

ALIVIO CAPITAL, S.A.P.I. DE C.V. SOFOM ENR

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INDEPENDENT AUDITOR'S REPORT

Board of Directors and Shareholders:

ALIVIO CAPITAL, S.A.P.I. DE C.V. SOFOM ENR

We have audited the accompanying financial statements of Alivio Capital, S.A.P.I. de C.V. SOFOM ENR., which comprise balance sheets as at December 31, 2021 and 2020, and income statements, and statements of cash flows for each of the two periods ended December 31, 2021 and 2020, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the two periods ended December 31, 2021 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board

González Solís, S. C.

C. P. C. Marco Aurelio González Espinosa
March 30, 2022
Monterrey, N.L. México

ALIVIO CAPITAL, S. A. P. I. DE C. V. SOFOM, E.N.R.
BALANCE SHEETS
AS OF DECEMBER 31, 2021 AND 2020
(Mexican Pesos)

	2021	2020
Assets		
Cash and cash equivalents (Note 4)	31,760,931	11,814,301
Credit portfolio		
Outstanding loan	216,064,113	210,693,731
In arrears loan	5,885,111	4,936,196
Allowance for bad debts	(6,284,690)	(6,899,457)
Total credit portfolio	215,664,534	208,730,470
Other accounts receivable	29,407,600	29,785,000
Recoverable taxes	11,470,145	10,652,490
Property, plant and equipment- Net (Note 5)	10,271,894	7,882,388
Total assets	298,575,104	268,864,648
Liabilities		
Bank and other institutions loans (Note 6)	259,122,480	242,670,834
Accounts payable and other payables	4,906	133,467
Total liabilities	259,127,386	242,804,301
Stockholders' equity		
Capital stock (Note 7)	75,389,760	62,489,760
Retained earnings (loss)	(36,429,413)	(37,973,915)
Profit for the year	487,371	1,544,502
Total Stockholders' equity	39,447,718	26,060,347
Total liabilities and Stockholders' equity	298,575,104	268,864,648

The accompanying notes are an integral part of these financial statements.


 Lic. Patricio Gabriel Villarreal Zambrano
 Executive Director

ALIVIO CAPITAL, S. A. P. I. DE C. V. SOFOM, E.N.R.
 INCOME STATEMENTS
 FOR THE PERIODS ENDED DECEMBER 31, 2021 AND 2020
 (Mexican Pesos)

	2021	2020
Interest income	104,025,799	82,828,698
Interest expenses	(41,148,107)	(35,912,621)
Financial margin	62,877,692	46,916,077
Allowance for bad debts	(9,600,000)	(9,600,000)
Financial margin adjusted for Allowance for bad debts	53,277,692	37,316,078
Other operating income	258,223	15,239,027
Other operating expenses	(1,126,419)	(1,320,423)
Administrative expenses	(51,722,125)	(49,028,250)
	(52,590,321)	(35,109,646)
Operating profit before tax	687,371	2,206,432
Income Tax	200,000	661,930
Profit of the year	<u>487,371</u>	<u>1,544,502</u>

The accompanying notes are an integral part of these financial statements.


 Lic. Patricio Gabriel Villarreal Zambrano
 Executive Director

ALIVIO CAPITAL, S. A. P. I. DE C. V. SOFOM, E.N.R.
 STATEMENTS OF CASH FLOWS
 FOR THE PERIODS ENDED DECEMBER 31, 2021 AND 2020
 (Mexican Pesos)

	2021	2020
Profit for the year	487,371	1,544,502
Adjustments made to obtain the cash flows from operating activities		
Allowance for bad debts	(614,767)	182,966
Depreciation and amortization	1,068,872	(897,243)
	<u>941,476</u>	<u>830,225</u>
Net (increase/ decrease in operating assets/liabilities		
Credit portfolio	(6,319,297)	(7,406,506)
Other accounts receivable	(568,816)	(3,878,648)
Bank and other loans	16,451,646	15,536,148
Accounts payable and other payables	-	-
Cash flows from operating activities	<u>10,505,009</u>	<u>5,081,219</u>
Cash flows from investing activities		
Tangible assets	(3,458,379)	(1,411,209)
Cash flows from investing activities	<u>(3,458,379)</u>	<u>(1,411,209)</u>
Financial activities		
increase in capital stock	12,900,000	-
Cash flow from financing activities	<u>12,900,000</u>	<u>-</u>
Net increase/ decrease in cash	19,946,630	3,670,010
Cash and balance with the central bank at the beginning of year	<u>11,814,301</u>	<u>8,144,291</u>
Cash and balance with the central bank at the end of year	<u><u>31,760,931</u></u>	<u><u>11,814,301</u></u>

The accompanying notes are an integral part of these financial statements.


 Lic. Patricio Gabriel Villarreal Zambrano
 Executive Director

ALIVIO CAPITAL, S.A.P.I. DE C.V. SOFOM, E.N.R.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIODS ENDED DECEMBER 31, 2021 AND 2020
(Mexican Pesos)

NOTE 1.- COMPANY'S ACTIVITY

ALIVIO CAPITAL, S.A.P.I. DE C.V. SOFOM, E. N. R. (the Company), was incorporated on May 7, 2009, and its main activity is the granting of loans to individuals with and without business activity, with whom contracts are entered. Also, to receive and grant all types of financing and loans in favor of any credit institution, type of industrial company and individuals.

NOTE 2.- BASIS OF PRESENTATION

The financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter, "IFRS") as issued by the International Accounting Standards Board (hereinafter, "IASB") and IFRIC interpretations, which are developed by the IFRS Interpretations Committee (previously the International Financial Reporting Interpretations Committee or IFRIC) and issued after approval by the IASB.

NOTE 3. – SIGNIFICANT ACCOUNTING POLICIES

The accounting policies shown below have been applied uniformly in the preparation of the financial statements presented and have been consistently applied by the Company.

a) Recognition of the effects of inflation

Beginning January 1, 2008, in accordance with Mexican GAAP requires the recognition of the comprehensive effects of inflation when an economic environment becomes inflationary, which, for purposes of Mexican GAAP, is indicated by a three-year cumulative inflation rate of approximately 26% or more

The cumulative inflation rate for the last three years and the indexes used to determine inflation are shown below:

December 31,	INPC	Inflation	
		Of the year	Cumulative
2021	117.308	7.35%	14.28%
2020	109.271	3.15%	11.19%
2019	105.934	2.82%	14.42%

b) Cash and cash equivalents

Cash and cash equivalents are recorded at their nominal value. The yields generated by cash and cash equivalents are recognized in as they accrue. Cash and cash equivalents consist mainly of bank deposits in checking accounts and investments in short-term, highly liquid securities, which are easily convertible into cash.

c) Credit portfolio

Current or renewed loans and commercial papers represent the amounts effectively delivered to borrowers and the interest that, in accordance with the payment schedule of the loans in question, are accrued.

Credit is granted based on an analysis of the borrower's financial situation and the other general characteristics established in the Company's internal manuals and policies.

When a loan is considered past due, the accrual of interest is suspended, even in those loans that contractually capitalize interest to the amount of the debt. If the loan remains in the past-due portfolio, accrued interest is recorded in memorandum accounts. With respect to uncollected accrued interest corresponding to this type of loan, an allowance is recorded for an amount equivalent to the total amount thereof, at the time it is transferred

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to the past-due portfolio and is cancelled when there is evidence of sustained payment. In case that past-due interest is collected, it is recognized directly in the results of operations for the year.

Past-due loans in which the outstanding balances (principal and interest, among others) are fully paid or which, being restructured or renewed loans, comply with the sustained payment of the loan under the accounting criteria, will be reclassified to current portfolio:

d) Allowance for loan loss provisions

The allowance for loan losses is determined in accordance with the Company's internal methodology based on the rules for classification and rating of the loan portfolio, as follows:

The Company periodically evaluates whether an overdue loan should remain on the balance sheet or should be written off. If so, the write-off is made by writing off the unpaid balance of the loan against the allowance for loan losses. If the balance of the loan to be written off exceeds that corresponding to its associated allowance, prior to the write-off, such allowance is increased by up to the amount of the difference.

The last rating of the loan portfolio was performed on September 30, 2021, and Management considers that the estimates resulting from such rating are sufficient to absorb the credit risk losses of the portfolio.

e) Property, plant, and equipment

Property, plant, and equipment are recorded at acquisition cost. Depreciation is calculated by the straight-line method based on the useful lives of the assets, estimated by the Company as follows:

	Rate
Transportation equipment	25 %
Computer equipment	30 %
Licenses and software	10 %
Furniture and equipment	15 %
Adaptations and improvements	5 %

Maintenance and repair expenses are expensed as incurred; major renewals and improvements are capitalized.

Property, plant, and equipment are subject to recognition of impairment and reversal of impairment when circumstances so indicate.

f) Prepaid expenses

Prepaid expenses represent those expenditures made by the Company where the benefits and risks inherent to the goods to be acquired or services to be received have not been transferred. Prepaid expenses are recorded at cost and are presented in the statement of financial position as current and non-current assets, depending on the line item. Upon receipt of the goods and services, the goods and/or services related to prepaid expenses are recognized as an asset or as an expense in the statement of income for the period, depending on their nature.

g) Loans from Banks and other institutions

Bank and other loans refer to lines of credit and other loans obtained from credit institutions, which are recorded at the contractual heat of the obligation, recognizing interest in income as it accrues.

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h) **Revenue recognition**

Interest on the loan portfolio is recognized as it accrues, except for interest on past-due loans, which is recognized until it is collected. Fees charged for the initial granting of operating leases and loans are recorded as a deferred credit, which is amortized against income for the year under the straight-line method over the life of the loan.

i) **Current and deferred income taxes**

Current or deferred income tax is recognized as an expense in the results for the period, except when it arises from a transaction or event that is recognized outside the results for the period as other comprehensive income, or an item recognized directly in stockholders' equity. Deferred income tax is recorded based on the comprehensive asset and liability method, which consists of recognizing a deferred tax for all temporary differences between the book and tax values of assets and liabilities that are expected to materialize in the future, at the rates enacted in the provisions in effect at the date of the financial statements.

NOTE 4. – CASH AND CASH EQUIVALENTS

The balances of this account are detailed as follows:

	Dec-21	Dec-20
Cash account	\$ 16,000	\$ 16,000
Banks and other cash equivalents	31,744,931	11,798,301
	\$ 31,760,931	\$ 11,814,301

NOTE 5. – PROPERTY, PLANT AND EQUIPMENT

a) Property, plant and equipment as of December 31, 2021 and 2020 consist of the following:

	Dec-21	Dec-20
Transportation equipment	\$ 1,611,345	\$ 1,611,345
Computer equipment	16,146,344	10,415,530
Furniture and equipment	1,269,564	1,269,564
Adaptations	1,487,726	1,487,726
Furniture	611,529	525,462
Other assets	2,485,249	2,893,750
Accumulated depreciation	(13,389,863)	(10,320,990)
Property, plant and equipment total	\$ 10,271,894	\$ 7,882,388

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NOTE 6 – BANK AND OTHER INSTITUTIONS LOANS

As of December 31, 2021, and 2020, this account payable is detailed as follows:

	<u>Dec-21</u>	<u>Dec-20</u>
Banca de desarrollo	\$ 6,033,224	\$ 7,981,565
Comarca Grande, S.A. de C.V.	50,000,000	75,000,000
David Esteban Armenta Pico	40,000,000	42,470,905
Neoplus, S.A.P.I. de C.V.	30,000,000	30,000,000
Operadora de Valores Patrimoniales, S.A. de C.V.	33,000,000	33,000,000
María Gabriela Guajardo Gonzalez	20,000,000	20,000,000
Carlos Alberto Guajardo Gonzalez	20,000,000	15,000,000
Lucia Guajardo Gonzalez	5,000,000	5,000,000
Julio Cesar Ramírez Rodriguez	4,500,000	4,500,000
Jose Antonio Guevara Fernández de Castro	2,338,305	2,338,309
Bernardo Maldonado Cortez	1,500,000	2,048,484
Olga Guadalupe Rendon Elizondo	2,000,000	2,000,000
María Inés Moran	1,000,000	2,070,886
Cristina Palacios	1,750,000	-
Adriana Azcúnaga	2,750,000	-
Alvaro Barrera Segovia	2,700,000	-
Joel Zorrilla	5,000,000	-
Mintos	31,550,951	-
Others	-	1,260,685
	<u>\$ 259,122,480</u>	<u>\$ 242,670,834</u>

NOTE 7. – STOCKHOLDERS' EQUITY

a) Stockholders' equity as of December 31, 2021, is as follows:

		Quantity		Nominal Value		Total
Fixed Capital	Serie A	50,000	\$	1	\$	50,000
Variable Capital	Serie B	75,339,760		1		75,389,760
	Total	<u>75,389,760</u>		Capital Stock	\$	<u>75,389,760</u>

The capital stock is fully subscribed and paid, represented by Series "A" shares corresponding to the fixed portion of the capital stock, and Series "B" shares corresponding to the variable portion of the capital stock.

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NOTE 8. – CONTINGENT

In accordance with current tax legislation, the tax authorities have the authority to review up to five fiscal years prior to the last income tax return filed. In accordance with the Income Tax Law, companies that carry out transactions with related parties, whether resident in Mexico or abroad, are subject to tax limitations and obligations, as to the determination of the agreed prices, since these must be comparable to those used with or between independent parties in comparable transactions.

NOTE 9. – AUTHORIZATION OF THE FINANCIAL STATEMENTS

The financial statements were authorized for issuance on March 15, 2022, by Mr. Patricio Gabriel Villarreal Zambrano, Executive Director of the Company, consequently they do not reflect events occurring after that date and are subject to the approval of the Company's Shareholders' Meeting, who may decide to modify them in accordance with the provisions of the General Law of Commercial Companies.

In accordance with the General Law of Mercantile Corporations (LGSM) and the bylaws of ALIVIO CAPITAL, S.A.P.I. DE C.V. SOFOM, E.N.R. The stockholders are empowered to modify the statements after their issuance. The financial statements will be submitted for approval at the next Shareholders' Meeting.

Lic. Patricio Gabriel Villarreal Zambrano
Executive Director