



Appraisal Report of Equity Capital



Applicant: VIVO TECH, S.A. de C.V.

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CHAPTER I

BACKGROUND.

A EXPERT APPRAISER INFORMATION

In the State of Mexico, on the twenty-five day of the month of March in the year two thousand and twenty-four, I, **Diego Miguel Perezcano Beltrán, Public Broker No. 2 of the State of Mexico, a specialist in business valuation, holding a professional license from the Ministry of Public Education with the number 10548258**; in my capacity as an EXPERT APPRAISER granted by the law; based on my technical knowledge and the application of valuation techniques, as provided for by Article 6, Section II, and other relevant provisions of the Federal Public Brokerage Law; Article 6, second paragraph, and Article 56 Bis of the Regulations of the Federal Public Brokerage Law; I hereby issue the following Equity appraisal report.

B APPLICANT INFORMATION

The company **VIVO TECH, S.A. de C.V.**, hereinafter referred to as “**VIVO TECH**”, represented by **Cal Li** in his capacity as Sole Administrator.

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CHAPTER II

DATA OF THE ASSET SUBJECT TO VALUATION

C OWNER'S INFORMATION

The applicant presented me with the corporate documentation of VIVO TECH, S.A. de C.V. (hereinafter "VIVO TECH"), which is attached to this report as APPENDIX 1.

D TYPE OF VALUATION SERVICE

At the request of the applicant, an appraisal of equity capital was conducted.

E REPORT VALIDITY

The validity of this report is 1(One) year ¹.

Extrinsic or administrative validity: The validity of an appraisal is determined by its purpose or intended use and depends on the time frame established, if applicable, by the competent authority or administrative institution utilizing the report.

Intrinsic validity: A report will remain valid as long as there are no substantial changes in the fundamental conditions and premises that supported the calculation (*ceteris paribus*). Any substantial changes could potentially affect the reliability of the conclusive figures of the valuation.

F DESCRIPTION OF THE VALUATION SUBJECT

The Equity Capital of VIVO TECH, S.A. de C.V., specifying the fair value per share corresponding to its shareholders.

G LOCATION OF THE VALUATION SUBJECT

The company VIVO TECH has its fiscal address located in Mexico City.

H VALUATION PURPOSE

Estimate the *Fair Value* of the Equity Capital of VIVO TECH, S.A. de C.V., as well as the fair value per share; both estimates as of December 31, 2023, based on the valuation of the going concern.

I VALUATION USE

The applicant has informed the Appraiser that they require this report for financial and tax purposes.

¹In the absence of specific provisions regarding the validity of this type of valuation report, the one-year term mentioned in Article 3 of the Regulation of the Federal Fiscal Code was used.



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CHAPTER III

LEGAL BASIS AND PRELIMINARY CONSIDERATIONS.

LEGAL BASIS.

The present analysis, as well as the opinions and conclusions of the undersigned appraiser, were developed in accordance with Article 6, Section II of the Federal Public Brokerage Law (LFCP), Article 56 bis of its regulations, international valuation standards, and the theoretical framework of corporate finance.

The following are various legal bases in Mexican regulations related to valuation reports:

Commercial Code:

“Article 1252.- Experts must hold a degree in the science, art, technique, trade, or industry related to the matter on which their opinion is to be heard, if the science, art, technique, trade, or industry requires a degree for its practice.

If it does not require a degree, or if there are no experts in the area, any persons deemed knowledgeable to the satisfaction of the judge may be appointed, even if they do not hold a degree.”

*“Expert testimony will only be admissible when specialized knowledge of the relevant science, art, technique, trade, or industry is required, but not with regard to general knowledge that the law presumes judges possess. Expert opinions offered by the parties for this type of knowledge will be dismissed *ex officio*, or if they are proven in the case with other evidence, or if they only relate to simple arithmetic or similar operations.”*

“The qualification as a public broker’s agent certifies the status of appraiser for all purposes.” (...)

“Article 1257.- Judges may appoint experts from among those authorized as auxiliaries of the administration of justice by the respective local authority, or may request that the expert be proposed by professional colleges, associations, or bars, as well as by public or private higher education institutions, or chambers of commerce, industry, or confederations of chambers corresponding to the object of the appraisal. (...)"

“Article 1300.- Appraisals shall be conclusive evidence.”

FEDERAL PUBLIC BROKERAGE LAW

“ARTICLE 6.- The public broker shall have the following responsibilities: (...)

II.- To act as an expert appraiser to estimate, quantify, and assess the goods, services, rights, and obligations submitted for consideration, whether by private appointment or by mandate of competent authority; (...)"



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VIII. Any other functions assigned to them by this and other laws or regulations.

The above-mentioned functions shall be understood without prejudice to the provisions of other laws and are not considered exclusive to public brokers."

FEDERAL PUBLIC BROKERAGE LAW REGULATION

"ARTICLE 56 Bis.- The public broker, in the exercise of their functions as an expert appraiser, may estimate, quantify, and assess the goods, services, rights, and obligations submitted for consideration by private appointment or by mandate of competent authority.

The valuation report must be clear and objective, presenting the reasoning and sufficient information used to determine the conclusive value of the asset, service, right, or obligation. It must contain, at a minimum, the following indicative items:

- a) Full name, number, and location of the Public Broker, along with their signature and seal;
- b) Applicant's information;
- c) Owner's information, including, if applicable, the basis for the information;
- d) Type of valuation service;
- e) Valuation validity, which is a mandatory requirement when there is a legal provision to that effect;
- f) Description of the asset, right, service, or obligation subject to valuation;
- g) When applicable, the location of the asset subject to valuation;
- h) Purpose of the valuation report;
- i) Use of the valuation report;
- j) Preliminary considerations for valuation;
- k) Description of the valuation approaches applied;
- l) Inspection date;
- m) If applicable, the reference date for value;
- n) Valuation report date;
- o) Sources of information;
- p) Preliminary considerations before the conclusion;
- q) Value conclusion;
- r) Photographic documentation, and
- s) If applicable, annexes.



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Any observations regarding approaches, sources of information, elements, general limitations, among others, that affect the value conclusion, must be mentioned in the report.

In cases where, due to the valuation service, territory, purpose, use, or the subject matter of the report requested from the public broker, it is evident that, based on specific regulations issued by a competent authority that are mandatory, the broker must issue or prepare the report using specific laws, standards, guidelines, manuals, or rules, the broker may choose to adhere solely to that regulation.

In the case of auctions, valuations for judicial or administrative proceedings, or valuations requested by authorities where it is physically or materially impossible to conduct a physical inspection of the asset subject to valuation or obtain the corresponding documentation from the applicant or owner, it must be expressly stated in the report. The valuation will then be performed with the data and information available to the broker at the time and with the means at their disposal."

AGREEMENT ESTABLISHING GUIDELINES FOR PUBLIC BROKERS TO ISSUE APPRAISALS ISSUED BY THE SECRETARY OF COMMERCE AND INDUSTRIAL PROMOTION, PUBLISHED IN THE OFFICIAL GAZETTE ON MARCH 9, 1999.

"Article 2.- The valuation report issued by the public broker shall be composed of the following sections:

- I. Background;
- II. Data of the asset or service subject to valuation;
- III. Legal basis and preliminary considerations;
- IV. Methodology employed;
- V. Development of the appraisal, and
- VI. Conclusions.

Furthermore, in all cases, the public broker must have complete documentary support regarding the market study conducted for the purposes of the appraisal. (...)

Article 12.- In valuations performed by public brokers for intangible assets, considering their nature or type, their values may be determined as follows:

- I.- By researching the market for similar or substitute goods and products based on commercial references, implied and calculated values, considering sales volumes and profitability, possible purchase and sale cases, or alternatively, royalty payments for the use and exploitation of patents, trademarks, or franchises;
- II.- In the case of projects, an analysis will be conducted of the infrastructure of services available, marketing characteristics, technology used, price determination, investment costs, loss of profit, financial performance, and profit margins, in order to diagnose their investment margins, cash flows, and break-even points;
- III.- Through the study of the best utilization of projects and the commercial value of real or potential gross rents generated, as well as calculating the equivalent capital capable of providing those rents under non-inflationary and low-risk conditions, considering whether it is a project valuation or an ongoing business, or
- IV.- When it comes to transfer pricing, it shall be done by applying the procedures established in the Income Tax Law or, alternatively, using the appropriate method for the case. (...)"



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J PRIOR CONSIDERATIONS FOR VALUATION

J.1 Conditions, Restrictions, and Limitations of the Report:

- a) It is assumed that this appraisal is in response to a request for professional services based on good faith between the parties involved, namely the applicant and the Appraiser. Therefore, the verbal and written information provided, if any, is understood to be correct as of the date of this appraisal. Additionally, the applicant has stated that they do not have additional information that could affect the values expressed in this report.
- b) After thoroughly reviewing this appraisal, the applicant declares that they do not anticipate any underlying, hidden, or extraordinary circumstances that have not been properly reported to the undersigned.
- c) The existence of potential liens on the valued assets (stock certificates) was not verified. For the determination of this fair value, no liens on the equity capital subject to valuation are considered.
- d) This document is limited to an estimation of the fair value of the Equity Capital based on the valuation models presented in its respective chapter, except for errors or omissions. This is based on variations in the models themselves and the economic environment, and consequently, as a limitation, the assumptions of fundamental reasons for projection and calculations based on the information received.
- e) This report is issued exclusively for the date contained in this report, with a valuation date of March 25, 2024. Changes in external or internal factors of the company under analysis in its financial figures may occur after that date, which could affect the conclusive value contained in this report.
- f) For the practice of this appraisal, only the figures provided by the applicant and the documents referred to in paragraph section O of this report were valued and studied. Likewise, the applicant, through its legal representative, stated that they do not have additional information that could serve as a basis for modifying the figures indicated here. In the same vein, there has been no independent review of the content and accuracy of this documentation, and the analysis and results could be affected if this information is not correct and/or precise.
- g) The information received by the appraiser for analysis corresponds to relevant information from the company whose Equity capital was subject to valuation, so the confidentiality of the information is assumed, and its use is limited to this report.
- h) All criteria used for valuation exclude any speculative or particular considerations at a given moment. The ownership of the intangible asset and the company is assumed according to the currently known situation. Likewise, the current market behaviors are assumed as constant (*ceteris paribus*).
- i) The projections made for the value estimation referred to in this document are not predictions of the future; they are the appraiser's best estimate of the current conditions projected into the future regarding the financial figures of the company. The appraiser cannot guarantee that these forecasts and estimates will materialize.
- j) The analyses, opinions, and conclusions reported are limited by the assumptions and limiting conditions indicated and are my own professional and impartial analyses, opinions, and conclusions.
- k) The statements made by the applicant of this valuation report are taken as true. The undersigned assumes no responsibility for the accuracy and correctness of such statements and information provided by the applicant.
- l) The conclusive value of this valuation report should not necessarily be considered as the price or consideration to be set for the sale, purchase, transfer, registration, assignment, or transmission of the asset subject to the valuation contained in this document.



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- m) This valuation report should not necessarily be considered as a recommendation for the sale, purchase, transfer, assignment, transmission, or establishment of a guarantee for the assets covered by it, nor for carrying out any type of business, investment, or operation with it.
- n) This valuation report was prepared for VIVO TECH, S.A. de C.V. and its use is limited to the purpose specified therein. Accordingly, the appraiser assumes no responsibility towards third parties for the content of this valuation report. The appraiser does not provide any warranty to third parties (including investors) regarding the content of this valuation report.
- o) This valuation report may only be used in its entirety and not in parts. No part of the report may be used in conjunction with any study other than this one. The publication of this valuation report or any of its parts without the written authorization of the appraiser is prohibited. Additionally, this valuation report may not be used by any entity other than the one to which it is addressed or for a purpose or use other than stipulated.

DEFINITIONS AND CONCEPTS.

- a) **EQUITY** *It is the difference between a company's assets and liabilities and consists of the sum of all equity accounts, including share capital, reserves, accumulated profits, and current-year profits.*
- b) **INVESTED CAPITAL** *These are the assets that make up a company's Tangible Assets. Invested Capital typically reflects the investment made by investors to start a company and additional capital contributions made during its operation. Its calculation usually corresponds to Total Assets minus Current Liabilities, or alternatively, Non-Current Assets plus Working Capital.*
- c) **REPORT DATE** *It corresponds to the date on which the valuation document was prepared and signed. It may be the same as or different from the valuation date.*
- d) **VALUATION DATE** *It is the date that the appraiser will record at the moment of closing values in their valuation work. It may be the same as or different from the report date.*
- e) **PURPOSE OF THE VALUATION** *It is the explicit intention to determine a type of value that will be estimated based on the assets to be appraised, the valuation specialty, and the use of the appraisal specified by the requester.*
- f) **USE OF THE APPRAISAL** *It is the intended purpose of the report, as explicitly stated by the service requester.*
- g) **BOOK VALUE** *It is the amount at which an accounting entry is recorded in the accounting books, whether it represents the initial cost, the updated cost, the estimated cost, or the appraised value. It represents the value at which any property, right, asset, debt, or obligation is recorded in the accounting books. Book value represents only "book figures" and may be different from the market value, fair value, real value, replacement value, liquidation value, etc.*
It is the estimated price that could be obtained from a sale in the open market, in a period of time just sufficient to find a buyer or buyers, where the seller has an urgency to sell, and both parties act with knowledge and under the premise that the assets are sold in the condition and location in which they are.
It is the gross amount, expressed in monetary terms, that is expected to be obtained from a properly advertised sale carried out in the open market, in which the seller is obliged to sell immediately by court order "as is, where is" the asset. In some cases, it may involve a reluctant seller and a buyer or buyers who purchase with knowledge of the disadvantage for the seller.
- h) **FAIR VALUE** *According to its definition as inserted in the publication of IFRS (International Financial Reporting Standards) by the International Accounting Standards Committee Foundation and by the Mexican Institute of Public Accountants (IMCP), it states, "...The amount for which an asset could be exchanged or a liability settled between knowledgeable and willing parties in an arm's length transaction..."*



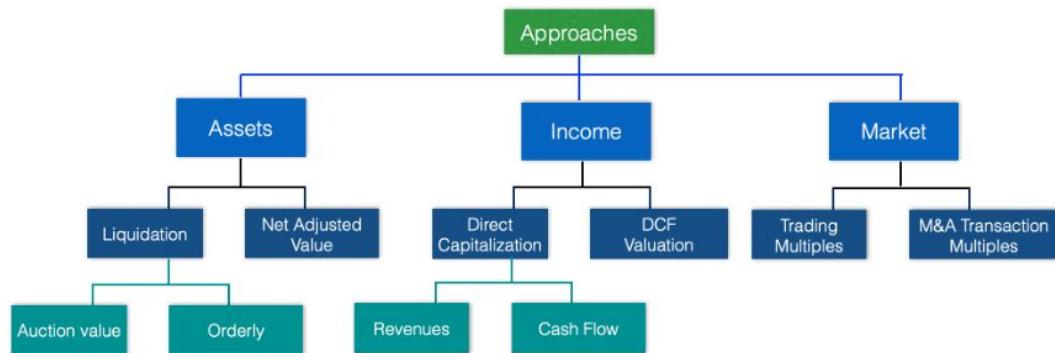
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J.2 VALUATION APPROACHES

In practice, there are three generally accepted valuation approaches to estimate the fair value of an ongoing business, investment project, and its tangible and intangible assets. These approaches are briefly described below:



J.2.1 Asset Approach

The asset approach is a general way to determine the fair value of a company's equity, a business, investment project, tangible asset, or intangible asset using one or more methods based on the value of assets and their net liabilities.

In business valuation, the asset approach can be considered equivalent to the cost approach in other valuation disciplines.

There are two general methods in the asset approach for business valuation:

Adjusted Book Value Method: This method adjusts assets and liabilities (including off-balance sheet items, intangibles, and contingent liabilities) to their market value.

Excess Earnings Capitalization Method: This method involves a revaluation of all the assets and liabilities of the company. This method is not used to determine the total value of a business but to determine the value of goodwill or intangible assets.

It is important to distinguish between the application of a valuation method within the asset approach and the "book value". Under any valuation standard, the fact that the market value of a business or company is equal to its book value would be a coincidence or would depend on very particular circumstances of the entity being valued.

J.2.2 Market Approach

The market approach determines the fair value of a company's equity, business, investment project, tangible asset, or intangible asset by using methods that compare the appraised asset with similar assets.



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The business, shares, tangible assets, or intangible assets used for comparison should be reasonably similar to the appraised asset. Key factors to consider in determining comparability include:

- Sufficient similarity in quantitative and qualitative characteristics.
- The amount and verifiability of information regarding the asset.
- Whether the price of the similar asset was determined in a transaction between independent parties, i.e., in a voluntary sale between the parties.
- Comparisons are generally made using valuation ratios (multiples); the calculation and use of these ratios should provide a significant reference regarding the value of the asset, considering all relevant factors.

Methods in the market approach include:

Public Company Guideline Method: This method determines market multiples of stock prices of publicly traded companies (listed on a stock exchange) with a similar line of business to the appraised company.

Transaction Guideline Method: This method determines market multiples of similar transactions completed between independent parties.

J.2.3 Income Approach

The income approach is a general way to determine the fair value of a company's equity, business, asset, or intangible asset using one or more methods by which economic benefits are converted into value.

In the income approach, anticipated benefits are expressed in monetary terms and can be reasonably represented by concepts such as dividends or distributions, various types of earnings, or cash flows.

To estimate anticipated benefits, elements such as capital structure, historical performance of the entity, the future industry environment, and economic factors must be considered.

Anticipated benefits are converted into value through procedures that consider expected growth and timing of benefits, as well as the risk profile of the benefits and the time value of money.

Typically, converting anticipated benefits into value requires determining a capitalization rate or discount rate. To determine these rates, factors such as interest rate levels, expected rates of return by investors in alternative investments, and specific risk characteristics of anticipated benefits must be considered.



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ACRONYMS

- Beta:* The Beta coefficient (β) is a measure of volatility that estimates the systematic risk of an asset.
- CAGR:* Compound Annual Growth Rate.
- CAPM:* Capital Asset Pricing Model.
- Cash & Eq.:* Cash and Equivalents.
- DCF:* Discounted Cash Flow.
- Effective Tax Rate:* The effective tax rate.
- Enterprise value:* The value of the enterprise.
- Equity value:* The value of equity.
- Exp. Debt:* Explicit Debt.
- ERP:* Equity Risk Premium.
- Fair Value:* Fair value or market fair value.
- FCFF:* Free Cash Flow to Firm.
- Firm value:* The value of the firm.
- Growth Rate (G):* Net income growth rate.
- Income Statement:* The income statement.
- Investment Capital:* Investment capital.
- Ke:* Cost of Equity.
- Kd:* Cost of Debt.
- Levered beta:* Leveraged beta.
- Market approach:* Market approach.
- NCA:* Non-Current Assets.
- Net Debt:* Net debt.
- Nopat:* Net Operating Profit After Tax.
- NWC:* Net Working Capital.
- PEERS:* Price-Earnings Ratios of Peer Companies.
- Risk-free rate:* The risk-free rate.
- Terminal value:* Terminal value.
- Total Debt:* Total debt.
- Value drivers:* Value drivers.
- WACC:* Weighted Average Cost of Capital.
- WARA:* Weighted Average Return on Assets.



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CHAPTER IV

METHODOLOGY EMPLOYED

The valuation of the asset mentioned in chapter II section F of this report was carried out, which is explained below:

K DESCRIPTION OF APPLIED VALUATION APPROACHES.

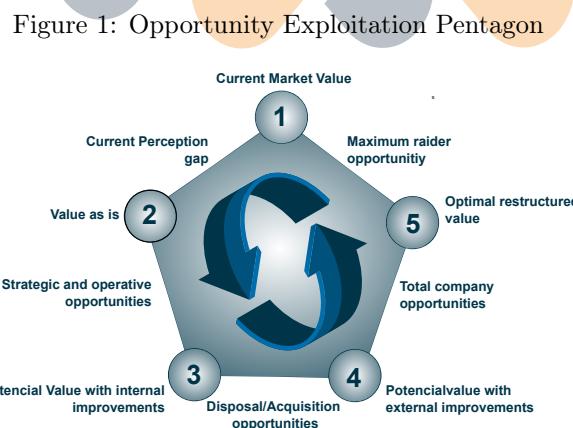
K.1 ESTIMATION OF FAIR VALUE:

This report concerns the fair value of the Equity Capital (*Equity value*) of VIVO TECH, S.A. de C.V. as well as the estimation of the fair value per share; as mentioned in section F, with the valuation date of December 31, 2023.

The appraiser received financial information from the applicant, which was analyzed in detail to understand the business plan that supports the financial analysis of the business carried out for the current equity valuation. (APPENDIX 2).

K.2 POTENTIAL VALUE WITH INTERNAL OPPORTUNITIES.

The equity valuation of VIVO TECH, S.A. de C.V. was conducted based on the business and financial information provided by the applicant, applying the theoretical framework of business valuation; under point 3 of the McKinsey Pentagon (“Value with internal improvements”): (Figure 1).



Source: Valuation. Copeland Tom, Koller Tim y Murrin Jack.
John Wiley & Sons. 2000.

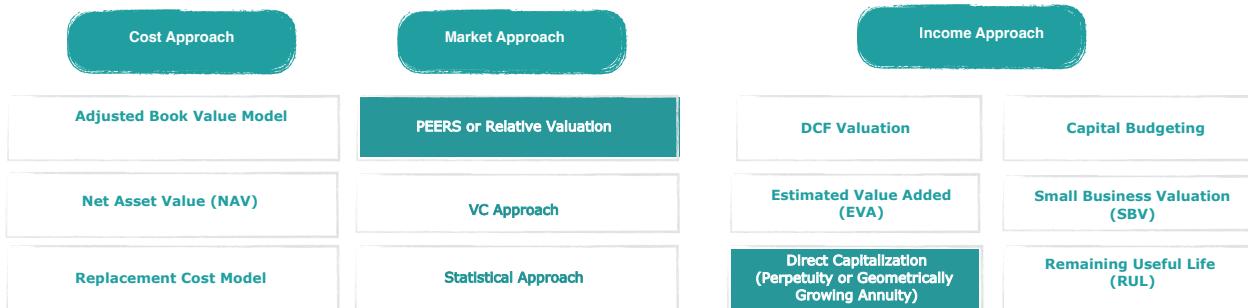
“Value with internal improvements.- It is the value acquired by the valued economic unit once the identification and exploitation of internal factors have been carried out. To achieve this, deficiencies are corrected, processes are improved and optimized, and new strategic opportunities are exploited, thus obtaining a higher value of the economic unit.”

BUSINESS VALUATION METHODOLOGIES. Two business valuation techniques, widely accepted in the financial sector (Figure 2), were applied in order to determine the value of the business as capital invested in use.





Figure 2: Most Commonly Used Business Valuation Methodologies



DISCOUNT RATE ESTIMATION. The discount rate generally applicable to the estimation of Equity Value can be calculated using financial models known as Weighted Average Costo of Capital (WACC) or Weighted Average Return on Assets (WARA). This discount rate consists of the minimum expected return for the organization (Figure 3 and 4).

Figure 3: Opportunity Cost of Shareholders
Relación riesgo / rendimiento

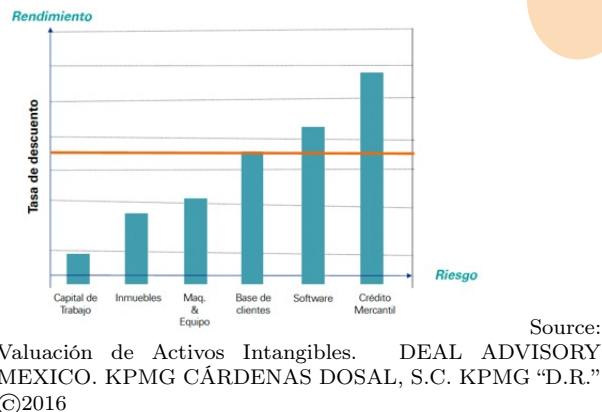
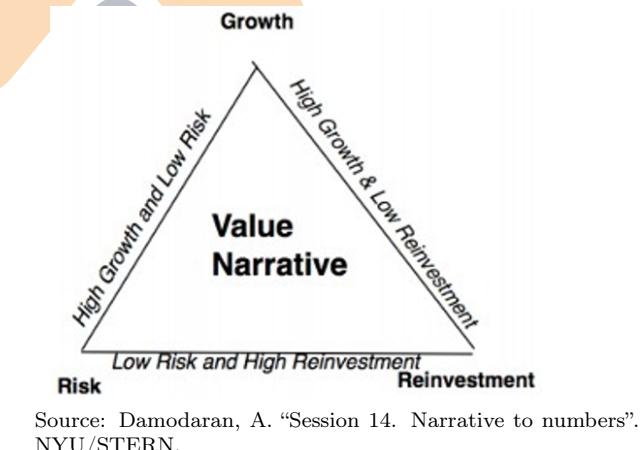


Figure 4: Foundations of Valuation Narrative

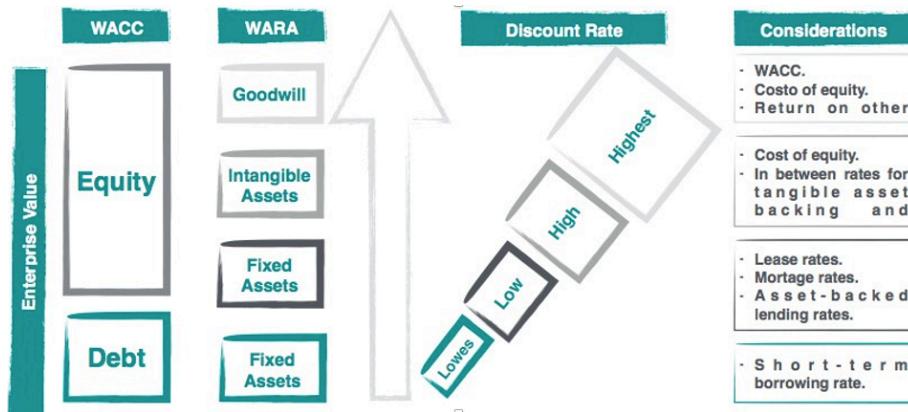


- i) WACC (Weighted Average Cost of Capital). The cost of capital is the compensation that investors demand from firms that use their funds (opportunity cost).
- ii) WARA (Weighted Average Return on Assets). Represents the weighted average of the return rates of the Contributory Assets involved in the estimation of the fair value of an asset.





Figure 5: Discount Rates WACC & WARA.



CAPITAL ASSET PRICING MODEL (CAPM). The underlying principle of the CAPITAL ASSET PRICING MODEL (CAPM) dictates that shareholders should earn at least a risk-free rate on their investment, plus a premium that compensates for the systematic risk of that investment.

The formulation of the model is detailed below:

- The cost of equity capital is estimated using the Capital Asset Pricing Model (CAPM):

$$R_k = R_f + \beta \times (ERP) + SP + RP$$

- Where:
- R_f = Risk-free rate
- ERP = Enterprise Risk premium
- β = Beta (β)
- SP = Size Prime
- RP = Country Risk Prime

Source: Valuación de Activos Intangibles. DEAL ADVISORY MEXICO. KPMG CÁRDENAS DOSAL, S.C. KPMG "D.R." ©2016.

PEERS Valuation.

The appraiser applied the methodology known as Relative Valuation, using the models known as Trading Multiples and/or M&A Transaction Multiples, in accordance with the market approach.





Figure 6: Relative Valuation Model. Most Commonly Used PEERS



- 1) Trading and/or transaction multiples based on Net Revenues - **Top Line.**

Example: $(EV / \text{Revenues})x$

- 2) Trading and/or transaction multiples based on Operating Profits with and without D&A (EBITDA and EBIT) – **Middle Line.**

Example: $(EV / \text{Ebitda})x \& (EV / \text{Ebit})x$

- 3) Trading and/or transaction multiples based on Net Profits and Net Revenues per share. - **Bottom Line.**

Example: PER (price earning ratio)
Price to Sales x

This methodology allows for the determination of the value of companies not listed on the stock market, and in the case where the company being valued is listed, the method can help detect whether the market is over or undervaluing the asset in question. Furthermore, it enables the determination of the *Market approach* component in a financial valuation, using a representative sample on the ideal multiple for the subject of valuation.

INCOME APPROACH. Direct Capitalization Valuation Method.

A perpetuity is an infinite series of cash flows over time.

Perpetuities are similar to annuities, in that they are payments of equal amounts made at equal time intervals, the difference being that the payments or installments of perpetuities are forever, as their name suggests.

This tool is especially useful for valuing companies and, therefore, their shares, given their nature of having “perpetual life”. Some investments, like preferred stocks and bonds, are essentially perpetuities, and to transfer these assets from investors to other investors, they need to have a present value. A perpetuity can be simple, if the cash flows are constant over time, or growing, if they increase over time:

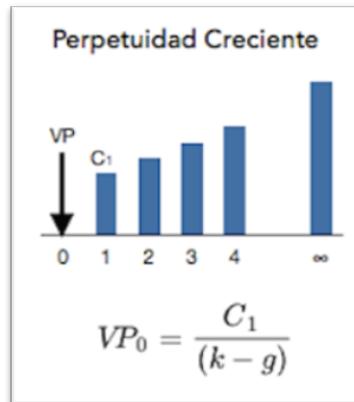


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Figure 7: Direct Capitalization using Growing Perpetuity



Where

- C_1 : Cash Flow
- k : Capitalization rate
- g : Growth rate

Capitalization using a growing perpetuity refers to the case where the value of an income stream shows a noticeable and consistent upward trend over successive annual periods. In terms of investments, this often translates into a situation where the anticipated annual return from the investment is consistently met or even exceeded from one year to the next. The concept also implies that this cash flow will continue into the foreseeable future if the investor chooses to retain the asset over many years.

Evaluating the potential for a growing perpetuity is often very important for investors who wish to acquire a given investment with the aim of holding that investment over several years. Part of the process of accurately assessing the presence of a growing perpetuity year over year involves considering changes in the overall state of the economy. This means that it may be necessary to adjust figures for a given year to offset the effect of inflation.

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BRAND PROFILE

Vivo Communication Technology Co., Ltd.: Technological Innovation and User Experiences

VIVO Communication Technology Co., Ltd., headquartered in Dongguan, Guangdong, is a Chinese multinational company that has made a significant impact in the mobile technology industry. Through its focus on innovation, quality, and user satisfaction, VIVO has become a leading brand in the smartphone market.



Vivo Tech positions itself in the global market as a leading brand in innovation and mobile technology, particularly distinguishing itself with advances in mobile photography and product design. With a firm commitment to research and development, Vivo regularly introduces pioneering technologies that enhance user experience, from high-definition cameras to intuitive user interfaces. Furthermore, its dedication to international football, sponsoring events like UEFA EURO 2024™, demonstrates its commitment to connecting with consumers through shared passions.

History and Foundation

Since its establishment in 2009, VIVO has experienced remarkable growth. Its initial focus was on the Chinese market, but it quickly

expanded globally. Today, VIVO serves more than 500 million users in over 60 countries and regions. Its history is marked by a constant pursuit of excellence and customer satisfaction.



Products and Technology

VIVO stands out for its commitment to technological innovation. Its products encompass a wide range of smartphones, from the high-end X80 series to the more affordable V25 series. Additionally, VIVO has collaborated with Zeiss, a renowned optics brand, to develop high-quality imaging systems for its devices. The combination of advanced hardware and optimized software ensures exceptional visual experiences for users.

Visual Identity



The VIVO logo is an example of simplicity and modernity. It uses a sans-serif typeface, which conveys a sense of cleanliness and accessibility. The characteristic "i" with its diamond-shaped dot adds a distinctive touch that could be interpreted as a spark of ideas or innovation. The simplicity of the design ensures its





readability and recognition in different sizes and applications, which is crucial in the digital age. This logo reflects a brand identity focused on clarity, precision, and advancement towards the future.



Custom Operating Systems

VIVO uses two custom operating systems:

- **Origin OS:** Designed for the Chinese market, it offers a unique and optimized user experience. Its intuitive interface and custom features are tailored to local preferences.
- **Funtouch OS:** Utilizado en otras regiones, este sistema operativo también se centra en la manejabilidad y la personalización. Proporciona una experiencia fluida y funcional para los usuarios internacionales.

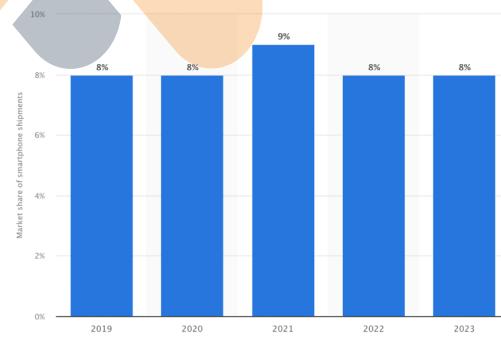


Global Presence and Research Centers

VIVO has established numerous research and development centers in strategic cities such as Shenzhen, Dongguan, Nanjing, Beijing, Hangzhou, Shanghai, Xi'an, Taipei, Tokyo, and San Diego. These centers attract the best local talent and focus on key areas like 5G, artificial intelligence, industrial design, and photography. Additionally, Vivo has expanded its presence in Europe since 2020, introducing its products in countries such as the United Kingdom, France, Italy, and Spain.

Commitment to Innovation and Quality

VIVO is distinguished by its commitment to innovation and quality. Its "Vivo Zeiss" imaging system was introduced in the Vivo X60 series, offering advanced photographic capabilities. Moreover, the brand has achieved an 8% global market share in the smartphone industry, demonstrating its impact on the market.



Mission and Vision

Mission:

- Create excellent products for users.
- Create a healthy environment for collaborators.
- Create mutually beneficial platforms for partners based on mutual trust.
- Generate long-term and stable returns on investment for shareholders.



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Vision:

VIVO aspires to be a world-class corporation, contributing to a healthier and more sustainable world through technology.

Core Values

- Benfen: Represents integrity and authenticity in all of the company's actions.
- Design-driven value: VIVO seeks the perfect combination of aesthetics and functionality.
- User orientation: User satisfaction is the compass that guides all decisions.
- Continuous learning: VIVO encourages continuous improvement and the acquisition of new knowledge.
- Team spirit: They work together to achieve common goals and overcome challenges.

VIVO is a brand that not only offers advanced technology but also cares about the experiences of its users and its impact on the world. Its focus on innovation, quality, and core values distinguishes it in a highly competitive market.



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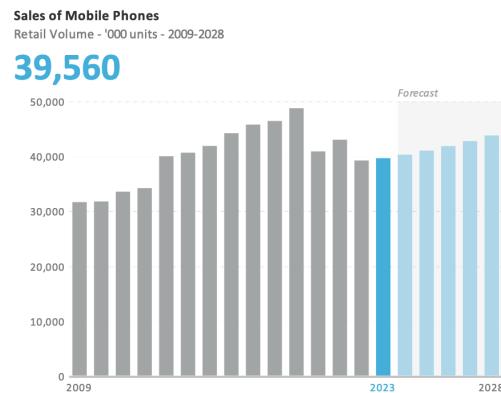


Analysis of the Cell Phone Industry in Mexico

The mobile phone industry in Mexico, a vital component of the country's digital economy, has experienced significant evolution from the introduction of the first mobile devices to the current era of high-tech smartphones. This sector has witnessed steady growth and development, driven by technological innovation and the increasing demand for connectivity and advanced functionality among Mexican consumers. The history of mobile telephony in Mexico reflects a path of adaptation and transformation, marked by the transition from basic phones to intelligent smartphones that today serve as hubs for communication, entertainment, and personal productivity.

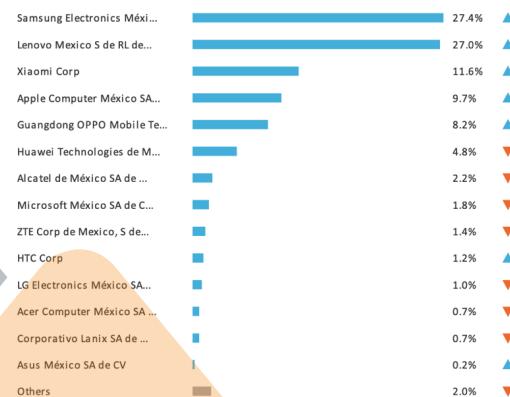
Market Trends and Performance in 2023

Sales Growth: In 2023, a modest growth of 1% in retail sales, reaching 40 million units, reflects a post-pandemic recovery and adaptation. The smartphone category remains dominant, growing to 39 million units. This growth, although moderate, indicates a resilient demand and a continuous transition to digitalization in all areas of personal and professional life.



Leadership of Samsung: With a market share of 27%, Samsung leads thanks to its broad portfolio that satisfies from the entry segment to the premium, its strong investment in marketing, and its solid distribution network. This demonstrates the importance of constant innovation and brand positioning in a competitive market.

Company Shares of Mobile Phones
% Share (NBO) - Retail Volume - 2023



Positive Forecast: The projection of a CAGR of 2% until 2028 suggests an optimistic outlook for the market, driven by technological innovation (such as 5G and smartphones with advanced gaming capabilities) and the growing integration of smartphones into everyday life.

Sales Performance of Mobile Phones
% Y-O-Y Retail Volume Growth 2009-2028

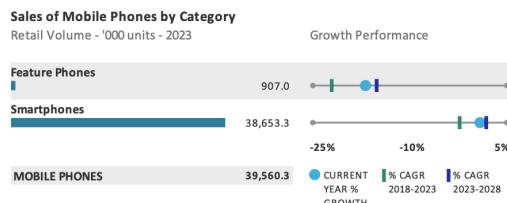




SWOT Analysis

Strengths:

Smartphones Penetration: A penetration rate of over 100% indicates market saturation but also a high dependency and valuation of mobile technology among Mexicans.



Versatility of Use: The multifunctionality of smartphones has increased their value for users, making them indispensable for communication, entertainment, work, and more.

Opportunities:

5G Development: The implementation of 5G technology networks represents a significant opportunity for market growth, encouraging the upgrade to compatible devices and enabling innovative uses of smartphones.

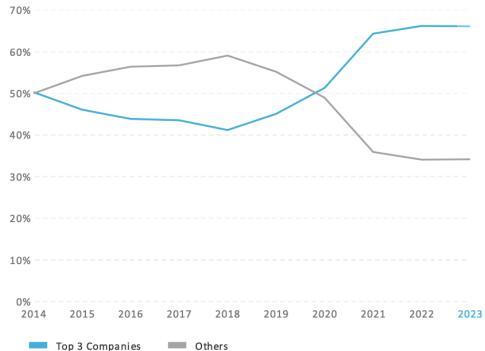
Gaming Market: The growing interest in mobile gaming offers an opportunity for high-end devices, especially those with large screens and advanced processing capabilities.

Weaknesses:

Supply Challenges: Semiconductor supply issues highlight the market's vulnerability to global supply chain disruptions.

Market Maturity: The high penetration rate also suggests a mature market where incremental sales may be more difficult to achieve.

Market Concentration of Mobile Phones by Company
% Share (NBO) - Retail Volume - 2014-2023

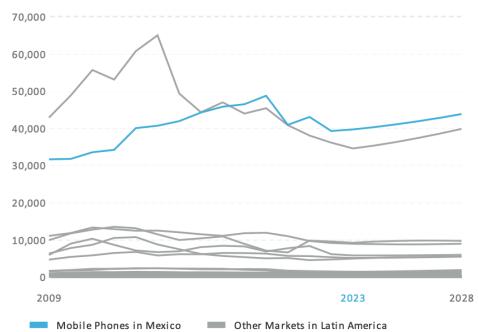


Threats:

Price-Centric Competition: Intense competition, especially from brands competing on price like Xiaomi and Huawei, pressures margins and brand loyalty.

Technological Obsolescence: The rapid technological evolution can accelerate device obsolescence, pressing consumers towards more frequent update cycles, which may not be sustainable in the long run.

Mobile Phones in Mexico
Retail Volume - '000 units - 2009-2028



Porter's Five Forces Analysis

Rivalry among Competitors: Intense competition is marked by rapid innovations, frequent launches of new models, and price wars, especially between leading brands and new Chinese entrants.



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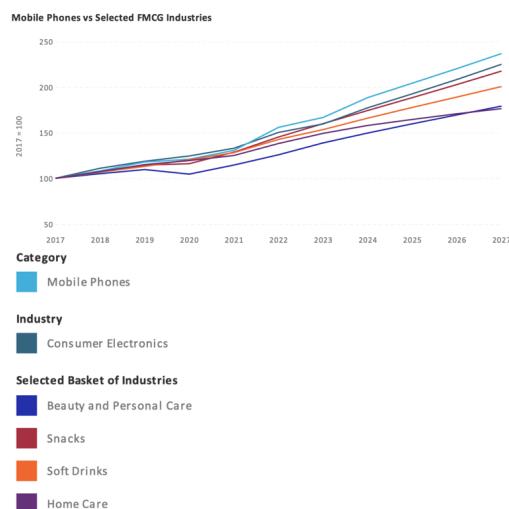


Threat of New Entrants: Technological and brand barriers are high, but the Mexican market remains attractive for global brands looking to expand their presence, especially in mid and low-price segments.

Bargaining Power of Suppliers: Manufacturers of critical components, such as semiconductors, hold significant bargaining power, as their scarcity can limit smartphone production.

Bargaining Power of Buyers: Consumers have high bargaining power, driven by the availability of a wide range of alternatives and increasing price sensitivity, encouraging the search for the best value for money.

Threat of Substitute Products: While smartphones are central to modern digital life, the evolution of alternative devices such as wearables (smartwatches, fitness trackers) and emerging IoT (Internet of Things) technologies could redistribute some of the traditional functions of smartphones, particularly in health, fitness, and quick communications. The technological convergence and integration of functions in alternative devices, although not completely replacing the functionality of smartphones, represent a diversification of the connected device ecosystem that could affect the predominant use of smartphones for certain activities.



Strategies and Recommendations

To navigate this complex landscape, companies in the mobile telephony sector in Mexico should consider strategies such as:

Continuous Innovation: Stay at the forefront of technology, especially in camera capabilities, battery life, processing, and 5G connectivity; to attract consumers looking for the latest in technology.

Segmentation and Personalization: Offer products that meet the needs of different market segments, from value-focused users to those seeking premium experiences, and personalize offerings through data analysis and machine learning.

Strengthening the Supply Chain: Build solid relationships with suppliers and diversify sources to minimize the impact of supply chain disruptions.

Mobile Phones Retail Sales by Region

Retail Volume - '000 units - 2023

Region	Retail Volume - '000 units
World	1,296,859
Asia Pacific	704,928
Australasia	10,162
Eastern Europe	56,904
Latin America	118,685
Middle East and Africa	135,354
North America	147,345
Western Europe	123,481

Competitive Pricing Strategies: Consider pricing strategies that offer a balance between value and performance to effectively compete in a price-sensitive market.

Loyalty Programs and Customer Service: Develop loyalty programs that encourage repeat purchases and provide exceptional customer service to build long-term loyalty.



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Conclusion

The mobile telephony market in Mexico is at a turning point, with significant opportunities driven by technological innovation and changes in consumer behavior. However, companies must also navigate challenges such as intense competition, market maturity, and dependence on critical components.

Addressing these challenges and seizing the opportunities will require a combination of strategic agility, constant innovation, and a consumer-centric approach, allowing brands to not only survive but thrive in this dynamic environment.

Sources:

- **MOBILE PHONES IN MEXICO – ANALYSIS, Country Report | Jul 2023, Euromonitor International 2024.**
- <https://www.vivo.com/en>
- <https://www.vivo.com/mx>
- <https://www.statista.com/statistics/541618/vivo-smartphone-shipments-worldwide/>
- [Vivo share of global smartphone shipments 2019–2023 | Statista](#)
- [Vivo Communication Technology – Crunchbase Company Profile & Funding](#)
- [La venta de 'smartphones' mueve 93.000 millones hasta marzo: ¿qué marcas suben y cuál se desploma? | Empresas | Cinco Días \(elpais.com\)](#)





CHAPTER V

DEVELOPMENT OF THE APPRAISAL.

K.1 DEVELOPMENT OF THE VALUATION.

K.1.1 Financial Analysis

The applicant provided historical Financial Statements for the period from 2021 to 2023, as shown below:

Figure 1: Historical Financial Position Statements 2021 to 2023

Assets	2021	2022	2023
Current Assets			
Efectivo y equivalentes	5,883,471	11,312,787	3,407,138
Accounts Receivable	402,992	799,122	-
Notes Receivable	29,000		
Other Receivables		470,994	1,560,586
Taxes Recoverable	4,967	5,415	
Prepaid Expenses		558,498	
Total Current Assets	6,320,430	13,146,816	4,967,724
Fixed Assets			
Computer Equipment	-	166,829	1,064,775
Depreciation of Computer Equipment		-24,908	
Total Non-Current Assets	-	141,921	1,064,775
Total Assets	6,320,430	13,288,737	6,032,499
Liabilities and Equity	2021	2022	2023
Liabilities			
Bank Loans			6,860,788
Suppliers	125,000	39,258	-
Accounts and Notes Payable	6,139,377		-
Other Creditors	-	9,839,450	234,480
Taxes Payable	-	2,906,661	-829,318
Total Short-Term Liabilities	6,264,377	12,785,369	6,265,950
Long-Term Liabilities	-	-	-
Total Liabilities	6,264,377	12,785,369	6,265,950
Equity			
Share Equity	52,261	50,000	50,000
Surplus Reserves	-	-	10,000
Retained Earnings	3,792	453,368	-293,452
Total Equity	56,053	503,368	-233,452
Liabilities + Equity	6,320,430	13,288,737	6,030,499





Figure 2: Income Statement, Historical 2021 to 2023

Income Statement	2021	2022	2023
Net Revenues	402,992	21,660,902	28,092,207
Cost of Goods Sold	-	-	-
Gross Profit	402,992	21,660,902	28,092,207
Operating Expenses	399,200	20,710,843	18,958,412
Operating Income	3,792	950,059	2,161,168
Comprehensive Financing Result	-	-500,483	1,487,904
Other Income			-
Other Expenses			20,366
Profit Before Tax	3,792	449,576	2,140,803
Income Tax	-	-	546,354
Net Income	3,792	449,576	1,594,449

For the financial analysis of the company, the following methods were conducted:

- a) Analysis of Invested Capital (IC).
- b) Liquidity and solvency financial ratios (Banking Ratios).
- c) Three-Element Dupont Analysis.
- d) Return on Capital (ROC) Analysis.
- e) Analysis of the Return on Net Operating Capital (ROIC).

Investment Capital (IC)

Investment Capital	2021	2022	2023
Net Working Capital	56,053	361,447	(1,298,226)
Non-Current Assets	-	141,921	1,064,775
Investment Capital_1	56,053	503,368	(233,452)
Debt	-	-	-
Equity BV	56,053	503,368	(233,452)
Investment Capital	56,053	503,368	(233,452)

Liquidity and solvency financial ratios

Financial Ratios	2021	2022	2023
Acid proof	1.00	0.95	0.54
Liquidity Ratio	1.01	1.03	0.79
Leverage Ratio	111.76	25.40	(26.84)
Interest Coverage Ratio	15.54	0.59	0.22





Three-Element Dupont Analysis.

ROE	2021	2022	2023
Productivity	0.01	0.02	0.06
Assets Turnover	0.06	1.63	4.66
Leverage	112.76	26.40	(25.84)
Dupont ROE	0.07	0.89	(6.83)
ROE	0.07	0.89	(6.83)
Control Roe	0	0	0

Return on Capital (ROC) Analysis.

ROC (Gross)	2021	2022	2023
Operating Productivity	0.01	0.04	0.08
IC Turnover	7.19	43.03	(120.33)
Dupont ROC	0.07	1.89	(9.26)
ROC	0.07	1.89	(9.26)
Control ROC	0	0	0

Analysis of the Return on Net Operating Capital (ROIC).

ROIC (Net ROC)	2021	2022	2023
Revenues	402,992	21,660,902	28,092,207
Ebit	3,792	950,059	2,161,168
Income Tax	0	0	(546,354)
NOPAT	3,792	950,059	1,614,814
Nopat Margin	0.01	0.04	0.06
Dupont ROIC	0.07	1.89	(6.92)
ROIC	0.07	1.89	(6.92)

K.1.2 Estimation of the Discount Rate Ke.

The higher the systematic risk of a stock, the higher the return that investors will expect from equity securities. In order to estimate an appropriate discount rate in nominal terms and after taxes, the following inputs were used to determine the value of the Weighted Average Cost of Capital (WACC):

Risk-free rate (Rf). It is based on the yield of government bonds; in this case, the yield of the Mexican 10-year bond was considered, according to the website [Tradingeconomics.com](https://www.tradingeconomics.com), with the following result:

The risk-free rate obtained is **9.10%**.

Figure 3: Mexican 10-Year Bond Interest Rate Expectations





Beta (β). In order to determine the appropriate Beta (β) factor for the business, a market sample of levered betas from companies comparable to the valued business was considered:

Identifier	Company Name	TRBC Industry Name	Country of Headquarters	Beta 5 Year	Total Debt		
					Total Equity (FY0)	Percentage of Income Tax (FY0)	Credit Rate - % Combined PD (%)
MLRT.PK	Metalert Inc	Phones & Handheld Devices	United States of America	-0.06			2.4%
SYTA.OQ	Siyata Mobile Inc	Phones & Handheld Devices	Canada	1.40	10.2%		0.5%
QLIS.PK	Qualis Innovations Inc	Phones & Handheld Devices	United States of America	-1.16	13.9%		0.5%
CCS.WA	Cyfrowe Centrum Serwisowe SA	Phones & Handheld Devices	Poland	0.54	17.1%		0.2%
MXC1.WA	MaxCom SA	Phones & Handheld Devices	Poland	0.81	38.4%		0.0%
GGS.BE	Gigaset AG	Phones & Handheld Devices	Germany	1.29	76.3%		3.3%
ROHUNT.BX	iHunt Technology Import Export SA	Phones & Handheld Devices	Romania	1.25	71.0%		0.2%
NUH.AX	Nuheara Ltd	Phones & Handheld Devices	Australia	1.98	50.6%		0.3%
UDCG.DE	UniDevice AG	Phones & Handheld Devices	Germany	0.53	29.0%	29.5%	0.2%
ALLEX.PA	Lexibook Linguistic Electronic System SA	Phones & Handheld Devices	France	1.78	78.8%	8.0%	0.1%
DZSI.OQ	DZS Inc	Phones & Handheld Devices	United States of America	1.59	23.7%		1.1%
DORO.ST	Doro AB	Phones & Handheld Devices	Sweden	0.92	3.4%	43.8%	0.1%
QTXL.L	Quartix Technologies PLC	Phones & Handheld Devices	United Kingdom	1.32	4.0%		0.1%
RTX.CO	Rtx A/S	Phones & Handheld Devices	Denmark	1.68	15.0%	21.0%	0.1%
TUNE.L	Focusrite PLC	Phones & Handheld Devices	United Kingdom	1.32	32.0%	21.8%	0.3%
SLYG.BB	Shelly Group AD	Phones & Handheld Devices	Bulgaria	1.73	2.5%	12.2%	0.0%
NN.QQ	NextNav Inc	Phones & Handheld Devices	United States of America	1.38	60.5%		0.4%
TOM2.AS	TomTom NV	Phones & Handheld Devices	Netherlands	1.21	25.7%		0.1%
AAPL.OQ	Apple Inc	Phones & Handheld Devices	United States of America	1.28	180.4%	14.7%	0.0%
				OBS	19	18	19
				MAX	1.98	1.80	43.75%
				MIN	-1.16	0.02	7.96%
				AVERAGE	1.09	0.41	21.56%
				MEDIAN	1.29	0.27	21.05%
				P. 25	0.87	0.14	13.47%
				P. 75	1.50	0.58	25.63%
							0.42%

The levered beta of the sector corresponding to the company is **1.29x** (mean).

Unlevered Beta Formula:

$$\text{Unlevered Beta} = \frac{\text{Levered Beta}}{[1 + (1 - \text{Tax Rate}) \times (\frac{\text{Debt}}{\text{Equity}})]}$$

The appraiser conducted the estimation of the unlevered BETA forecast for the business, having applied to the debt/equity ratio of the subject, the sample average, and the effective tax rate of the sector (ETR); with a result of **1.0568x**.

Relevered Beta Formula:

$$\text{Levered Beta} = \text{Unlevered Beta} \times [1 + (1 - \text{Tax Rate}) \times (\frac{\text{Debt}}{\text{Equity}})]$$

Once the sector's unlevered BETA indicator was obtained, the appraiser carried out the estimation of the forecast for the relevered BETA to the business subject to valuation, having applied to the debt/equity ratio of the subject, the sector sample's median, and the Marginal tax rate of Mexico (MTR), with a result of **1.5149x**.



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Equity Market Risk Premium: It was obtained from the historical average of the difference in returns or “spread” between the Mexican stock market using the indicator known as the enterprise risk premium (ERP).

The enterprise risk premium is **3.50%**

AÑO	IRTmx (RM)	%R. Discreto	E(RM)	4.0110 %R.CONTINUO A/C	T. Bill 3 (RF)	Cetes A/91 (R)	E(rm-rf)	SPREAD	
								66.74%	3.50%
1975	0.21								
1976	0.27	28.65%	25.19%						
1977	0.39	41.34%	34.60%						
1978	0.86	121.42%	79.49%	0.1275	66.74%				
1979	1.35	56.64%	44.88%	0.1850	26.38%				
1980	1.43	6.32%	6.13%	0.2825	-22.12%				
1981	0.95	-33.82%	-41.27%	0.3390	-75.17%				
1982	0.68	-28.65%	-33.76%	0.5786	-91.62%				
1983	2.45	262.55%	128.80%	0.5385	74.95%				
1984	4.04	64.70%	49.90%	0.4836	1.54%				
1985	11.20	177.27%	101.98%	0.7530	26.68%				
1986	47.10	320.65%	143.66%	1.0623	37.43%				
1987	105.67	124.35%	80.80%	1.3738	-56.58%				
1988	211.53	100.18%	69.41%	0.5148	17.93%				
1989	418.93	98.04%	68.33%	0.3930	29.03%				
1990	628.79	50.10%	40.61%	0.2499	15.62%				
1991	1,431.46	127.65%	82.27%	0.1599	66.28%				
1992	1,759.44	22.91%	20.63%	0.1849	2.14%				
1993	2,602.63	47.92%	39.15%	0.1073	28.42%				
1994	2,375.66	-8.72%	-9.12%	0.3199	-41.11%				
1995	2,778.47	16.96%	15.66%	0.4639	-30.73%				
1996	3,361.03	20.97%	19.03%	0.2655	-7.52%				
1997	5,229.35	55.59%	44.20%	0.1979	24.41%				
1998	3,959.66	-24.28%	-27.81%	0.3180	-59.61%				
1999	7,129.88	80.06%	58.81%	0.1744	41.37%				
2000	5,652.19	-20.73%	-23.23%	0.1801	-41.24%				
2001	6,372.28	12.74%	11.99%	0.0760	4.39%				
2002	6,160.62	-3.32%	-3.38%	0.0808	-11.46%				
2003	9,047.42	46.86%	38.43%	0.0617	32.26%				
2004	13,546.81	49.73%	40.37%	0.0881	31.56%				
2005	19,115.61	41.11%	34.44%	0.0801	26.43%				
2006	28,872.03	51.04%	41.24%	0.0717	34.07%				
2007	32,963.78	14.17%	13.25%	0.0763	5.62%				
2008	25,535.78	-22.53%	-25.53%	0.0815	-33.68%				
2009	37,325.45	46.17%	37.96%	0.0461	33.35%				
2010	45,390.19	21.61%	19.56%	0.0458	14.98%				
2011	44,409.91	-2.16%	-2.18%	0.0449	-6.67%				
2012	53,162.78	19.71%	17.99%	0.0423	13.76%				
2013	53,151.13	-0.02%	-0.02%	0.0344	-3.46%				
2014	54,209.65	1.99%	1.97%	0.0294	-0.97%				
2015	55,001.82	1.46%	1.45%	0.0329	-1.84%				
2016	59,483.27	8.15%	7.83%	0.0596	1.87%				
2017	63,612.71	6.94%	6.71%	0.0713	-0.42%				
2018	56,523.88	-11.14%	-11.82%	0.0857	-20.39%				
2019	60,964.43	7.88%	7.56%	0.0752	0.04%				
2020	61,785.19	1.35%	1.34%	0.0429	-2.95%				
2021	78,549.00	27.13%	24.01%	0.0575	18.26%				
2022	74,244.04	-5.48%	-5.64%	0.1070	-16.34%				
2023	91,069.32	22.66%	20.43%	0.1127	9.16%				
	Av. 10yrs	0.0554	0.0489	0.0626					
	Av. 20yrs	0.1555	0.1283	0.0641					

Size Prime.

A size premium was applied to the firm, based on the book value of equity according to the following table.





The Size Prime is **5.01%**

Based on the historical incremental return on similar sized stocks as published by Duff and Phelps in the Cost of Capital Navigator

Source: Duff & Phelps Cost of Capital Navigator

Sice Decile	Size Premium	Market Cap (\$MM)	
		Smallest	Largest
1	-0.22%	29,025.8	1,966,078.9
2	0.49%	13,178.7	28,808.1
3	0.71%	6,743.4	13,177.8
4	0.75%	3,861.9	6,710.7
5	1.09%	2,445.7	3,836.5
6	1.37%	1,591.9	2,444.7
7	1.54%	911.6	1,591.9
8	1.46%	452.0	911.1
9	2.29%	190.0	451.8
10	5.01%	2.2	189.8
Mid-Cap, 3-5	0.78%	2,445.7	13,177.8
Low-Cap, 6-8	1.43%	452.0	2,444.7
Micro-Cap, 9-10	3.21%	2.2	451.8

Estimation of the Cost of Equity (Ke), resulting in 18.60%, in accordance with observable rates in the Mexican market:

Capital Assets Pricing Model		
	USA	Mx
Risk-Free Rate (RF)	3.96%	9.10%
Enterprise Risk Premium (ERP)	4.45%	3.50%
Beta Coeficient (Beta)	1.2851	1.2851
Debt-Equity Ratio (D/E)	27.36%	27.36%
Tax Rate (Sector)	21.05%	21.05%
Unlevered Beta	1.0568	1.0568
D-E (Normalized)	58.01%	58.01%
Tax Rate (Sector)	25.28%	25.28%
Relevered Beta	1.5149	1.5149
Country Risk (EMBIG)	3.78%	
Size Premium (SP)	5.01%	5.01%
KE	18.47%	18.60%

Source: Duff & Phelps

K.1.3 RELATIVE VALUATION METHOD.

Market Sample of Trading Multiples (PEERS). The market approach was applied based on an indicator known as “Enterprise Value to Sales x”; with an estimate of 0.9518x ¹ times Ventas:

¹Mediana de la muestra





The market approach was also applied based on an indicator known as “Enterprise Value to EBIT x”; with an estimate of 9.2371x² times EBIT:

Identifier	Company Name	TRBC Industry Name	Country of Headquarters	Enterprise Value to Sales	Enterprise Value to EBIT (FY0)
MLRT.PK	Metalert Inc	Phones & Handheld Devices	United States of America		
SYTA.OQ	Siyata Mobile Inc	Phones & Handheld Devices	Canada	0.30	
QLIS.PK	Qualis Innovations Inc	Phones & Handheld Devices	United States of America		
CCS.WA	Cyfrowe Centrum Serwisowe SA	Phones & Handheld Devices	Poland	0.18	
MXC1.WA	MaxCom SA	Phones & Handheld Devices	Poland	0.35	
GGS.BE	Gigaset AG	Phones & Handheld Devices	Germany	0.09	1.60
ROHUNT.BX	iHunt Technology Import Export SA	Phones & Handheld Devices	Romania	1.16	56.87
NUH.AX	Nuharea Ltd	Phones & Handheld Devices	Australia	10.03	
UDCG.DE	UniDevice AG	Phones & Handheld Devices	Germany	0.06	5.46
ALLEX.PA	Lexibook Linguistic Electronic System SA	Phones & Handheld Devices	France	0.80	5.71
DZSI.OQ	DZS Inc	Phones & Handheld Devices	United States of America	0.14	
DORO.ST	Doro AB	Phones & Handheld Devices	Sweden	0.42	5.17
QTX.L	Quartix Technologies PLC	Phones & Handheld Devices	United Kingdom	2.65	52.49
RTX.CO	Rtx A/S	Phones & Handheld Devices	Denmark	1.12	10.45
TUNE.L	Focusrite PLC	Phones & Handheld Devices	United Kingdom	1.11	12.26
SLYG.BB	Shelly Group AD	Phones & Handheld Devices	Bulgaria	8.08	8.03
NN.QQ	NextNav Inc	Phones & Handheld Devices	United States of America		
TOM2.AS	TomTom NV	Phones & Handheld Devices	Netherlands	1.19	
AAPL.OQ	Apple Inc	Phones & Handheld Devices	United States of America	6.99	23.86
		OBS		16	10
		MAX		10.03	56.87
		MIN		0.06	1.60
		AVERAGE		2.17	18.19
		MEDIAN		0.95	9.24
		P. 25		0.27	5.52
		P. 75		1.56	20.96

K.2 Value of the Business by PEERS.

The appraiser conducted a capitalization by multiples for the estimation of the fair value of the company, according to the market approach; as can be seen:

Concept	Amount	Chosen Multiple	Enterprise Value
Revenues 2023	28,092,207	0.95	26,736,959
EBIT 2023	2,161,168	9.24	19,962,995

K.3 APPLICATION OF THE DIRECT CAPITALIZATION METHOD. Through the income approach.

After conducting a detailed financial analysis of the business and given the difficulty in accurately projecting the revenues and cash flows of the entity due to its current negative equity and the variability of its historical figures, the appraiser decided to capitalize the NOPAT of the business with figures as of 2023, using a nominal capitalization rate that represents the opportunity cost of the business, along with the minimum expected appreciation of the Mexican economy, also taking into account the growth of such cash flows at a long-term inflation rate; having used the model of Geometrically Growing Annuity in accordance with the theoretical framework of corporate finance:

²Mediana of the sample





	2023
Revenues	28,092,207
Ebit	2,161,168
Income Tax	(546,354)
NOPAT	1,614,814
WACC	18.60%
Inf	4.10%
G%	5.57%
Firm Value	\$ 12,895,851

K.4 WEIGHTED FAIR VALUE OF THE ONGOING BUSINESS, WITH FIGURES AS OF 12/31/2023.

The fair value of the firm (Firm Value), as of the valuation date, is concluded next, having given the following importance to the models in the weighting: i) A weight of 33% to the valuation model known as Direct Capitalization, ii) A weight of 33% to the relative valuation model (PEERS) known as Enterprise Value to Sales x; iii) A weight of 33% to the relative valuation model (PEERS) known as Enterprise Value to EBIT x; as shown below:

VIVO TECH	Figures in pesos (Mxn)	dic-23	
		% Pond.	Pond. Firm Value
Valuation Models	Fair Value	100%	
DCF Valuation	12,895,851	33%	4,298,187
PEERS 1 (Top Line)	26,736,959	33%	8,911,428
PEERS 2 (Middle Line)	19,962,995	33%	6,653,666
		FIRM VALUE 2023 \$ 19,863,282 Mxn	

Firm Value as of 12/31/2023: \$19,863,282 MXN

(Nineteen million eight hundred sixty-three thousand two hundred eighty-two pesos 00/100 M.N.)

K.5 FAIR VALUE OF EQUITY CAPITAL, WITH FIGURES AS OF 12/31/2023

Once the value of the business firm was estimated, the appraiser proceeded to subtract the Net Debt of the business, thus obtaining the fair value of the equity capital.

Next, the fair value of the equity capital (*Equity value*) as of the valuation date is concluded:

Equity Capital Value as of 12/31/2023: \$16,409,631 MXN

	FIRM VALUE 2023 \$ 19,863,282 Mxn
Total Assets	6,032,499
Tobin's Q	3.29 x
Net Revenues	28,092,207
EV to Rev. x Implied	0.71 x
Operating Income	2,161,168
Enterprise Value to EBIT x Implied	9.19 x
Bank Loans	(6,860,788)
Cash and Equivalents	3,407,138
Equity Value 2022 \$ 16,409,631 Mxn	

(Sixteen million four hundred nine thousand six hundred thirty-one pesos 00/100 M.N.)

K.6 Fair Value per Share.

At the express request of the applicant, the appraiser proceeded to calculate the fair value corresponding to each share. Therefore, the number of shares available was first accounted for (according to the information provided by the applicant), and then the total fair value of the Equity was divided by the number of shares; thus obtaining a unit value per share of \$328.19 pesos per share, as can be seen:



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%	Name	Series 'A' Shares	Nominal Value	Fair Value per Shareholder
99.9980%	Lucky Crest Limited	49,999	\$ 49,999	\$ 16,409,303
0.0020%	Lukun Zhang	1	\$ 1	\$ 328
100.00%	TOTAL	50,000	\$ 50,000	\$ 16,409,631
VIVO TECH			dic-23	
Fair Unitary Value per Share.			\$ 328.19	MXN

Conclusion:
\$328.19 MXN
(Three hundred twenty-eight pesos 19/100 M.N.)

L INSPECTION DATE

Not applicable.

M REFERENCE DATE FOR VALUE

December 31, 2023.

N VALUATION REPORT DATE

March 25, 2024.

O SOURCES OF INFORMATION

- To obtain economic data for Mexico such as inflation, please consult the website of the National Institute of Statistics and Geography (INEGI): <http://www.inegi.org.mx/sistemas/IndicePrecios/>
- For financial information related to industry, sector, discount rates, and peers, you can visit: <https://www.refinitiv.com/en>
- To access reference data on risk-free rates for Mexico, please refer to the website of the Bank of Mexico: www.banxico.org.mx
- For obtaining macroeconomic indicators, you can find information from “Economía en breve” by Mtro. Mario Correa at: https://www.youtube.com/channel/UCtt93euOsTuq_gjUiZV-MSA
- For other financial data, you can visit the following websites:
 - www.damodaran.com
 - www.reuters.com
 - www.bmv.com.mx
 - www.sat.gob.mx
- For sector analysis, brand profiles, and the macro environment, you can access Passport Euromonitor at: <https://www.portal.euromonitor.com/>
 - <https://www.vivo.com/en>





- <https://www.vivo.com.mx>
- <https://www.statista.com/statistics/541618/vivo-smartphone-shipments-worldwide/>
- Vivo share of global smartphone shipments 2019-2023. Statista
- Vivo Communication Technology. Crunchbase Company Profile & Funding
- La venta de “smartphones” mueve 93.000 millones hasta marzo: qué marcas suben y cuál se desploma? elpais.com

P PRELIMINARY CONSIDERATIONS BEFORE CONCLUSION

- a) This study is only valid for the purpose and use specified in sections H and I of this report and when it is signed by the valuator.
- b) The statements of facts, data, and documents provided by the requester for the preparation of this report are assumed to be true and correct.
- c) The analysis and opinions reported in this report are limited only by the assumptions and limiting conditions reported and are the result of the professional and impartial conclusions of the signing valuator.
- d) The signing valuator has no present or future interest in the conclusive figures that are the subject of this report, nor does the valuator have personal interests or bias with respect to the involved parties.
- e) The economic compensation of the valuator is not conditioned on the report of a predetermined or directed value that favors the requester's cause.
- f) This valuation report may only be used in its entirety and not in parts. No part of the report may be used in conjunction with any unrelated study. The publication of the report or any of its parts without the written authorization of the undersigned Public Broker is prohibited. This appraisal may not be used by any person or entity other than the one to which it is addressed or for a purpose or use other than stipulated.
- g) This study does not validate or indicate the legal, accounting, and/or tax treatment of the conclusive figures in the report in accordance with the financial information standards (NIF), the Income Tax Law, the VAT Law, and other applicable regulations.





CHAPTER VI CONCLUSIONS.

Q VALUATION CONCLUSION.

FIRST.- The FAIR VALUE of the company VIVO TECH, S.A. de C.V. as an ongoing business (*Firm Value*), as well as its *Equity value* according to the application of the valuation models described in chapters IV and V of this report, with a valuation date of December 31, 2023, according to the purpose and use of the appraisal, is for the following amount:

Firm Value as of 12/31/2023:\$19,863,282 MXN
(Nineteen million eight hundred sixty-three thousand two hundred eighty-two pesos 00/100 M.N.)

VIVO TECH	Figures in pesos (Mxn)	% Pond.	dic-23
Valuation Models	Fair Value	100%	Pond. Firm Value
DCF Valuation	12,895,851	33%	4,298,187
PEERS 1 (Top Line)	26,736,959	33%	8,911,428
PEERS 2 (Middle Line)	19,962,995	33%	6,653,666
FIRM VALUE 2023		\$ 19,863,282	Mxn

Equity Capital Value as of 12/31/2023: \$16,409,631 MXN
(Sixteen million four hundred nine thousand six hundred thirty-one pesos 00/100 M.N.)

FIRM VALUE 2023	\$ 19,863,282	Mxn
Total Assets	6,032,499	
Tobin's Q	3.29	x
Net Revenues	28,092,207	
EV to Rev. x Implied	0.71	x
Operating Income	2,161,168	
Enterprise Value to EBIT x Implied	9.19	x
Bank Loans	(6,860,788)	
Cash and Equivalents	3,407,138	
Equity Value 2022	\$ 16,409,631	Mxn

[BLANK SPACE]





SECOND.- The fair value per share as of 12/31/2023 is \$328.19 pesos per share, as detailed:

Fair Value Per Share as of 12/31/2023: **\$328.19MXN**

(Three hundred twenty-eight pesos 19/100 M.N.)

		VIVO TECH	dic-23	
		Fair Unitary Value per Share.	\$	328.19 MXN
%	Name	Series 'A' Shares	Nominal Value	Fair Value per Shareholder
99.9980%	Lucky Crest Limited	49,999	\$ 49,999	\$ 16,409,303
0.0020%	Lukun Zhang	1	\$ 1	\$ 328
100.00%	TOTAL	50,000	\$ 50,000	\$ 16,409,631

To the best of my judgment and opinion, on the 25th day of March, 2024 (two thousand and twenty-four), according to the valuation criteria explained in the development of this report, I issue this VALUATION REPORT, with a VALUATION DATE as of December 31, 2023; for all purposes as appropriate.

“APPRAISER”

Mtro. Diego Miguel Perezcano Beltrán
Public Broker No. 2 of the State of Mexico,
Specialist in business valuation, professional
license number 10548258

R PHOTOGRAPHIC REPORT

Not applicable.

S APPENDIX

Appendix 1.- Corporate Information. Appendix 2.- Financial Information.



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