993,012,000	2,504,367,000
Cebures Elektra 21 CI Banco	NO	2021-04-13	2022-10-25	TIIE + 2.20	3,000,000,000	0										
Cebures Elektra 21U CI Banco	NO	2021-04-13	2026-04-07	4.53 Tasa fija					3,383,691,000	0						
Cebures Elektra 22 CI Banco	NO	2022-03-03	2025-03-27	TIIE + 1.79				2,085,417,000								
Cebures Elektra 22-2 CI Banco	NO	2022-03-03	2027-08-27	10.55 Tasa fija						1,004,333,000						
Cebures Elektra 22U CI Banco	NO	2022-03-03	2028-08-24	6.24 Tasa fija						2,002,260,000						
Cebures Elektra 122 CI Banco	NO	2022-06-08	2023-06-07	Libor + 2.40		1,500,000,000										
Cebures Elektra 22-3 CI Banco	NO	2022-07-21	2025-10-09	TIIE + 1.85				524,573,000								
Cebures Elektra 22-4 CI Banco	NO	2022-07-21	2028-07-13	11.97 Tasa fija						3,350,130,000						

Institution [axis]	Foreign institution (yes/no)	Contract signing date	Expiration date	Interest rate	Denomination [axis]											
					Domestic currency [member]						Foreign currency [member]					
					Time interval [axis]						Time interval [axis]					
					Current year [member]	Until 1 year [member]	Until 2 years [member]	Until 3 years [member]	Until 4 years [member]	Until 5 years or more [member]	Current year [member]	Until 1 year [member]	Until 2 years [member]	Until 3 years [member]	Until 4 years [member]	Until 5 years or more [member]
Cebures Elektra 22-2U CI Banco	NO	2022-07-21	2029-07-12	6.98 Tasa fija						1,119,040,000						
TOTAL					8,000,000,000	2,000,000,000	0	2,609,990,000	3,383,691,000	9,975,763,000	0	1,522,935,000	1,948,417,000	1,979,197,000	1,993,012,000	2,504,367,000
Listed on stock exchange - secured																
TOTAL					0	0	0	0	0	0	0	0	0	0	0	0
Private placements - unsecured																
TOTAL					0	0	0	0	0	0	0	0	0	0	0	0
Private placements - secured																
Certificados fiduciarios	NO	2022-05-17	2022-11-02	TIIE + 3.50	500,000,000											
TOTAL					500,000,000	0	0	0	0	0	0	0	0	0	0	0
Total listed on stock exchanges and private placements																
TOTAL					8,500,000,000	2,000,000,000	0	2,609,990,000	3,383,691,000	9,975,763,000	0	1,522,935,000	1,948,417,000	1,979,197,000	1,993,012,000	2,504,367,000
Other current and non-current liabilities with cost [abstract]																
Other current and non-current liabilities with cost																
Otros pasivos con costo	NO	2022-09-30	2022-10-01		[1] 219,021,768,000						[2] 8,031,768,000					
TOTAL					219,021,768,000	0	0	0	0	0	8,031,768,000	0	0	0	0	0
Total other current and non-current liabilities with cost																
TOTAL					219,021,768,000	0	0	0	0	0	8,031,768,000	0	0	0	0	0
Suppliers [abstract]																
Suppliers																
Línea Blanca	NO	2022-07-31	2022-10-31		1,148,971,000						51,249,000					
Telefonía	NO	2022-07-31	2022-10-31		1,848,080,000						2,385,000					
Electrónica	SI	2022-07-31	2022-10-31		1,328,774,000						125,069,000					
Muebles	NO	2022-07-31	2022-10-31		789,068,000						790,000					
Otros	NO	2022-07-31	2022-10-31		119,369,000						34,831,000					
Transporte	SI	2022-07-31	2022-10-31		87,814,000						967,950,000					
Centroamérica	NO	2022-07-31	2022-10-31		0						536,214,000					
TOTAL					5,322,076,000	0	0	0	0	0	1,718,488,000	0	0	0	0	0
Total suppliers																
TOTAL					5,322,076,000	0	0	0	0	0	1,718,488,000	0	0	0	0	0
Other current and non-current liabilities [abstract]																
Other current and non-current liabilities																
TOTAL					0	0	0	0	0	0	0	0	0	0	0	0
Total other current and non-current liabilities																
TOTAL					0	0	0	0	0	0	0	0	0	0	0	0
Total credits																
TOTAL					233,235,146,000	2,602,476,000	202,104,000	2,815,977,000	3,586,111,000	10,092,514,000	9,750,256,000	2,274,046,000	1,948,417,000	1,979,197,000	1,993,012,000	2,504,367,000

[800003] Annex - Monetary foreign currency position

Disclosure of monetary foreign currency position [text block]

As of September 30, 2022, the non-current liability includes a position in derivative financial instruments amounting to US$ 2,357,688 ($47,874,745), which is presented net of an equivalent asset position in pesos in the financial position statement.

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 year are applied to the results of the period.

The column of other currencies includes assets and liabilities denominated in various currencies, which were translated into U.S. dollars, considering the exchange rates as of September 30, 2022.

A substantial portion of the monetary liabilities denominated in a foreign currency correspond to the Company's operations in the local currency in the countries where it has presence, and they are corresponded by assets in the same currency, which naturally covers any exchange risk. The long net position is maintained by eliminating those monetary assets and liabilities.

	Currencies [axis]				
	Dollars [member]	Dollar equivalent in pesos [member]	Other currencies equivalent in dollars [member]	Other currencies equivalent in pesos [member]	Total pesos [member]
Foreign currency position [abstract]					
Monetary assets [abstract]					
Current monetary assets	3,174,724,000	64,465,318,000	386,710,000	7,852,446,000	72,317,764,000
Non-current monetary assets	777,882,000	15,795,511,000	47,611,000	966,781,000	16,762,292,000
Total monetary assets	3,952,606,000	80,260,829,000	434,321,000	8,819,227,000	89,080,056,000
Liabilities position [abstract]					
Current liabilities	631,680,000	12,826,772,000	356,050,000	7,229,881,000	20,056,653,000
Non-current liabilities	2,790,975,000	56,672,977,000	1,960,000	39,791,000	56,712,768,000
Total liabilities	3,422,655,000	69,499,749,000	358,010,000	7,269,672,000	76,769,421,000
Net monetary assets (liabilities)	529,951,000	10,761,080,000	76,311,000	1,549,555,000	12,310,635,000

[800005] Annex - Distribution of income by product

	Income type [axis]			
	National income [member]	Export income [member]	Income of subsidiaries abroad [member]	Total income [member]
Negocio Financiero				
Intereses de cartera de créditos	42,296,549,000	0	3,057,457,000	45,354,006,000
Intereses de préstamos no bancarios de corto plazo	0	0	7,307,228,000	7,307,228,000
Intereses y rendimientos por inversiones	5,427,708,000	0	44,066,000	5,471,774,000
Comisiones ganadas, resultados de intermediación y otros	6,392,532,000	0	894,894,000	7,287,426,000
Primas de seguros	2,414,592,000	0	0	2,414,592,000
Negocio Comercial				
Italika	15,826,847,000	0	744,650,000	16,571,497,000
Telefonía	9,254,449,000	0	739,718,000	9,994,167,000
Línea blanca	5,222,599,000	0	697,302,000	5,919,901,000
Muebles	1,928,784,000	0	311,737,000	2,240,521,000
Cómputo	1,067,242,000	0	144,108,000	1,211,350,000
Otros productos y servicios	4,533,953,000	0	610,353,000	5,144,306,000
Servicios no relacionados con mercancías	3,787,857,000	0	17,873,000	3,805,730,000
Entretenimiento	3,250,284,000	0	421,188,000	3,671,472,000
TOTAL	101,403,396,000	0	14,990,574,000	116,393,970,000

[800007] Annex - Financial derivate instruments

Management discussion about the policy uses of financial derivate instruments, explaining if these policies are allowed just for coverage or for other uses like trading [text block]

I. Qualitative and quantitative information:

The quantitative information of Grupo Elektra, S.A.B. de C.V. ("Elektra" or "the Company"), includes information from Banco Azteca, S.A., Institución de Banca Múltiple ("Banco Azteca" or “BAZ”).

i. Discussion of the management about the policies on the use of derivative financial instruments, explaining whether these policies allow them to be used only for hedging purposes or also for other uses, such as trading.

- Overview of the objectives for conducting derivative transactions:

Grupo Elektra and Banco Azteca are exposed to market risks resulting from changes in interest rates and exchange rate fluctuations both in Mexico as well as in countries where it currently operates. To cover these risks, Grupo Elektra and BAZ use different financial instruments.

The overall objective of engaging in hedging transactions both in interest rates and exchange rates with derivatives is to reduce exposure of the primary position in response to adverse movements in the market in interest rates and exchange rates that affect it (without limiting, risks regarding its financial liabilities in national currency, its purchasing needs in foreign currency, its credit portfolio and / or its investments denominated in pesos and / or foreign currency, among others). The hedge position must behave inversely to the primary position, that is, movements in risk factors that result in losses in the primary position will result in gains in the hedging instrument.

At the same time, the Company’s objective in engaging in derivative trading instruments (equity swaps) is to obtain an attractive potential return due to the undervaluation in the price (in the opinion of the Company), of the underlying assets, or the benchmark in these instruments.

Lastly, in relation to Banco Azteca's operations for trading purposes, the objective is to take advantage of the arbitrage possibilities in the financial markets within the authorized risk limits.

The guidelines and objectives for entering in derivatives transactions for hedging or trading purposes are defined in the Bank's Derivatives Manual.

Banco Azteca is authorized by Banco de México to operate as an intermediary in the derivatives market based pursuant circular 4/2012.

- Instruments used:

For hedging and investment purposes, Grupo Elektra and Banco Azteca use derivative financial instruments such as forward contracts, options, futures and swaps:

Derivatives Instrument	Hedging	Trading	Intermediary
Exchange Rate Forward	X	X	X
Exchange Rate Futuro	X	X	
Interest Rate Swap N.C.	X	X	
Cross Currency Swap F.C.	X	X	
Interest Rate Option N.C.	X	X	
Exchange Rate Option /Warrant N.C.	X	X	
Gold & Silver Futuro F.C.	X	X	

N.C.: National Currency

F.C.: Foreign Currency

- Trading or hedging strategies implemented:

Grupo Elektra enters into financial hedging instruments to reduce market risk and possible effects that could be generated by changes in interest rates, exchange rate fluctuations in the different countries where it currently has operations or mitigate the risk in its Balance Sheet positions referenced to the price of gold (BAZ only).

With regard to trading instruments, the Company enters into derivative transactions seeking to obtain a positive return as a result of the perception of a possible undervaluation of the underlying or reference assets in such instruments.

- Trading Markets:

Markets in which the different financial instruments used by Grupo Elektra and Banco Azteca are traded include MEXDER, the Chicago Board of Trade and OTC (Over The Counter) Markets. Grupo Elektra uses derivative financial instruments commonly used in OTC markets, and can be quoted with two or more financial institutions to ensure the best conditions in procurement. The agreements and conformations entered by the Company are standard and transactions are settled based on what has been agreed upon as well as on the procedures and policies agreed by Grupo Elektra and its counterparties.

- Eligible counterparties:

Financial institutions of recognized prestige and solvency, in Mexico or abroad, and intermediaries that meet the financial profile or that can grant conditions required by Grupo Elektra and Banco Azteca. Transactions are settled on an agreed basis, as well as on the procedures and policies agreed by Grupo Elektra and its counterparties. In addition, Banco Azteca may work with individuals and legal entities with whom the respective agreement is signed and whom are eligible for a credit line authorized by the Credit Committee, as this means that they meet the required financial profile and that they can provide sufficient guarantees to meet their obligations.

- Policies for the designation of calculation or valuation agents:

In common agreement with the Counterparty in each of the current contracts.

Generally, Grupo Elektra appoints Banks, Financial Institutions, Financial Agents, Financial Intermediaries and experienced and specialized advisers as Calculation or Valuation Agents in Derivatives, Structured Notes and other financial products. However, in all cases, the calculations and valuations are validated by the Company.

Likewise, when Banco Azteca enters into derivative transactions with other Financial Institutions, it generally agrees to leave the Counterparty as Valuation Agent for the determination of margin calls, and a third party chosen by mutual agreement between the parties to be listed as Calculation Agent.

On the other hand, Banco Azteca is listed as the Valuation Agent and / or Calculation Agent when entering into derivatives transactions with clients, individuals or legal entities.

- Main contract terms or conditions:

Grupo Elektra's operations:

- Equity swaps with a notional value of more than $17,335 million pesos on the return provided by an underlying asset referenced to the price of the stock of the Company, 100% collateralized.
  - These instruments agree to settle differences on an initial reference value. This settlement is made on the termination date of the contracts.
  - To address the possible payment obligation at the expiration of the contracts, the Company establishes a collateral at the starting day of each contract equal to the initial value. The fact that the contract is collateralized means that this amount would be the greatest potential loss that the Company would incur if, at the time the contract is terminated, the underlying asset value is zero.
- Interest rate Swap: The main condition is the exchange of flows in which the Company pays a fixed interest rate and receives from a financial institution a variable interest rate, with periodic settlements.
  - The Company has designated interest rate swaps under the cash flow hedging model, in terms of what is permitted by international accounting regulations.
- Forwards: The main condition is the purchase or sale of a currency at a specific exchange rate, which is settled on a predetermined date in the future through private OTC contracts.
  - Likewise, the company has designated the currency hedging instruments under the cash flow hedging model, in terms of what is allowed by international accounting regulations.
- Exchange Rate Options / Warrants: The main condition for the buyer of an option is the right to buy a currency at a previously established exchange rate in exchange for the payment of a premium.

Banco Azteca's operations:

- For interest rate hedging contracts
  - Interest Rate Swaps: the main condition is the exchange of variable rates for fixed rates with periodic settlements.
  - Cross Currency Swaps: the main condition is the exchange of interests in national currency for interests in foreign currency with periodic settlements.
  - Interests Rate Options: the main condition for the buyer of an option is the right to exercise future flows in exchange for the payment of a premium, unlike the seller, who has the obligation to comply with the payment if the buyer exercises the option.
- For exchange rate / commodities contracts:
  - Forwards: the main condition is the purchase or sale of a currency at a certain exchange rate on the day of the contract, which is settled on a predetermined date in the future through private OTC contracts.

- Futures: the main condition is the purchase or sale of a certain underlying asset at a certain price on the day of trading, which is settled on a predetermined date in the future through recognized markets.
- Exchange Rate Options: its main condition for the buyer of an option is the right to buy or sell a currency at a previously established exchange rate in exchange for the payment of a premium, unlike the seller, who has the obligation to sell or buy the currency if the buyer exercises the option.

- Policies on margin, collateral, and credit lines:

- The Company's policy is to avoid entering into contracts that have margin calls, 100% collateralizing practically all operations that by their very nature could incur or cause margin calls (trading instruments), or paying premiums at the time of the transaction. contracting or establishing operations commonly called simple or "plain vanilla" that limit the interest rate and / or the exchange rate to a maximum, to reduce the risk of subsequent fluctuations or diversifying the notional of the operations between the Financial Institutions that have us granted various “Threshold Amount” or “Agreed Amount” in OTC markets (hedging instruments).

- On the other hand, depending on the kind of market and counterparty of the transactions carried out by Banco Azteca, you have the following options:

- When trading in recognized markets, is subject to the margin conditions established by the exchanges where it is traded.

- When trading at OTC markets and the counterparty is another Financial Institution, the conditions are established in the ISDA, CMOF contracts and their addendums.

- When Banco Azteca trades as an intermediary with client’s natural persons or legal entities, the margins and / or guarantees are determined by the credit area based on the key process.

Collateral and credit lines:

- Depending on the type of contract that has been concluded (ISDA or CMOF), Grupo Elektra and Banco Azteca begin to operate with the counterparty up to the amount and term of the line of credit authorized by the Credit Committee. In addition, in each contract is established the "Threshold Amount" or "Agreed Amount" for each of the parties, this is the amount exposed from which the granting of the actual guarantees (margin calls) becomes enforceable. The Company has the option (if deemed relevant) to limit the possible impact by margin calls by contracting options that require payment premiums (at the time of contracting or deferred), limiting the exchange rate and/or interest rate to a maximum, to reduce the risk of subsequent fluctuations (hedging instruments).

- Processes and levels of authorization required by type of operation:

The approval process for derivative financial instruments is as follows:

The Treasury, Accounting, Finance and Management Departments jointly analyze and propose for general approval, new derivative operations and the performance of existing transactions and report regularly to the CFO and, if applicable, to the CEO.

For hedging transactions, these areas first identify interest rate risks and/or exchange rates, then choose the most appropriate derivative instrument and ask the CFO to execute the required transaction. In addition, positions are reported and monitored by the CFO in addition with the Accounting and Treasury Director.

The trading criteria that are established for such transactions are closely linked to the specific amount of risk to be hedged, which does not mean that Grupo Elektra necessarily has the policy of covering all of its risks with derivative financial instruments.

In addition, Banco Azteca considers the 31 requirements established in the single annex to circular 4/2012 issued by Banco de México, where the Bank sets objectives and procedures for the operation with clients and other intermediates. In addition, it establishes maximum tolerances for market risk, credit, liquidity and other risks considered acceptable to the institution.

For hedging operations, the Bank Treasury first identifies the interest rate and/or exchange rate risks that exist on the balance sheet, then chooses the most appropriate derivative instrument and requests the Derivatives area to execute the required transaction, which is recorded, confirmed, settled and controlled in the Bank's Derivatives System.

In trading operations, these are raised and authorized within the relevant Committees. Once authorized, the transactions are executed by the Bank's derivatives area.

In addition, positions are reported and monitored in the relevant Bank Committees.

- Internal control procedures to manage exposure to liquidity and market risks in the holdings in financial instruments:

The Financial Director, the Treasury Director, and the Chief Accounting Officer are jointly responsible for monitoring the exposure to liquidity and market risks that the financial instruments in question face and their performance, reporting such information on a monthly basis or in shorter periods, if required, to the CFO, who is required to inform the CEO of Grupo Elektra of possible resulting material contingencies.

In addition, Banco Azteca's Comprehensive Risk Management Unit obtains daily information from executed operations and monitors that the risk estimation of positions does not exceed the Risk Value Limit (VAR) authorized by the Bank's Risk Committee. In addition, the Bank sends a report of the VAR consumption to the Directorate-General and Treasury and Derivatives areas on a daily basis, giving additional monitoring of these indicators in the relevant Committees.

  - The existence of an independent third-party to review these procedures:

For the time being, this has not been considered necessary, since the internal procedure conforms to the general internal control processes, separating: (i) the authorization and valuation functions, and (ii) authorization and supervision at different management levels both in the company’s organizational structure as well as its Board of Directors.

However, as a control measure, the Company checks quarterly the fair value of such instruments with the support of independent experts.

  - Any comments or deficiency that might have been identified by the third party:

Not applicable.

  - Information on the formation of a committee on comprehensive risk management, rules governing it and the existence of a comprehensive risk management manual.

Not applicable.

General description about valuation techniques, standing out the instruments valuated at cost or fair value, just like methods and valuation techniques [text block]

All Grupo Elektra and Banco Azteca derivative financial instruments are set at fair value in terms of applicable accounting regulations, using market prices ("mark-to-market") from sources deemed reliable such as Bloomberg, Pip, Infosel, Thomson Reuters Eikon among others, reflecting the resulting changes in each monthly accounting close. In addition, Banco Azteca's derivatives manual contains annexes describing the valuation formulas for each instrument, which are programmed in the Bank's computer systems.

The fluctuations in the fair value of derivative financial instruments are recognized in the P&L financial statement and unrealized losses or earnings are recognized in the balance sheet.

Derivative financial instruments are initially recognized at fair value at the date the transaction is contracted and subsequently revaluated at fair value at the end of the reporting period. The resulting gain or loss is recognized in the results immediately, unless the derivative is designated and effective as a hedging instrument, in which case the opportunity for recognition in the results will depend on the nature of the hedging ratio.

The Company designates certain instruments as hedging, either as fair value hedges, cash flow hedges or net investment hedges in a foreign transaction. Foreign currency risk coverage of a firm commitment is counted as cash flow hedging. The value of the derivative financial instruments maintained by Grupo Elektra is reported to it by institutions or counterparties with whom the contracts are held, because for the most part, they are the calculation agents designated according to the formalized ISDA contract. This valuation is determined in accordance with its own methodologies and using recognized and reasonable valuation procedures, techniques and models. As a control measure, the Company checks quarterly the fair value of such instruments with the support of independent experts. These instruments are recognized in the consolidated statements of financial position as asset or liability at fair value.

The valuation is undertaken by the counterparty of the derivative financial instrument. These figures are validated by Grupo Elektra.

On the other hand, the valuation of Azteca Bank instruments is reviewed by the system operated by the Bank's support areas, which provides the accounting area with the amounts to proceed with its accounting record in the information system.

Regarding Grupo Elektra’s hedging instruments:

- For hedging interest rates, the Company uses the qualitative evaluation since the critical terms (such as the notional amount, maturity and underlying) of the hedged instrument and the hedging instrument are the same.
- The method used to measure effectiveness is that of critical terms (qualitative evaluation). The method consists of monitoring the changes in the hedging relationship, comparing changes in the fair value of the hedging instrument with the changes in the fair value of the hypothetical derivative that would result in a perfect hedge of the hedged item.
- Since the interest rate hedging instruments acquired have the same characteristics as the primary position subject to hedging, the effectiveness ratio will always be 100%, regardless of the sensitivity or stress scenario used, given that the changes Present the fair value of the instruments will be compensated with the change in the cash flow presented by the primary position subject to hedging.

- To hedge the exchange rate of forecasted payments, the Company uses the hypothetical derivative method "dollar offset" to evaluate the effectiveness. This method consists of comparing the changes in the fair value of the hedging instrument with the changes in the fair value of the hypothetical derivative.
- The results of these tests confirm that by the end of September 2022 the hedging relationships are highly effective, since the changes in the fair value and cash flows of the primary position are 100% offset prospectively.
- By the end of September 2022, there were no ineffective portions that should be recognized in profit or loss for the period.

Regarding hedging instruments used by Banco Azteca:

- A risk reduction ratio ("Razón de Reducción de Riesgo", "RRR") is used as a hedge effectiveness measure that compares the primary position's VAR and the VAR resulting between the primary position and derivative instrument compensation. In addition, a retrospective test is used comparing the primary position and derivative instrument profits / losses, based on estimates at market prices.

- At the end of September 30, 2022, hedging for investments and balances in foreign currencies recorded, in average, a cumulative efficiency of 100%, hedging for loan portfolio in USD and MXN of 100%. The effectiveness calculation is conducted one by one, that is, the derivative's and primary position's market value is compared, then, an arithmetic average is calculated by notional covered. Therefore, we can conclude that hedges are effective, since individually and collectively are within the 80 - 125 percent range in accordance to the "Circular Única de Bancos" in its annex 33, newsletter B-5 (appendix A, paragraphs GA44 - GA55).

Primary position hedge results for investments and balances:

BANCO AZTECA

BANCO AZTECA, S.A. INSTITUCION DE BANCA MULTIPLE
Hedge Operations
For the period ended September 30, 2022
Monetary figures expressed in millions of Mexican pesos

Description	Changes in the in the primary position*	Changes in the in the hedge position*	Residual exposure	Average Effectiveness Ratio (%)
Investments and balances	-68.51	68.51	0.00	100.00%

*Valuation's cumulative change at the end of September, 2022
The position includes investments and balances in pesos and foreign currencies.

Hedge effectiveness ratio = Retrospective test

A retrospective test is used to prove hedge effectiveness, that is, we compared the primary position and the derivative instrument cumulative profits / losses since its start date, based on estimates at market prices, and as previously mentioned, the tests are conducted one by one tightening the hedge effectiveness evaluation.

Primary position hedge results for the loan portfolio in USD and MXN:

BANCO AZTECA

BANCO AZTECA, S.A. INSTITUCION DE BANCA MULTIPLE
Hedge Operations
For the period ended September 30, 2022
Monetary figures expressed in millions of Mexican pesos

Description	Changes in the in the primary position*	Changes in the in the hedge position*	Residual exposure	Average Effectiveness Ratio (%)
Loan Portfolio	1364.89	-1364.89	0.00	100.00%

*Valuation's cumulative change at the end of September, 2022
Includes loans in USD and MXN

Hedge effectiveness ratio = Retrospective test

A retrospective test is used to prove hedge effectiveness, that is, we compared the primary position and the derivative instrument cumulative profits / losses since its start date, based on estimates at market prices.

Management discussion about intern and extern sources of liquidity that could be used for attending requirements related to financial derivate instruments [text block]

- Internal sources of liquidity.

Cash and collateral, as well as internal funds for the operations carried out by the company.

- External sources of liquidity.

As a result of a Company internal policy, external sources of liquidity are not sought, since in almost all cases, collateral (trading derivatives) or early fee payments that limit the maximum rate (hedging instruments) are established.

Changes and management explanation in principal risk exposures identified, as contingencies and events known by the administration that could affect future reports [text block]

Practically all of Grupo Elektra's derivative financial instruments are what are commonly called simple or "plain vanilla", i.e., they have no exotic element or variable or leverage, and any change in the value of the underlying asset or benchmark variables does not imply that:

- the use of the derivative financial instrument will differ from that with which it was originally conceived,
- its scheme will be significantly modified, or
- coverage will be totally lost, and only in some cases would this require that Grupo Elektra assume obligations, commitments or variations in cash flow that would have a limited effect on its liquidity.

Banco Azteca's “non-linear” operations (rate options) are perfectly matched with their opposite position, so they do not represent an open risk for the Institution.

The Company is exposed to risk associated with fluctuations in the price of the underlying assets of the derivative trading instruments (equity swaps). The Company reflects these fluctuations in its financial statements through a periodic "mark-to-market" valuation of such instruments. However, this does not necessarily mean a positive or negative cash flow, but rather this valuation does not occur until the instrument’s termination date. In this regard it should be reiterated that the maximum outflow would proceed if the underlying asset were to have a value of zero at the termination of the instrument. In this case, the Company would lose the collateral established at the beginning, with this being its maximum risk.

In terms of the impact on results or cash flows of the above-mentioned derivative transactions, see Section I. v. Quantitative Information - Summary of Derivative Financial Instruments and II. Sensitivity Analysis.

- Description and number of derivative financial instruments:
  - That have matured during the quarter

Instrument	Intent	No. Of Trades	Amount*	Currency
Interest rate options	TRADING	75	1,251,213	MXN
Fx Forward	HEDGING	48	14,330,527	USD
Fx Forward	TRADING	19	28,925,873	USD
IRS	TRADING	9	13,312,196	MXN
Fx Forward	HEDGING	26	3,444,178	USD
Fx Options / Warrant	HEDGING	15	284,995	USD

*Figures in thousands

Amount includes Buy and Sell operations

  - or whose position has been closed

Trading Date	B / S	Contract	Price	Number of Contracts	Size of Contract	Amount (thousands)	Currency
22/07/2022	B	DEUA	20.72	13,000	10,000	130,000	USD
12/08/2022	B	DEUA	20.39	2,500	10,000	25,000	USD
08/09/2022	B	DEUA	20.03	50	10,000	500	EUR
08/09/2022	B	EURO	20.45	100	10,000	1,000	EUR
19/09/2022	B	DEUA	20.01	5,000	10,000	50,000	USD

- The number and amount of margin calls that, if applicable, occurred during the quarter.

MARGIN CALLS	Received		Delivered	
	USD*	MXN**	USD*	MXN**
Amount (in thousands)	32,670	307,300	22,420	1,647,132
Number of calls	21	19	11	79

** USD= Operations in OTC*

*** MXN= Operations in Recognized Exchanges and OTC*

- Disclose any default that might have occurred in relation to the respective contracts

No default in relation to the respective contracts was registered.

Quantitative information for disclosure [text block]

TABLE 1
Summary of Derivative Financial Instruments
For the period ended September 30, 2022
Monetary figures expressed in thousands of Mexican pesos

Type of derivative, security or contract	Hedging or other purposes, such as trading	Notional/nominal value	Value of underlying asset/benchmark variable		Fair Value		Amounts at maturity per year		Collateral/credit lines/securities offered as guarantee
			Current quarter	Previous quarter	Current quarter	Previous quarter	2022	> 2022	
ES	Trading	17,335,240	1031.36	1160.23	15,507,083	19,772,151	-	17,335,240	17,335,240
Fx Forward	Hedging	6,829,340	USD	USD	6,817,129	8,958,929	5,663,418	1,165,922	-
Commodities Futuros	Trading	4,080,953	OZ	OZ	4,105,506	-	1,899,769	2,181,184	155,563
Fx Forward	Trading	40,426,310	USD	USD	40,183,407	22,815,061	38,063,446	2,362,864	-
Fx Futuro	Hedging	7,545,053	USD	USD	7,369,020	6,457,905	4,339,703	3,205,350	1,131,661
Fx Futuro	Trading	41,298	EUR	EUR	40,591	21,703	20,550	20,748	16,697
Interest rate option	Trading	4,430,743	MXP	MXP	2,472	-	-	4,430,743	-
CCS	Hedging	5,061,666	USD	USD	(300,418)	(364,121)	-	5,061,666	552,272
IRS	Hedging	2,968,669	MXP	MXP	89,531	86,508	-	2,968,669	-
IRS	Trading	1,653,405	MXP	MXP	2,140	536,995	-	1,653,405	-
IRS	Hedging	966,667	MXP	MXP	46,275	40,182	50,000	916,667	-
IRS	Hedging	3,383,691	MXP	MXP	(8,104)	(3,005)	-	3,383,691	-
IRS	Hedging	338,983	MXP	MXP	1,891	(1,973)	38,136	300,847	-
Fx Forward	Hedging	404,216	USD	USD	(19,444)	(35,782)	404,216	-	-
Fx Forward	Hedging	856,976	USD	USD	(49,486)	(205,698)	856,976	-	-
Fx Forward	Hedging	-	USD	USD	-	(12,988)	-	-	-
Fx Forward	Hedging	113,101	USD	USD	(6,596)	(7,706)	113,101	-	-
Fx Options / Warrants	Hedging	452,405	USD	USD	1,338	8,074	452,405	-	-

II. Sensitivity analysis:

Hedging instruments:

All transactions with derivatives have a clear purpose of limiting the risk for which they were traded. It is important to clarify that the hedging derivative financial instruments that Grupo Elektra holds in its balance sheet do not lose hedging effectiveness at any level of variation; that is any change in the fair value of the derivative instrument does not affect changes in its nature, use or level of effectiveness.

Scenarios due to interest rate and exchange rate variations
For the period ended September 30, 2022

Scenario	Instrument	Underlying Asset	Parameter[1]	Tipo de parámetro	VR Base Scenario	Stress Scenario	Sensitivity
Likely	IRS	TIIE	+50	Basis Points	40,061	57,619	17,557
	Fwd / Call	USD / MXN	5	%	(74,186)	(5,397)	68,789
Possible	IRS	TIIE	100	Basis Points	40,061	66,168	26,107
	Fwd / Call	USD / MXN	10	%	(74,186)	69,426	143,613
Remote	IRS	TIIE	150	Basis Points	40,061	74,576	34,514
	Fwd / Call	USD / MXN	15	%	(74,186)	149,923	224,110

(1) For the IRS it represents additional movements to the market curve at the end of September 2022.

A sensitivity analysis was not carried out on the hedging instruments of Banco Azteca because the hedge level is considered highly effective, both in the global portfolio and for each of the instruments, as they are associated one by one and the monitoring carried out monthly, it has not shown significant fluctuations from month to month during the validity period.

Trading instruments:

Regarding the derivative instruments for trading purposes of Grupo Elektra, the additional impacts that would be generated in the Income Statement according to the scenarios requested from the situation reported at the end of September 2022 are shown below. In the event that any of them occurred at the maturity of the operations, Grupo Elektra would have to settle said amounts to its counterpart. Only at this point would your cash flow be affected.

However, since the operations have collateral for 100% of the notional amount and are not leveraged, we estimate that Grupo Elektra has fully covered the maximum loss that it could suffer in a catastrophic scenario without affecting its operating cash.

Sensitivity analysis
For the period ended September 30, 2022

Scenario	Change		Price with change	Potential loss
Likely	-10%	$	928.22	(3,284,232)
Possible	-25%	$	773.51	(8,210,581)
Remote	-50%	$	515.68	(16,421,161)

In this sensitivity analysis we are assuming negative changes in the underlying asset value of derivative trading instruments (equity swaps), with respect to their closing price of September 30, 2022 (-10%, -25% and -50 %, respectively).

In this case, we would only see an impact on the financial statements and not on the cash flow because these instruments are still in effect.

For Banco Azteca's operations, a sensitivity analysis is performed using the “full valuation” methodology. The sensitivity calculation for “full valuation” consists of comparing the fair value of the current position against the fair value of the portfolio using different hypothetical scenarios of the risk factors that directly affect the prices of derivative positions.

In order to carry out the estimates of possible expected losses through the “full valuation” methodology, the risk factors that affect the fair value of derivative operations are identified, in accordance with the standard theoretical valuation models used in the market, including different historical volatility scenarios in the different risk factors.

At the end of September 2022, the trading derivatives portfolio was made up of Rate Options, dollar / peso exchange rate forwards, and interest rate swaps. The fair value of the position of the trading derivatives portfolio at the end of September 2022 is not sensitive to variations in market risk factors, since the exposure is perfectly neutralized by netting between identical long and short operations of Options Rate, Rate Swaps and Currency Forwards.

Trading Derivatives Portfolio at the end of September 2022:

Options

Buy/sell	Amount	Long Position	Short Position
Currency Options	-	-	-
Interest Rate Options	7,093.12	35,585.52	-28,492.40
Net position ('000)*	7,093.00		

Swaps

Buy/sell	Amount	Long Position	Short Position
IRS	2,140.07	45,002.94	-42,862.87
CCS	-	-	-
Net position ('000)*	2,140.07		

Fx Futuro

Buy/sell	Amount	Currency to receive	Currency to Deliver
Buy ('000)	40,106.20	Gold	USD
Sell ('000)	706.43	MXP	EUR
Net position ('000)*	40,812.63		

Fx Forward

Buy/sell	Amount	Currency to receive	Currency to Deliver
Buy ('000)	377,517.87	USD	MXP
Sell ('000)	-69,128.74	MXP	USD
Net position ('000)*	308,389.12		

**The total net position represents the exposure amount of the portfolio after netting the rights and obligations of the identical derivative transactions.*

[800100] Notes - Subclassifications of assets, liabilities and equities

Concept	Close Current Quarter 2022-09-30	Close Previous Exercise 2021-12-31
Subclassifications of assets, liabilities and equities [abstract]		
Cash and cash equivalents [abstract]		
Cash [abstract]		
Cash on hand	14,818,938,000	16,364,235,000
Balances with banks	25,563,075,000	22,143,495,000
Total cash	40,382,013,000	38,507,730,000
Cash equivalents [abstract]		
Short-term deposits, classified as cash equivalents	1,817,000	55,357,000
Short-term investments, classified as cash equivalents	0	0
Other banking arrangements, classified as cash equivalents	0	0
Total cash equivalents	1,817,000	55,357,000
Other cash and cash equivalents	0	0
Total cash and cash equivalents	40,383,830,000	38,563,087,000
Trade and other current receivables [abstract]		
Current trade receivables	76,670,840,000	69,966,812,000
Current receivables due from related parties	439,898,000	170,110,000
Current prepayments [abstract]		
Current advances to suppliers	1,776,430,000	2,033,540,000
Current prepaid expenses	6,915,867,000	6,707,672,000
Total current prepayments	8,692,297,000	8,741,212,000
Current receivables from taxes other than income tax	3,124,556,000	2,384,097,000
Current value added tax receivables	3,124,556,000	2,384,097,000
Current receivables from sale of properties	0	0
Current receivables from rental of properties	0	0
Other current receivables	22,310,127,000	15,524,245,000
Total trade and other current receivables	111,237,718,000	96,786,476,000
Classes of current inventories [abstract]		
Current raw materials and current production supplies [abstract]		
Current raw materials	1,358,877,000	1,114,822,000
Current production supplies	0	0
Total current raw materials and current production supplies	1,358,877,000	1,114,822,000
Current merchandise	0	0
Current work in progress	2,261,914,000	2,627,624,000
Current finished goods	0	0
Current spare parts	0	0
Property intended for sale in ordinary course of business	20,582,798,000	14,626,386,000
Other current inventories	0	0
Total current inventories	24,203,589,000	18,368,832,000
Non-current assets or disposal groups classified as held for sale or as held for distribution to owners [abstract]		
Non-current assets or disposal groups classified as held for sale	75,912,000	74,525,000
Non-current assets or disposal groups classified as held for distribution to owners	0	0
Total non-current assets or disposal groups classified as held for sale or as held for distribution to owners	75,912,000	74,525,000
Trade and other non-current receivables [abstract]		
Non-current trade receivables	63,690,590,000	55,617,620,000
Non-current receivables due from related parties	191,420,000	191,420,000
Non-current prepayments	0	0
Non-current lease prepayments	0	0
Non-current receivables from taxes other than income tax	0	0
Non-current value added tax receivables	0	0

Concept	Close Current Quarter 2022-09-30	Close Previous Exercise 2021-12-31
Non-current receivables from sale of properties	0	0
Non-current receivables from rental of properties	0	0
Revenue for billing	0	0
Other non-current receivables	0	0
Total trade and other non-current receivables	63,882,010,000	55,809,040,000
Investments in subsidiaries, joint ventures and associates [abstract]		
Investments in subsidiaries	0	0
Investments in joint ventures	0	0
Investments in associates	0	0
Total investments in subsidiaries, joint ventures and associates	0	0
Property, plant and equipment [abstract]		
Land and buildings [abstract]		
Land	993,145,000	582,779,000
Buildings	362,463,000	375,282,000
Total land and buildings	1,355,608,000	958,061,000
Machinery	1,336,977,000	1,256,708,000
Vehicles [abstract]		
Ships	0	0
Aircraft	0	0
Motor vehicles	509,904,000	682,862,000
Total vehicles	509,904,000	682,862,000
Fixtures and fittings	0	0
Office equipment	1,199,131,000	1,047,050,000
Tangible exploration and evaluation assets	0	0
Mining assets	0	0
Oil and gas assets	0	0
Construction in progress	3,056,017,000	161,873,000
Construction prepayments	0	0
Other property, plant and equipment	12,254,081,000	10,952,256,000
Total property, plant and equipment	19,711,718,000	15,058,810,000
Investment property [abstract]		
Investment property completed	109,449,000	119,082,000
Investment property under construction or development	0	0
Investment property prepayments	0	0
Total investment property	109,449,000	119,082,000
Intangible assets and goodwill [abstract]		
Intangible assets other than goodwill [abstract]		
Brand names	1,888,439,000	1,903,450,000
Intangible exploration and evaluation assets	0	0
Mastheads and publishing titles	0	0
Computer software	0	0
Licences and franchises	2,354,007,000	2,772,324,000
Copyrights, patents and other industrial property rights, service and operating rights	0	0
Recipes, formulae, models, designs and prototypes	0	0
Intangible assets under development	0	0
Other intangible assets	11,202,000	13,307,000
Total intangible assets other than goodwill	4,253,648,000	4,689,081,000
Goodwill	3,862,111,000	4,953,081,000
Total intangible assets and goodwill	8,115,759,000	9,642,162,000
Trade and other current payables [abstract]		
Current trade payables	7,040,564,000	6,692,496,000
Current payables to related parties	637,230,000	385,733,000
Accruals and deferred income classified as current [abstract]		

Concept	Close Current Quarter 2022-09-30	Close Previous Exercise 2021-12-31
Deferred income classified as current	288,258,000	277,718,000
Rent deferred income classified as current	0	0
Accruals classified as current	25,772,093,000	17,519,748,000
Short-term employee benefits accruals	0	0
Total accruals and deferred income classified as current	26,060,351,000	17,797,466,000
Current payables on social security and taxes other than income tax	183,554,000	202,172,000
Current value added tax payables	183,554,000	202,172,000
Current retention payables	441,984,000	603,518,000
Other current payables	450,595,000	244,266,000
Total trade and other current payables	34,814,278,000	25,925,651,000
Other current financial liabilities [abstract]		
Bank loans current	1,744,889,000	454,245,000
Stock market loans current	12,022,935,000	14,009,805,000
Other current iabilities at cost	227,053,536,000	221,168,731,000
Other current liabilities no cost	0	0
Other current financial liabilities	223,603,000	225,953,000
Total Other current financial liabilities	241,044,963,000	235,858,734,000
Trade and other non-current payables [abstract]		
Non-current trade payables	0	0
Non-current payables to related parties	0	0
Accruals and deferred income classified as non-current [abstract]		
Deferred income classified as non-current	999,946,000	972,764,000
Rent deferred income classified as non-current	0	0
Accruals classified as non-current	0	0
Total accruals and deferred income classified as non-current	999,946,000	972,764,000
Non-current payables on social security and taxes other than income tax	0	0
Non-current value added tax payables	0	0
Non-current retention payables	0	0
Other non-current payables	345,314,000	216,275,000
Total trade and other non-current payables	1,345,260,000	1,189,039,000
Other non-current financial liabilities [abstract]		
Bank loans non-current	727,262,000	1,957,404,000
Stock market loans non-current	24,394,437,000	16,171,345,000
Other non-current liabilities at cost	0	0
Other non-current liabilities no cost	0	0
Other non-current financial liabilities	209,003,000	402,450,000
Total Other non-current financial liabilities	25,330,702,000	18,531,199,000
Other provisions [abstract]		
Other non-current provisions	68,557,000	58,491,000
Other current provisions	9,269,496,000	8,758,589,000
Total other provisions	9,338,053,000	8,817,080,000
Other reserves [abstract]		
Revaluation surplus	87,842,000	86,572,000
Reserve of exchange differences on translation	8,985,035,000	9,299,284,000
Reserve of cash flow hedges	(71,170,000)	(55,275,000)
Reserve of gains and losses on hedging instruments that hedge investments in equity instruments	0	0
Reserve of change in value of time value of options	0	0
Reserve of change in value of forward elements of forward contracts	0	0
Reserve of change in value of foreign currency basis spreads	0	0
Reserve of gains and losses on financial assets measured at fair value through other comprehensive income	0	0
Reserve of gains and losses on remeasuring available-for-sale financial assets	0	(1,256,000)
Reserve of share-based payments	0	0
Reserve of remeasurements of defined benefit plans	7,735,000	7,712,000

Concept	Close Current Quarter 2022-09-30	Close Previous Exercise 2021-12-31
Amount recognised in other comprehensive income and accumulated in equity relating to non-current assets or disposal groups held for sale	0	0
Reserve of gains and losses from investments in equity instruments	0	0
Reserve of change in fair value of financial liability attributable to change in credit risk of liability	0	0
Reserve for catastrophe	0	0
Reserve for equalisation	0	0
Reserve of discretionary participation features	0	0
Reserve of equity component of convertible instruments	0	0
Capital redemption reserve	0	0
Merger reserve	0	0
Statutory reserve	0	0
Other comprehensive income	(632,967,000)	(459,373,000)
Total other reserves	8,376,475,000	8,877,664,000
Net assets (liabilities) [abstract]		
Assets	426,530,680,000	423,693,963,000
Liabilities	332,124,983,000	318,239,466,000
Net assets (liabilities)	94,405,697,000	105,454,497,000
Net current assets (liabilities) [abstract]		
Current assets	273,107,968,000	260,894,546,000
Current liabilities	289,581,714,000	278,819,351,000
Net current assets (liabilities)	(16,473,746,000)	(17,924,805,000)

[800200] Notes - Analysis of income and expense

Concept	Accumulated Current Year 2022-01-01 - 2022-09-30	Accumulated Previous Year 2021-01-01 - 2021-09-30	Quarter Current Year 2022-07-01 - 2022-09-30	Quarter Previous Year 2021-07-01 - 2021-09-30
Analysis of income and expense [abstract]				
Revenue [abstract]				
Revenue from rendering of services	5,631,576,000	5,444,397,000	1,973,227,000	1,830,100,000
Revenue from sale of goods	42,927,368,000	39,295,327,000	14,121,919,000	13,471,930,000
Interest income	58,133,008,000	48,644,443,000	20,901,397,000	16,941,763,000
Royalty income	0	0	0	0
Dividend income	0	0	0	0
Rental income	0	0	0	0
Revenue from construction contracts	0	0	0	0
Other revenue	9,702,018,000	9,572,773,000	3,048,056,000	3,260,133,000
Total revenue	116,393,970,000	102,956,940,000	40,044,599,000	35,503,926,000
Finance income [abstract]				
Interest income	664,030,000	620,422,000	268,252,000	241,512,000
Net gain on foreign exchange	0	309,296,000	0	64,980,000
Gains on change in fair value of derivatives	0	7,782,018,000	0	0
Gain on change in fair value of financial instruments	0	0	0	0
Other finance income	6,836,000	55,064,000	0	15,877,000
Total finance income	670,866,000	8,766,800,000	268,252,000	322,369,000
Finance costs [abstract]				
Interest expense	3,187,103,000	2,782,218,000	1,240,596,000	866,755,000
Net loss on foreign exchange	22,250,000	0	27,217,000	0
Losses on change in fair value of derivatives	16,500,922,000	0	4,067,650,000	1,493,103,000
Loss on change in fair value of financial instruments	620,818,000	218,965,000	226,496,000	15,008,000
Other finance cost	0	0	2,760,000	0
Total finance costs	20,331,093,000	3,001,183,000	5,564,719,000	2,374,866,000
Tax income (expense)				
Current tax	2,161,097,000	2,637,875,000	(151,323,000)	1,101,964,000
Deferred tax	(5,785,388,000)	2,035,488,000	(979,044,000)	(698,457,000)
Total tax income (expense)	(3,624,291,000)	4,673,363,000	(1,130,367,000)	403,507,000

[800500] Notes - List of notes

Disclosure of notes and other explanatory information [text block]

The notes to the consolidated financial statements are set out in 813000 "Interim Financial Information in accordance with NIC34".

Disclosure of associates [text block]

17. Investments in associates

As of September 30, 2022 and December 31, 2021, investments in associates are integrated as follows:

	2022	2021
CASA (*)	**$ 1,691,163**	$ 1,727,367
Procesos Boff, S. de R. L.	**207,120**	176,740
GS Definición, S. A. de C. V.	**48,159**	40,456
Selabe Diseños. S. A. de C. V.	**29,365**	15,217
Adamantium, S. de R. L. de C. V.	**28,770**	26,602
Fraternitas, LLC	**18,550**	18,415
Melandas Payments, S.A.P.I. de C. V.	**252,024**	252,024
Others	**12,019**	10,326
	$ 2,287,170	$ 2,267,147

(*) At September 30, 2022, Grupo Elektra directly and indirectly held 39.77% of the capital stock of CASA which, in turn, holds 56.45% of the stock of TV Azteca, S. A. B. de C. V. The Company has no effective control over CASA.

Disclosure of debt instruments [text block]

As of September 30, 2022, consolidated indebtedness (excluding deposits, repurchase agreements and leases) accounted for 11.7% of total liabilities (vs 10.2% as of 3Q21). Please refer to "Debt Breakdown" for the additional details on debt facilities.

As of September 30, 2022, the company was up-to-date on the principal payment of all its loans.

Among the main restrictions agreed by the company in the most relevant credit agreements are the following:

- Any of the following acts, provided that this adversely affects the fulfillment of its payment obligations (a) To acquire other companies, shares, social shares, participations and / or assets in other companies; (b) To carry out any merger, consolidation, spin-off or restructuring; (c) To make any modification to the usual way of executing the activities permitted by its corporate purpose or doing business; Carry out its liquidation or dissolution;

- Notify creditors of the existence of any of the following facts, provided that these may have a material adverse effect on the economic situation of the company (a) any claim, action, litigation, procedure, appeal or arbitration before any administrative authority or judicial, or arbitration body, national or foreign, (b) any labor dispute, and (c) any other liability or contingent responsibility in charge of the company;
- Comply with all applicable laws, regulations, decrees, rules and orders of any nature, including, without limitation, the timely payment of all taxes, contributions and charges imposed on the company and its properties;
- Maintain in full force and legal force the licenses, authorizations, concessions, permits or records of which it is the holder on the date of execution of the Credit Agreements and obtain the licenses, authorizations, concessions, permits or records that are hereinafter required for the ordinary course of their business and the fulfillment of their obligations;
- Submit the corresponding reports in accordance with the Financial Reporting Standards applicable to the reporting date, adequately reflecting its operations, properties and financial condition, and:
- Inform its creditors of any change in its shareholding and operating structure that may substantially affect the good performance of the company.
- Restriction of 1 year as of January 21, 2021, within which Grupo Elektra will not be able and will not allow any of its subsidiaries to resell any of the Bonds that have been reacquired by any of them (not is in accordance with a registration statement that has been effective under the Securities Market Act).
- Not to carry out any kind of merger and / or consolidation, sale, assignment or transfer (directly or indirectly) of all or substantially all of its property to any person, unless Grupo Elektra is the surviving entity or that person assumes the rights and obligations of Grupo Elektra under the guarantee granted.
- It will not allow any controlled entity to convert, including by virtue of being owned or controlled by a blocked person, possessing or controlling a blocked person, or having directly or indirectly, any investment or participating in any deal or transaction, including any investment, negotiation or transaction, involving the proceeds of any Bond, with any person if such investment, negotiation or transaction would cause any beneficiary of the bonds, or any of the affiliates, to violate or could reasonably be expected to result in the imposition of penalties under of applicable laws.

Disclosure of general information about financial statements [text block]

1. Activity of the Company

Grupo Elektra, S. A. B. de C. V. ("Grupo Elektra") is a Mexican entity, which through its subsidiaries has operations in Mexico, the United States of America (USA) and Central America.

Grupo Elektra is a leading specialty retailer and provider of financial services in Mexico and Central America, focusing mainly on the middle and low-income economic sector of the population (the C+, C, C- y D+ socio-economic levels in Mexico). In addition, Grupo Elektra has operations in USA, where it is a leading provider of non-bank cash advance services.

The main activities of Grupo Elektra and its subsidiaries (hereinafter "the Company or Group Elektra"), are:

- Specialized trade (retailer of goods and services, money transfers);

- Banking and credit services (receive deposits, accept and grant loans and credits, raise funds from the public, make investments in securities, enter into repurchase agreements, issue bank bonds, issue subordinated debentures and carry out other multiple banking operations).

- Other financial services (short-term cash advances in the USA ("payday loans"), insurance and reinsurance services in accident and illness operations, in the trade of personal accidents and medical expenses; insurance, coinsurance and reinsurance services in damage operations, in the trade of civil liability and professional risks, maritime and transportation, fire, automobiles, miscellaneous, earthquake and other catastrophic risks; pension and retirement funds management; and brokerage services).

The aforementioned activities are conducted through more than 6,207 points of sales in Mexico, USA, and Central America. The main points of contact are Elektra, Salinas y Rocha stores and branches of Banco Azteca and Purpose Financial (formerly Advance America).

The common shares of Grupo Elektra (ELEKTRA*) are listed in the Mexican Stock Exchange (BMV for its acronym in Spanish) and Latibex, an international stock dedicated to Latin American Shares in Euros, regulated by the current laws of the Spanish Stock Exchange.

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

These consolidated financial statements have been translated into English solely for the convenience of readers of this language. In all cases, where there are any disagreements between the English and Spanish versions, the Spanish version shall be considered authoritative and controlling.

The Company, to conduct its financial activities, has the following authorizations and is regulated for the following authorities:

Subsidiary	Type of authorization	Regulatory entity
Banco Azteca, S. A., Institución de Banca Múltiple (Banco Azteca)	Banking operations in the manner and terms established in the Mexican Credit Institutions Law.	Mexican National Banking and Securities Commission (CNBV, for its acronym in Spanish) and the Mexican Central Bank (Banxico, for its acronym in Spanish).
Afore Azteca, S. A. de C. V.	Management of retirement and pension funds through specialized investment companies called Siefores.	Mexican National Commission for the Retirement Funds (CONSAR, for its acronym in Spanish).
Seguros Azteca, S. A. de C. V.	Life, accident and illness, and damage insurance and reinsurance operations.	Mexican National Commission for the Retirement Funds (CONSAR, for its acronym in Spanish).
Seguros Azteca, S. A. de C. V.	Life, accident and illness, and	Mexican National Commission of

	damage insurance and reinsurance operations.	Insurance and Bonding (CNSF, for its acronym in Spanish).
Seguros Azteca Daños, S. A. de C. V.	Damage insurance and reinsurance operations.	CNSF
Banco Azteca (Panamá), S. A.	Banking operations	Panama Bank Superintendence
Banco Azteca de Honduras, S. A.	Banking operations	National Commission on Banking and Insurance of Honduras
Banco Azteca de Guatemala, S. A.	Banking operations	Monetary Council of Guatemala
Punto Casa de Bolsa, S. A. de C. V.	Trading operations	CNBV
Purpose Financial, Inc. (formerly Advance America, Cash Advance Centers, Inc.)	Short-term cash advances ("Payday loans")	Several state regulators in the USA.

2. Basis of Preparation and Summary of Significant Accounting Policies

a. Basis of preparation and measurement

The accompanying consolidated financial statements have been prepared in accordance with the international accounting standard (IAS) 34 “Interim Financial Reporting”, because of that they do not include all the required information for annual financial statements in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB), so it is recommended to read altogether the annual financial statements as of December 31, 2021.

b. Use of estimates

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Company management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed Notes.

c. Functional and reporting currency

The reporting currency of the 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 Grupo Elektra 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.

d. Main accounting policies

The main accounting policies adopted in the preparation of the consolidated financial statements are set out in 813000 “Interim Financial Information in accordance with NIC34”. The policies have been consistently applied to the previous year presented in this consolidated financial statements, unless otherwise stated.

Disclosure of issued capital [text block]

a. Share structure

As of September 30, 2022, the common stock is represented by 284,291,164 common shares, ordinary, without face value, with a complete vote right, distributed as follows.

	Number of shares	Amount
Authorized capital	$ **284,291,164**	$ 655,236
Treasury shares	**(38,707,055)**	(89,212)
Subscribed and paid in common stock	$ **245,584,109**	$ 566,024

In the event that dividends should be paid and charged to retained earnings that are not paid out of the Net Taxable Income Account (CUFIN), a 30% tax will be assessed payable by the Company, on the result of multiplying the dividend paid by the 1.4286 factor.

The corresponding tax may be credited against Income Tax assessed on the Company in the year in which the tax referred to is paid, as well as the subsequent two tax years. In the event of a capital decrease, the excess of stockholders' equity over the sum of the balances of the paid-in capital and net taxable income accounts will be considered as a dividend, in conformity with the procedures set forth in the Income Tax Law.

b. Share purchase option plan for executives

In February 1994 Grupo Elektra established a share purchase option plan for executives, through which some employees may acquire shares of Grupo Elektra at an average price of $ 0.01250 and $ 0.01625 (par value) per share. Options may be exercised in equal parts during a five-year period, provided the Company fulfills certain annual goals mainly related to the increase in net income. If these goals are not achieved, the exercise of the options may be postponed until the next year, but not later than February 28, 2024.

During 2022 there were no shares exercised to the aforementioned plan.

As of September 30, 2022 there were 21,966 allocated options to be exercised.

Disclosure of joint ventures [text block]

The Company acquired in 2020, 50% of Fraternitas, LLC (Fraternitas), carried out for a total amount of USD$1.326 million. Fraternitas is a limited liability Company established in Delaware, E.U.A. and through its Brand loMsy offers fintech services in installment credit markets (installment loans) in Texas for the subprime sector, data analysis based products, and technical and strategic advice to companies running a digital transformation process. As of September 30, 2022 the investment amount was $18,550.

Disclosure of restricted cash and cash equivalents [text block]

Disclosure of significant accounting policies [text block]

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[800600] Notes - List of accounting policies

Disclosure of significant accounting policies [text block]

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[813000] Notes - Interim financial reporting

Disclosure of interim financial reporting [text block]

Grupo Elektra, S. A. B. de C. V. and subsidiaries

Notes to the condensed consolidated financial statements
As of September 30, 2022 and December 31, 2021
And for the nine-month period ended September 30, 2022 and 2021
(Thousands of Mexican pesos)

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1. Activity of the Company

Grupo Elektra, S. A. B. de C. V. ("Grupo Elektra") is a Mexican entity, which through its subsidiaries has operations in Mexico, the United States of America (USA) and Central America.

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The main activities of Grupo Elektra and its subsidiaries (hereinafter "the Company or Group Elektra"), are:

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- Banking and credit services (receive deposits, accept and grant loans and credits, raise funds from the public, make investments in securities, enter into repurchase agreements, issue bank bonds, issue subordinated debentures and carry out other multiple banking operations).

- Other financial services (short-term cash advances in the USA ("payday loans"), insurance and reinsurance services in accident and illness operations, in the trade of personal accidents and medical expenses; insurance, coinsurance and reinsurance services in damage operations, in the trade of civil liability and professional risks, maritime and transportation, fire, automobiles, miscellaneous, earthquake and other catastrophic risks; pension and retirement funds management; and brokerage services).

The aforementioned activities are conducted through more than 6,207 points of sales in Mexico, USA, and Central America. The main points of contact are Elektra, Salinas y Rocha stores and branches of Banco Azteca and Purpose Financial (formerly Advance America).

The common shares of Grupo Elektra (ELEKTRA*) are listed in the Mexican Stock Exchange (BMV for its acronym in Spanish) and Latibex, an international stock dedicated to Latin American Shares in Euros, regulated by the current laws of the Spanish Stock Exchange.

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

These consolidated financial statements have been translated into English solely for the convenience of readers of this language. In all cases, where there are any disagreements between the English and Spanish versions, the Spanish version shall be considered authoritative and controlling.

The Company, to conduct its financial activities, has the following authorizations and is regulated for the following authorities:

Subsidiary	Type of authorization	Regulatory entity
Banco Azteca, S. A., Institución de Banca Múltiple (Banco Azteca)	Banking operations in the manner and terms established in the Mexican Credit Institutions Law.	Mexican National Banking and Securities Commission (CNBV, for its acronym in Spanish) and the Mexican Central Bank (Banxico, for its acronym in Spanish).
Afore Azteca, S. A. de C. V.	Management of retirement and pension funds through specialized investment companies called Siefores.	Mexican National Commission for the Retirement Funds (CONSAR, for its acronym in Spanish).
Seguros Azteca, S. A. de C. V.	Life, accident and illness, and damage insurance and reinsurance operations.	Mexican National Commission of Insurance and Bonding (CNSF, for its acronym in Spanish).
Seguros Azteca Daños, S. A. de C. V.	Damage insurance and reinsurance operations.	CNSF
Banco Azteca (Panamá), S. A.	Banking operations	Panama Bank Superintendence
Banco Azteca de Honduras, S. A.	Banking operations	National Commission on Banking and Insurance of Honduras
Banco Azteca de Guatemala, S. A.	Banking operations	Monetary Council of Guatemala
Punto Casa de Bolsa, S. A. de C. V.	Trading operations	CNBV
Purpose Financial, Inc. (formerly Advance America, Cash Advance Centers, Inc.)	Short-term cash advances ("Payday loans")	Several state regulators in the USA.

2. Basis of Preparation and Summary of Significant Accounting Policies

a. Basis of preparation and measurement

The accompanying consolidated financial statements have been prepared in accordance with the international accounting standard (IAS) 34 “Interim Financial Reporting”, because of that they do not include all the required information for annual financial statements in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB), so it is recommended to read altogether the annual financial statements as of December 31, 2021.

b. Use of estimates

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Company management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed Notes.

c. Functional and reporting currency

The reporting currency of the 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 Grupo Elektra 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.

d. Main accounting policies

The main accounting policies adopted in the preparation of the consolidated financial statements are set out in 813000 “Interim Financial Information in accordance with NIC34”. The policies have been consistently applied to the previous year presented in this consolidated financial statements, unless otherwise stated.

3. Critical accounting estimates and judgments

The main accounting estimations, provisions or reserves, which we have identified, are the following:

a. Critical accounting estimates

Allowance for credit risks (impairment of financial assets)

The methodologies to assess credit risk used in connection with each business segments may differ depending from the real collection of existing account receivables derived from changes in the following factors (among others): (i) the performance of each receivable, (ii) the economic conditions of the country of such receivables was granted, (iii) the volatility of interests rates, and (iv) the variations in the exchange rate of the currency in which the credit was granted.

The calculation of the allowance for credit risks is described in Note 2.14. and the related to credit risk in Financial Risk Management section.

Transactions with financial derivative instruments

The Company entered into transactions with derivative financial instruments, which seek to reduce its exposure of the primary position to adverse movements in interest rates and exchange rates.

There are also trading operations to take advantage of the arbitrage possibilities that arise in the financial markets within the overall authorized global limits risks.

In some instances, there is an observable market that provides the estimated fair value of the financial instruments; in the absence of such a market, the value of the financial instrument is determined through valuation techniques such as the net present value of the cash flows projections or mathematical valuation models.

The estimated fair values of the derivative instruments are supported by confirmations of such values that the Company receives from the counterparties. Notwithstanding the foregoing, a thorough evaluation is required to properly account for the effects of derivative operations in the financial statements.

Inventory valuation

The Company periodically reviews its valuation of inventories to determine that the value of such inventories does not exceed their net realizable value. The main effects on inventory valuation are, among others: (i) technological obsolescence in certain lines, (ii) deterioration over time or its handling, (iii) prices established by the suppliers, (iv) physical conditions on its storage, etc.

Long-lived assets impairment

The Company mainly considers fixed assets, goodwill and intangible assets as long-lived assets. In accordance with the specific accounting standards; the recoverable amount of long-lived assets is estimated at least once a year and compared to their carrying amount.

The recovery value represents the amount of potential net income that is reasonably expected to be derived from the use or realization of said assets. If the discounted values are determined to be excessive, the estimates necessary to reduce them to the salvage value are recorded.

The recoverable amount is estimated in accordance with generally accepted valuation techniques recognized by various associations such as *The American Society of Appraisers and The Institute of Business Appraisers*. Depending on the specific characteristics of each CGU'S, the valuation approach to be used is defined, always giving priority to market inputs.

It is required a significant judgment to appropriately determine the recoverable value. The impairment assessments may be affected, among other factors, by: (i) the estimated future income of our CGU'S, (ii) the variation of our operating costs and expenses, (iii) the national and international economic trends, (iv) the discount rates and (v) the perpetuity growth rates.

Deferred income tax

The calculation of deferred income tax is based on the assets and liabilities method with a comprehensive approach, which consists in applying the corresponding tax rate to all those temporary differences between the carrying amounts and the tax base of the assets and liabilities that are expected to materialize in the future.

Significant management judgment is required to estimate: (i) the value of the temporary differences, (ii) the time frame in which such differences will be made, (iii) the future generation of profits against which tax losses could be applied, etc.

Employee benefits

The valuation of employee benefits is carried out by independent experts based on actuarial studies. Among others, the following assumptions are used, which may have a significant effect: (i) discount rates, (ii) expected increase rate of wages, (iii) expected real growth rates of the fund, and (iv) turnover and mortality rates based on recognized tables.

A change in economic, labor or fiscal conditions could modify the estimates.

b. Critical accounting judgments

Revenue recognition

Interest income

Interest of the loan portfolio is recognized as income when accrued by using the effective interest rate method, whereby interest is distributed and recognized throughout the corresponding period. However, the recognition of interest is suspended at the time when loans are transferred to the nonperforming portfolio.

With respect to uncollected ordinary accrued interest corresponding to loans classified in the past-due portfolio, a doubtful account allowance is created for an amount equivalent to the total amount thereof at the time the loan is reclassified into the past-due portfolio.

Fees on the initial granting of the loan on loans are recorded as a deferred credit and amortized against income, in the item of portfolio interest throughout the duration of the loan.

The commissions for the initial granting of the loan are recorded as a deferred loan and are amortized against results, under interest on the loan portfolio during the life of the loan.

Interests generated due to investments in securities and operations, the returns generated by the disposals as well as the effects of valuation of foreign currency are recognized as interests' revenues as they are earned in profit or loss.

Revenue by goods

Revenues from sales of products are recognized when all the significant risks and benefits inherent to the ownership of the merchandise are transferred to customers, and there is no unsatisfied obligation that can affect the acceptance of the products by the customer. The discounts granted, as well as returns carried out are presented by reducing revenues on this line item.

Internet sales

Revenues on Internet product sales are recognized in the accounting period in which they are considered realized effectively, that is, up to the time at which the risks and benefits are transferred to the customer with the delivery of the product. Since there is a time difference between the time at which the customer makes the payment for the goods and the time at which the product is delivered, revenue recognition is deferred and a contractual liability is recognized in that amount, as well as an adjustment to the cost of sales for merchandise in transit of the delivery to the customer.

Purchase prices agreed upon with the customer are set and charged prior to the delivery of the product. In the event of granting a discount, they are presented by reducing revenues for this item.

Revenue from extended warranty services

At the time of the sale, the Company offers the customer the possibility of extending the warranty period of its products by contracting extended warranty service. At the time of collecting the warranty, the Company recognizes a customer contract liability in the amount of the payment received, which represents the obligation to render repair services or replace the product in the future in the terms of the contract. The purchase price agreed upon with customers is fixed and it does not include future variable considerations. The extended warranty service revenue is recognized during the validity of the warranty (4 and 5 year terms). The customer contract liability is reduced based on revenue recognition. However, in those cases in which the guaranteed product is replaced, the obligation with the customer will be considered as satisfied and, therefore, the total unrecognized revenue at that date is recognized.

Money transfer revenues

Money transfer revenues represent the fees derived from the transfer service of local and international funds rendered to customers through points of sale of the Company and certain authorized distributors.

Fee revenue is recognized in the accounting period in which the service is rendered. Each remittance has a fixed price determined based on the amount remitted by the customer, and it is charged in case at the time at which the service is rendered.

The Company occasionally operates loyalty program in which customers accrue electronic money in a prepaid card for remittances made, which entitles the customer to a discount on future remittances. In these cases, a performance obligation is considered in addition to the original remittance of money, and part of the revenue is allocated thereto in order to recognize it thereafter. Revenues from prepaid cards are recognized when the electronic money is exchanged or when the 12 months expire after the last remittance.

Receipt of various services payments

The Company offers customers the receipt of various service payments, and the company receives a consideration in exchange for this service, which is charged shortly thereafter. This type of revenues is recognized in the accounting period in which the service is rendered and liabilities are recognized with customers in the amount of the service collected per order and account for others.

Income from telephone services

This type of revenues includes services related to telephony (data, sms, and voice), under the OUI trademark, and taken as a whole, they are considered as a unique performance obligation. The amounts of the plans are fixed and recognized during the period of time for which the customer is entitled to receive the benefits of those services or consumes the amount pre-established in each plan, whichever occurs first. The payments corresponding to each one of the plans does not include any telephone equipment, but rather such equipment is acquired by the customer in independent operations of telephony service.

Revenues on motorcycle sales

The Company recognizes revenues on motorcycle sales when control over the goods is transferred to the customer, that is, when the motorcycles are delivered to the customer, and there is no unsatisfied obligation that can affect the acceptance of the products by the customer.

The delivery is effective when the products are sent to a specific location, and the risks of obsolescence and loss are transferred to the customer.

These retail sales are made with volume discounts, based on total sales during a period of time. Revenues from these sales are recognized based on the price set forth in the contract, net of volume discounts, promotions, consideration paid to the customer, and other variable considerations that are estimated through accumulated experience, by recognizing a liability that is expected to be paid to customers and effectively applied when the conditions required by contract have materialized.

A receivable is recognized when the goods are delivered, since this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. Moreover, it does not contain significant financing component, since sales are made with 60 to 90 days of credit terms.

Commissions and fees charged

Fees and tariffs collected other than those relative to granting credit are recognized when the service is rendered or the terms are complied with for its collection.

Account managing fees, fiduciary activities, fund transfers, letters of credit, and others are recognized with the service is rendered, the amounts are fixed and collected only in cash thereafter.

AAZ fee revenues represent fee revenues for services rendered by the Pension Fund Manager (Afore) to workers as manager of their contributions to the fund for their retirement. They are recognized daily when the service is rendered. The amounts are fixed and collected only in cash thereafter.

Revenues from insurance premium and reinsurance premiums

Revenues from casualty operations are recorded based on the premiums corresponding to policies contracted, which are reduced by the reinsurance premiums, net of the reinsurance commission.

Insurance premiums corresponding to such transactions that have not been paid by the insured within the term set forth by the Insurance Law are cancelled, releasing the current risk reserve. In the case of rehabilitations, this reserve is reconstituted starting in the month in which the effectiveness of such insurance is restored. Premium revenues from life operations are recorded based on receipts issued upon collection, reduced by premiums given for reinsurance.

Rights on insurance policies and surcharges on premiums

Revenues from rights on insurance policies correspond to the recovery of the costs of issuing such policies and are recognized directly as income on the date such policy is issued.

Revenues from premium surcharges correspond to the financing derived from policies with installment payments and are recognized an income as they accrue.

Investments in securities

Investments in securities and other contracts that give rise to a financial asset or liability are recognized in accordance with the business model as follows:

a. Financial 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 cost, and are subsequently measured by using the effective interest rate method and are subject to impairment. Gains and losses are recognized in the profit or loss when the asset is derecognized, modified or impaired.

b. Financial instruments at fair value with changes in other comprehensive income (debt instruments)

   They are the instruments that hold a business model to collect contractual cash flows and/or sell them, and the contractual terms give rise to cash flows on certain dates that are only payments of principal and interest on the amount of the unpaid principal.

   For debt instruments at fair value with changes in other comprehensive income, interest income, exchange fluctuation and impairment losses or their reversals, are recognized in the income statement and calculated as the financial assets measured at amortized cost. Changes in the remaining fair value are recognized in other comprehensive income. After they are derecognized, the fair value recognized in other comprehensive income is reclassified to profit or loss.

c. Financial instruments designated at fair value with changes in other comprehensive income (equity instruments)

After initial recognition, the Company can choose to classify irrevocably its equity instruments investments as equity instruments designated at fair value with changes in other comprehensive income and they are not held for trading. The classification is determined instrument by instrument.

Gains and losses in these financial instruments are never reclassified as profit or loss. Dividends are recognized as other revenues in profit or loss when the right of payment has been established, except when the Company benefits from such revenues as a recovery of a part of the cost of the financial asset, in which case, those gains are recorded in other comprehensive income. Equity instruments designated at fair value with changes in other comprehensive income are not subject to an impairment testing.

The Company does not present equity instruments in this category.

d. Financial instruments measured at fair value with changes in profit or loss

Financial assets at fair value with changes in profit or loss include instruments held for trading, (acquired for selling or buyback purposes in the short-term), designated in the initial recognition at fair value with changes in profit or loss or mandatorily required to be measured at fair value. Financial instruments with cash flows that are not only payments of principal and interest are classified and measured at fair value with changes in profit or loss. Without prejudice to the criteria for which debt instruments are classified at amortized cost or at fair value with changes in other comprehensive income, as described above, debt instruments can be designated at fair value with changes in profit or loss in the initial recognition.

These financial instruments are recorded in the financial position statement at their fair value with net changes in the fair value recognized in profit or loss.

This category includes investments in listed equity instruments that the Company has not irrevocably chosen to classify at fair value with changes in other comprehensive income, as well as debt instruments at fair value are required to be at fair value with changes in profit or loss, due to their business model. Dividends from investments in listed equity instruments are also recognized as other revenues in profit or loss when the right of payment has been established.

4. Information by segments

The Company has two main segments: financial and commercial business.

Financial Services Business

Grupo Elektra's financial services business includes the results of its financial services operations in Latin America, which are carried out under the Azteca brand, with Banco Azteca in Mexico being the flagship brand. This segment currently operates in Mexico, Guatemala, Honduras, Panama and the United States. This segment also includes financial results derived from the operations of the following business units: Seguros Azteca, Seguros Azteca Daños, Afore Azteca, Punto Casa de Bolsa and Purpose Financial, Inc. The financial services business offers products and services such as consumer credit, personal loans, commercial credit, savings deposits, time deposits, credit card accounts and other consumer finance services; casualty, health and life insurance products; pension fund administration services; and full-service brokerage services, among others. Purpose Financial is the largest non-bank provider of cash advance services in the United States, measured by the number of stores.

Commercial Business

Grupo Elektra's commercial business includes the financial results derived from the sale of products and services such as motorcycles, telephony, household appliances, household items, entertainment, consumer electronics, furniture, computers, electronic money transfers, extended warranties, cellphone minutes, among other services and products. The commercial business mainly operates through two store chains: Elektra in Mexico and Central and South America, which is owned and operated by Nueva Elektra del Milenio, and Salinas y Rocha in Mexico, which is owned and operated by Grupo Elektra's subsidiary Salinas y Rocha S.A. de C.V. Grupo Elektra's money transfer business is conducted through Nueva Elektra del Milenio.

Condensed financial information regarding business segments operated by the Company as of September 30, 2022 and December 31, 2021, moreover for the nine-month period ended September 30, 2022 and 2021 is presented below:

		2022		2021
Financial business:				
Investment in associates	$	12,019	$	10,326
Property, furniture, equipment, and investment properties, net		10,117,506		7,351,817
Total assets		299,270,474		290,435,103
Commercial business:				
Investment in associates	$	2,275,151	$	2,256,821
Property, furniture, equipment, and investment properties, net		9,703,661		7,826,075
Total assets		127,260,206		133,258,860
Consolidated:				
Investment in associates	$	2,287,170	$	2,267,147
Property, furniture, equipment, and investment properties, net		19,821,167		15,177,892
Total assets		426,530,680		423,693,963
Financial business:				
Revenue	$	67,835,026	$	58,217,217
Profit from operations		3,395,804		3,676,487
Depreciation and amortization		(3,883,486)		(3,714,536)
Income taxes		(1,034,454)		(1,159,226)
Commercial business:				
Revenue	$	48,558,944	$	44,739,723
Profit from operations		3,683,829		6,312,214
Depreciation and amortization		(2,873,580)		(2,479,455)
Income taxes		4,658,745		(3,514,137)
Consolidated:				
Revenue	$	116,393,970	$	102,956,940
Profit from operations		7,079,633		9,988,701
Depreciation and amortization		(6,757,066)		(6,193,991)
Income taxes		(3,624,291)		(4,673,363)

Condensed financial information by geographic area is presented below:

	2022	2021
Mexico:		

Revenue	$	101,403,606	$	90,518,337
Profit from operations		7,059,484		9,040,391
Depreciation and amortization		(5,853,165)		(5,219,915)
Income taxes		3,798,472		(4,439,477)
Central America:				
Revenue	$	7,665,679	$	6,933,956
Profit from operations		1,151,317		885,523
Depreciation and amortization		(318,343)		(276,845)
Income taxes		(287,713)		(229,612)
North America:				
Revenue	$	7,324,685	$	5,504,647
Profit from operations		(1,131,168)		62,787
Depreciation and amortization		(585,558)		(697,231)
Income taxes		113,532		(4,274)
Consolidated:				
Revenue	$	116,393,970	$	102,956,940
Profit from operations		7,079,633		9,988,701
Depreciation and amortization		(6,757,066)		(6,193,991)
Income taxes		3,624,291		(4,673,363)

5. Contingencies

Cancellation of the vehicle producer registry

At December 31, 2016, an annulment proceeding filed by GS Motors, S. A. de C. V. and GS Distribucion, S. A. de C. V. against the decision of the Ministry of Economy was in progress against the motion for reconsideration that confirmed the non-renewal of companies of their registry as a manufacturer of New Light Motor Vehicles in Mexico, as well as the dismissal of the extension of the renewal period and suspension of the period for the construction of the automotive plant in Michoacán.

On January 19, 2016, the company was served notice of the ruling handed by the Tenth Metropolitan Regional Division of the Federal Court of Tax and Administrative justice, which has decided, on one hand, to declare the annulment of the ruling challenged in order to have the Ministry of Economy hand down a new ruling in which it bases and states the grounds for the admissibility of the motion for the modification of the 3 year period petitioned by the company and, on the other hand, declare the validity thereof with respect to the motion for the modification of the period to build the automotive plant.

In disagreement with that sentence, upon considering that there are various procedural violations in the court proceeding, a petition for a direct writ of amparo was filed on February 10, 2016, which was recorded with number 118/2016 in the Eighteenth Bench of Judges, which granted the writ of amparo to the petitioners in order for the responsible division to order that the proceeding be replaced.

In performance with the foregoing, the Tenth Metropolitan Regional Division of the Federal Court of Administrative Justice vacated the judgment under appeal, and served notice of the judgment whereby the procedural violations are cured. Witness and expert testimonies are presently being examined in the Federal Court of Administrative Justice.

In the event that the legal proceeding should hand down a sentence on the companies as a last resort, there is the risk that the Federal Government may attempt to collect the tariffs at a 50% rate of the cost of the vehicle, instead of the 0% rate with which they were legally imported by starting an administrative proceeding. However, there is no contingency as of today, since the powers of the authority to claim the tariffs have been barred by the statute of limitations.

The Government of Michoacán, GS Motors, and GS Distribucion signed the termination agreement to the collaboration agreement to build the automotive plant dated November 21, 2007, thereby mutually holding each other harmless. Pursuant to the foregoing, we estimate that there is no contingency for that contract.

Processes in Central and South America

The closure of operations in the Federative Republic of Brazil is divided into two processes:

1. Closing of commercial operations:

On May 8, 2015, the commercial subsidiaries initiated a judicial recovery process (similar to a commercial bankruptcy) before the 31st Civil Court in the capital of the State of Pernambuco, Brazil, in order to make an orderly payment to its creditors.

In June 2016, the assembly of creditors (maximum recovery body to approve any novation of obligations), approved the judicial recovery plan presented by the commercial subsidiaries (the "Recovery Plan"), which in turn was approved by the trial judge.

From 2017 to date, the Recovery Plan has been complied with and payments have been made to various creditors with the approved plan.

On April 24, 2022, the aforementioned judge, among other things, declared that the obligations assumed by the commercial subsidiaries have been fulfilled and, by virtue of this, decreed the closure of said judicial process.

2. Closing of bank transactions:

On May 11, 2015, Banco Azteca do Brazil notified the Central Bank of Brazil of its decision to stop operating the banking business. From that moment and until the end of December 2016, it carried out all the necessary activities to liquidate its banking assets and pay its creditors.

As part of this closing process, on January 8, 2016, the Central Bank of Brazil notified the beginning of the extrajudicial liquidation process of Banco Azteca de Brasil.

Derived from the request to close the extrajudicial liquidation, on November 7, 2018, the Central Bank approved the closing plan, which among other issues included the change of name from Banco Azteca to Deler Consultoría, S.A., the reform of its corporate purpose and the cancellation of the banking license, which was approved by the Central Bank on November 27, 2018.

Tax proceedings

1. Tax proceeding against income tax liquidation of fiscal year 2006 for a tax credit offset.

Grupo Elektra, S. A. B. de C. V. filed before the Chambers of the Federal Court of Administrative Justice, an annulment claims against the tax credit for income tax for the 2006 fiscal year.

Following legal procedures, the Superior Chamber of the Federal Court of Administrative Justice issued a judgment and declared the validity of the contested resolution.

Against said sentence, a direct amparo claim was filed, which was resolved by a Collegiate Court in the sense of denying the amparo.

Dissatisfied with the foregoing, the company filed a direct amparo claim under review that was transferred to the Supreme Court of Justice of the Nation (SCJN), which was resolved in session on January 19, 2022 in the sense of dismissing the claim.

Said sentences were notified by the SCJN through lists published on February 16, 2022, and the records were sent to the Collegiate Court in Administrative Matters.

Through a document filed on March 22, 2022, the Company filed an annulment trial before the Federal Court of Administrative Justice, however, on October 17, 2022, the company decided to withdraw from such proceeding. See Note 6.

2. Tax proceeding against income tax liquidation of fiscal year 2006 for a tax credit offset.

A tax liability was imposed on Grupo Elektra for income tax of fiscal year 2006, supposedly in compliance with the resolution issued by the Federal Court of Administrative Justice, through which nullity of such tax liability in the amount of Ps.327 million was declared.

Against such resolution, Grupo Elektra filed a nullity proceeding before the Feral Court of Administrative Justice, which is currently pending on resolution.

The tax liability for this matter amounts to Ps. $45 million.

3. Tax proceeding against income tax liquidation regarding fiscal year 2007 for losses on transfer of shares.

Grupo Elektra filed a nullity proceeding before the Chambers of the Federal Court of Administrative Justice against tax liability for income tax of fiscal year 2007.

Prior legal procedures:

The Superior Chamber of the Federal Court of Administrative Justice issued a resolution and declared the validity of the challenged resolution.

Against such resolution, Grupo Elektra filed a direct amparo lawsuit that was resolved by a Three Judge Panel granting Grupo Elektra such amparo.

In compliance with the foregoing resolution, the Superior Chamber of the Federal Court of Administrative Justice issued a new resolution declaring the nullity of the challenged judgement.

Against the foregoing resolution, the tax authority filed a motion to review that was declared partially justified and grounded by a Three Judge Panel.

Arising from the resolution on the motion to review, the Superior Chamber of the Federal Court of Administrative Justice issued a new resolution and declared such motion null and void.

Grupo Elektra is currently expecting the Federal Court of Administrative Justice to declare that the nullity of the motion is definitive.

The tax liability for this matter amounts to Ps. $2,973 million.

4. Tax proceeding against liquidation of income tax on fiscal year 2008 for losses on transfer of shares.

Grupo Elektra filed before the Chambers of the Federal Court of Administrative Justice, a lawsuit to declare null and void a tax liability for tax income regarding fiscal year 2008.

Grupo Elektra is currently awaiting the Federal Court of Administrative Justice would issue a new ruling in which it would duly study all of the company's arguments, for which reason we are currently awaiting the Federal Court's compliance.

The tax liability for this matter amounts to Ps. $1,431 million.

5. Tax proceeding against liquidation of income tax on fiscal year 2010 for losses on transfer of shares.

Grupo Elektra filed before the Chambers of the Federal Court of Administrative Justice a lawsuit to declare null and void a tax liability for income tax on fiscal year 2010. The court confirmed the tax liability in a session held on October 14, 2020.

On November 30, 2020, we filed a lawsuit for direct protection against this ruling before the Collegiate Circuit Courts, which was resolved in session on October 11, 2022, in the sense of protecting the company so that the Federal Court of Administrative Justice would issue a new ruling in which it would duly study all of the company's arguments, for which reason we are currently awaiting the Federal Court's compliance.

The tax liability for this matter, amounts to Ps. $2,004 million.

6. Tax proceeding against income tax liquidation of fiscal year 2011 for losses on transfer of shares.

Grupo Elektra submitted before the Regional Metropolitan Chambers of the Federal Court of Administrative Justice, a lawsuit to declare null and void a tax liability for income tax on fiscal year 2011.

Grupo Elektra is currently awaiting resolution of such matter by the Superior Chamber of the Federal Court of Administrative Justice.

The tax liability for this matter amounts to Ps. $4,916 million.

7. Tax proceeding against liquidation of income tax on fiscal year 2012 for losses on transfer of shares.

Grupo Elektra filed before the Regional Metropolitan Chambers of the Federal Court of Administrative Justice, a lawsuit to declare null and void the tax liability for income tax on fiscal year 2012.

Grupo Elektra is currently awaiting resolution of such matter by the Superior Chamber by the Federal Court of Administrative Justice.

The tax liability for this matter amounts to Ps. $1,603 million.

8. Tax liability against liquidation of income tax on fiscal year 2013 related to deconsolidation.

Grupo Elektra filed before the Chambers of the Federal Court of Administrative Justice a lawsuit to declare null and void the resolution of the appeal filed by Grupo Elektra against the tax liability for income tax on fiscal year 2013. The court confirmed this tax liability in a session held on October 21, 2020.

Grupo Elektra is currently awaiting notification of the resolution in order to challenge it by filing an indirect amparo before the Three-Judge Panel; however, the amparo is suspended until the Request to Exercise the Faculty of Attraction filed before the Supreme Court of Justice of the Nation is resolved.

It is important to note that regarding tax liabilities of fiscal years 2008, 2010, 2011 and 2012, the authority declared non-existent the losses on purchases and sales of shares of such years. However, regarding liquidation of fiscal year 2013, it determined that such losses shall be reverted; in other words, it accepts that such losses are existent and valid, which situation is contradictory and creates a double loss to Grupo Elektra.

Therefore, with respect to the resolution of the reversal appeal against the abovementioned liability, the authority set forth that it does not intend to benefit twice from the taxpayer, but to be paid for tax liabilities of 2008 (proceeding identified with number 5. hereof), 2010 (proceeding identified with number 6. hereof), 2011 (proceeding identified with number 7. hereof) and 2012 (proceeding identified with number 8. hereof), Grupo Elektra shall no longer be bound to revert such losses in 2013, for which the contingency will reduce proportionally.

The tax liability for this matter, amounts to Ps. $18,455 million.

Grupo Elektra considers that there are serious and reasonable defense allegations, to obtain a definitive resolution in favor of Grupo Elektra's interests regarding the matters above; however, as in any litigation matter, it is not possible to guarantee results.

9. Tax liability against liquidation of income tax 2013 (cumulative inventory)

Grupo Elektra filled before the Chambers of the Federal Court of Administrative Justice an annulment claims against the fiscal credit for consolidated income tax, updates, surcharges and fine, corresponding to the 2013 fiscal year.

The Company is currently waiting for the Superior Chamber of the Federal Court of Administrative Justice to resolve this matter.

The historical contingency of this matter amounts to Ps. $66,242,296.

Finally, it is important to mention that the foregoing tax liabilities are duly guaranteed before the applicable tax authorities.

The reference to historical contingency mentioned before, is determined to the issuance date of the tax authorities letter with the resolution of each tax credit, which includes the supposedly omitted tax, incorporating inflation update, surcharges and penalties at said date.

Grupo Elektra is involved in several legal trials and lawsuits during its ordinary course of business (such as litigations, arbitrations, administrative proceedings relating to its business, including, without limitation, regulatory compliance matters, contractual disputes, labor lawsuits, clients' lawsuits, among other matters). Management considers that any of these legal procedures will not have any significant adverse effect in the business of the Company or in its financial status.

6. Subsecuent events

On October 19, 2022, the Company's management settled the 2006 tax credit in the amount of Ps. 2,772 million.

Description of significant events and transactions

Non applicable.

Description of accounting policies and methods of computation followed in interim financial statements [text block]

d. Main accounting policies

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

2.1 Accounting changes

The new International Financial Reporting Standards, Interpretations and amendments current and adopted on January 01, 2022:

- Onerous contracts. Cost of fulfilling a contract (amendments to IAS 37);
- Property, Plant and Equipment. Proceeds before intended use (amendments to IAS 36);
- Annual improvements to IFRS standards 2018-2020 - (amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to conceptual framework (amendments to IFRS 3); and
- Interest rate benchmark reform – IBOR "phase 2" (Amendments to IFRS 9, IAS 39 and IFRS 7);

New IFRS and interpretations issued not in force

The following amendments are effective for the period beginning January 1, 2023:

- Disclosure of accounting policies (amendments to IAS 1 and IFRS practice statement 2);
- Definition of accounting estimates (amendments to IAS 8); and
- Deferred tax related to assets and liabilities arising from a single transaction (amendments to IAS 12).

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period. The amendments also clarify that "settlement" includes the transfer of cash, goods, services or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual reporting periods beginning on or after January 1, 2022. However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after January 1, 2023.

IFRS 17 Insurance contracts

IFRS 17 was issued by the IASB on May 18, 2018, and it is effective for periods that start from January 1, 2023, with comparative amounts required. Early application is permitted, provided that the entity also applies IFRS 9 and IFRS 15 on the date on which IFRS 17 is applied for the first time.

IFRS 17 is a new, complete accounting standard for insurance contracts that covers the recognition and the measurement, presentation, and disclosure. Once it becomes effective, IFRS 17 will replace IFRS 4 "Insurance Contracts that was issued in 2005. IFRS 17 is applied to all types of contracts (that is, life insurance, non-life insurance, direct insurance, and reinsurance), irrespective of the type of entities that issue them, as well as certain guarantees and financial instruments with discretionary participation characteristics. Some scope exceptions will be applied. The general objective of IFRS 17 is to provide an accounting model from insurance contracts that is more useful and coherent for insurance companies. Unlike the requirements of IFRS 4, which are based mainly on prior local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts that cover all relevant accounting aspects. The core of IFRS 17 is the general model, complemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)

- A simplified approach (the assigned premium approach) mainly for short-term contracts.

The Company is in the process of evaluating the financial effects arising from adopting these new and modified standards and interpretations.

2.2 Consolidation

The consolidated financial statements comprise the financial statements of Grupo Elektra and its subsidiaries together with the equity in the net results of associates and joint ventures. 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.

a. Subsidiaries

A subsidiary is an entity controlled, directly or indirectly, by Grupo Elektra. 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 aligned to ensure consistency with the policies adopted by Group Elektra.

When Group Elektra 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.

b. 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, 20% or more of the voting power in the associate, unless it can be clearly demonstrated that there is no such 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

c. Business acquisition

When there is a business acquisition fair value is attributed to the net assets, including identifiable intangible assets and acquired contingent liabilities, fair values must reflect the current conditions as of the acquisition date. The costs related with the acquisition are generally recognized as they are incurred.

When the acquisition cost exceeds the fair value attributable to the Company's share in the net assets acquired and assumed liabilities, the difference is treated as goodwill.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- Deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 and IAS 19 respectively.

- Liabilities or equity instruments related to share-based payment arrangements of the acquire or share-based payment arrangements of the Company entered into to replace share-based payment arrangements of the acquire are measured in accordance with IFRS 2 "Share-based payments" at the acquisition date.

- Non-current acquired assets (or investments to be disposed) that are classified as held for sale at the acquisition date will be measured in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations".

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquire, and the fair value of the acquirer's previously held equity interest in the acquire (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquire and the fair value of the acquirer's previously held interest in the acquire (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity, and the contingent consideration classified as an asset or liability must be measured at fair value and any resulting gain or loss must be recognized in the result of the period or in other comprehensive income in accordance with IFRS 9 or IAS 37 "Provisions, contingent liabilities and contingent assets", as applicable.

2.3 Segment information

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

2.4 Translation of foreign currency

According to the IAS 21 "The effects of changes in foreign exchange rates" ("IAS 21"), 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 year are applied to the results of the year.

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.

2.5 Financial assets

Financial instruments are contracts that simultaneously give rise to a financial asset in an entity and a financial liability or a capital instrument in another. In the case of the Company, financial instruments correspond to primary instruments, such as cash and cash equivalents, financial instruments at fair value with changes in profit or loss, debt instruments at fair value with changes in other comprehensive income, loan portfolios, other receivables, loans and accounts payable, as well as financial derivatives designated as hedge instruments or not designated as hedging instruments.

I. Financial assets:

Financial assets are classified in the initial recognition as measured at amortized cost, fair value with changes in other comprehensive income, and fair value with changes in profit or loss.

The classification of financial assets in the initial recognition depends on the characteristics of the contractual cash flow of the financial asset, and the business model of the Company for managing them. The Company initially measures a financial asset at its fair value plus transaction costs, in the event that a financial asset should not be at fair value with changes in profit or loss. Trade accounts receivable that do not contain a significant financing component or on which the Company has applied a practical solution, that is, it is permitted not to adjust any possible financial component to the transaction price determined, according to IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value with changes in other comprehensive income, it must give rise to cash flows that are "only payments on principal and interest (SPPI) on the amount of the remaining principal. This evaluation is known as the SPPI test, and it is performed at an instrument level.

The business model of the Company for managing financial assets refers to how it manages its financial assets to generate cash flows. The business model determines if cash flows will be derived from the collection of contractual cash flows, the sale of financial assets or both.

Purchases or sales of financial assets that require assets to be delivered within a period of time set forth by regulation or convention on the market (regular operations) are recognized on the trading date, that is, the date on which the Company commits itself to buy or sell the asset.

II. Financial liabilities:

Financial liabilities are classified in the initial recognition at fair value with changes in profit or loss, loans and credits, accounts payable, or as derivatives designated as hedge instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at their fair value, and loans and credits are recognized, net of directly attributable transaction costs.

The financial liabilities of the Company include financial obligations such as loans, lines of credit, demand deposits, repurchase agreements (repos), lease liabilities, trade payables, derivative financial instruments and other accounts payable.

a. Classification, recognition and valuation of financial assets

   For purposes of subsequent measurements, financial assets are classified in four categories:

   (i) Financial assets at amortized cost

(ii) Financial assets at fair value with changes in other comprehensive income and accumulated deficits to income (debt instruments)
(iii) Financial assets at fair value with changes in other comprehensive income without reclassification of accumulated profits and losses after derecognition in accounts (Equity instruments)
(iv) Financial instruments at fair value with changes in profit or loss

Financial assets at amortized cost

This category is the most relevant for the Company. The Company measures financial assets at amortized cost if it meets the two following conditions:

- The financial asset is held in a business model intended to hold financial assets in order to collecting contractual cash flows; and

- The contractual terms of the financial assets five rise to cash flows on specific dates that are only payments of principal and interest on the amount of the unpaid principal.

Financial assets at amortized cost are subsequently measured at amortized cost, by using the effective interest rate method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized in accounts, modified, or becomes impaired.

The financial assets of the Company at amortized cost include investments in securities, receivables under repurchase agreements (repos), loan portfolio, and other receivables.

Financial assets at fair value with changes in other comprehensive income (debt instruments)

The Company measures debt instruments at fair value with changes in other comprehensive income if the two following conditions are met:

- The financial asset is held in a business model intended to hold it in order to collect contractual cash flows and/or sell it; and

- The contractual terms of the financial assets five rise to cash flows on specific dates that are only payments of principal and interest on the amount of the unpaid principal.

For debt instruments at fair value with changes in other comprehensive income, interest income, exchange revaluation (an increase in the price of the local currency in connection with a foreign currency under a fixed exchange rate), and impairment losses or their reversals (in reference to when the allowance for expected credit losses is reversed) are recognized in profit or loss and calculated in the same way as financial assets measured at amortized cost. Changes in the remaining fair value are recognized in other comprehensive income. After derecognition in accounts, the change in accumulated fair value recognized in other comprehensive income is reclassified to income.

The Company's debt instruments at fair value with changes in other comprehensive income include investments in listed debt instruments included in investments in securities.

Financial assets designated at fair value with changes in other comprehensive income (Equity instruments)

After initial recognition, the Company can choose to classify irrevocably its investments in equity instruments as equity instruments designated at fair value with changes in other comprehensive when they comply with the definition of equity, according to IAS 32, "Financial Instruments: Presentation", and they are not held for trading. The classification is determined instrument by instrument.

Gains and losses in these financial assets are never reclassified to income. Dividends are recognized as other revenues in profit or loss when the right of payment has been established, except when the Company benefits from such revenues such as a recovery of a part of the cost of the financial asset, in which case, those gains are recorded in other comprehensive income. Equity instruments designated at fair value with changes in other comprehensive income are not subject to an impairment evaluation.

The Company chose not to classify its instruments in equity instruments in this category.

Financial instruments at fair value with changes in profit or loss

Financial assets at fair value with changes in profit or loss include financial assets held for trading, financial assets designated at fair value in the initial recognition with changes in profit or loss or financial assets mandatorily required to be measured at their fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling them or repurchasing them in the short-term. Derivatives including separate embedded derivatives are also classified as held for trading (that is, derivatives contracted for speculative purposes), unless they are designated as effective hedge instruments. Financial assets with cash flows that are not only payments of principal and interest are classified and measured at fair value with changes in profit or loss, irrespective of the business model. Without prejudice to the criteria for which debt instruments are classified at amortized cost or at fair value with changes in other comprehensive income, as described above, debt instruments can be designated at fair value with changes in profit or loss in the initial recognition, if it eliminates or significantly reduces an accounting symmetry upon doing so.

These financial assets are recorded in the financial position statement at their fair value with net changes in the fair value recognized in profit or loss.

This category includes derivative instruments and investments in listed equity instruments that the Company has not irrevocably chosen to classify at fair value with changes in other comprehensive income, as well as debt instruments at fair value are required to be at fair value with changes in profit or loss, due to their business model. Dividends from investments in listed equity instruments are also recognized as other revenues in profit or loss when the right of payment has been established.

b. Classification, recognition, and measurement of financial liabilities

   For purposes of subsequent measurement, financial liabilities are classified in two categories:

   (i) Financial instruments at fair value with changes in profit or loss
   (ii) Financial liabilities at amortized cost

Financial liabilities at fair value with changes in profit or loss

Financial liabilities at fair value with changes in profit or loss include financial liabilities held for trading and financial liabilities designated as fair value in the initial recognition with changes in profit or loss.

Financial Liabilities are classified as held for trading if they are incurred for the purpose of repurchasing them in the short-term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedge instruments in the defined hedge instruments defined by IFRS 9. Embedded derivatives are also classified as held for trading, unless they are designated as effective hedge instruments.

Gains or losses on liabilities held for trading are recognized in profit or loss.

Designated financial instruments at fair value in the initial recognition with changes in profit or loss are designated on the initial recognition date, and only if they meet the criteria of IFRS 9. The Company has not designated any financial liability at fair value with changes in profit or loss.

Financial liabilities at amortized cost

This is the category most relevant for the Company. After the initial recognition, loans and credits that accrue interest are measured subsequently at amortized cost, by using the effective interest rate method. The amortization process of the effective interest rate is recognized in profit or loss, as well as when liabilities are derecognized in accounts.

Amortized cost is calculated taking into account any discount or premium on acquisition and fees or costs that are a comprehensive part of the effective interest rate. Amortization of the effective interest rate is included as financial expenses in the statement of operations.

III. Retirement of financial assets and liabilities

Financial assets:

A financial asset (or when applicable, part of a financial asset or part of a group of similar financial assets) is derecognized when: (i) the rights to receive cash flows from the asset have expired; or (ii) the Company has transferred the rights to receive the cash flows of the asset or assumed the obligation to pay the total cash flows received immediately from a third party under a transfer agreement, and (iii) the Company has substantially transferred all the risks and benefits of the asset, or has neither transferred nor substantially retained all the risks and benefits of the asset, if it has transferred its control.

Financial liabilities:

A liability is derecognized off when the obligation is extinguished, cancelled, or expires.

2.6 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the consolidated financial position statement when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.7 Impairment of financial assets

The Company recognizes an allowance for expected credit losses on all financial instruments, which are not measured at fair value through profit or loss. The expected credit loss for financial assets is estimated as the difference between the present value of the sum of contractual cash flows and the sum of cash flows that the Company expects to receive, discounted at the original effective interest rate. Those losses are recognized in profit or loss in the period in which impairment occurs. Recoveries or previously recognized losses are recorded in profit or loss in the period in which impairment no longer exists or is reduced.

Expected credit losses ("ECL")

ECL for the next 12 months. If the credit risk of an asset at the reporting date has not increased significantly since its initial recognition, then the allowance will be considered as the ECL in the next 12 months. These losses are associated with instruments classified as normal risk.

ECL for the lifetime of the instrument. They are derived from potential events of nonperformance that are estimated to occur during the lifetime of the instruments. The contractual term is the maximum period considered for measuring expected credit losses. In the case of financial instruments with an undefined expiration period, for example, credit cards, the expected life is determined through a quantitative analysis to define the period in which the entity is exposed to the credit risk. The effectiveness is also considered of the procedures carried out by management to mitigate that exposure.

The Company classifies its financial instrument at amortized cost or fair value through other comprehensive income, subject to impairment tests in one of the following categories:

Normal risk (stage 1). It includes all instruments that do not meet all the requirements to be classified in the rest of the categories.

Significant risk (stage 2). It includes all instruments which, without meeting the criteria to be classified as uncollectible accounts or with a risk of default, have experienced a significant increase in the credit risk since their initial recognition.

By evaluating if the credit risk in a financial instrument has increased significantly since the initial recognition, the Company compares the risk that default may occur at the reporting date with the risk of default at the date of initial recognition. Upon realizing this evaluation, the Company considers both quantitative and qualitative information that is reasonable and supported, including historical experience and prospective information that is available at no cost or disproportionate effort for the Company. The prospective information considered includes future perspectives of the industries in which the Company's debtors operate, obtained from reports of economic experts, financial analysts, government agencies, groups of experts, and other similar organizations, as well as the consideration of various external sources of real and projected economic Information that is related to the central operations of the Company.

In particular, the following information is taken into account by evaluating if the credit risk has increased significantly since the initial recognition:

Existing or expected significant impairment in the external or internal (if any) rating of the financial instrument;

Significant impairment on external market indicators for a specific financial instrument, for example, a significant increase in the credit spread, credit default swap for the debtor swap, or the time period or the scope at which the fair value of a financial asset is lower than its amortized cost;

Existing or expected adverse changes in economic, financial or business conditions that are expected to cause a significant decrease in the ability of the debtor to meet its debt obligation;

Current or expected significant impairment in the operating income of the debtor;

Significant increases in the credit risk in other financial instruments of the same debtor;

An existing or expected adverse change in economic, financial or technological conditions of the debtor that result in a significant decrease in the ability of the debtor to meet its obligation.

Irrespective of the result of the above evaluation, IFRS 9 irrefutably assumes that the credit risk of a financial asset has increased significantly since the initial recognition when contractual payments have a due date of more than 30 days, unless the Company has reasonable, reliable information that evidences the contrary.

The Company regularly monitors the effectiveness of the criteria used to identify if there has been a significant increase in the credit risk and reviews them as appropriate to be assured that such criteria are able to identify a significant increase in the credit risk before the amount has become due and payable.

If the Company has measured the provision for losses for a financial instrument in an amount equal to the lifetime of the expected credit loss in the reporting period, but it determines that the conditions for estimating the expected credit loss for the remaining lifetime of the credit at the valuation date (for example: the risk level is reduced with regard to what is defined for the significant increase), the Company can estimate the expected loss at 12 months at the reporting date, except for assets on which the simplified approach was used, since all losses are measured for the remaining lifetime of the operation under this approach.

Risk of nonperformance (stage 3). A financial asset has credit impairment when one or more events have occurred that have an adverse impact on the estimated future cash flows of that financial asset.

ECL measurement and recognition.

In order to measure ECLs, the portfolio is segmented into homogeneous risk groups that share characteristics within the group. Credit risk characteristics for grouping the instruments are, among other things, the type of instrument, industry, geographic area, type of guarantee, credit rating, date of recognition, remaining time, and any other relevant factor for estimating future cash flows.

By using expected loss experience for estimating expected losses, it is important to apply the information about the loss rates to groups that are defined consistently with the groups for which historical loss rates have been observed.

In addition, historical information must be adjusted so that it reflects current conditions and its forecast of future conditions that do not affect the period on which historical information is based, and eliminate the effects of the conditions in the historical period that are not relevant for future contractual cash flows.

Thus, each one of these segments obtains its own allowance for estimated loss that is calculated based on the parameters of default probability, severity of the loss (that is, the magnitude of the loss given a default) and exposure to the default. The estimate of the probability of default and severity of the loss is based on historical information adjusted by prospective information (forward-looking).

- The probability of default is a key parameter for building the expected impairment loss model. The probability of default is seen as the estimate of how probable a default is given a time frame. The calculation includes historical data, assumptions and expected future conditions.

- The severity of the loss is the estimated losses once that default has occurred. It is based on the differences between contractual cash flows at the time of the default and those flows that are expected to be received taking into consideration the cash flows for guarantees and improved credit.

- The exposure to default for financial assets is estimated as the gross carrying value on the date of the report. Committed credit line contract exposure includes the amount used on the date of the report, together with the additional amount which is expected to use in the future in case of default. It is determined based on the historical trend, the understanding of the company of the specific financial needs of debtors and other relevant future information.

- Discount rate is the rate used to discount the expected loss at present value of the reporting date, by using the effective interest rate.

The Company performs retrospective tests to evaluate the reasonableness of the collective estimate. On the other hand, the methodology requires that ECLs be estimated considering possible scenarios, insofar as the expected credit loss is required to be a weighted, unbiased probability that it is determined pursuant to the evaluation of a range of possible results. An entity does not need to identify all scenarios. However, it must consider the risk that a credit loss may occur, by reflecting the probability that it may or may not occur, though the probability may be very low, always taking into account the value of money in time, as well as all the relevant available information of prior events, current conditions, and forecasts of the evolution of macroeconomic factors that are shown as relevant for the estimation of this amount: for example, the GDP, unemployment rate, interest rates, etc. or the estimate of parameters used in the estimate of impairment, the Company bases its experience on internally developed models in the regulatory area, as well as for management purposes, by adopting the developments of these models under IFRS 9.

The Company applies a simplified for the calculation of the ECLs of trade accounts receivable therefore, it does not follow changes in credit risk. Instead, it recognizes an ECL for the total lifetime of the credit at each reporting date. The Company has established a matrix of provisions based on its historical credit loss experience, adjusted by future specific factors of customers and the economic environment.

The Company recognizes an impairment loss in gain or loss of all financial instruments with a corresponding adjustment to their carrying value through a provision account for losses, except investments in debt instruments that are measured at fair value through other comprehensive income. Toward that end the provision for losses is recognized in other comprehensive income and the investment revaluation reserve and it does not reduce the carrying amount of the financial asset in the financial position statement.

2.8 Derivative financial instruments and hedge accounting

The Company participates in a variety of derivative financial instruments to manage its interest rate and exchange rate exposure, such as futures, forwards, options and interest rate swaps, and cross currency swaps. Additional details of derivative financial instruments are disclosed in Note 9.

Derivatives are initially recognized at fair value at the date on which the derivative contract is entered into, and they are subsequently measured at their fair value again at the end of each reporting date. The resulting gain or loss is immediately recognized in profit or loss, unless the derivative is designated and is effective as a hedging instrument. In that case, the time of recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset, whereas a derivative with a negative fair value is recognized as a financial liability. Derivatives are not offset in the financial statements, unless the Company has the legal right, as well as the intent to offset. A derivative is presented as a noncurrent asset or a noncurrent liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or liquidated within 12 months. Other derivatives are presented as a current assets or current liabilities.

Hedge policies set forth that those derivative financial instruments that do not qualify to be treated as hedges be classified as instruments held for trading purposes; therefore, changes in fair value are recognized immediately in profit or loss.

The Company has chosen to adopt the hedge accounting model of the Standard IFRS 9. This requires that the Company assure that the hedge accounting relationships are aligned with its objectives and risk management strategy, and that it apply a more qualitative, forward-looking approach for evaluating hedge efficiency.

The policies include the formal documentation of all the transactions between hedge instruments and positions hedged, management's risk objectives, and the strategies to carry out hedge transactions. Derivatives designated as hedges recognize changes in fair value, as follows:

Fair value hedges

The change in fair value of designated hedge instruments is recognized in profit or loss, except when the hedge instrument hedges a designated equity instrument at fair value through other comprehensive income. In that case, it is recognized in other comprehensive income.

The carrying amount of a hedged item that has not been measured at fair value yet is adjusted by the change in fair value attributable to the risk hedged with a corresponding journal entry in profit or loss. When hedge gains or losses are recognized in profit or loss, they are recognized on the same line as the hedged item.

The Company interrupts hedge accounting only when the hedge relationship (or part thereof) no longer meets the designation criteria (after rebalancing, if appropriate). This includes the cases in which the hedge instrument expires or is sold, is cancelled or is exercised. The suspension is recorded prospectively in the accounting. The adjustment of fair value to the carrying value of the hedged item derived from the hedged risk is amortized in profit or loss as of that date.

Cash flow hedges

The effective part of the changes in fair value of derivatives and other designated hedge instruments that are designated and qualify as cash flow hedges are recognized in other comprehensive income, and they are accumulated in the item of the cash flow hedge reserve, limited to the accumulated change in fair value of the hedged item since the inception of the hedge. The gain or loss related to the ineffective portion is recognized immediately in profit or loss, and it is included in the line item of "other gains and losses".

The amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to gain or loss in the periods in which the hedged item affects the gain or loss on the same line as the recognized hedged item. However, when a hedged forecasted transaction gives rise to the recognition of a non-financial asset or a non-financial liability, losses or gains previously recognizing them in other comprehensive income and accrued in stockholders' equity are transferred and included in the initial measurement of the cost of the non-financial asset or the non-financial liability. This transfer does not affect other comprehensive income. In addition, if the Company expects part or the total accumulated loss in the cash flow hedge reserve will not be recovered in the future, that amount will be immediately reclassified to profit or loss.

The Company interrupts hedge accounting only when the hedge relationship (or part thereof) no longer meets the designation criteria (after rebalancing, if appropriate). This includes the cases in which the hedge instrument expires or is sold, is cancelled or is exercised. The suspension is recorded prospectively in the accounting. Any gain or loss recognized in other comprehensive income and accumulated in the cash flow hedge reserve at that time remains in equity and it is reclassified to profit or loss when the forecasted transaction occurs. When a forecasted transaction is no longer expected to occur, the accumulated gain or loss in the cash flow hedge reserve is immediately reclassified to profit or loss.

Requirements to comply with hedge accounting

The Company designates certain derivatives as hedge instruments to deal with the foreign currency risk and interest rate risk, by establishing fair value hedge relationships or cash flow hedge relationships. At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the item hedged, together with their risk management objectives and strategy to carry out various hedge transactions. In addition, at the inception of the hedge, the Company continuously documents if the hedge instrument is effective to offset the changes in fair value or cash flows of the hedged item attributable to the hedged risk, which is when hedge relationships meet all the following hedge effectiveness requirements:

- There is an economic relationship between the hedge instrument and the hedged item;

- The effect of credit risk does not dominate the value of the changes resulting from the economic relationship; and

- The hedge ratio of the hedge relationships is the same that results from the amount of the hedged item that the Company actually hedges and the amount of the hedged instrument that the Company really uses to hedge that amount of the hedged item.

If a hedge relationship no longer meets the hedge effectiveness requirement related to the hedge relationship, but the risk management objective for that designated hedge relationship continues to be the same, the Company adjusts the hedge relationship of the hedge relationship (that is, it rebalances the hedge) in order for it to meet the designation criteria again.

The Company only designates the intrinsic value of the options contracts as a hedged element, that is, by excluding the time value of the option. Changes in the fair value of the aligned time value of the option are recognized in other comprehensive income, and they are accumulated in the cost of the hedge reserve. If the hedged item is related to the transaction, the time value is reclassified to profit or loss when the hedged item affects profit or loss. If the hedged item is related to the time period, then the amount accumulated in the cost of the hedge reserve is reclassified to profit or loss rationally. The Company applies the amortization on a straight-line. Those reclassified amounts are recognized in profit or loss on the same line as the hedged item. If the hedged item is a non-financial item, the amount accumulated in the cost of the hedge reserve is eliminated from equity, and it is included in the initial carrying amount of the recognized non-financial item. In addition, if the Company expects that part or the total accumulated loss in the cost of the hedge reserve will not be recovered in the future, that amount will be immediately reclassified to profit or loss.

2.9 Cash and cash equivalents

Cash and cash equivalents are valued at their nominal value, which include: (i) cash, (ii) readily realizable deposits and temporary investments in Mexican pesos and in other currencies held at banks and other financial institutions in Mexico and abroad, (iii) the amount of short-term interbank loans known as "call money", provided they do not exceed three days, (iv) deposits from monetary regulations issued by Banxico and local banking authorities from Central and South America, and (v) the commitments of purchase and sale of currency forward transactions to be settled within 24 and 48 hours. These assets are subject to an insignificant risk of changes in fair value, and are used by the Company in the management of short-term commitments.

2.10 Restricted cash

Restricted cash includes: (i) monetary regulation deposits granted as a guaranty to Banxico, Central Banks of Central and South America and certain regulatory entities in the USA; (ii) interbank loans, known as "call money"; and (iii) currencies and collaterals granted for derivative transactions.

2.11 Investments in securities

Investments in securities and other contracts that give rise to a financial asset or liability are recognized in accordance with the business model as follows:

a. Financial 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 cost, and are subsequently measured by using the effective interest rate method and are subject to impairment. Gains and losses are recognized in the profit or loss when the asset is derecognized, modified or impaired.

b. Financial instruments at fair value with changes in other comprehensive income (debt instruments)

   They are the instruments that hold a business model to collect contractual cash flows and/or sell them, and the contractual terms give rise to cash flows on certain dates that are only payments of principal and interest on the amount of the unpaid principal.

   For debt instruments at fair value with changes in other comprehensive income, interest income, exchange fluctuation and impairment losses or their reversals, are recognized in the income statement and calculated as the financial assets measured at amortized cost. Changes in the remaining fair value are recognized in other comprehensive income. After they are derecognized, the fair value recognized in other comprehensive income is reclassified to profit or loss.

c. Financial instruments designated at fair value with changes in other comprehensive income (equity instruments)

   After initial recognition, the Company can choose to classify irrevocably its equity instruments investments as equity instruments designated at fair value with changes in other comprehensive income and they are not held for trading. The classification is determined instrument by instrument.

   Gains and losses in these financial instruments are never reclassified as profit or loss. Dividends are recognized as other revenues in profit or loss when the right of payment has been established, except when the Company benefits from such revenues as a recovery of a part of the cost of the financial asset, in which case, those gains are recorded in other comprehensive income. Equity instruments designated at fair value with changes in other comprehensive income are not subject to an impairment testing.

   The Company does not present equity instruments in this category.

d. Financial instruments measured at fair value with changes in profit or loss

Financial assets at fair value with changes in profit or loss include instruments held for trading, (acquired for selling or buyback purposes in the short-term), designated in the initial recognition at fair value with changes in profit or loss or mandatorily required to be measured at fair value. Financial instruments with cash flows that are not only payments of principal and interest are classified and measured at fair value with changes in profit or loss. Without prejudice to the criteria for which debt instruments are classified at amortized cost or at fair value with changes in other comprehensive income, as described above, debt instruments can be designated at fair value with changes in profit or loss in the initial recognition.

These financial instruments are recorded in the financial position statement at their fair value with net changes in the fair value recognized in profit or loss.

This category includes investments in listed equity instruments that the Company has not irrevocably chosen to classify at fair value with changes in other comprehensive income, as well as debt instruments at fair value are required to be at fair value with changes in profit or loss, due to their business model. Dividends from investments in listed equity instruments are also recognized as other revenues in profit or loss when the right of payment has been established.

2.12 Repurchase transactions

For legal purposes these are considered a sale where a repurchase agreement is established for the financial assets transferred. The recognition is made on the basis of the economic substance of these transactions, which is a financing with collateral, in which the buyer delivers cash as financing in exchange for the obtainment of financial assets that can be used as a guaranty in the event of default.

Acting as seller, the cash inflow is recognized, as well as an account payable, initially measured at the agreed price, and it represents the obligation to return the cash to the buyer. The liability is subsequently measured at its amortized cost through the recognition of the interest in the consolidated statement of comprehensive income as it is accrued.

In the case that financial assets recorded in the balance sheet been surrendered as collateral, these are classified as restricted assets, following the corresponding rules of valuation. Regarding operations for which collateral is delivered, these are controlled in memorandum accounts under the caption of the collaterals received, sold or delivered.

As purchaser, the cash outflow is recognized by recording an account receivable, initially measured at the agreed price, which represents the right to recover the delivered amount. Subsequently, it is measured at amortized cost, through the recognition of the interest from repurchase operations in the consolidated statement of comprehensive income as it is accrued.

Financial assets received as collateral are recognized in memorandum accounts in the item of collateral received by the Company, by following the standards relative to custody operations.

2.13 Loan portfolio

The balance of the loan portfolio is represented in the consolidated financial position statement by the amounts actually granted to borrowers, plus any uncollected accrued interest, less any interest collected in advance and the allowance for credit risks.

Lending is based on an analysis of the debtors' ability to pay, in conformity with established credit analysis corporate policies, and based on information provided by the debtor and statistics of its credit history, which are documented in the "Institutional Credit Manual" approved by the Board of Directors.

Loans are considered past due for their total unpaid balance, when interest or installment payments are not received within the terms shown below:

- Loans with a single payment of principal and interest upon maturity, 30 days or more after maturity.

- Loans with a single payment of principal at due date and periodic interest payments, 90 days or more after maturity of interest payment date or 30 days or more after maturity of the payment of principal.

- Loans with installments on the principal and interest, 90 days or more after maturity.

- Revolving loans, if there are two monthly billing periods, or 60 or more days past due.

- Mortgage loans, when principal and interest payments are 90 days or more past due.

Loan portfolio write-offs will be realized in accordance with the provisions of the write-off Manual and Deductibility of Bad Loans, and the internal portfolio rating methodology.

The portfolio write-off process (write-off) is carried out by credit, which considers the consumer loan portfolio, mortgage loan portfolio, and commercial loan portfolio. Toward this end, the entity periodically (monthly) evaluates if a nonperforming loan must remain on the balance sheet or be written off.

The book portfolio write-off policy defines that loans to be written off must be provided for at 100%. The book write-off of loans will be carried out by writing off the balance of the loan against the allowance for loan losses. When the balance of the loan to be written off exceeds that balance of its allowance, the allowance must be increased up to the amount of the difference before carrying out the write-off. The loans cannot be written off if the missing allowance is not created.

In the cases in which there is evidence that a borrower may not comply with his payments and the Bank decides to write it off, it will have to refer to the above paragraph:

In accordance with the guidelines established by Company Management, loans should be provided for at 100%, in accordance with the following classification:

- Non-revolving consumer loans billed weekly or group credits when the loan is in default 36 or more weeks.

- Non-revolving consumer loans billed every fifteen days when the loan shows 20 defaulted payments or more at the date of the rating.

- Non-revolving consumer loans billed monthly or at the maturity, when the loan shows 10 defaulted payments or more at the date of the rating.

- Credit card consumer credits and other revolving credit when the credit shows 10 or more payment defaults in consecutive periods.

- Mortgage loans when the loan shows 48 or more defaults observed at the date when allowances for loan losses are calculated.

- Commercial loan portfolio when the loan reports 18 or more months of default in the payment of the amount due in the original terms agreed upon.

Collection procedures will continue after the loan is written off in the accounting. Any recovery is allocated to other income, and it is accrued for purposes of the Income Tax Law.

With respect to the credit lines that Bank Azteca has granted in which the amount has not been totally exercised, the unused part is maintained in memorandum accounts as "loan commitments".

Regarding the cash advances granted by PF in the USA, each new client must present certain personal information. Such information is uploaded into the PF information system, or the third party who grants the loan (when applicable). The identification, earnings or employment proof, bank account statements are corroborated, and it is determined if the cash advance is approved, as well as the amount of the loan, based on the client's income.

The Company do not make credit check through credit verifying agencies in the USA but use eligibility assessment models that use attributes to detect frauds jointly with the information presented by the client, in order to take proper decisions regarding new clients and to reduce the fraudulent loan rate. This helps PF to comply with the standards denominated "Fair Lending and Equal Credit Opportunity" in the USA.

2.14 Allowance for credit risks

Based on what is indicated in Note 2.7. Impairment of financial assets, the Company follows the following methodology:

A methodology was developed on which the determination of the amount of impairment of the loan portfolio under an expected loss model, in accordance with the requirements and guidelines set forth in IFRS 9, which adheres to the best international practices, which give continuity to the internal model currently implemented in Banco Azteca, which gives greater strength to the allowances.

The standard IFRS 9 prescribes a three stage model for recognizing credit default, based on changes in the quality of the credit since its initial recognition.

Stage 1

Stage 1 includes financial instruments that have not had an increase in the credit risk since the initial recognition or that have had a low credit risk on the date of analysis. ECLs at 12 months ("ECL12m") are recognized for these assets where interest is calculated on the gross carrying value of the asset. The ECL12m are the expected credit losses that are the result of the events by defect that are possible within 12 months after the date of presentation of the financial statements.

Stage 2

Stage 2 includes financial instruments that have had a significant increase in the credit risk since their initial recognition (unless they have a low credit risk on the date of presentation), but they do not have objective impairment Indicators ("OII"). The lifetime expected credit loss ("LECL") is recognized for these assets, but interest income is still calculated on the gross carrying value of the asset. LECLs are expected credit losses that result from all possible credit events during the expected lifetime of the financial instrument. ECLs are the weighted average credit losses with the probability of default (PD) as the weighting factor.

Obtaining the PD is based on the historical analysis of defaults of operations at different due date terms, in order to obtain an accumulated default curve.

Once accumulated default curves are built, the marginal default curve is then estimated which corresponds to the probability of unconditional default in the exact period with regard to the due date. Thus, the marginal PD can be obtained from each one of the future cash flows of a credit.

Stage 3

Stage 3 includes financial assets that have ECL (>= 90 days) on the date of presentation. The LECL is recognized and interest is calculated on the net carrying value (that is, net of the credit allowance) for these assets.

The methodology of the current allowance model is applied to credits in Stage 3. A 100% probability of default is contemplated in this case, and an allowance is created for the amount exposed pursuant to the Severity of the Loss obtained.

2.15 Transactions with financial derivative instruments

a. Derivatives for trading purposes

With regard to trading operations, the objective is to take advantage of the possibilities of arbitration that arise on the main financial markets within the authorized global risk limits.

All derivatives are recognized in the consolidated financial position statement as assets or liabilities, depending on the rights or obligations that they contain, initially at fair value, which corresponds to the agreed upon price of the transaction. They are subsequently recognized at fair value, and the effect of valuation is recognized in profit or loss.

b. Derivatives for hedging purposes

As regards the transactions for hedging purposes, see what is indicated in Note 2.8.

2.16 Other receivables

The Company recognizes as other receivables the collection rights arising from services rendered in the ordinary course of business. If the collection is expected to realize in a year or less are classified as short-term, otherwise presented as noncurrent assets.

The amounts corresponding to other receivables that are not recovered within 90 days subsequent to their initial journal entry, they are provided for with a charge to income for the year, irrespective of the possibility of recovering them, except those relative to recoverable tax balances and creditable value added tax.

2.17 Inventories

Inventories are initially recognized at cost and subsequently, whichever is the lower of cost and net realizable value using the weighted average cost formula. Cost comprises all costs of purchase, assembly and other costs incurred in bringing the inventories to their present location and condition.

2.18 Prepayments

They are represented by the face value of various advances for services, rents, advertising, tax advances, among others.

2.19 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation as well as impairment losses. The cost includes the purchase price and the direct cost attributable to the acquisition of the asset.

Subsequent costs, which represents a capacity increase and hence an extension of the useful life of the goods, are also capitalized. All other repair and maintenance costs are recognized in the statement of comprehensive income in the period they are incurred.

Land is not depreciated. The depreciation on assets under construction does not start but until they are completed and are available for use. The depreciation is registered in all the other property, plant and equipment items, with the purpose of cancelling its value in books during its economic useful life and it is calculated by the straight line method over the initial monthly balances.

When significant parts of a property, plant and equipment element have different useful life, these are registered as separated component, and its depreciation is also calculated separately.

The useful life of all the property, plant and equipment elements are reviewed and are adjusted if necessary at the end of each period.

The Company periodically evaluates the recovery value of its property, plant and equipment to determine the existence of any indication that those values exceed its recovery value. If it is determined that the book values are excessive the Company records the necessary estimates to reduce them to their recovery value.

2.20 Leases

In order to conduct its operations, the Company leases commercial premises, which involve payment of rent previously established or determined (fixed rents), or as a percentage of each store's monthly sales (variable rents). Up to December 31, 2018, rent payments were expensed by using the straight-line method, during the corresponding lease period.

Beginning January 1, 2019, leases are recognized as a right-of-use asset and a lease liability on the date on which the leased asset is available to be used by the Company.

Assets and liabilities arising from a lease are initially measured on the basis of present value.

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed lease payments), less lease incentives receivable;
- variable lease payments based on an index or a rate, initially measured by using the index or rate on the date of inception;
- amounts that are expected to be paid by the company as a guarantee of scrap value;
- the exercise price of a call option if the company were reasonably certain of exercising that option; and,
- the payment of penalties for rescinding the lease agreement if the lease period considers that the company would exercise that option.

Lease payments considered low with reasonable certainty of exercising extension options would also be included in the measurement of the liability.

Lease payments are discounted by using the discount rate of the implicit interest rate in the lease.

In the determination of the implicit interest rate in real property lease agreements, the Company:

- Uses rates based on market benchmarks for comparable asset, arising from debt issues that have been made by various Investment Trusts and Real Estate ("FIBRAs" or "REITS") recently on the Mexican market.
- FIBRAs were selected with properties for commercial use, offices and mixed-use properties, with current public debt instruments, in pesos and with a validity similar to that of lease agreements.
- A market yield curve demanded by investors is constructed for real estate assets in periods ranging from 3 u to 10 years.
- Finally, a premium is added by size. The lessor base is medium-sized companies on the average.
- The same methodology is used in the determination of foreign rates, but based on REITs issued in the U.S., plus the corresponding country risk (EMBIG, Div. of JP Morgan).

The Company is exposed to possible future increases in variable lease payments, based on an index or rate, which are not included in the lease liability until those increases go into effect.

When adjustments to lease payments based on an index or rate go into effect, the lease liability is reevaluated and the right-of-use asset is adjusted.

Lease payments are allocated between the principal and the financial cost. The financial cost is charged to income during the lease period to generate a constant periodic interest rate on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost, which is comprised of the following:

- -the amount of the initial measurement of the lease liability;
- -any lease payment made on or before the inception date, less any lease incentive received;
- -any direct initial cost; and
- -restoration costs

Right-of-use assets are generally depreciated on a straight-line basis during the shortest period existing between the useful life of the asset and the lease term. In the event that the Company should be reasonably certain of exercising a call option, the right-of-use asset is depreciated during the useful life of the underlying asset.

Payments associated with short-term leases and all leases of right-of-use assets are recognized on a straight-line as an expense in profit or loss.

- -Short-term leases are leases with a lease period of 12 months or less.
- -Low value assets consist of small office furniture items.

Variable payments. Some local leases contain variable payment terms that are linked to sales generated at a point of sale. Lease payments for certain points of sale up to 100% are based on variable payment terms. Variable payment terms are used for various reasons, including the minimization of the base of fixed costs for recently established stores. Variable lease payments that depend on sales are recognized in the period in which the condition takes place that gives rise to those payments.

Extension option and termination in the determination of the lease period. The Company considers all the events and circumstances that give rise to an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options will only be included in the termination of the lease agreement if it is considered to be reasonably certain that the lease agreement will be extended (or it will not be terminated).

2.21 Investment properties

The investment properties are those that the Company has to obtain rents, and are recognized as assets whenever it is probable that the future economic benefits associated with such properties flow towards the company and its cost can be measured in a reliable manner.

Investment properties are initially recorded at their acquisition cost, which comprises its purchase price and any disbursement directly attributable, and subsequently through the cost model, which includes the cost less the accrued depreciation and any impairment losses. The depreciation of investment properties is recognized in the results of the period over its estimated useful life using the straight-line method.

The income from rents originating from the investment properties are recognized in the statement of comprehensive position in the line "other income", using the straight line method during the period corresponding to the leasing.

2.22 Goodwill and intangible assets

When the acquisition cost exceeds the fair value attributable to the Company's share in the net assets acquired, the difference is treated as goodwill. The goodwill generated from acquisitions prior to the adoption of the IFRS was measured at its deemed cost.

The intangible assets which are considered to have a limited economic life are amortized in straight line over such lives and are tested for impairment when the events or circumstances indicate that their carrying value cannot be recoverable. The goodwill and the intangible assets that have indefinite economic useful life are not amortized. Such assets are tested for impairment at least annually or when there is an indicator that the assets could be impaired. To assure that the assets are not recorded in excess of their recovery values, the impairment analysis compares the carrying amounts with the recoverable value, being the recoverable value the value in use. The amortization and impairment are charged to the operation results in the statement of comprehensive income.

For business combinations completed prior to January 1, 2010, cost comprised the fair value of assets given, liabilities assumed and equity instruments issued, plus any direct costs of acquisition. Changes in the estimated value of contingent consideration arising on business combinations completed by this date were treated as an adjustment to cost and, in consequence, resulted in a change in the carrying value of goodwill.

For business combinations completed on or after January 1, 2010, cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus the amount of any non-controlling interests in the acquire plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquired. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, re-measured subsequently through profit or loss. Direct costs of acquisition are recognized immediately as an expense. See Note 16.

2.23 Review of the values of long-lived assets

The Company periodically evaluates the recovery value of its tangible and intangible long-lived assets, including goodwill, to determine the existence of any indication that those values exceed their recoverable value. The recovery value represents the amount of the potential revenues reasonably expected to be obtained as a result of the use of such assets. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. If it is determined that the carrying amounts are excessive, the Company records the necessary estimates to reduce them to their recovery value.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ("CGUs"). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognized in other comprehensive income. An impairment loss recognized for goodwill is not reversed.

2.24 Non-current assets held for sale

The non-current assets and the group of assets for disposal are classified as held for sale, when the recorded amount will be recoverable mainly through a sale transaction, and this, is highly probable.

Immediately before being classified as held for sale, these assets are measured to the lesser between their carrying amount and their fair value less cost of sales. Once they are classified as held for sale, the non-current assets are no longer depreciated.

2.25 Demand and term deposits

The liabilities for this item consist of demand deposits and term deposits. Demand deposits consist of concentration accounts, savings and investment accounts, while term deposits consist of deposits obtained from the public in general and the money market. These liabilities are recorded at their cost of deposit-taking plus accrued interest, determined on the basis of the number of days elapsed at the end of each month, which is debited to results for the period as they are accrued.

2.26 Bank Credits and other loans

These are initially recognized at fair value net of any operation cost attributable directly to the issuance of the instrument. Liabilities that bear interests are subsequently measured at amortized cost, using the effective interest rate method, which assures that any interest expense during the period up until the complete payment is at a constant rate applied at the balance of the liability registered in the financial position statement. The interest expense includes the initial transaction costs, premiums payable at the time of the amortization, as well as any interest or payable coupon while the liability is outstanding.

2.27 Suppliers

The liability for this concept represents the obligation payment for the goods or services that have been acquired from suppliers during the normal course of the business.

2.28 Other accounts payable

The other commercial accounts payable and other short-term monetary liabilities are initially recognized at a fair value and are recorded later at amortized cost, using the effective interest rate method.

2.29 Provisions

The provisions are recognized when the Company has a current or assumed legal obligation as a result of past events; it is probable that the exit of cash flows being required in order to pay for the obligation; and the amount can be reliably estimated.

2.30 Income tax

Income tax of the period comprises current and deferred tax. The incurred tax, determined on the basis of the tax provisions in force, is recorded in the results for the year to which it is attributable. The deferred income tax is determined based on the assets and liabilities method with comprehensive approach.

The deferred tax assets and liabilities are recognized when the carrying amount of an asset or liability in the financial position statement differs from its tax base. The value of the deferred tax asset or liability is determined using the tax rates that have been made public or are substantively enacted at the date of reporting and that are expected to be applied when the deferred tax assets or liabilities are settled or recovered.

The deferred tax assets or liabilities are compensated when the Company has an enforceable legal right to compensate the current assets and liabilities and the deferred tax assets and liabilities are related with the taxes applied by the same tax authority. Deferred tax assets are recognized only to the extent that it is probable that the tax benefits will be realized.

2.31 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 consolidated financial position.

2.32 Earnings per share

Basic earnings per share are calculated by dividing the controlling interest by the weighted average number of outstanding ordinary shares during the year. The diluted earnings per share are determined by adjusting the controlling interest and the common shares under the assumption that there would be the entity's commitments to issue or exchange its own shares. Basic earnings are equal to diluted earnings because there are no transactions that may potentially dilute income.

2.33 Revenue

Interest income

Interest of the loan portfolio is recognized as income when accrued by using the effective interest rate method, whereby interest is distributed and recognized throughout the corresponding period. However, the recognition of interest is suspended at the time when loans are transferred to the nonperforming portfolio.

With respect to uncollected ordinary accrued interest corresponding to loans classified in the past-due portfolio, a doubtful account allowance is created for an amount equivalent to the total amount thereof at the time the loan is reclassified into the past-due portfolio.

Fees on the initial granting of the loan on loans are recorded as a deferred credit and amortized against income, in the item of portfolio interest throughout the duration of the loan.

The commissions for the initial granting of the loan are recorded as a deferred loan and are amortized against results, under interest on the loan portfolio during the life of the loan.

Interests generated due to investments in securities and operations, the returns generated by the disposals as well as the effects of valuation of foreign currency are recognized as interests' revenues as they are earned in profit or loss.

Revenue by goods

Revenues from sales of products are recognized when all the significant risks and benefits inherent to the ownership of the merchandise are transferred to customers, and there is no unsatisfied obligation that can affect the acceptance of the products by the customer. The discounts granted, as well as returns carried out are presented by reducing revenues on this line item.

Internet sales

Revenues on Internet product sales are recognized in the accounting period in which they are considered realized effectively, that is, up to the time at which the risks and benefits are transferred to the customer with the delivery of the product. Since there is a time difference between the time at which the customer makes the payment for the goods and the time at which the product is delivered, revenue recognition is deferred and a contractual liability is recognized in that amount, as well as an adjustment to the cost of sales for merchandise in transit of the delivery to the customer.

Purchase prices agreed upon with the customer are set and charged prior to the delivery of the product. In the event of granting a discount, they are presented by reducing revenues for this item.

Revenue from extended warranty services

At the time of the sale, the Company offers the customer the possibility of extending the warranty period of its products by contracting extended warranty service. At the time of collecting the warranty, the Company recognizes a customer contract liability in the amount of the payment received, which represents the obligation to render repair services or replace the product in the future in the terms of the contract. The purchase price agreed upon with customers is fixed and it does not include future variable considerations. The extended warranty service revenue is recognized during the validity of the warranty (4 and 5 year terms). The customer contract liability is reduced based on revenue recognition. However, in those cases in which the guaranteed product is replaced, the obligation with the customer will be considered as satisfied and, therefore, the total unrecognized revenue at that date is recognized.

Money transfer revenues

Money transfer revenues represent the fees derived from the transfer service of local and international funds rendered to customers through points of sale of the Company and certain authorized distributors.

Fee revenue is recognized in the accounting period in which the service is rendered. Each remittance has a fixed price determined based on the amount remitted by the customer, and it is charged in case at the time at which the service is rendered.

The Company occasionally operates loyalty program in which customers accrue electronic money in a prepaid card for remittances made, which entitles the customer to a discount on future remittances. In these cases, a performance obligation is considered in addition to the original remittance of money, and part of the revenue is allocated thereto in order to recognize it thereafter. Revenues from prepaid cards are recognized when the electronic money is exchanged or when the 12 months expire after the last remittance.

Receipt of various services payments

The Company offers customers the receipt of various service payments, and the company receives a consideration in exchange for this service, which is charged shortly thereafter. This type of revenues is recognized in the accounting period in which the service is rendered and liabilities are recognized with customers in the amount of the service collected per order and account for others.

Income from telephone services

This type of revenues includes services related to telephony (data, sms, and voice), under the OUI trademark, and taken as a whole, they are considered as a unique performance obligation. The amounts of the plans are fixed and recognized during the period of time for which the customer is entitled to receive the benefits of those services or consumes the amount pre-established in each plan, whichever occurs first. The payments corresponding to each one of the plans does not include any telephone equipment, but rather such equipment is acquired by the customer in independent operations of telephony service.

Revenues on motorcycle sales

The Company recognizes revenues on motorcycle sales when control over the goods is transferred to the customer, that is, when the motorcycles are delivered to the customer, and there is no unsatisfied obligation that can affect the acceptance of the products by the customer.

The delivery is effective when the products are sent to a specific location, and the risks of obsolescence and loss are transferred to the customer.

These retail sales are made with volume discounts, based on total sales during a period of time. Revenues from these sales are recognized based on the price set forth in the contract, net of volume discounts, promotions, consideration paid to the customer, and other variable considerations that are estimated through accumulated experience, by recognizing a liability that is expected to be paid to customers and effectively applied when the conditions required by contract have materialized.

A receivable is recognized when the goods are delivered, since this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. Moreover, it does not contain significant financing component, since sales are made with 60 to 90 days of credit terms.

Commissions and fees charged

Fees and tariffs collected other than those relative to granting credit are recognized when the service is rendered or the terms are complied with for its collection.

Account managing fees, fiduciary activities, fund transfers, letters of credit, and others are recognized with the service is rendered, the amounts are fixed and collected only in cash thereafter.

AAZ fee revenues represent fee revenues for services rendered by the Pension Fund Manager (Afore) to workers as manager of their contributions to the fund for their retirement. They are recognized daily when the service is rendered. The amounts are fixed and collected only in cash thereafter.

Revenues from insurance premium and reinsurance premiums

Revenues from casualty operations are recorded based on the premiums corresponding to policies contracted, which are reduced by the reinsurance premiums, net of the reinsurance commission.

Insurance premiums corresponding to such transactions that have not been paid by the insured within the term set forth by the Insurance Law are cancelled, releasing the current risk reserve. In the case of rehabilitations, this reserve is reconstituted starting in the month in which the effectiveness of such insurance is restored. Premium revenues from life operations are recorded based on receipts issued upon collection, reduced by premiums given for reinsurance.

Rights on insurance policies and surcharges on premiums

Revenues from rights on insurance policies correspond to the recovery of the costs of issuing such policies and are recognized directly as income on the date such policy is issued.

Revenues from premium surcharges correspond to the financing derived from policies with installment payments and are recognized an income as they accrue.

Explanation of seasonality or cyclicality of interim operations

Seasonality

Historically, the demand for Grupo Elektra’s products and services tends to increase during the second and fourth quarters of the year due to the increase in consumer spending associated with Mothers’ Day in Mexico in May, the annual nationwide shopping event “El Buen Fin” (The Good Weekend) in November and the Christmas holiday season. As a result, Grupo Elektra’s quarterly operating results are not indicative of its results for a full year.

Explanation of nature and amount of items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature size or incidence

Not applicable.

Explanation of nature and amount of changes in estimates of amounts reported in prior interim periods or prior financial years

There are no changes in the estimates presented on interim previous periods or previous fiscal years.

Explanation of issues, repurchases and repayments of debt and equity securities

The consideration paid/received for the purchase-sale of treasury shares is recognized directly in the equity. The cost of maintained treasury shares held is presented as a reserve separately (treasury share repurchase). Any excess of the amount received for the sale of treasury shares over the average cost from the sold shares is credited to the premium on the sale of stock. During the quarter, the trading of the treasury shares represented a net purchase of 18,840 titles amounting $153,925,000.

Dividends paid, ordinary shares:	1,174,610,000
Dividends paid, other shares:	0
Dividends paid, ordinary shares per share:	4.81
Dividends paid, other shares per share:	0

Explanation of events after interim period that have not been reflected

Not applicable.

Explanation of effect of changes in composition of entity during interim period

There were no changes in the entity’s composition during the interim period reported.

Description of compliance with IFRSs if applied for interim financial report

The accompanying interim consolidated financial statements have been prepared in accordance with the international accounting standard (IAS) 34 “Interim Financial Reporting”, because of that they do not include all the required information for annual financial statements in accordance with International Financial Reporting Standards, International Accounting

Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB), so it is recommended to read altogether the annual financial statements as of December 31, 2021.

Description of nature and amount of change in estimate during final interim period

Not applicable.

Footnotes

[1] ↑

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This amount consists mainly to the immediate demand and term deposits of Banco Azteca México.

[2] ↑

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This amount consists to the immediate demand and term deposits of Banco Azteca in Central America.