

## Quarterly Financial Information

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## [105000] Management commentary

### Management commentary [text block]

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Walmex's response to COVID -19.

Our priority remains consistent: keeping our associates and customers safe.

Measures to support our associates: change in payment frequency from biweekly to weekly so they can have quicker access to their earnings, a discount to buy every day needs in stores that is now also enabled for online shopping, and a medical line to support our associates' and their families' health and well-being. All those measures continue in place, and in addition to them, last quarter we made a partial early payment of the annual bonus for operations associates as a recognition to their constant effort to serve our customers.

As we enter the holiday season, it becomes increasingly important not to let our guard down, to continue monitoring the situation daily and to follow the authorities' guidelines.

Our customers' preferences have been changing as the pandemic evolves, and we are doing everything we can to serve them. Our supply chain is operating at full speed, our stores continue to operate with the required social distancing measures and health protocols, and we continue to take additional cleaning and sanitizing measures to keep customers safe.

We remain committed to our Every Day Low Prices philosophy, ensuring the lowest prices on a basket of goods.

Earlier in the year, we launched "Los Esenciales" campaign, which consists in providing the lowest prices for nearly 300 basic items and maintaining these low prices for an extended period of time, with the goal of reinforcing even further our Low Price value proposition. During the third quarter, we extended this program to 60 basic school supply items, to support our customers during the back-to-school season.

Our Private Brand products are a great alternative and have an important role during these times, as customers are becoming more price sensitive. We can offer great quality products at the lowest prices, while driving loyalty. We launched an event featuring our Private Label products in Walmart, Superama and Bodega Aurrera, where we achieved double-digit sales growth.

We continue to respond to the needs of our communities:

In collaboration with other organizations, we were able to support more than 45,000 people affected by COVID-19, by donating over \$33 million pesos to help them afford everyday needs through our gift cards program.

In the past months, several areas of the region have been impacted by natural disasters, such as hurricane Hannah and tropical storm Hernan. Together with the Mexican Red Cross, we donated more than 27 tons of food to over 10,000 people to support relief efforts.

Frontline workers in our communities continue to be an example during these times, and they deserve our deepest admiration and respect. In an effort to support them, we decided to grant a 10% discount in pharmacy products to all doctors, nurses, paramedics, police officers and firefighters who shop at our stores.

We know these are challenging times for our business partners and suppliers too, especially for the small ones, as many of them were not prepared for the unprecedented and accelerated shift we are experiencing from the physical to the digital world.

We launched *Walmart Reemprende Digital*. A digital strengthening program designed for entrepreneurs with micro and small businesses that were affected by the COVID-19 contingency and that require support to enter the digital world as an alternative to face the crisis. We made this program possible through the alliance between Fundación Walmart and Fundación ProEmpleo Productivo, A.C., and we hope this initiative will contribute to reactivate the economic activity in the country.

Collaboration between our suppliers and our teams remains close and strong. As an additional measure to support our micro and small suppliers, we decided to keep the reduced payment terms indefinitely to help them finance their operations.

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### Disclosure of nature of business [text block]

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Walmart de México y Centroamérica is one of the leader retail chains in the region.

As of September 30, 2020, it operates 3,452 units, throughout 6 countries (Costa Rica, Guatemala, Honduras, El Salvador, México, and Nicaragua), including self-service stores, membership clubs and omnichannel sales.

Walmart shares trade in the Mexican Stock Exchange since 1977; the ticker symbol is **WALMEX**.

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

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The objective of the Company is to double total sales in 10 years and to leverage operating expenses to reinvest in the business.

Sales growth will come from:

- Same store sales
- Sales from new stores
- eCommerce

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

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The Company is exposed to the effects of future events that could affect the purchasing power and/or buying habits of the population. These events may be economic, political or social in nature and some of the most important are described below:

- I. Changes in exchange rates. Exchange rate fluctuations tend to put upward pressure on inflation and reduce the population's purchasing power, which could ultimately adversely affect the Company's sales, particularly due to the purchases of imported goods.

- II. Competition. The retail sector has become very competitive in recent years, which has led to the need for all the players in the market to constantly look for ways to set themselves apart from the competition. This puts the Company's market share at risk. Other factors affecting the Company's market share could be the business expansion of its competitors and the possible entrance of new competitors into the market.
- III. Inflation. A significant increase in inflation rates could have a direct effect on the purchasing power of the Company's customers and the demand for its products and services, as well as employment and salaries.
- IV. Changes in government regulations. The Company is exposed to the changes in different laws and regulations, which, after becoming effective, they could affect the Company's operating results, such as an impact on sales, expenses for payroll indirect taxes and changes in applicable rates. Currently, the level of scrutiny and discretion by the tax authorities has greatly increased. Mexican legal courts have changed their position favoring those authorities ignoring violations of form and procedure.
- V. Recent developments. So far this year, there have been events at the international and national level that have had an impact on the volatility of economic and market indicators.

These events in Mexico and Central America are derived from the contingency generated by the COVID 19 pandemic, as well as the decrease in oil prices. This has led to a depreciation of the Mexican peso, limitations in the people mobility, loss of jobs and consequently a reduction in their capacity to generate income.

However, given the dynamic nature of this outbreak, the extent to which the COVID 19 virus will impact the Company's results will depend on its future development and, to a large extent, on the actions taken by the various governments of the countries in which we operate. The effects of all these factors remain uncertain and, therefore, it is not possible to predict at this time how they will affect us.

The impact could result in a loss of consumer purchasing power and a consequent decrease in consumption; disruptions in the supply chain with impacts on the supply of goods in stores; increased operating expenses due to additional support to personnel; and various health and safety measures; risk of recovery of accounts receivable (mainly related to tenant rents); impairment in the value of own and leased fixed assets, as well as possible decrease in the value of inventories in certain categories due to shrink or future markdowns; and finally, unfavorable financial effects of exchange rates related to purchases of import goods. All of these factors together could have a material adverse effect on the Company's financial condition and results of operations.

As of the date of this report, the financial effect of the combination of these events has not had a material adverse impact on the financial statements taken as a whole.

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## Disclosure of results of operations and prospects [text block]

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Note: The percentages of sales growth related to Central America are determined on a constant currency basis.

At a consolidated level, total revenues increased 6.7%.

Mexico delivered total revenue of \$135.2 billion pesos, an increase of 6.5% over last year.

In Central America, total revenue reached \$30.1 billion pesos, a decrease of 4.0%.

For the 9 months from January to September, Walmex total revenues grew 9.7%. In Mexico we saw an 8.9% increase and in Central America a 0.4% decline.

### MÉXICO

Our performance has been consistent and same-store sales growth continues to be the main driver.

In Mexico, same-store sales increased 5.4%.

### PERFORMANCE BY REGION:

All regions and formats had a positive performance. The North and Metro regions delivered the highest same-store sales growth, followed by the South and Center regions.

The Center delivered softer growth, as the macroeconomic situation in the region is softer than in the rest of the country.

### PERFORMANCE BY FORMAT:

Looking at the performance by format, Sam's Club posted the highest same-store sales growth, followed by Superama and Walmart. The exposure to high and mid socio-economic level customers, the one-stop shop nature of the formats and a compelling omnichannel offering have been key drivers of the strong performance in those formats.

In Sam's, we hosted another edition of our "Open House" event where we invited customers to shop at our clubs and online without a membership so they can experience firsthand the amazing merchandise and value they can find at Sam's Club.

At Walmart, we launched "Semanas de Frescura" in the southeast region of the country. The program continues to reinforce our Fresh division by offering great quality products at very low prices throughout the week, aligning with our EDLP philosophy. We know Fresh is a key traffic driver and we are innovating and finding ways to improve our value proposition.

Bodega's sales growth continues to be softer than the rest of the business, as our Bodega customer is the most price sensitive and is facing challenging times.

### PERFORMANCE BY DIVISION:

In terms of categories, Food and Consumables delivered the highest growth, followed by General Merchandise and Apparel.

With operating restrictions for non-essential businesses across the country, families continue to stay at home and prepare more meals than usual, and our Food and Consumables divisions has benefited from that trend.

Within General Merchandise, during the quarter we experienced strong growth in categories such as Home, as customers looked for ways to improve their living spaces while they were required to stay in their houses; or Computers and Tablets, as most students started the school year virtually given the social distancing measures. However, the back-to-school season was much softer than usual given the uncertainty around the timing of students physically returning to school. As expected, school supplies, uniforms and snacks sales were weak, though we saw a slight recovery later in the period.

The Apparel division has suffered the most during the pandemic. In order to provide our customers better access to our Apparel catalogue, we started to offer apparel items online through our on-demand platform. We saw a sequential improvement from the 2Q to the 3Q, and we will continue to find ways to resume growth in the division.

Before I move on to the next topic, I would like to give you an update on the new labeling rule adoption. We worked on an implementation schedule with our suppliers to make sure our customers find the products with the right labels on our shelves once the rule is implemented.

#### OMNICHANNEL

The investments we've made in our omnichannel business have us in a unique position to serve customers. Being close to the customer is becoming even a greater competitive advantage as the online demand remains almost as high as in March, when the pandemic was declared.

The surge in demand we saw earlier in the year led to a drop in our service levels. For April, the NPS dropped 26 points. By building capacity, investing and fine-tuning our models, we have been able to improve our service, taking it beyond pre-COVID-19 levels. During September, we reached an all-time max in NPS in Superama and Walmart, by improving NPS by 48 points vs. our lowest score in the year. I want to congratulate our associates for this great achievement. You can expect us to continue to focus on improving customer experience, as it is key to keep customers in our ecosystem.

On the third quarter, we finished the roll out of Sam's on-demand to our 164 clubs and we extended the offering to more categories, such as Pharmacy.

We also progressed with the implementation of our crowdsourcing model, which will be critical to improve service levels in an efficient way.

To further improve the customer experience in Extended Assortment, we launched Self Service Returns in our Walmart app. Now customers can return or cancel orders in a frictionless way at the store or using a delivery company. This feature will help reduce costs and improve the overall returns experience.

On 2Q20 we launched Bodega 1P operations for General Merchandise through our [bodegaurrera.com.mx](http://bodegaurrera.com.mx) site. So far, we've had a great response from our customers. They appreciate the access to a wider variety of items at a low cost, the convenience of being able to pay at our stores with their preferred payment method and the practicality of receiving their items at home or of picking them up at their nearest store at no extra cost.

In the third quarter, we took our omnichannel offering to the next level by starting Grocery Home Shopping in Bodega.

We are offering delivery and pickup, which has been welcomed by our customers. So far, the service is enabled in 40 stores and we plan to expand it to 100 stores by the end of the year.

There is a lot to learn from our Bodega customer when it comes to omnichannel, but we are sure there is great potential to provide a seamless shopping experience for our customers. Our assets, our brand and our customers' trust position us uniquely to win in this space.

The omnichannel growth momentum continues and we are seeing significant improvements in profitability.

During the quarter, eCommerce sales grew by 201% and GMV by 191%.

eCommerce sales represented 3.8% of Mexico sales and contributed 270 bps to total sales growth.

We know customers are appreciating our eCommerce offering and are likely to continue to buy online once the situation normalizes. The NPS evolution and the progress we've done in our omnichannel business tell us we are in the right path to continue to serve them going forward. So, we believe it is critical to continue to invest and improve our service levels to keep customers in our ecosystem.

#### PERFORMANCE VS. THE MARKET

We have been able to expand sequentially the same-store sales growth gap vs. the self-service and clubs market measured by ANTAD throughout the year.

As consumer habits slowly return to a more normal state, our Every Day Low Price proposition continues to gain strength, especially amid the high- low promotional environment we typically experience during the summer. During the third quarter, we grew 340 bps ahead of the market.

#### CENTRAL AMERICA

We continue to face a challenging environment, yet we are managing to grow ahead of the market and to gain share in most of the countries.

We are focusing commercial activities on basic items by reinforcing our price leadership through campaigns such as "Aquí lo tienes" or "Lo que necesitas pagando menos".

We are also making progress with our productivity and innovation agenda. We opened our first omnichannel store in the region: Walmart Supercenter Heredia Este in Costa Rica.

In this new store prototype, we are taking into consideration our customers' new shopping habits to provide an enhanced shopping experience. The store is equipped with pickup station and enabled to do home delivery. It is the first store with self-checkout, it has a revised and leaner catalogue and our associates have a multi-task profile, which translates into greater productivity.

Regarding omnichannel, we accelerated considerably our omnichannel plans due to the pandemic. As of today, we have more than 200 stores with omnichannel capabilities, in which we offer pickup and delivery, providing a seamless and safe shopping experience to our customers.

#### NEW STORES, LOGISTICS NETWORK REDESIGN AND INVESTMENTS

We continue to invest in the region despite an uncertain environment, as we believe in the long-term potential of the region.

We had to defer store construction and remodels due to practical impossibility of obtaining permits and licenses or due to the social distancing measures. Now, we are resuming new store growth at a faster pace, following authorities' guidelines for construction and making sure conditions are safe to resume activities.

We opened 24 new stores during the quarter: 19 in Mexico and 5 in Central America, which compares to 9 stores and 12 stores opened in the first and second quarters, respectively.



New stores contribution to total sales growth during the third quarter was 1.4%.

I would like to highlight that during the third quarter, we opened an omnichannel Sam's Clubs in Ciudad Juarez, Chihuahua. It is very exciting as our previous Sam's opening was in 2018. We will continue to focus on omnichannel and on driving same-store sales in Sam's, and we'll open new clubs as appropriate.

### THIRD QUARTER AND 2020 RESULTS

#### MEXICO

- Third Quarter Results

During the third quarter, total revenues grew 6.5%.

We experienced a shift to lower margin categories and we invested further in price, yet we were able to keep gross margin at 23.3% of revenues.

Disciplined expense control allowed us to maintain SG&A at 14.4% of revenues and growing in line with total revenues, even though we incurred higher costs to operate related to the COVID-19 pandemic.

EBITDA grew 5.2% resulting in an 11.5% margin.

	3Q20		3Q19		Var.
	\$	%	\$	%	%
<b>(MX\$ Millions)</b>					
<b>Total revenue</b>	135,247	100	126,975	100	6.5
<b>Gross margin</b>	31,520	23.3	29,614	23.3	6.4
<b>General expenses</b>	19,457	14.4	18,264	14.4	6.5
<b>Earnings before other income, net</b>	12,063	8.9	11,350	8.9	6.3
<b>Other income, net</b>	112	0.1	97	0.1	16
<b>Operating income</b>	12,175	9.0	11,447	9.0	6.4
<b>EBITDA</b>	15,529	11.5	14,765	11.6	5.2

- 2020 Results

In Mexico, total revenues increased 8.9%, gross profit margin expanded by 10 bps to 22.8% and expenses increased 10.9%.

Operating income grew 6.9% and EBITDA margin contracted 30 bps to 10.8%.

Excluding the payment to the SAT, general expenses would have grown below total revenues rate, representing 14.1% of revenues; and EBITDA margin would have expanded 20 bps to 11.3%.

	9M20		9M19		Var.
	\$	%	\$	%	%
<b>(MX\$ Millions)</b>					
<b>Total revenue</b>	412,176	100	378,583	100	8.9
<b>Gross margin</b>	93,982	22.8	86,003	22.7	9.3
<b>General expenses</b>	59,761	14.5	53,909	14.2	10.9

<b>Earnings before other income, net</b>	34,221	8.3	32,094	8.5	6.6
<b>Other income, net</b>	316	0.1	226	0.1	39.5
<b>Operating income</b>	34,537	8.4	32,320	8.5	6.9
<b>EBITDA</b>	44,653	10.8	42,091	11.1	6.1

## CENTRAL AMERICA

Note: The percentages of sales growth related to Central America are determined on a constant currency basis.

- Third Quarter Results

Please remember that when I talk about Central America, I am referring to figures on a constant currency basis.

Total revenues decreased 4.0%.

Gross margin expanded 50 bps to 25.1% due to a better inventory and shrink management.

General expenses represented 19.9% of revenues, reflecting an impact of \$380 M MXN due to the royalties' payment.

EBITDA margin for the quarter was 9.0%. Excluding the royalties payment, EBITDA margin would have been 10.3%.

	3Q20		3Q19		Var. (%)	
	\$	%	\$	%	Peso terms	On a constant currency basis
<b>(MX\$ Millions)</b>						
<b>Total revenue</b>	30,139	100	28,044	100	7.5	(4.0)
<b>Gross margin</b>	7,575	25.1	6,913	24.6	9.6	(2.1)
<b>General expenses</b>	5,991	19.9	4,993	17.8	20	7.2
<b>Earnings before other income, net</b>	1,584	5.3	1,920	6.8	(17.5)	(26.3)
<b>Other income, net</b>	24	0.1	17	0.1	40.1	25.4
<b>Operating income</b>	1,608	5.3	1,937	6.9	(16.9)	(25.7)
<b>EBITDA</b>	2,728	9	2,912	10.4	(6.3)	(16.3)

- 2020 Results

In Central America, total revenues decreased 0.4%.

Gross margin expanded 10 bps to 24.3%.

General expenses represented 18.9% of revenues, including the royalties' payment.

EBITDA margin reached 9.0%. Excluding the royalties' payment, it would have expanded 20 bps to 10.3%.

	9M20		9M19		Var. (%)	
	\$	%	\$	%	Peso terms	On a constant currency basis
<b>(MX\$ Millions)</b>						

<b>Total revenue</b>	93,570	100	82,520	100	13.4	(4.0)
<b>Gross margin</b>	22,712	24.3	19,931	24.2	14	0.2
<b>General expenses</b>	17,728	18.9	14,528	17.6	22.0	7.3
<b>Earnings before other income, net</b>	4,984	5.3	5,403	6.5	(7.8)	(18.8)
<b>Other income, net</b>	52	0.1	80	0.1	(35.1)	(40.2)
<b>Operating income</b>	5,036	5.4	5,483	6.6	(8.2)	(19.1)
<b>EBITDA</b>	8,388	9.0	8,324	10.1	0.8	(11.3)

## CONSOLIDATED

- Third Quarter Results

At a consolidated level, total revenues grew 6.7%.

Gross profit increased 7.0%, resulting in a 23.6% margin and expenses grew 9.4%.

Consolidated EBITDA margin contracted 40 bps to 11.0% and net income decreased 0.9%.

(MX\$ Millions)	3Q20		3Q19		Var.
	\$	%	\$	%	%
<b>Total revenue</b>	165,386	100	155,019	100	6.7
<b>Gross margin</b>	39,095	23.6	36,527	23.6	7
<b>General expenses</b>	25,448	15.4	23,257	15	9.4
<b>Earnings before other income, net</b>	13,647	8.3	13,270	8.6	2.8
<b>Other income, net</b>	136	0.1	114	0.1	19.7
<b>Operating income</b>	13,783	8.3	13,384	8.6	3
<b>EBITDA</b>	18,257	11	17,677	11.4	3.3
<b>Net Income</b>	9,172	5.5	9,251	6	(0.9)

Underlying results were positive, excluding the royalties payment, EBITDA margin would have been 11.3% and net income would've grown 3.2%.

- 2020 Results

At a consolidated level, total revenues increased 9.7%, gross profit margin expanded 10 bps, reaching 23.1% and expenses increased 13.2%.

Operating income increased 4.7% and EBITDA margin contracted 40 bps to 10.5%.

Net income decreased 21.9%, affected by the payment to the SAT and the royalties in Central America.

(MX\$ Millions)	9M20	9M19	Var.
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	\$	%	\$	%	%
<b>Total revenue</b>	505,746	100	461,103	100	9.7
<b>Gross margin</b>	116,694	23.1	105,934	23	10.2
<b>General expenses</b>	77,489	15.3	68,437	14.8	13.2
<b>Earnings before other income, net</b>	39,205	7.8	37,497	8.1	4.6
<b>Other income, net</b>	368	0.1	306	0.1	20
<b>Operating income</b>	39,573	7.8	37,803	8.2	4.7
<b>EBITDA</b>	53,041	10.5	50,415	10.9	5.2
<b>Net Income</b>	20,832	4.1	26,666	5.8	(21.9)

Excluding the SAT and royalties' payments, general expenses would have represented 14.7% of sales, growing below total revenues.

Operating income would have increased 12.7% and EBITDA margin would have expanded 20 bps to 11.1%.

Net income would have increased 12.9%.

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## Financial position, liquidity and capital resources [text block]

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As we grow and reinvest in the business our financial strength increases.

We closed the quarter with \$38.3 billion pesos, \$17.8 billion pesos or 86.6% more than in 2019, as last year the second dividend payment took place in August and this year the second payment will be in November.

Inventories increased 4.7%, 200 bps below consolidated total revenues growth, and accounts payable increased 6.6%.

Cash generation increased 1.1% vs. last year reaching \$65.0 billion.

After investing \$16.2 billion pesos in our business, we returned \$14.0 billion pesos to our shareholders in the form of dividends during the last twelve months.

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### Internal control [text block]

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For the Company, having the highest regulation standards and the proper control environment is fundamental to meet its objectives.

The existing internal controls are oriented towards guaranteeing safeguarding of assets, compliance with established policies, accurate recording of operations, reliable and timely financial data, prevention, identification and detection of fraud, as well as the fulfilment of laws and regulations.

We have an area devoted to Ethics and Regulatory Compliance, which is in charge of disseminating and promoting our policies on ethical behavior, corporate governance and strict compliance with any and all legal provisions to which we are subject to.

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

- Total sales
  - Same store sales
  - Gross margin
  - Expenses
  - Operating income
  - EBITDA
  - Cash generation
  - ROI
  - Inventory
  - Financing
-

**[110000] General information about financial statements**

<b>Ticker:</b>	WALMEX
<b>Period covered by financial statements:</b>	2020-01-01 al 2020-09-30
<b>Date of end of reporting period:</b>	2020-09-30
<b>Name of reporting entity or other means of identification:</b>	Wal-Mart de México, S.A.B. de C.V.
<b>Description of presentation currency:</b>	MXN
<b>Level of rounding used in financial statements:</b>	THOUSANDS PESOS
<b>Consolidated:</b>	Yes
<b>Number of quarter:</b>	3
<b>Type of issuer:</b>	ICS
<b>Explanation of change in name of reporting entity or other means of identification from end of preceding reporting period:</b>	
<b>Description of nature of financial statements:</b>	

**Disclosure of general information about financial statements [text block]**

The accompanying unaudited consolidated interim financial statements have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting". These financial statements do not include all information and disclosures required in the annual financial statements, and these financial statements should be read in conjunction with the audited consolidated financial statements as of December 31, 2019 and 2018.

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## Follow-up of analysis [text block]

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Actinver – Jerónimo Cobián

Bank of America Merrill Lynch - Robert Ford

Banorte - IXE – Valentín Mendoza

Barclays Capital - Benjamin M. Theurer

BBVA Bancomer - Miguel Ulloa

BTG Pactual – Álvaro García

Bradesco – Richard Cathcart

Citi - Sergio Matsumoto

Credit Suisse – Vanessa Quiroga

GBM - Luis Willard

Goldman Sachs - Irma Sgarz

HSBC – Ravi Jain

Intercam - Alejandra Marcos

Itaú BBA - Joaquín Ley

J.P. Morgan – Joseph Giordano

Morgan Stanley – Andrew Ruben

Punto Casa de Bolsa - Cristina Morales

Santander – Alan Alanis

Scotiabank - Rodrigo Echagaray

UBS - Gustavo Piras Oliveira

Vector Casa de Bolsa – Marcela Muñoz





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

Concept	Close Current Quarter 2020-09-30	Close Previous Exercise 2019-12-31
<b>Statement of financial position [abstract]</b>		
<b>Assets [abstract]</b>		
<b>Current assets [abstract]</b>		
Cash and cash equivalents	38,348,327,000	30,857,090,000
Trade and other current receivables	11,465,932,000	12,374,923,000
Current tax assets, current	1,789,018,000	1,342,039,000
Other current financial assets	0	0
Current inventories	71,872,235,000	67,553,214,000
Current biological assets	0	0
Other current non-financial assets	1,297,519,000	1,777,900,000
Total current assets other than non-current assets or disposal groups classified as held for sale or as held for distribution to owners	124,773,031,000	113,905,166,000
Non-current assets or disposal groups classified as held for sale or as held for distribution to owners	0	0
Total current assets	124,773,031,000	113,905,166,000
<b>Non-current assets [abstract]</b>		
Trade and other non-current receivables	0	0
Current tax assets, non-current	693,106,000	580,217,000
Non-current inventories	0	0
Non-current biological assets	0	0
Other non-current financial assets	1,568,397,000	1,255,822,000
Investments accounted for using equity method	0	0
Investments in subsidiaries, joint ventures and associates	0	0
Property, plant and equipment	136,277,449,000	132,119,505,000
Investment property	6,470,513,000	6,644,218,000
Right-of-use assets that do not meet definition of investment property	51,394,367,000	49,675,185,000
Goodwill	40,023,841,000	35,145,361,000
Intangible assets other than goodwill	2,388,441,000	1,938,229,000
Deferred tax assets	7,646,047,000	7,908,566,000
Other non-current non-financial assets	0	0
Total non-current assets	246,462,161,000	235,267,103,000
Total assets	371,235,192,000	349,172,269,000
<b>Equity and liabilities [abstract]</b>		
<b>Liabilities [abstract]</b>		
<b>Current liabilities [abstract]</b>		
Trade and other current payables	124,748,494,000	106,101,567,000
Current tax liabilities, current	2,256,042,000	2,221,427,000
Other current financial liabilities	0	0
Current lease liabilities	3,228,106,000	3,044,328,000
Other current non-financial liabilities	0	0
<b>Current provisions [abstract]</b>		
Current provisions for employee benefits	0	0
Other current provisions	2,444,547,000	2,131,626,000
Total current provisions	2,444,547,000	2,131,626,000
Total current liabilities other than liabilities included in disposal groups classified as held for sale	132,677,189,000	113,498,948,000
Liabilities included in disposal groups classified as held for sale	0	0
Total current liabilities	132,677,189,000	113,498,948,000
<b>Non-current liabilities [abstract]</b>		
Trade and other non-current payables	4,296,469,000	4,522,312,000
Current tax liabilities, non-current	0	0

Concept	Close Current Quarter 2020-09-30	Close Previous Exercise 2019-12-31
Other non-current financial liabilities	0	0
Non-current lease liabilities	57,289,344,000	54,168,291,000
Other non-current non-financial liabilities	12,978,000	8,097,000
<b>Non-current provisions [abstract]</b>		
Non-current provisions for employee benefits	2,388,612,000	2,088,286,000
Other non-current provisions	0	0
Total non-current provisions	2,388,612,000	2,088,286,000
Deferred tax liabilities	7,364,893,000	6,741,568,000
Total non-current liabilities	71,352,296,000	67,528,554,000
Total liabilities	204,029,485,000	181,027,502,000
<b>Equity [abstract]</b>		
Issued capital	45,468,428,000	45,468,428,000
Share premium	(2,362,598,000)	(1,324,626,000)
Treasury shares	0	0
Retained earnings	98,761,197,000	108,860,208,000
Other reserves	25,338,680,000	15,140,757,000
Total equity attributable to owners of parent	167,205,707,000	168,144,767,000
Non-controlling interests	0	0
Total equity	167,205,707,000	168,144,767,000
Total equity and liabilities	371,235,192,000	349,172,269,000

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

Concept	Accumulated Current Year 2020-01-01 - 2020-09-30	Accumulated Previous Year 2019-01-01 - 2019-09-30	Quarter Current Year 2020-07-01 - 2020-09-30	Quarter Previous Year 2019-07-01 - 2019-09-30
<b>Profit or loss [abstract]</b>				
<b>Profit (loss) [abstract]</b>				
Revenue	505,745,845,000	461,102,795,000	165,385,782,000	155,018,693,000
Cost of sales	389,052,031,000	355,168,632,000	126,290,427,000	118,491,701,000
Gross profit	116,693,814,000	105,934,163,000	39,095,355,000	36,526,992,000
Distribution costs	0	0	0	0
Administrative expenses	77,489,037,000	68,437,718,000	25,448,453,000	23,257,338,000
Other income	817,534,000	813,446,000	224,120,000	319,213,000
Other expense	449,615,000	506,799,000	87,656,000	205,188,000
Profit (loss) from operating activities	39,572,696,000	37,803,092,000	13,783,366,000	13,383,679,000
Finance income	2,623,884,000	1,595,525,000	616,519,000	600,428,000
Finance costs	9,415,607,000	5,005,315,000	2,063,320,000	1,933,488,000
Share of profit (loss) of associates and joint ventures accounted for using equity method	0	0	0	0
Profit (loss) before tax	32,780,973,000	34,393,302,000	12,336,565,000	12,050,619,000
Tax income (expense)	11,949,162,000	7,727,124,000	3,164,531,000	2,799,667,000
Profit (loss) from continuing operations	20,831,811,000	26,666,178,000	9,172,034,000	9,250,952,000
Profit (loss) from discontinued operations	0	0	0	0
Profit (loss)	20,831,811,000	26,666,178,000	9,172,034,000	9,250,952,000
<b>Profit (loss), attributable to [abstract]</b>				
Profit (loss), attributable to owners of parent	20,831,811,000	26,666,178,000	9,172,034,000	9,250,952,000
Profit (loss), attributable to non-controlling interests	0	0	0	0
Earnings per share [text block]				
<b>Earnings per share [abstract]</b>				
<b>Earnings per share [line items]</b>				
<b>Basic earnings per share [abstract]</b>				
Basic earnings (loss) per share from continuing operations	1.19	1.53	0.53	0.53
Basic earnings (loss) per share from discontinued operations	0	0	0	0
Total basic earnings (loss) per share	1.19	1.53	0.53	0.53
<b>Diluted earnings per share [abstract]</b>				
Diluted earnings (loss) per share from continuing operations	1.19	1.53	0.53	0.53
Diluted earnings (loss) per share from discontinued operations	0	0	0	0
Total diluted earnings (loss) per share	1.19	1.53	0.53	0.53

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

Concept	Accumulated Current Year 2020-01-01 - 2020-09-30	Accumulated Previous Year 2019-01-01 - 2019-09-30	Quarter Current Year 2020-07-01 - 2020-09-30	Quarter Previous Year 2019-07-01 - 2019-09-30
<b>Statement of comprehensive income [abstract]</b>				
Profit (loss)	20,831,811,000	26,666,178,000	9,172,034,000	9,250,952,000
<b>Other comprehensive income [abstract]</b>				
<b>Components of other comprehensive income that will not be reclassified to profit or loss, net of tax [abstract]</b>				
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	0	0	0	0
Other comprehensive income, net of tax, gains (losses) on remeasurements of defined benefit plans	0	0	0	0
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	0	0	0	0
<b>Components of other comprehensive income that will be reclassified to profit or loss, net of tax [abstract]</b>				
<b>Exchange differences on translation [abstract]</b>				
Gains (losses) on exchange differences on translation, net of tax	10,197,923,000	1,850,727,000	(4,648,645,000)	1,677,371,000
Reclassification adjustments on exchange differences on translation, net of tax	0	0	0	0
Other comprehensive income, net of tax, exchange differences on translation	10,197,923,000	1,850,727,000	(4,648,645,000)	1,677,371,000
<b>Available-for-sale financial assets [abstract]</b>				
Gains (losses) on remeasuring available-for-sale financial assets, net of tax	0	0	0	0
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	0	0	0	0
<b>Cash flow hedges [abstract]</b>				
Gains (losses) on cash flow hedges, net of tax	0	0	0	0
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	0	0	0	0
<b>Hedges of net investment in foreign operations [abstract]</b>				
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
<b>Change in value of time value of options [abstract]</b>				

Concept	Accumulated Current Year 2020-01-01 - 2020- 09-30	Accumulated Previous Year 2019-01-01 - 2019- 09-30	Quarter Current Year 2020-07-01 - 2020- 09-30	Quarter Previous Year 2019-07-01 - 2019- 09-30
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
<b>Change in value of forward elements of forward contracts [abstract]</b>				
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
<b>Change in value of foreign currency basis spreads [abstract]</b>				
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
<b>Financial assets measured at fair value through other comprehensive income [abstract]</b>				
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	0	0	0	0
Total other comprehensive income that will be reclassified to profit or loss, net of tax	10,197,923,000	1,850,727,000	(4,648,645,000)	1,677,371,000
Total other comprehensive income	10,197,923,000	1,850,727,000	(4,648,645,000)	1,677,371,000
Total comprehensive income	31,029,734,000	28,516,905,000	4,523,389,000	10,928,323,000
<b>Comprehensive income attributable to [abstract]</b>				
Comprehensive income, attributable to owners of parent	31,029,734,000	28,516,905,000	4,523,389,000	10,928,323,000
Comprehensive income, attributable to non-controlling interests	0	0	0	0

**[520000] Statement of cash flows, indirect method**

Concept	Accumulated Current Year 2020-01-01 - 2020- 09-30	Accumulated Previous Year 2019-01-01 - 2019- 09-30
<b>Statement of cash flows [abstract]</b>		
<b>Cash flows from (used in) operating activities [abstract]</b>		
Profit (loss)	20,831,811,000	26,666,178,000
<b>Adjustments to reconcile profit (loss) [abstract]</b>		
+ Discontinued operations	0	0
+ Adjustments for income tax expense	11,949,162,000	7,727,124,000
+ (-) Adjustments for finance costs	4,119,736,000	3,798,103,000
+ Adjustments for depreciation and amortisation expense	13,467,689,000	12,610,879,000
+ Adjustments for impairment loss (reversal of impairment loss) recognised in profit or loss	6,046,000	(29,034,000)
+ Adjustments for provisions	187,647,000	132,578,000
+ (-) Adjustments for unrealised foreign exchange losses (gains)	(219,182,000)	44,796,000
+ Adjustments for share-based payments	249,987,000	275,578,000
+ (-) 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	11,686,000	68,215,000
	0	0
+ (-) Adjustments for decrease (increase) in inventories	(3,015,716,000)	(5,094,348,000)
+ (-) Adjustments for decrease (increase) in trade accounts receivable	1,445,934,000	2,566,055,000
+ (-) Adjustments for decrease (increase) in other operating receivables	331,005,000	604,333,000
+ (-) Adjustments for increase (decrease) in trade accounts payable	(9,447,803,000)	(10,820,917,000)
+ (-) Adjustments for increase (decrease) in other operating payables	(1,747,618,000)	(2,380,516,000)
+ 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)	0	0
+ (-) Total adjustments to reconcile profit (loss)	17,338,573,000	9,502,846,000
Net cash flows from (used in) operations	38,170,384,000	36,169,024,000
- Dividends paid	0	0
	0	0
- Interest paid	0	0
+ Interest received	0	0
+ (-) Income taxes refund (paid)	11,277,620,000	7,443,985,000
+ (-) Other inflows (outflows) of cash	0	0
Net cash flows from (used in) operating activities	26,892,764,000	28,725,039,000
<b>Cash flows from (used in) investing activities [abstract]</b>		
+ Cash flows from losing control of subsidiaries or other businesses	0	0
- Cash flows used in obtaining control of subsidiaries or other businesses	0	0
+ 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	197,091,000	156,436,000
- Purchase of property, plant and equipment	10,041,807,000	14,415,556,000
+ Proceeds from sales of intangible assets	0	0
- Purchase of intangible assets	0	0
+ Proceeds from sales of other long-term assets	0	0
- Purchase of other long-term assets	0	0

Concept	Accumulated Current Year 2020-01-01 - 2020- 09-30	Accumulated Previous Year 2019-01-01 - 2019- 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	751,859,000	983,046,000
	0	0
+ (-) Other inflows (outflows) of cash	(1,287,959,000)	(672,781,000)
Net cash flows from (used in) investing activities	(10,380,816,000)	(13,948,855,000)
<b>Cash flows from (used in) financing activities [abstract]</b>		
+ 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	0	0
- Payments of other equity instruments	0	0
+ Proceeds from borrowings	0	0
- Repayments of borrowings	0	0
- Payments of finance lease liabilities	0	0
- Payments of lease liabilities	6,481,744,000	5,979,650,000
+ Proceeds from government grants	0	0
- Dividends paid	4,664,594,000	26,618,467,000
- Interest paid	54,057,000	95,605,000
+ (-) Income taxes refund (paid)	0	0
+ (-) Other inflows (outflows) of cash	0	0
Net cash flows from (used in) financing activities	(11,200,395,000)	(32,693,722,000)
Net increase (decrease) in cash and cash equivalents before effect of exchange rate changes	5,311,553,000	(17,917,538,000)
<b>Effect of exchange rate changes on cash and cash equivalents [abstract]</b>		
Effect of exchange rate changes on cash and cash equivalents	2,179,684,000	(356,634,000)
Net increase (decrease) in cash and cash equivalents	7,491,237,000	(18,274,172,000)
Cash and cash equivalents at beginning of period	30,857,090,000	38,829,598,000
Cash and cash equivalents at end of period	38,348,327,000	20,555,426,000



**[610000] Statement of changes in equity - Accumulated Current**

Sheet 1 of 3	Components of equity [axis]								
	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]
<b>Statement of changes in equity [line items]</b>									
Equity at beginning of period	45,468,428,000	(1,324,626,000)	0	108,860,208,000	0	16,013,524,000	0	0	0
<b>Changes in equity [abstract]</b>									
<b>Comprehensive income [abstract]</b>									
Profit (loss)	0	0	0	20,831,811,000	0	0	0	0	0
Other comprehensive income	0	0	0	0	0	10,197,923,000	0	0	0
Total comprehensive income	0	0	0	20,831,811,000	0	10,197,923,000	0	0	0
Issue of equity	0	0	0	0	0	0	0	0	0
Dividends recognised as distributions to owners	0	0	0	30,930,822,000	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	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	(1,037,972,000)	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	(1,037,972,000)	0	(10,099,011,000)	0	10,197,923,000	0	0	0
Equity at end of period	45,468,428,000	(2,362,598,000)	0	98,761,197,000	0	26,211,447,000	0	0	0

Sheet 2 of 3	Components of equity [axis]								
	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]
<b>Statement of changes in equity [line items]</b>									
Equity at beginning of period	0	0	0	0	0	(872,767,000)	0	0	0
<b>Changes in equity [abstract]</b>									
<b>Comprehensive income [abstract]</b>									
Profit (loss)	0	0	0	0	0	0	0	0	0
Other comprehensive income	0	0	0	0	0	0	0	0	0
Total comprehensive income	0	0	0	0	0	0	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	0	0	0	0	0	0
Equity at end of period	0	0	0	0	0	(872,767,000)	0	0	0

Sheet 3 of 3	Components of equity [axis]							Equity [member]
	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]	
<b>Statement of changes in equity [line items]</b>								
Equity at beginning of period	0	0	0	0	15,140,757,000	168,144,767,000	0	168,144,767,000
<b>Changes in equity [abstract]</b>								
<b>Comprehensive income [abstract]</b>								
Profit (loss)	0	0	0	0	0	20,831,811,000	0	20,831,811,000
Other comprehensive income	0	0	0	0	10,197,923,000	10,197,923,000	0	10,197,923,000
Total comprehensive income	0	0	0	0	10,197,923,000	31,029,734,000	0	31,029,734,000
Issue of equity	0	0	0	0	0	0	0	0
Dividends recognised as distributions to owners	0	0	0	0	0	30,930,822,000	0	30,930,822,000
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	0	0
Increase (decrease) through treasury share transactions, equity	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
Increase (decrease) through share-based payment transactions, equity	0	0	0	0	0	(1,037,972,000)	0	(1,037,972,000)
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	0	10,197,923,000	(939,060,000)	0	(939,060,000)
Equity at end of period	0	0	0	0	25,338,680,000	167,205,707,000	0	167,205,707,000

**[610000] Statement of changes in equity - Accumulated Previous**

Sheet 1 of 3	Components of equity [axis]								
	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]
<b>Statement of changes in equity [line items]</b>									
Equity at beginning of period	45,468,428,000	(1,111,487,000)	0	104,638,687,000	0	16,294,999,000	0	0	0
<b>Changes in equity [abstract]</b>									
<b>Comprehensive income [abstract]</b>									
Profit (loss)	0	0	0	26,666,178,000	0	0	0	0	0
Other comprehensive income	0	0	0	0	0	1,850,727,000	0	0	0
Total comprehensive income	0	0	0	26,666,178,000	0	1,850,727,000	0	0	0
Issue of equity	0	0	0	0	0	0	0	0	0
Dividends recognised as distributions to owners	0	0	0	30,248,926,000	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	(2,690,788,000)	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	(397,203,000)	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	(397,203,000)	0	(6,273,536,000)	0	1,850,727,000	0	0	0
Equity at end of period	45,468,428,000	(1,508,690,000)	0	98,365,151,000	0	18,145,726,000	0	0	0

Sheet 2 of 3	Components of equity [axis]								
	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]
<b>Statement of changes in equity [line items]</b>									
Equity at beginning of period	0	0	0	0	0	(376,553,000)	0	0	0
<b>Changes in equity [abstract]</b>									
<b>Comprehensive income [abstract]</b>									
Profit (loss)	0	0		0	0	0	0	0	0
Other comprehensive income	0	0		0	0	0	0	0	0
Total comprehensive income	0	0		0	0	0	0	0	0
Issue of equity	0	0		0	0	0	0	0	0
Dividends recognised as distributions to owners	0	0		0	0	0	0	0	0
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	0	0
Increase (decrease) through treasury share transactions, equity	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
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	0	0	0	0	0
Equity at end of period	0	0	0	0	0	(376,553,000)	0	0	0

Sheet 3 of 3	Components of equity [axis]							Equity [member]
	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]	
<b>Statement of changes in equity [line items]</b>								
Equity at beginning of period	0	0	0	0	15,918,446,000	164,914,074,000	0	164,914,074,000
<b>Changes in equity [abstract]</b>								
<b>Comprehensive income [abstract]</b>								
Profit (loss)	0	0	0	0	0	26,666,178,000	0	26,666,178,000
Other comprehensive income	0	0	0	0	1,850,727,000	1,850,727,000	0	1,850,727,000
Total comprehensive income	0	0	0	0	1,850,727,000	28,516,905,000	0	28,516,905,000
Issue of equity	0	0	0	0	0	0	0	0
Dividends recognised as distributions to owners	0	0	0	0	0	30,248,926,000	0	30,248,926,000
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	(2,690,788,000)	0	(2,690,788,000)
Increase (decrease) through treasury share transactions, equity	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
Increase (decrease) through share-based payment transactions, equity	0	0	0	0	0	(397,203,000)	0	(397,203,000)
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	0	1,850,727,000	(4,820,012,000)	0	(4,820,012,000)
Equity at end of period	0	0	0	0	17,769,173,000	160,094,062,000	0	160,094,062,000

**[700000] Informative data about the Statement of financial position**

Concept	Close Current Quarter 2020-09-30	Close Previous Exercise 2019-12-31
<b>Informative data of the Statement of Financial Position [abstract]</b>		
Capital stock (nominal)	42,526,627,000	42,526,627,000
Restatement of capital stock	2,941,801,000	2,941,801,000
Plan assets for pensions and seniority premiums	987,762,000	929,670,000
Number of executives	195	213
Number of employees	229,233	238,759
Number of workers	0	0
Outstanding shares	17,461,402,631	17,461,402,631
Repurchased shares	0	0
Restricted cash	0	0
Guaranteed debt of associated companies	0	0

**[700002] Informative data about the Income statement**

Concept	Accumulated Current Year 2020-01-01 - 2020- 09-30	Accumulated Previous Year 2019-01-01 - 2019- 09-30	Quarter Current Year 2020-07-01 - 2020- 09-30	Quarter Previous Year 2019-07-01 - 2019- 09-30
<b>Informative data of the Income Statement [abstract]</b>				
Operating depreciation and amortization	13,467,689,000	12,610,879,000	4,472,726,000	4,292,749,000



**[700003] Informative data - Income statement for 12 months**

Concept	Current Year 2019-10-01 - 2020- 09-30	Previous Year 2018-10-01 - 2019- 09-30
<b>Informative data - Income Statement for 12 months [abstract]</b>		
Revenue	691,489,484,000	638,524,359,000
Profit (loss) from operating activities	55,772,290,000	53,420,811,000
Profit (loss)	32,063,405,000	38,428,008,000
Profit (loss), attributable to owners of parent	32,063,405,000	38,428,008,000
Operating depreciation and amortization	17,859,317,000	15,957,231,000

## [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]											
					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																
TOTAL					0	0	0	0	0	0	0	0	0	0	0	0
Commercial banks																
TOTAL					0	0	0	0	0	0	0	0	0	0	0	0
Other banks																
TOTAL					0	0	0	0	0	0	0	0	0	0	0	0
Total banks																
TOTAL					0	0	0	0	0	0	0	0	0	0	0	0
Stock market [abstract]																
Listed on stock exchange - unsecured																
TOTAL					0	0	0	0	0	0	0	0	0	0	0	0
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																
TOTAL					0	0	0	0	0	0	0	0	0	0	0	0
Total listed on stock exchanges and private placements																
TOTAL					0	0	0	0	0	0	0	0	0	0	0	0
Other current and non-current liabilities with cost [abstract]																
Other current and non-current liabilities with cost																
TOTAL					0	0	0	0	0	0	0	0	0	0	0	0
Total other current and non-current liabilities with cost																
TOTAL					0	0	0	0	0	0	0	0	0	0	0	0
Suppliers [abstract]																
Suppliers																
SELF SERVICE SUPPLIERS B1	NO	2020-10-14	2020-10-14		62,331,910,000											
SELF SERVICE SUPPLIERS B2	SI	2020-10-14	2020-10-14								17,540,849,000	0				
TOTAL					62,331,910,000	0	0	0	0	0	17,540,849,000	0	0	0	0	0
Total suppliers																
TOTAL					62,331,910,000	0	0	0	0	0	17,540,849,000	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

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]		
Total credits																		
<b>TOTAL</b>					62,331,910,000	0	0	0	0	0	17,540,849,000	0	0	0	0	0	0	0

**[800003] Annex - Monetary foreign currency position**

	Currencies [axis]				
	Dollars [member]	Dollar equivalent in pesos [member]	Other currencies equivalent in dollars [member]	Other currencies equivalent in pesos [member]	Total pesos [member]
<b>Foreign currency position [abstract]</b>					
<b>Monetary assets [abstract]</b>					
Current monetary assets	156,137,000	3,506,334,000	501,117,000	11,253,964,000	14,760,298,000
Non-current monetary assets	0	0	0	0	0
Total monetary assets	156,137,000	3,506,334,000	501,117,000	11,253,964,000	14,760,298,000
<b>Liabilities position [abstract]</b>					
Current liabilities	828,784,000	18,614,093,000	234,724,000	5,271,353,000	23,885,446,000
Non-current liabilities	83,627,000	1,878,066,000	429,177,000	9,638,326,000	11,516,392,000
Total liabilities	912,411,000	20,492,159,000	663,901,000	14,909,679,000	35,401,838,000
Net monetary assets (liabilities)	(756,274,000)	(16,985,825,000)	(162,784,000)	(3,655,715,000)	(20,641,540,000)

**[800005] Annex - Distribution of income by product**

	Income type [axis]			
	National income [member]	Export income [member]	Income of subsidiaries abroad [member]	Total income [member]
<b>SALES</b>				
SALES	408,609,693,000	0	93,376,726,000	501,986,419,000
<b>LEASE</b>				
LEASE	1,314,444,000	0	164,157,000	1,478,601,000
<b>OTHER REVENUES</b>				
OTHER REVENUES	2,251,686,000	0	29,139,000	2,280,825,000
TOTAL	412,175,823,000	0	93,570,022,000	505,745,845,000

## [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]**

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Wal-Mart de México, S.A.B. de C.V., ("**WALMEX**" or "the Company") disclosure, concerning the use of derivative financial instruments (IFD, per its acronym in Spanish), in compliance with Mexican National Banking and Securities Commission (CNBV, per its acronym in Spanish) regulations so that investors have information regarding the significance of derivatives in the Company's financial position and results, and can fully assess the inherent risks.

**WALMEX** has adopted the use of IFD to hedge foreign exchange rates, with the sole purpose of hedging against fluctuations in the exchange rate. The Company seeks to mitigate exchange rate fluctuation risk in "foreign currency - accounts payable" related to goods imported for resale. Hedging is only executed based on the supporting documentation of these account payable commitments. This process is subject to the Company's policy, which limits the amount and use of IFD, and provides specific requirements for purchase and payment.

The IFD authorized by our "Exposure to foreign currency exchange rate risk-reduction" policy is the FX-Forward. The FX-Forward contract is a specific agreement between **WALMEX** and the counterparty. That is why it is traded on the "over the counter" or OTC market through an ISDA contract (International Swap Dealers Association).

The Company only uses IFD with solvent financial institutions with solid credit capacity, and that are licensed and regulated to perform this kind of operation in the market. **WALMEX**'s finance committee authorizes all counterparties based on credit quality ratings determined by international rating agencies, in order to reduce the risk of non-compliance and to ensure that the market value of open positions does not exceed the Company's maximum exposure and credit limits, the volume of operations executed with each authorized counterparty is permanently monitored.

FX-Forward are contracted for the purpose of economic hedging. The Company has not applied hedge accounting to these agreements and the fluctuations in "fair value" of these instruments are recognized directly to P&L during the corresponding period, as a financial income/expense.

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

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The calculation agent or IFD valuation are counterparts which, have held the respective operations. In addition, the Company through its valuations SAP Treasury platform performs its independent valuations, which are compared monthly with those reported by the counterparties. The IFD concluded with counterparties do not provide collateral or margin calls. They also do not have negotiated credit lines for the operation of the IFD.

In the fair value calculation of the FX-Forward, standard valuation methodologies are used as well as widely accepted market variables that are endorsed internationally. The fair value is defined as the present value of the difference between the value of the underlying forward and value agreed at contract initiation, multiplied by the number of units of the underlying. These estimates are reviewed and approved by the Treasury department, which verifies the reasonableness of the results in relation to the valuations provided by authorized counterparties.

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

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The Company's operations provide resources to meet its IFD contract requirements. The Company also has various lines of credit that could be used, if needed, to meet its IFD obligations.

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

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As of September 30, 2020, the Company has not identified significant changes in the risk exposure previously identified. These include possible contingencies and events known or expected by the Administration.

The Company has identified the following main risks within its IFD portfolio:

a. **Market risk:** The Company is exposed to market risks related to variations in currency exchange rates resulting from changes in economic conditions at the local and international level, tax and monetary policies, liquidity, political events, disasters, etc. As a result, one of the primary objectives of the Company's IFD policy is to mitigate foreign exchange risk through the purchase of FX-Forwards in order to protect the Company against exchange rate fluctuation in "foreign currency-accounts payable" and related to goods imports for resale. The Company does not authorize the purchase of IFD instruments for speculation purposes.

b. **Liquidity risk:** Resources available to manage hedge operations are generated by the Company's operations.

c. **Counterparty Credit risk:** Credit risk related to IFD is mitigated and monitored through the established approval procedures to select the counterparty financial institutions. The Treasury department regularly monitors and updates (annually or more frequently if necessary), the required credit quality assessment and ratings of financial institutional counterparties. In addition, the Company has set limits to the amount of IFDs that can be executed with approved counterparties in order to further mitigate risk.

d. **Operational Risk.** WALMEX's Board of Directors specifically authorized the strategy for the use of IFD and the Finance Committee approved the related policy. The policy regarding the use of IFD describes: the objective, the allowed derivative instruments, the limits and the control mechanisms required to ensure that derivative transactions are properly conducted. All this, in order to manage and minimize: market, liquidity, credit and operational risk. The level of risk tolerance defined for the FX-Forward transactions is periodically reviewed by the Finance Committee, however, compliance with the established parameters is reviewed monthly in order to detect opportunities and, when appropriate, propose action plans.

Execution and compliance with the approved strategy is regularly monitored internally by the Treasury and Accounting departments. The results of that monitoring as well as identifications of inherent risks are periodically reported to the Finance Vice-president and, if necessary, to the Board of Directors.

Additionally, the Treasury director is responsible for continuous monitoring and reporting to Finance Vice-president of any events that may affect current IFD operations. In this case, the Treasury director is also responsible to propose to the Finance Committee actions to mitigate any events that may put the Company's results at risk.



The Company is also subject to periodic reviews of its IFD transactions by internal and external auditors who evaluate established processes and controls and the proper application thereof. The internal and external auditors also evaluate accounting records and the effect of IFD in the income statement and / or balance sheet accounts.

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### Quantitative information for disclosure [text block]

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As of September 30, 2020, Fx-Forward contracts have a term of no more than four months, which are shown below:

	Number of Contracts	Notional Amount Million (Dólar)	Equivalent in Million (Pesos)
New contracts current quarter	509	\$ 296	\$ 6,616
Maturity current quarter	497	\$ 195	\$ 4,525
Open contracts current	340	\$ 247	\$ 5,520

The change in fair value during the three-months period ended September 30, 2020 that was recognized for such contracts, amounts to MXN \$87.84 million, net and it is presented in the finance income (cost) line in the consolidated statement of comprehensive income.

The fair value of these instruments represents less than 3.5% of total consolidated sales for the quarter or 2% of the assets. Therefore the potential risk from the Company's use of these instruments is not significant.

Additionally, as of September 30, 2020, there are no instances of non-compliance with IFD contracts nor margin calls or collateral required for any contracts. A summary of the outstanding IFD is as follows:

#### Summary derivatives Financial Instruments

Type: Forward

Purpose: Economic

Position: Large

Current quarter			Counterpart 1	Counterpart 2	Counterpart 3	Counterpart 4	Counterpart 5	Total
Underlying value assets								
USD/MXN	\$22.4577							
Notional Amount (million pesos)		\$ 1,666	\$ 545	\$ 3,032	\$ 277	\$		\$ 5,520
Fair Value		\$ 16	\$ 7	\$ 49	\$	\$		\$ 72
Settlements Next 12 months								\$ 5,520
Previous quarter								
Underlying value assets								
USD/MXN	\$23.0767							
Notional Amount (million pesos)		\$ 1,424	\$ 294	\$ 1,053	\$ 658	\$		\$ 3,429
Fair Value		\$ 1	\$ 6	\$ -2	\$ -20	\$		\$ -15
Settlements Next 12 months								\$ 3,429

### Market risk

Concerning the sensitivity analysis of market risks to which the Company is exposed, the currency exchange rate of the Mexican peso against the US dollar would not leave a material impact as demonstrated in the table below.

#### Scenarios of changes in currency exchange rate

	Remote	Possible	Probable	Remote	Possible	Probable
Exchange Rate in USD	-50%	-25%	-5%	50%	25%	5%
	11.2289	16.8433	21.3348	33.6866	28.0721	23.5806
Sensitivity Scenario (million pesos)	-2,783.01	-	-278.30	2,783.01	1,391.50	278.30

### Liquidity and credit risk

The Company does not have liquidity risk from its IFD as of September 30, 2020.

The Company manages credit risk related to its portfolio of derivatives transactions by engaging only with recognized and creditworthy counterparties. As of September 30, 2020, counterparty credit risk is immaterial.



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

Concept	Close Current Quarter 2020-09-30	Close Previous Exercise 2019-12-31
<b>Subclassifications of assets, liabilities and equities [abstract]</b>		
<b>Cash and cash equivalents [abstract]</b>		
<b>Cash [abstract]</b>		
Cash on hand	356,813,000	414,747,000
Balances with banks	24,397,452,000	18,753,815,000
Total cash	24,754,265,000	19,168,562,000
<b>Cash equivalents [abstract]</b>		
Short-term deposits, classified as cash equivalents	0	0
Short-term investments, classified as cash equivalents	13,594,062,000	11,688,528,000
Other banking arrangements, classified as cash equivalents	0	0
Total cash equivalents	13,594,062,000	11,688,528,000
Other cash and cash equivalents	0	0
Total cash and cash equivalents	38,348,327,000	30,857,090,000
<b>Trade and other current receivables [abstract]</b>		
Current trade receivables	259,767,000	2,290,284,000
Current receivables due from related parties	33,543,000	95,736,000
<b>Current prepayments [abstract]</b>		
Current advances to suppliers	0	0
Current prepaid expenses	0	0
Total current prepayments	0	0
Current receivables from taxes other than income tax	8,362,593,000	7,702,170,000
Current value added tax receivables	8,362,593,000	7,702,170,000
Current receivables from sale of properties	0	0
Current receivables from rental of properties	0	0
Other current receivables	2,810,029,000	2,286,733,000
Total trade and other current receivables	11,465,932,000	12,374,923,000
<b>Classes of current inventories [abstract]</b>		
<b>Current raw materials and current production supplies [abstract]</b>		
Current raw materials	0	0
Current production supplies	0	0
Total current raw materials and current production supplies	0	0
Current merchandise	71,872,235,000	67,553,214,000
Current work in progress	0	0
Current finished goods	0	0
Current spare parts	0	0
Property intended for sale in ordinary course of business	0	0
Other current inventories	0	0
Total current inventories	71,872,235,000	67,553,214,000
<b>Non-current assets or disposal groups classified as held for sale or as held for distribution to owners [abstract]</b>		
Non-current assets or disposal groups classified as held for sale	0	0
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	0	0
<b>Trade and other non-current receivables [abstract]</b>		
Non-current trade receivables	0	0
Non-current receivables due from related parties	0	0
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 2020-09-30	Close Previous Exercise 2019-12-31
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	0	0
<b>Investments in subsidiaries, joint ventures and associates [abstract]</b>		
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
<b>Property, plant and equipment [abstract]</b>		
<b>Land and buildings [abstract]</b>		
Land	32,521,998,000	31,132,440,000
Buildings	65,047,998,000	62,619,744,000
Total land and buildings	97,569,996,000	93,752,184,000
Machinery	0	0
<b>Vehicles [abstract]</b>		
Ships	0	0
Aircraft	0	0
Motor vehicles	528,652,000	587,441,000
Total vehicles	528,652,000	587,441,000
Fixtures and fittings	0	0
Office equipment	33,343,658,000	32,747,438,000
Tangible exploration and evaluation assets	0	0
Mining assets	0	0
Oil and gas assets	0	0
Construction in progress	4,835,143,000	5,032,442,000
Construction prepayments	0	0
Other property, plant and equipment	0	0
Total property, plant and equipment	136,277,449,000	132,119,505,000
<b>Investment property [abstract]</b>		
Investment property completed	6,470,513,000	6,644,218,000
Investment property under construction or development	0	0
Investment property prepayments	0	0
Total investment property	6,470,513,000	6,644,218,000
<b>Intangible assets and goodwill [abstract]</b>		
<b>Intangible assets other than goodwill [abstract]</b>		
Brand names	923,470,000	799,592,000
Intangible exploration and evaluation assets	0	0
Mastheads and publishing titles	0	0
Computer software	1,464,971,000	1,138,637,000
Licences and franchises	0	0
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	0	0
Total intangible assets other than goodwill	2,388,441,000	1,938,229,000
Goodwill	40,023,841,000	35,145,361,000
Total intangible assets and goodwill	42,412,282,000	37,083,590,000
<b>Trade and other current payables [abstract]</b>		
Current trade payables	79,872,759,000	87,115,823,000
Current payables to related parties	1,197,724,000	1,248,841,000
<b>Accruals and deferred income classified as current [abstract]</b>		

Concept	Close Current Quarter 2020-09-30	Close Previous Exercise 2019-12-31
Deferred income classified as current	1,271,204,000	1,348,990,000
Rent deferred income classified as current	321,555,000	339,789,000
Accruals classified as current	8,680,820,000	7,154,116,000
Short-term employee benefits accruals	0	0
Total accruals and deferred income classified as current	9,952,024,000	8,503,106,000
Current payables on social security and taxes other than income tax	1,455,961,000	1,071,591,000
Current value added tax payables	1,455,961,000	1,071,591,000
Current retention payables	103,791,000	699,410,000
Other current payables	32,166,235,000	7,462,796,000
Total trade and other current payables	124,748,494,000	106,101,567,000
<b>Other current financial liabilities [abstract]</b>		
Bank loans current	0	0
Stock market loans current	0	0
Other current liabilities at cost	0	0
Other current liabilities no cost	0	0
Other current financial liabilities	0	0
Total Other current financial liabilities	0	0
<b>Trade and other non-current payables [abstract]</b>		
Non-current trade payables	0	0
Non-current payables to related parties	0	0
<b>Accruals and deferred income classified as non-current [abstract]</b>		
Deferred income classified as non-current	4,296,469,000	4,522,312,000
Rent deferred income classified as non-current	4,296,469,000	4,522,312,000
Accruals classified as non-current	0	0
Total accruals and deferred income classified as non-current	4,296,469,000	4,522,312,000
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	0	0
Total trade and other non-current payables	4,296,469,000	4,522,312,000
<b>Other non-current financial liabilities [abstract]</b>		
Bank loans non-current	0	0
Stock market loans non-current	0	0
Other non-current liabilities at cost	0	0
Other non-current liabilities no cost	0	0
Other non-current financial liabilities	0	0
Total Other non-current financial liabilities	0	0
<b>Other provisions [abstract]</b>		
Other non-current provisions	0	0
Other current provisions	2,444,547,000	2,131,626,000
Total other provisions	2,444,547,000	2,131,626,000
<b>Other reserves [abstract]</b>		
Revaluation surplus	0	0
Reserve of exchange differences on translation	26,211,447,000	16,013,524,000
Reserve of cash flow hedges	0	0
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	0
Reserve of share-based payments	0	0
Reserve of remeasurements of defined benefit plans	(872,767,000)	(872,767,000)

Concept	Close Current Quarter 2020-09-30	Close Previous Exercise 2019-12-31
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	0	0
Total other reserves	25,338,680,000	15,140,757,000
<b>Net assets (liabilities) [abstract]</b>		
Assets	371,235,192,000	349,172,269,000
Liabilities	204,029,485,000	181,027,502,000
Net assets (liabilities)	167,205,707,000	168,144,767,000
<b>Net current assets (liabilities) [abstract]</b>		
Current assets	124,773,031,000	113,905,166,000
Current liabilities	132,677,189,000	113,498,948,000
Net current assets (liabilities)	(7,904,158,000)	406,218,000

**[800200] Notes - Analysis of income and expense**

Concept	Accumulated Current Year 2020-01-01 - 2020- 09-30	Accumulated Previous Year 2019-01-01 - 2019- 09-30	Quarter Current Year 2020-07-01 - 2020- 09-30	Quarter Previous Year 2019-07-01 - 2019- 09-30
<b>Analysis of income and expense [abstract]</b>				
<b>Revenue [abstract]</b>				
Revenue from rendering of services	0	0	0	0
Revenue from sale of goods	501,986,419,000	457,456,101,000	164,154,165,000	153,773,055,000
Interest income	0	0	0	0
Royalty income	0	0	0	0
Dividend income	0	0	0	0
Rental income	1,478,601,000	1,530,081,000	477,131,000	517,609,000
Revenue from construction contracts	0	0	0	0
Other revenue	2,280,825,000	2,116,613,000	754,486,000	728,029,000
Total revenue	505,745,845,000	461,102,795,000	165,385,782,000	155,018,693,000
<b>Finance income [abstract]</b>				
Interest income	751,859,000	983,047,000	232,261,000	279,710,000
Net gain on foreign exchange	971,647,000	329,069,000	165,819,000	168,003,000
Gains on change in fair value of derivatives	900,378,000	283,409,000	218,439,000	152,715,000
Gain on change in fair value of financial instruments	0	0	0	0
Other finance income	0	0	0	0
Total finance income	2,623,884,000	1,595,525,000	616,519,000	600,428,000
<b>Finance costs [abstract]</b>				
Interest expense	0	0	0	0
Net loss on foreign exchange	1,163,098,000	453,720,000	256,783,000	289,914,000
Losses on change in fair value of derivatives	772,143,000	202,885,000	130,590,000	114,855,000
Loss on change in fair value of financial instruments	0	0	0	0
Other finance cost	7,480,366,000	4,348,710,000	1,675,947,000	1,528,719,000
Total finance costs	9,415,607,000	5,005,315,000	2,063,320,000	1,933,488,000
<b>Tax income (expense)</b>				
Current tax	11,267,467,000	8,555,085,000	2,188,916,000	3,389,071,000
Deferred tax	681,695,000	(827,961,000)	975,615,000	(589,404,000)
Total tax income (expense)	11,949,162,000	7,727,124,000	3,164,531,000	2,799,667,000



## [800500] Notes - List of notes

### Disclosure of notes and other explanatory information [text block]

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#### A. Consolidated financial statements

The accompanying consolidated financial statements have been prepared in conformity with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and the interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC), including those issued previously by the former Standard Interpretations Committee (SIC).

#### B. New accounting pronouncements

##### a) IFRS effective as of January 1<sup>st</sup>, 2020

##### Amendments to IFRS 3, Business Combinations

The IASB issued amendments to the definition of a "business" to help entities determine whether an acquired set of activities and assets is a business or not. The modifications must be applied to transactions that are business combinations or asset acquisitions for which the acquisition date is on or after January 1<sup>st</sup>, 2020. The Company's management concluded that these modifications didn't have impact in the consolidated financial statements.

IAS 1, Financial statements presentation and IAS 8, Accounting policies, changes in accounting estimations and errors

The IASB issued amendments to align the definition of 'material' across the standards and to clarify certain aspects of the definition, and it is applicable for periods beginning on or after on January 1<sup>st</sup>, 2020. These modifications didn't have a significant impact on the consolidated financial statements of **WALMEX**, the introduction of the term "hidden information" in the definition impacted the way materiality judgments are made in practice by raising the importance of how information is communicated and organized in the consolidated financial statements.

##### b) IFRS effective as of January 1<sup>st</sup>, 2021

##### IFRS 17, Insurance Contracts

This IFRS will replace IFRS 4, Insurance contracts, that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on compliance with previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

IFRS 17 is effective for reporting periods beginning on or after January 1<sup>st</sup>, 2021, with comparative figures required. Early application is allowed, provided the entity also applies

IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. The Company's management estimates that these modifications will not have a significant impact on the consolidated financial statements.

### C. Legal proceedings

**WALMEX** is a subsidiary of Walmart, Inc. ("WMT"). WMT owns approximately 70% of the shares and voting power in **WALMEX** and has the ability to designate at least a majority of the directors of **WALMEX**. The remaining shares of **WALMEX** are publicly traded on the Mexican Stock Exchange and, to the best of the knowledge of **WALMEX**, no shareholder other than WMT and its affiliates owns more than 2% of the outstanding shares of **WALMEX**.

Currently, the Board of Directors of **WALMEX** is composed of 11 directors. The Audit Committee and the Corporate Governance Committee of the Board of Directors are composed exclusively of independent directors.

WMT is subject to a wide variety of laws and regulations in the United States of America and in the countries in which it operates, including but not limited to the U.S. Foreign Corrupt Practices Act (the "FCPA").

As **WALMEX** publicly disclosed on April 23, 2012, WMT is the subject of an investigation under the FCPA by the U.S. Department of Justice and the U.S. Securities and Exchange Commission following a disclosure that WMT made to those agencies in November 2011.

On June 20, 2019, **WALMEX** announced that Walmart Inc. has entered into a global settlement with the U.S. Department of Justice (DOJ) and the Securities and Exchange Commission (SEC) that resolves a more than seven-year investigation into the company's compliance with the U.S. Foreign Corrupt Practices Act (FCPA). Through the settlements, which cover conducts that took place years ago, Walmart has agreed to a combined payment of \$282.7 million dollars. The global resolution ends all FCPA-related investigations or inquiries into Walmart and its subsidiaries by the DOJ and the SEC.

These agreements relate to Walmart's anti-corruption internal controls in Brazil, Mexico, India and China prior to April 2011. Walmart, under the direction of its Audit Committee, conducted a thorough internal investigation, cooperated with the DOJ and the SEC, and took extensive steps that have established its strong Global Anti-Corruption Compliance Program.

Over the past seven years, WMT spent more than \$900 million dollars on FCPA inquiries and investigations, its Global Compliance Program and organizational enhancements. Walmart's actions were acknowledged by the DOJ and the SEC in the resolution agreements.

As part of the resolution, WMT entered into a Non-Prosecution Agreement with the DOJ. The DOJ will not prosecute the Company if, for a period of three years, the Company meets its obligations set forth in the agreement. WMT has also agreed to an administrative order with the SEC to resolve SEC findings related to violations of the FCPA's books and records and internal controls provisions. In addition, WMT Brasilia S.a.r.l., an indirect wholly-owned subsidiary of WMT, has entered into a guilty plea in the U.S. District Court for the Eastern District of Virginia as part of the agreement with the DOJ for causing a books and records violation of the FCPA.

WMT has also agreed with the DOJ to oversight by an independent compliance monitor with a limited scope for a period of two years. Also, Walmart has agreed to report to the SEC on its Anti-Corruption Compliance Program for a period of two years.

WMT has taken extensive steps to strengthen its Global Anti-Corruption Compliance Program through enhancing its anti-corruption compliance policies, procedures, and internal controls in every country in which it operates. WMT was recognized by the New York Stock Exchange Governance Services, a subsidiary of the NYSE, as the 2016 winner of its "Best Governance, Risk, and Compliance Program" for Large-Cap companies.

WMT agreed to pay a total amount of \$282.7 million dollars consisting of the following: a \$137.96 million dollars penalty to the DOJ and \$144.69 million dollars in disgorgement of profits plus interest to the SEC. A \$4.3 million dollars penalty, including forfeiture, against WMT Brasilia S.a.r.l. will be deducted from the amount owed by Walmart under the Non-Prosecution Agreement. In November 2017, Walmart disclosed that it had accrued approximately \$283 million dollars for the DOJ and SEC resolution. As a result, the amount will not materially impact Walmart's financial results.

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### Disclosure of accounting judgements and estimates [text block]

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The preparation of the consolidated financial statements requires the use of accounting estimates and assumptions based on historical experience and other factors; and therefore, the actual results may differ from estimates. The estimates and assumptions are reviewed periodically and are as follows:

- Accounting estimates for impairment of inventory, property and equipment, right of use assets, investment properties, goodwill and the successful probability of legal and tax contingencies.
- Assumptions such as discount rates used to determine leases liabilities; annually, the Company reviews the useful lives for property and equipment and intangible assets with definite lives; labor obligation present value factors determined through actuarial valuations using economic assumptions, such as discount rate, inflation rate, salary increase rate and minimum salary increase rate; and determination of the recoverable value involving significant judgments such as future cash flows, the discount rate and the interest rate; fair value of derivative financial instruments and investment properties.

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## Disclosure of authorisation of financial statements [text block]

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The consolidated financial statements and their notes for the nine-month period ended September 30, 2020 and 2019, were approved by the Company's management and Board of Directors on October 22, 2020 and are subject to approval by the Shareholders meeting. Subsequent events are considered through this date.

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## Disclosure of basis of consolidation [text block]

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The basis for consolidation is described in the "Description of accounting policy for Subsidiaries".

The Company consolidates in its financial statements the balances and operations of the investees Cargill Protein S. de R.L. de C.V. and Cargill Protein Servicios S. de R.L. de C.V., according to the agreement established with them to provide services for meat processing, through which the Company obtains control solely and exclusively from the accounting point of view and applying accounting principles but not legal ones, through the right to variable returns for its participation in these entities. Consolidated net income for the nine-month period ended on September 30, 2020, considers a remaining attributable to the results of the investees of \$(45,207) and the statement of financial position contains a remaining attributable to the minority interest of the investees of \$(58,002) as of September 30, 2020.

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## Disclosure of basis of preparation of financial statements [text block]

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The consolidated statements of comprehensive income were prepared based on the function of the components, which allows disclosure of cost of sales separately from other costs, operating and administrative expenses, with both expenses recognized in the statement of income at the time they are incurred.

Prior to the consolidation process, the financial statements of the Company's foreign subsidiaries are prepared under IFRS and translated to Mexican pesos using the average currency exchange rate for the consolidated statement of comprehensive income and the year-end currency exchange rate for the consolidated statement of financial position.

The cumulative translation adjustment is the effect of translating the financial statements of the Company's foreign subsidiaries into Mexican pesos. This effect is recognized in equity.

The statement of cash flows is prepared using the indirect method.

In the notes to consolidated financial statements, the amounts are expressed in thousands of Mexican pesos, except where otherwise is indicated.

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## Disclosure of cash and cash equivalents [text block]

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The balances for this concept are presented in the Cash and Cash Equivalents section in [800100] Notes - Subclassifications of assets, liabilities and equities.

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## Disclosure of cash flow statement [text block]

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In the item "other inflows (outflows) of cash corresponding to cash flows from (used in) investing activities" is presented the input and output of resources related to employee stock option plan fund-net of \$(1,287,959) in 2020 and \$(672,781) for 2019.

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## Disclosure of commitments [text block]

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### a. Commitments

As of September 30, 2020, the Company has entered into agreements with suppliers for the acquisition of inventories, property and equipment, maintenance services, as well as renewable energy supply services, as shown below:

Period	Amount
October 2020 – September 2021	\$ 28,161,031
October 2021 – September 2022	\$ 1,645,221
October 2022 – September 2023	\$ 1,704,823
October 2023 – September 2024	\$ 1,802,737
October 2024 – September 2025	\$ 1,873,277
October 2025 and thereafter	\$ 16,391,946

The Company has lease commitments as explained in section "Disclosure of leases".

**b. Contingencies**

The company is subject to several lawsuits and contingencies for legal proceedings (labor, civil, commercial and administrative proceedings) and tax proceedings. The Company has recognized a provision of \$2,444,547 as of September 30, 2020, (\$2,131,626 as of December 31, 2019), which is presented in other accounts payable. In the opinion of the Company, none of the legal proceedings are significant either individually or as a whole.

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**Disclosure of deferred income [text block]**

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The Company has deferred income classified as current, for layaway merchandise, unearned membership fees and rent. This information is presented in accruals and deferred income classified as current section in [800100] Notes - Subclassifications of assets, liabilities and equity.

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**Disclosure of deferred taxes [text block]**

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The balances for this concept are presented in Non-current assets as Deferred Tax Assets item and in Non-current provisions as deferred tax liabilities item in [210000] Statement of financial position, current/non-current.

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### Disclosure of depreciation and amortisation expense [text block]

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The balances for this concept are presented in [700002] Informative data about the income statement.

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### Disclosure of derivative financial instruments [text block]

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Such information is presented in [800007] Annex – Financial derivate instruments.



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### Disclosure of dividends [text block]

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At an Ordinary Meeting held on March 24, 2020, the shareholders adopted the following resolution:

The shareholders declared an ordinary cash dividend of \$0.87 pesos per share, paid in three installments, the first of \$0.27 pesos per share on June 24, 2020, and two of \$0.30 pesos per share on November 25, 2020 and December 16, 2020; and an extraordinary dividend to be paid in cash at rate of \$0.92 pesos per share in two installments: \$0.45 pesos per share on November 25, 2020 and \$0.47 pesos per share on December 16, 2020.

Once the dividend declared is approved at the Shareholders' meeting, the Company reduces retained earnings and recognizes the accounts payable in the consolidated statement of financial position.

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### Disclosure of earnings per share [text block]

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This information is presented in basic earnings per share and diluted earnings per share items in [310000] Statement of comprehensive income, profit or loss, by function of expense.

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### Disclosure of effect of changes in foreign exchange rates [text block]

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As of September 30, 2020, the exchange rates used to translate the foreign currency denominated assets and liabilities into Mexican pesos, are as follows:

Country	Currency	Close exchange rate with respect to peso	
Costa Rica	Colon	C	27.014343
Guatemala	Quetzal	Q	0.346696
Honduras	Lempira	L	1.088633
Nicaragua	Cordoba	C\$	1.540461
El Salvador	US Dolar	US\$	0.044528

As of September 30, 2020, the exchange rate used to translate assets and liabilities denominated in USD was \$22.46.

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### Disclosure of employee benefits [text block]

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As of September 30, 2020 and December 31, 2019, an analysis of the Company's assets and liabilities for seniority premiums and retirement benefits is as follows:

Seniority premiums		Retirement benefits	
2020	2019	2020	2019

Defined benefit obligations	\$ 1,718,639	\$ 1,489,633	\$ 1,657,735	\$ 1,528,323
Plan assets	( 987,762)	( 929,670)	-	-
Net projected liability	\$ 730,877	\$ 559,963	\$ 1,657,735	\$ 1,528,323

The valuation techniques used by the Company to determine and disclose the fair value of its financial instruments are based on a level 1 hierarchy (See Description of accounting policy for fair value measurements).

As of September 30, 2020 and December 31, 2019, the plan assets have been invested through the trust mostly in money market instruments.

## Disclosure of entity's operating segments [text block]

Segment financial information is prepared based on the information used by Chief Operating Decision Marker (CODM) to make business decisions.

An analysis of financial information by operating segments and geographical zones is as follows:

Segment	Nine-month period ended on September 30, 2020		
	Operating income	Financial (expenses) - net	Income before income taxes
Mexico	\$ 34,537,098	\$ ( 5,881,314)	\$ 28,655,784
Central America	5,035,598	( 910,409)	4,125,189
Consolidated	\$ 39,572,696	\$ ( 6,791,723)	\$ 32,780,973

  

Segment	Nine-month period ended on September 30, 2019		
	Operating income	Financial expenses - net	Income before income taxes
Mexico	\$ 32,320,502	\$ ( 2,932,299)	\$ 29,388,203
Central America	5,482,590	( 477,491)	5,005,099
Consolidated	\$ 37,803,092	\$ ( 3,409,790)	\$ 34,393,302

See note "Disclosures of revenues", for the analysis of revenue by customers contracts.

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### Disclosure of expenses by nature [text block]

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Cost of sales and general expenses are presented in the consolidated statement of comprehensive income and mainly include the purchase of merchandise, personnel expenses, depreciation and amortization, rent, advertising, maintenance, utilities, royalties, and technical assistance.

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### Disclosure of fair value measurement [text block]

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See Description of accounting policy for fair value measurements in [800600] Notes - List of accounting policies.

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### Disclosure of finance cost [text block]

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Other finance cost item includes interest on finance leases and other minor expenses; the balances for this concept are presented in the finance costs section in [800200] Notes – Analysis of income and expense.

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### Disclosure of finance income [text block]

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The balances for this concept are presented in Finance Income section in [800200] Notes – Analysis of income and expense.

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### Disclosure of financial instruments at fair value through profit or loss [text block]

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Such information is presented in [800007] Annex – Financial Derivate instruments.

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## Disclosure of financial risk management [text block]

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A. General risk factors:

See "Disclosure of entity's most significant resources, risks and relationships".

B. Financial risk factors:

The Company's activities are exposed to various financial risks such as exchange rate and interest rate risk. Th Company's risk management plan seek to minimize the potential negative effects of these risks.

Exchange rate risk:

The Company operates with foreign companies and therefore is exposed to the risk of exchange rate operations with foreign currencies, particularly the US dollar ("USD").

As of September 30, 2020, the exchange rate used to translate assets and liabilities denominated in US dollars was \$22.46 per dollar (\$18.93 as of December 31, 2019).

Considering the net monetary position in dollars at September 30, 2020, if there was an increase or decrease in the exchange rate of the US dollar against the Mexican peso of 5%, there would be a favorable or unfavorable effect on the financial income (expenses) and equity of the Company of \$311,695.

The Company has entered into Fx-forward contracts for foreign currency in order to protect itself from exposure to variability in the exchange rate for the payment of liabilities in Mexico related to the purchase of imported goods agreed in US dollars. More details of those operations are described in [800007] Annex – Financial Derivate Instruments.

The valuation techniques used by the Company to determine and disclose the fair value of its financial instruments, are based on the fair value hierarchy level 2 (See Description of accounting policy for fair value measurements).

Interest rate risk:

The Company has temporary investments in government paper which generate financial income. By reducing the interest rate, the financial income of the Company also decreases. The interest rate of these investments fluctuated during the nine-month period ended on September 30, 2020 between 1.59% and 7.42%. As of September 30, 2020, the financial income amounted to \$751,859 (\$983,047 in 2019).

Considering the highly liquid instruments as of September 30, 2020, if there was an increase or a decrease in the interest rate of 0.50%, there would be a favorable or unfavorable effect on the financial income of the Company of \$66,265.

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**Disclosure of general information about financial statements [text block]**

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The accompanying unaudited consolidated interim financial statements have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting". These financial statements do not include all information and disclosures required in the annual financial statements, and these financial statements should be read in conjunction with the audited consolidated financial statements as of December 31, 2019 and 2018.

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**Disclosure of going concern [text block]**

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**WALMEX** has sufficient resources to continue operating as a going concern. The accompanying consolidated financial statements have been prepared on a going-concern basis and on a historical-cost basis, except for financial assets and liabilities and derivative financial instruments, which are fair valued as of the end of every period.

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### Disclosure of impairment of assets [text block]

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The balances for this concept are presented in Adjustments to reconcile profit (loss) section in [520000] Statement of Cash Flows, indirect method.

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### Disclosure of income tax [text block]

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The income tax provision includes taxes payable by **WALMEX**'s subsidiaries in Mexico and abroad, determined in accordance with the tax laws in force in each country. Until September 30, 2020, companies in Mexico determined and paid their income tax under the general tax law.

Income taxes recorded on the income statement are presented in tax income section in [800200] Notes – Analysis of income and expense.



As of September 30, 2020 and 2019, the Company's effective tax rate is 36.5% and 22.5%, respectively. The difference between the statutory tax rate and Company's effective tax rate is mainly due to inflationary effects and other permanent items.

The income tax rates applicable to each country are shown below:

	<u>Rate</u>
Mexico	30%
Costa Rica	30%
Guatemala	25%
Honduras	30%
Nicaragua	30%
El Salvador	30%

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### Disclosure of information about employees [text block]

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Such information is presented in the section [700000] Informative data about the Statement of financial position.



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**Disclosure of interest expense [text block]**

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Other finance costs include interest by finance lease; such information is presented in [800200] Notes - Analysis of income and expense.

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**Disclosure of interest income [text block]**

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Those balances are presented in [800200] Notes - Analysis of income and expense.

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**Disclosure of inventories [text block]**

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Inventories consist of the following:

September 30, 2020	December 31, 2019
<hr/>	<hr/>

Merchandise for sale	\$ 66,148,895	\$ 63,951,823
Agro-industrial development	1,017,607	841,245
	67,166,502	64,793,068
Merchandise in transit	4,705,733	2,760,146
	<u>\$ 71,872,235</u>	<u>\$ 67,553,214</u>

### Disclosure of investment property [text block]

An analysis of investment properties is as follows:

	September 30, 2020	December 31, 2019
Balance at the beginning of the period	\$ 6,644,218	\$ 4,853,970
Additions	12,490	22,742
Modifications and updates	111,591	1,528,058
Disposals	( 26,994)	( 186,181)
Depreciation of the period	( 270,334)	( 369,977)
Transfers	( 458)	795,606
Balance at the end of the period	<u>\$ 6,470,513</u>	<u>\$ 6,644,218</u>

The fair value of investment properties as of December 31, 2019 is \$9,238,994.

The investment properties of the Company consist of commercial properties located in Mexico. The management determined that the investment properties are grouped according to the nature, attributes and main client of each property.

The fair values of the properties are based on management valuations. To calculate the value of a commercial property, the rental approach was used, applying the corresponding gross rent multiplier (GRM).

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### Disclosure of issued capital [text block]

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Capital stock is represented by one series of nominative, common or ordinary registered shares with no par value that can be freely subscribed. The Company's capital stock must be represented by a minimum of three billion shares and a maximum of one hundred billion shares.

As of September 30, 2020, an analysis of paid-in stock and the number of shares representing it is as follows:

Valid Coupon	Numbers of shares			Common Stock		
	Fixed Portion	Variable Portion	Free Subscription	Fixed	Variable	Total
84	2,295,809,324	15,165,593,307	17,461,402,631	\$5,591,362	\$36,935,265	\$42,526,627

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### Disclosure of leases [text block]

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**WALMEX** has executed property lease agreements. Leases are usually contracted for a period of 15 years. Some leases include a unilateral renewal option for an additional period. The Company evaluates at the beginning of the lease if it is reasonably certain that it exercises the renewal option.

In addition, the Company has also entered into finance leases for the rental of residual water treatment plants, which the terms of 10 years with purchase option at the end of the agreement; as well as other equipment leases with terms of 3 to 5 years.

**WALMEX** sub-leases some of its investment properties.

**WALMEX** right of use assets balance is as follows:

	September 30, 2020	December 31, 2019
Balance at the beginning of the period	\$ 49,675,185	\$ 12,724,731
IFRS 16 initial adoption	-	33,812,340
Additions	1,513,235	2,447,597
Modifications and actualizations	2,252,193	5,670,229
Disposals	( 208,926)	( 473,459)
Depreciation of the period	( 2,902,560)	( 3,844,268)
Transfers	( 52,312)	( 851,965)
Conversion effect	1,117,552	189,980
Balance at the end of the period	<u>\$ 51,394,367</u>	<u>\$ 49,675,185</u>

Lessee liabilities are as follows:

Period	September 30, 2020
Remainder of 2020	\$ 2,195,940
2021	8,821,906
2022	8,438,702
2023	8,016,285
2024	7,753,373
2025 and thereafter	<u>110,247,273</u>
Nominal lease payments	145,473,479
Net present value adjustment	<u>(84,956,029)</u>
Lease liabilities, net	<u>\$ 60,517,450</u>

The Company analyzes its services agreements that do not have the legal form of a lease to determine if the supplier transfers the use of an asset to **WALMEX**. After this analysis, **WALMEX** has determined that there are no material service agreements that must be classified as a lease.

The amounts recognized in the consolidated statement of income during the nine-month period ended September 30, 2020 and 2019 are as follow:

	2020	2019
Depreciation expense for the right of use assets, by type:		
Property	\$ 2,618,980	\$ 2,383,230
Equipment	\$ 283,581	\$ 451,518
Interest on lease liabilities	\$ 4,817,538	\$ 4,228,117
Expenses related to short-term leases	\$ 303,043	\$ 358,821
Expenses related to leases of low-value assets	\$ 9,179	\$ 2,502
Variable lease payments (not included in the measurement of lease liabilities)	\$ 2,438,175	\$ 2,081,878
Sub lease revenue	\$ ( 345,884)	\$ ( 447,593)

Amounts recognized in the consolidated statements of cash flows during the nine-month period ended September 30, 2020 and 2019 are as follow:

	2020	2019
Rental payments – principal	\$ 1,664,206	\$ 1,751,533
Rental payments – interest	\$ 4,817,538	\$ 4,228,117

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### Disclosure of other current assets [text block]

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This item mainly includes prepaid advertising, property tax and insurance. Such balances are presented in [210000] Statement of financial position, current/non current.

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### Disclosure of other non-current assets [text block]

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This item mainly includes guarantee deposits and long-term investments; such information is presented in other non-current financial assets item in [210000] Statement of financial position, current / non-current.

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### Disclosure of prepayments and other assets [text block]

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Prepaid expenses are recorded at cost and recognized as current assets in the consolidated statement of financial position as from the date the prepayments are made. Once the goods or services related to the prepayments are received, they should be charged to the income statement or capitalized in the corresponding asset line when there is certainty that the acquired goods will generate future economic benefits.

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### Disclosure of property, plant and equipment [text block]

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Properties and equipment are as follows:

	September 30, 2020	December 31, 2019
Balance at the beginning of the year	\$ 132,119,505	\$ 126,643,278
Additions	9,559,390	20,260,815
Disposals	( 228,299)	( 1,886,176)
Depreciation of period	( 9,936,707)	( 12,309,236)
Transfers	( 122,756)	( 80,112)
Translation effect	4,886,316	( 509,064)
Balance at the end of the year	<u>\$ 136,277,449</u>	<u>\$ 132,119,505</u>



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## Disclosure of related party [text block]

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### a) Related party balances

The consolidated statement of financial position includes the following balances with related parties:

	September 30, 2020	December 31, 2019
Accounts receivable: Walmart, Inc.	\$ 33,543	\$ 95,736
Accounts payable to suppliers: C.M.A. - U.S.A., L.L.C.	\$ 525,238	\$ 695,229
Swiss Asia Minor GmbH	126,296	101,254
	<u>\$ 651,534</u>	<u>\$ 796,483</u>
Other accounts payable: Walmart Inc.	<u>\$ 1,197,724</u>	<u>\$ 1,248,841</u>

Balances with related parties consist of current accounts that bear no interest, are payable in cash and have no guarantees. Balances with related parties are considered recoverable and consequently, as of September 30, 2020 and December 31, 2019, there were no bad debt related party expenses.

### b) Related party transactions

**WALMEX** has entered into the following open-ended agreements with related parties:

- Imports of goods for sale, which are interest-free and payable monthly with CMA USA LLC.
- Purchase commissions with Swiss Asia Minor GmbH that are payable on a recurring basis.
- Technical assistance and services with Walmart, Inc. that are payable monthly.
- Royalties for trademark use with Walmart Inc., payable quarterly based on a percentage of sales of the retail businesses.

The terms of the related party transactions are consistent with those of an arm's length transaction.

The Company had the following transactions with related parties during the nine-month

period ended September 30, 2020 and 2019:

	2020	2019
Purchases and commissions related to the import of goods for sale:		
C.M.A. - U.S.A., L.L.C.	\$ 3,138,409	\$ 3,229,908
Swiss Asia Minor GmbH	205,922	210,425
	<u>\$ 3,344,331</u>	<u>\$ 3,440,333</u>
Costs and expenses related to technical assistance, services and royalties:		
Walmart Inc.	<u>\$ 4,923,647</u>	<u>\$ 3,485,963</u>

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### Disclosure of reserves within equity [text block]

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As of September 30, 2020, the legal reserve of the Company amounts to \$9,104,745, which represents 20% of the issued capital, which, in accordance with the Mexican General Law of Commercial Companies, has reached the maximum percentage of its constitution.

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### Disclosure of revenue [text block]

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a) An analysis of the other revenue that forms part of the main activity of the Company is as

follows:

	For the nine-month period ended September 30,	
	2020	2019
Memberships	\$ 1,469,767	\$ 1,322,305
Rental	1,478,601	1,530,081
Sale of waste	477,215	403,697
Bank bonuses	278,415	331,982
Parking	55,428	58,629
Total	<u>\$ 3,759,426</u>	<u>\$ 3,646,694</u>

For the nine-month period ended September 30, 2020, rental income includes \$359,494 (\$440,782 in 2019) generated by investment properties.

b)The Company analyzes and manages its operation through its geographical location and format.

An analysis of income from contracts with customers is as follows:

	For the nine-month period ended September 30,	
	2020	2019
Mexico:		
Self-service	60.9%	61.7%
Price clubs	20.5%	20.3%
Central America:	18.6%	18.0%

Of all **WALMEX's** total net sales, approximately \$13.4 billion and \$4.9 billion relates to electronic commerce in Mexico, for the nine-month period ended September 30, 2020 and 2019, respectively. E-commerce sales in Mexico including gross merchandise value made by Marketplace vendors amounted \$15.3 billion and 5.9 billion, respectively.

In Central American, net sales related to electronic commerce amounted to \$659 million for the nine-month period ended September 30, 2020, and includes sales coming from on-demand delivery apps.

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**Disclosure of share capital, reserves and other equity interest [text block]**

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- a) In the Ordinary Meeting held on March 24, 2020, the shareholders approved a cap of \$5,000,000 on the amount the Company would use in 2020 to repurchase its own shares. As of September 30, 2020, there is no owned shares in Treasury.
- b) Distributed earnings and capital reductions that exceed the net taxed profits account (CUFIN per its acronym in Spanish) and restated contributed capital account (CUCA per its acronym in Spanish) balances are subject to income tax, in conformity with Articles 10 and 78 of the Mexican Income Tax Law.

As of September 30, 2020, the total balance of the tax accounts related to equity is \$77,179,365 (\$66,451,789 as of December 31, 2019), in conformity with the current tax laws.

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### Disclosure of share-based payment arrangements [text block]

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The employee stock option plan fund consists of 180,988,878 in **WALMEX** shares, which have been placed in a trust created for the plan.

The total compensation cost charged to operating results in the nine-month period ended September 30, 2020 and 2019 was \$249,987 and \$275,578, respectively, which represented no cash outflow for the Company and it is included in the general expenses line in the consolidated statement of comprehensive income.

As of September 30, 2020, the granted shares under the stock option plan fund are 160,926,292, which 60,219,943 are exercisable shares.

Since the predefined formats do not include specific account lines for premium on sale of shares and employees' stock plan fund, these are presented in the premium in issuance of shares line of the statements of financial position and of changes in equity.

The details are as follows:

	September 30, 2020	December 31, 2019
Fund stock options	\$ ( 6,870,138)	\$ ( 5,642,730)
Premium on sale of shares	4,507,540	4,318,104
	<u>\$ ( 2,362,598)</u>	<u>\$ ( 1,324,626)</u>

The premium on sale of shares represents the difference between the cost of the shares and the value at which they were sold, after deducting the income tax.

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### Disclosure of subsidiaries [text block]

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**WALMEX** holds 100% of the equity interest in the following groups of companies in Mexico and Central America, as shown below:

Group	Line of Business
Nueva Walmart	Operation of 2,060 Bodega Aurrerá discount stores, 282 Walmart hypermarkets, 93 Superama supermarkets, 164 Sam's Club membership self-service wholesale stores.
Import companies	Import of goods for sales
Real estate	Property developments and management of real estate companies.
Service companies	Rendering of professional services to Group companies and not-for-profit services to the community at large, and shareholding.
Walmart Central America	Operation of 562 discount stores (Despensa Familiar and Palí), 100 supermarkets (Paiz, La Despensa de Don Juan, La Unión and Más x Menos), 156 Bodegas, Maxi Bodega and Maxi Palí) and 35 Walmart hypermarkets. These stores are located in Costa Rica, Guatemala, Honduras, Nicaragua and El Salvador.

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### Disclosure of significant accounting policies [text block]

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A summary of the significant accounting policies is described below. These policies have been applied consistently with those applied in the year ended December 31, 2019.

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### Disclosure of tax receivables and payables [text block]

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The balances of those concepts are presented in the lines of taxes to recover and to pay at a long term of [210000] Statement of financial position, current / non-current.

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### Disclosure of trade and other payables [text block]

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The balances for these items are presented in the suppliers and other accounts payable section of [800100] Notes - Subclassifications of assets, liabilities and stockholders' equity.

Other current accounts payable includes dividends payable for \$26,404,557 as of September 30, 2020 (\$136,999 as of December 31, 2019).

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### Disclosure of trade and other receivables [text block]

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Those balances are presented in trade and other receivables sections in [800100] Notes - Subclassifications of assets, liabilities and equities.

Average aging to collect the accounts receivable to customers is from 30 to 90 days.

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## **[800600] Notes - List of accounting policies**

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### **Disclosure of significant accounting policies [text block]**

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A summary of the significant accounting policies is described below. These policies have been applied consistently with those applied in the year ended December 31, 2019.

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### **Description of accounting policy for construction in progress [text block]**

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Construction in progress mostly consists of investments made by the Company, mainly for the construction of new stores and improvements; they are recognized at cost, and once complete, the Company reclassifies work in process to property and the depreciation begins.

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### **Description of accounting policy for deferred income tax [text block]**

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Deferred income taxes result from applying the applicable enacted or substantively enacted income tax rate at the reporting date to all temporary differences between financial reporting



and tax values of assets and liabilities. Deferred tax assets are only recognized when it is probable that sufficient taxable profit will be available against which the deductions for temporary differences can be taken. The deferred tax liabilities are generally recognized for all taxable temporary differences.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the deferred assets to be used. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

The deferred income tax on temporary differences arising from investments in subsidiaries is recognized, unless the period of reversal of temporary differences is controlled by **WALMEX** and it is probable that the temporary differences will not reverse in the near future.

The Company offset tax assets and liabilities only if it has a legally enforceable right to offset the tax assets and liabilities and the deferred tax assets and liabilities relating to income taxes that pertain to the same authority.

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### Description of accounting policy for depreciation expense [text block]

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Depreciation of property and equipment as well as investment properties is computed on a straight-line method at the following annual rates:

Buildings, facilities and leasehold improvements:

- Constructions and structures	2.5%	To	5.0%
- Facilities and adaptations	5.0%	To	12.5%
- Construction finishes	10.0%	To	25.0%

Furniture and equipment	5.0%	To	33.3%
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Computer equipment	12.5%	To	33.3%
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Transportation equipment	10.0%	to	33.3%
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### Description of accounting policy for derivative financial instruments [text block]

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The Company has entered into currency hedging through Over the Counter (OTC) currency forward transactions (Fx-forwards) to mitigate the effects caused by variability in the exchange rate of foreign currency on its accounts payable related to import goods for sale. The maximum length of these contracts is six months.

Derivatives are initially recognized at fair value at the date the derivative contract is subscribed and subsequently revalued at fair value at the end of the reporting period. The resulting gain or loss is recognized immediately as a part of the financial income (expense) line in the consolidated statement of comprehensive income.

In accordance with our standards of corporate governance, the Company manages only Fx-forwards as derivative financial instruments.

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### Description of accounting policy for determining components of cash and cash equivalents [text block]

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Cash and cash equivalents mainly consist of bank deposits, credit and debit card transfer transactions that process in less than seven days, and highly liquid investments with maturities of less than 90 days, plus accrued interest. Cash is stated at fair value.

Cash that is restricted and cannot be exchanged or used to settle a liability for a minimum period of twelve months is presented in a separate line item in the statement of financial position and is excluded from cash and cash equivalents in the cash flow statement.

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### Description of accounting policy for earnings per share [text block]

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Basic earnings per share is the result of dividing the net income of the year attributable to owners of the parent by the weighted average number of outstanding shares. Diluted earnings per share are the same as basic earnings per share since there is currently no potentially dilutive common stock.

The effect on earnings per share, which represents the remainder attributable to the results of the investees in 2020, is \$0.003 pesos per share.

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### Description of accounting policy for employee benefits [text block]

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Employees in Mexico are entitled to a seniority premium in accordance with the Mexican Federal Labor Law. Also, **WALMEX's** employees in each of the six countries are entitled to termination benefits to be paid in accordance to each country's respective labor laws. These employee benefits are recognized as expense during the years in which services are rendered, based on actuarial computations performed by independent experts using the projected unit credit method.

In Mexico, the seniority premium is granted to employees who retire from the Company with a minimum of fifteen years of seniority. The amount paid to the associate is equivalent to twelve days for each year worked, without exceeding the amount for each day of twice the minimum

wage. The Company has set up a defined benefits trust fund to cover seniority premiums accruing to employees. Employees make no contributions to this fund.

In Central America, the termination benefits for associates are paid when required in case of unjustified dismissal or death, in accordance with the Labor Law of each country where the Company operates. The benefits range from 20 days to one month of salary for each year of uninterrupted service.

All other payments to which employees or their beneficiaries are entitled in the event of involuntary retirement or death are expensed as incurred, in accordance with federal labor laws of each country.

Actuarial gains and losses are recognized as they accrue directly in the consolidated statement of comprehensive income, and in the statement of changes in equity.

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### Description of accounting policy for expenses [text block]

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Expenses are recognized in the income statement when they are incurred.

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### Description of accounting policy for fair value measurement [text block]

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Assets and liabilities carried at fair value are measured using the fair value hierarchy, which prioritizes the inputs used in measuring fair value. The levels of the fair value hierarchy are as follows:

- Level 1. Quoted prices for identical instruments in active markets,
- Level 2. Other valuations including quoted prices for similar instruments in active markets that are directly or indirectly observable, and
- Level 3. Unobservable data inputs, for which the Company develops its own assumptions and valuations.

Subsequent measurement of the Company's financial assets and liabilities is determined based on their classification.

The Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

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### Description of accounting policy for financial assets [text block]

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These assets are classified in one of the following categories, as required: financial assets at fair value through profit or loss, accounts receivable, investments held to maturity. The Company's financial assets primarily consist of cash and cash equivalents, trade receivables and other accounts receivable which are initially recognized at fair value. Fair value of an asset is the price in which such asset would be sold in an ordinary transaction with third parties.

Assets are recorded at fair value and are measured using the fair value hierarchy, as mentioned in the accounting policy for fair value measurement.

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**Description of accounting policy for financial liabilities [text block]**

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These liabilities are classified in accounts payable, other accounts payable and finance leases; these liabilities are initially recognized at fair value and subsequently valued to amortized cost using the effective interest rate method. The liabilities from derivatives are recognized initially and subsequently at fair value. Fair value of a liability is the amount that would be paid to transfer the responsibility to a new creditor in an ordinary transaction among those parties.

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**Description of accounting policy for foreign currency translation [text block]**

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The Company's foreign currency denominated assets and liabilities are translated to functional currency at the prevailing exchange rate at the date of the consolidated statement of financial position. Exchange differences are recognized in the consolidated statement of comprehensive income in the financial income (expenses) lines.

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**Description of accounting policy for functional currency [text block]**

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The Mexican peso is the Company's functional and reporting currency.

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### Description of accounting policy for goodwill [text block]

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Goodwill represents the excess of the purchase price over the fair value of the net assets of Walmart Central America at the acquisition date and is not subject to amortization.

Goodwill was assigned applying the perpetuity value technique to determine the goodwill's value in use, considering each Central American country (Costa Rica, Guatemala, Honduras, Nicaragua and El Salvador) as a minimum cash generating unit.

Goodwill is tested for impairment annually. The Company engages the services of an independent expert to test its goodwill for impairment. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of value of money over time and the specific risks affecting such assets.

Future cash flows consider the business plan and projections used by management in its decision making for the following five years.

Goodwill is translated at the closing exchange rate and such translation is recognized in other comprehensive income.

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### Description of accounting policy for impairment of assets [text block]

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The long-term finite useful life assets are subject to impairment tests only when there is objective evidence of impairment.

The Company recognizes impairment in the value of this type of assets by applying the expected present value technique to determine value in use, considering each store as the minimum cash-generating unit.

The present value technique requires detailed budget calculations, which are prepared separately for each cash-generating unit where the assets are located. These budgets generally cover five years and, in case of a longer period, an expected growth rate is applied.

Impairment losses are recognized in the consolidated statement of comprehensive income as a part of other expenses.

When an impairment loss is subsequently reversed, the carrying amount of the asset (or cash-generating unit) is increased by the reviewed estimate of the recoverable amount, not exceeding the carrying amount that would have been determined if no impairment loss had been recognized in prior years. The reversal of an impairment loss is recognized immediately in the comprehensive income statement.

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### Description of accounting policy for income tax [text block]

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Income taxes are classified as current and deferred, and are recognized in the consolidated statement of comprehensive income in the year they are expensed or accrued, except when they come from items directly recognized in other comprehensive income, in which case, the corresponding taxes are recognized in equity.

Current income taxes are determined based on the tax laws approved in the countries where **WALMEX** has operations and are the result of applying the applicable tax rates at the date of the consolidated financial statements on the taxable profits of each entity of the Group. Current income taxes are presented as a current liability/asset net of prepayments made during the year.



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### Description of accounting policy for intangible assets and goodwill [text block]

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Intangible assets are recognized when they have the following characteristics: they are identifiable, they give rise to future economic benefits and the Company has control over such benefits.

Intangible assets are valued at the lower of acquisition cost or fair value at the acquisition date and are classified based on their useful lives, which may be definite or indefinite. Indefinite-lived assets are not amortized; however, they are subject to annual impairment tests. Definite lived assets are amortized using the straight-line method at rates between 7.7% and 33.3%.

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### Description of accounting policy for investment property [text block]

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Investment properties consist of land, buildings and constructions and facilities in properties that are leased to others and are maintained to obtain economic benefits through the collection of rent. Investment properties are measured initially at cost, including transaction costs. After initial recognition, they continue to be valued at cost less depreciation and accumulated losses due to impairment.

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## Description of accounting policy for leases [text block]

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The Company assesses whether a contract is or contains a lease at inception of the contract. This assessment involves the exercises of judgement about whether it depends on a specified asset, whether the Company obtains substantially all the economics benefits from the use of that asset, and whether the Company has the right to direct the use of the assets.

### **WALMEX** as a lessee

**WALMEX** recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, **WALMEX** incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortized cost using the effective interest method. These liabilities are re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the estimate of the amount expected to be payable under a residual value guarantee, or if **WALMEX** changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

### **WALMEX** as a lessor

**WALMEX** obtains rental income from investment properties: the variable rent income is recognized as revenue in the period in which they are earned and such revenues are presented as a part of other revenues line within the consolidated statement of comprehensive income.

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### Description of accounting policy for measuring inventories [text block]

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Inventories are valued using the retail method, except for merchandise for the Sam's Club, distribution centers, Agro-Industrial development (grains, edibles and meat) and perishable division, which are stated using the weighted average cost method. These methods are consistent with those applied in the prior year. Inventories, including obsolete, slow-moving and defective items or items in poor condition, are stated at the lower of cost or net realizable value.

Freight and buying allowances are capitalized in inventory and are recognized in the cost of sales based on the turnover of the inventories that gave rise to them.

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### Description of accounting policy for property, plant and equipment [text block]

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Property and equipment are recorded at acquisition cost and are presented net of accumulated depreciation.

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### Description of accounting policy for provisions [text block]

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Accrued liabilities represent current obligations (legal or assumed) for past events where outflow of economic resources is possible and can be reasonably estimated. These provisions have been recorded based on management's best estimation. Reimbursements are recognized net of any related obligation when it is certain that the reimbursement will be obtained. Provision expenses are presented in the consolidated statement of comprehensive income net of any corresponding reimbursements.

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### Description of accounting policy for recognition of revenue [text block]

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Revenue from merchandise sales, including online sales ("e-Commerce") is recognized in the consolidated statement of comprehensive income at the time the obligation is satisfied (when "control" of the goods has been transferred to the customer). Revenue from services is recognized at the time the service is provided.

Extended warranties, service commissions and cell phone airtime are recognized net in the net sales line in the consolidated statement of comprehensive income at time the service is provided.

Sam's Club membership income is deferred over the twelve-month term of the membership and presented in the other revenue line in the consolidated statement of comprehensive income.

Rental income is recognized as it accrues over the terms of the lease agreements entered into with third parties and presented in the other revenue line in the consolidated statement of comprehensive income.

Revenues from the sale of waste and parking lots are recognized in other revenue line at the time the property is transferred upon delivery of the goods or at the time the services are provided.

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### Description of accounting policy for segment reporting [text block]

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Segment financial information is prepared based on the information used by the Chief Operating Decision Maker "CODM" to make business decisions and assess the Company's performance. Segment information is presented based on the geographical zones in which the Company operates.

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### Description of accounting policy for share-based payment transactions [text block]

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The employee stock option plan fund is comprised of **WALMEX** shares which are acquired in the secondary market and are presented at acquisition cost. The plan is designed to grant stock options to executives of the companies in the Group, as approved by the Mexican National Banking and Securities Commission.

The shares subject to the plan are assigned, taking as a reference the weighted average price of the purchase and sale transactions in the secondary market of such shares.

The current policy includes two plans granted plans to executives: the first one is the "stock options" grant; and the second one is the "restricted shares" grant (the latter is available only to certain executive levels). In the stock options plan, the right to exercise the options is released in four years in two equal parts; 50% in two years and the remaining 50% in four years. The term to exercise the rights is 10 years from the grant date.

The vesting period for the restricted shares plan is 3 years and the term to exercise the right is up to 10 years starting from the grant date. The amount of the restricted shares is subject to compliance with certain metrics that are evaluated for assignment after the first year, which may cause the original allocation to decrease or increase within a range of 0% to 150%.

According to the previous policy, **WALMEX** executives could exercise their stock option to acquire shares in equal parts over five years. The right to exercise an employee stock option expires after ten years from the grant date or sixty days after the employee's termination date and there was no "restricted shares" plan.

The compensation cost of stock options is recognized in general expenses in the consolidated statement of comprehensive income at fair value.

Premium on sale of shares:

The premium on sale of shares represents the difference between the cost of shares and the value at which such shares were sold, net of the corresponding income tax.

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## Description of accounting policy for subsidiaries [text block]

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The accompanying consolidated financial statements include the financial statements of **WALMEX**, entities in which the Company was deemed the primary beneficiary and those of its Mexican and foreign subsidiaries or investee in which has control, which are grouped as described in "Disclosure of subsidiaries", and prepared considering the same accounting period.

Subsidiaries or investee are consolidated from the date on which control is assumed by **WALMEX**, and until such control is lost. The results of subsidiaries or investee acquired or disposed of during the year are included in the consolidated statements of comprehensive income from the date of acquisition or up to the date of sale, as appropriate.

Specifically, the Company controls an investee if, and only if, the Company has:

- Power over the investee (i.e. the existing rights that give it the current ability to conduct the relevant activities of the investee)
- Exposure to, or rights to, variable returns from its participation in the investee.
- The ability to use its power over the investee to affect its returns

Transactions and related party balances are eliminated in the consolidation.

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### Description of accounting policy for trade and other receivables [text block]

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**WALMEX** recognizes the impairment of its receivables by applying the simplified approach allowed by IFRS 9 "Financial Instruments", recognizing the expected credit losses as of the creation of the account receivable. These assets are grouped according to the characteristics of credit risk and the days past due, with the expected loss provision for each risk group determined based on the historical credit loss and experience of the Company, adjusted for specific factors for debtors and effects in the economic environment.

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### Description of other accounting policies relevant to understanding of financial statements [text block]

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As of September 30, 2020, the Company has no other relevant policies to understanding the consolidated financial statements.



## [813000] Notes - Interim financial reporting

### Disclosure of interim financial reporting [text block]

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The disclosure of notes, statement of compliance with IFRS and other explanatory information to the unaudited consolidated interim financial statements of Wal-Mart de Mexico, S.A.B. de C.V. and Subsidiaries as of September 30, 2020, are included in the report [800500] Notes - List as well as the disclosure of the summary of significant accounting policies is included in the report [800600] Notes - List of Accounting Policies; and have been prepared in accordance with International Accounting Standard 34 "Interim Financial Information".

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<b>Dividends paid, ordinary shares:</b>	4,664,594,000
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<b>Dividends paid, other shares:</b>	0
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<b>Dividends paid, ordinary shares per share:</b>	0.27
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<b>Dividends paid, other shares per share:</b>	0
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