

Quarterly Financial Information

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[105000] Management commentary

Management commentary [text block]

Words can't express how proud we are of each one of our associates. They are taking care of our customers and members during these unprecedented times, while providing an essential service and, thanks to their hard work and dedication, today more than ever we are fulfilling our purpose of helping people live better.

On our Walmex Day 2019, we shared with you the plan to transform our way of working with four goals: to continue to put our customers and associates always at the center of our decisions, to work in an agile way, to use data to support decision-making and to foster an end-to-end view. This new way of working was essential for us to adapt to the new circumstances and to remain productive and close to the stores, while working remotely.

In the face of uncertainty, our associates keep us moving forward. Besides serving our customers, they are managing the business effectively and progressing on the execution of our strategy.

Given the level of disruption we've seen in the environment since the pandemic began, we set 5 priorities to guide our decision-making, and I would like to give you an update on the progress on each one of them.

1. Support our associates

In addition to providing the necessary protective equipment so that they can do their work safely, to show our appreciation:

- More than 23,000 associates in vulnerable conditions, were granted permission to be absent with pay;
- We granted special bonuses in the second and fourth quarters for associates in stores, clubs and distribution centers;
- We changed the payment frequency of their salary from biweekly to weekly, so that associates can have a quicker access to their income;
- We provided transportation allowance to distribution centers with difficult access;
- We extended a discount to all associates to buy everyday needs in stores and online and;
- We enabled a medical phone line to support the health and well-being of our associates and their families.

These measures remain in place and we are constantly looking for ways to continue to support them, so that they can take care of themselves and of our customers.

2. Serve our customers

We transformed our stores and the way we operate to serve our customers in the safest and most hygienic way possible. From installing protection glasses at the checkouts and marking safe distance in high traffic areas, to providing dedicated delivery and pickup slots to customers in vulnerable conditions; we have been adapting to their habits and the conditions of the environment, always following the guidelines of the authorities.

We have kept our supply chain operating at full speed, to be able to offer everything our customers are looking for.

In addition, we have further reinforced our EDLP proposition, keeping the lowest prices on more than 300 items in the "Los Esenciales" program.

Our customers have appreciated this effort and rewarded us with their preference.

3. Help each other, including:

- o the communities we serve,
- o our suppliers who have always been our great allies,
- o the tenants who lease space in our stores, and
- o federal, state, and local authorities.

We have responded in different ways to the needs of each one of them.

We donated \$130 million pesos to fund the COVID-19 temporary center, which provides medical care to patients in the healthcare system in Mexico City.

In collaboration with other organizations, we supported more than 45,000 people affected by COVID-19, donating \$33 million pesos through a gift card program.

We also donated 250 tons of food to more than 22,800 seniors.

We know it has been a difficult time for our small suppliers too, so we decided to support them by

- reducing payment terms to 7 days,
- expanding our factoring program and,
- offering a digital training program designed for micro and small business who have been affected by contingency and who need support to understand the digital world as an alternative to address the crisis.

We also waived rent for our small tenants and worked with them to hire to their employees during peak demand.

4. Manage the short term effectively, financially, and operationally, this includes our cash and inventory position.

5. To continue to implement our strategy even amid the crisis.

2020, an unprecedented year, in every respect. A year that certainly set the before and after of several industries, including ours.

The pandemic changed the way our customers shop and interact with us; it generated structural changes in retail and an acceleration of digital adoption in several areas: from online shopping to payments and paperwork.

We are fortunate to operate a business that allowed us to be even closer to our customers and to learn from them every day.

We've evolved significantly, from a store-based business to an omni-business, and now it is time to optimize performance and create a winning omni-led ecosystem in Mexico.

Disclosure of nature of business [text block]

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

As of December 31, 2020, it operates 3,489 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**.

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

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

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

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, in particular due to the purchase 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, 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 the authorities and ignoring violations of form and procedure.

V. Recent developments. During 2020, there have been events at the international and national level that have had an impact on the volatility of economic and market indicators as Mexico as well as Central America.

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; increase in operating expenses due to additional support to associates and several health and safety measures; as well as higher risk of recovery of accounts receivable (mainly related to rents from tenants).

At the date of this report, the financial effect of the combination of these events did not have a significant adverse impact on the financial statements taken as a whole.

Disclosure of results of operations and prospects [text block]

MÉXICO

During the 4Q, total revenues increased 5.9% and 8.0% during the full year.

Throughout the year, we worked with our suppliers to continue to provide the lowest prices to our customers through programs like "Los Esenciales". We were able to expand our price gap by 50 bps and to expand gross profit by 20 bps for the full year.

In terms of expenses, in the 4Q we saw a higher growth than in the rest of the year, primarily because of three reasons:

- 1) We saw higher personnel costs, as we decided to pay another gratitude bonus to store, club and DC associates and we increased the provision for performance bonus to show our appreciation for all the hard work our associates have done this challenging year,
- 2) We caught up with construction, remodel and maintenance work that we couldn't do earlier in the year given the restrictions; and
- 3) We incurred extraordinary expenses to keep our customers and associates safe.

However, when we look at the full year, the team managed to keep the operating discipline, despite the high expense environment we experienced. Excluding one-time effects, expenses as percentage of sales were quite similar to 2019 levels.

All in, underlying 2020 results were positive. Operating income grew 9.5%, 150 bps ahead of total revenues growth and we were able to maintain our double digit EBITDA margin of 11.4%

During the quarter, same-store sales increased 4.9% and 6.7% for the full year, which led to an 11.1% two-year stack.

PERFORMANCE BY REGION:

All regions had a positive performance. The North and South regions delivered the highest same-store sales growth, followed by the Metro and Center regions. Sales in the Metro region were softer during December, as operating restrictions increased and selling some categories, such as toys or wines, was temporarily prohibited.

PERFORMANCE BY FORMAT:

Regarding formats, Sam's Club continued to post the highest same-store sales growth, followed by Bodega, Walmart and Superama. Important to note how Bodega's sales trend improved significantly vs. previous quarters' performance, as customer are reacting to the pricing actions we've taken and our omni-proposition is starting to gain traction.

PERFORMANCE BY DIVISION:

Looking at same-store sales by category, Food & Consumables and General Merchandise posted the highest growth driven by in-home consumption, "El Fin Irresistible" event and holiday sales.

The Apparel division resumed growth and posted a positive result, after several quarters on negative territory.

OMNICHANNEL

While same store sales growth continues to be strong and sustainable, eCommerce contribution to total sales growth is accelerating.

During the year, contribution increased 5x vs. 2019, reaching 260 bps. Looking only at the 4Q, eCommerce contributed 340 bps to total growth.

eCommerce sales growth was 171%, both in the quarter and for the full year.

eCommerce sales represented 5.1% of Mexico sales during quarter and 3.8% during the year, 2.5 times the penetration we had on 2019.

On November, we reached our monthly sales historic maximum for General Merchandise in on demand. It's encouraging to see the potential we have on the omni space as the market evolves.

We will focus on service levels and on providing the best shopping experience; we believe it is critical to continue investing to improve our omni value proposition in order to win our customers' loyalty.

PERFORMANCE VS. THE MARKET

We have been able to outpace the self-service and clubs market measured by ANTAD for 6 consecutive years now.

In 2020, we sequentially expanded the same-store sales growth gap vs. ANTAD, reaching a 160 bps gap during the quarter and a 130 bps gap for the full year.

Our Every Day Low Price proposition continues to gain strength, and our efforts to operate with discipline and continuously improve our service levels are allowing us to gain our customers' loyalty.

CENTRAL AMERICA

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

Topline growth continued to be softer in the region given the macro environment and the restrictions in place to contain COVID-19 pandemic. The team made a great job, launching

campaigns, such as “Tu Menudo Campeón”, and reinforcing our pricing positioning to drive sales. Despite the price investments, we worked together with our suppliers and were able to maintain a 24.2% gross profit margin in the region.

The team managed to keep expenses under control in such challenging times. We were able to achieve 10 bps of expense leverage during the year, despite the additional costs incurred due to the pandemic. It is an example of our commitment to costs control and discipline.

As a result, EBITDA margin expanded by 20 bps in the year.

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.

Nicaragua and Guatemala managed to grow sales, while in El Salvador, Costa Rica and Honduras sales were softer, as the effects of the pandemic, with its operating restrictions, and hurricanes, affected those countries more severely.

The omnichannel progress in the region allowed us to serve our customers amid these unprecedented times, it's amazing how the team stepped-up to the challenge and provided an essential service to customers.

NEW STORES, LOGISTICS NETWORK REDESIGN AND INVESTMENTS

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

We are resuming new store growth at a faster pace. Following authorities' guidelines for construction and making sure conditions are safe, we opened 37 stores in the last quarter of 2020

During the full year, we opened 82 new stores: 63 in Mexico and 19 in Central America. This includes two new Walmart Express stores, which had amazing results on their opening month. We're very excited about the potential of this format.

For the year, new stores contribution to total sales growth was 1.5%.

In summary, we are pleased with what we achieved in the year. We were able to serve our customers, to take care of our associates, to give back to the community, to progress with our strategic agenda and generate returns for our shareholder, while we managed to grow the topline and maintain profitability.

Financial position, liquidity and capital resources [text block]

Our financial strength becomes increasingly important at these times.

Operating cash flow generation has increased annually 9.2% (CAGR from 2010 to 2020) and we will continue to focus on further improving our cash position by managing the business in a disciplined way, so we can continue to invest and generate returns.

CAPEX 2020

Last year we were not able to implement our investment plans as we expected to, but we managed to make strategic investments to better position our business, while continuing to generate returns.

We invested \$16.7 billion pesos: 43% of the investment was allocated to the remodeling and maintenance of existing stores, 27% to the opening of new stores, 16% to eCommerce and technology and 14% to the logistics network redesign.

As we shared with you on previous quarters, we decided to shift our investment focus to omnichannel, automation and technology projects to accelerate the implementation of our strategy.

DIVIDENDS

We are committed to delivering consistent returns to shareholders while investing for the future.

Yesterday, the Walmex's Board of Directors agreed to recommend a proposal to shareholders for an ordinary dividend of \$0.90 pesos per share and an extraordinary dividend of \$0.73 pesos per share; total dividends add up to \$1.63 pesos per share payable in two installments, one in November and the other one in December 2021.

We expect the proposal to be approved at the Annual Shareholders Meeting to be held on March 23, 2021.

We are also generating returns in the form of capital gains. For the last five years, every year our stock price has reached a new maximum, despite the volatility in the environment.

Our business is resilient and by operating with discipline and becoming more productive we will be able to deliver results as we transform our business. We will keep a strong cash flow generation that will allow us to invest and build a business that is even more prepared to face future challenges.

Internal control [text block]

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.

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

Ticker:	WALMEX
Period covered by financial statements:	2020-01-01 al 2020-12-31
Date of end of reporting period:	2020-12-31
Name of reporting entity or other means of identification:	Wal-Mart de México, S.A.B. de C.V.
Description of presentation currency:	MXN
Level of rounding used in financial statements:	THOUSANDS PESOS
Consolidated:	Yes
Number of quarter:	4D
Type of issuer:	ICS
Explanation of change in name of reporting entity or other means of identification from end of preceding reporting period:	
Description of nature of financial statements:	

Disclosure of general information about financial statements [text block]

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).

Name service provider external audit [text block]

Mancera, S.C. a member practice of Ernst & Young Global Limited.

Name of the partner signing opinion [text block]

C.P.C. Carlos Carrillo Contreras

Type of opinion on the financial statements [text block]

Unmodified (without exception)

Date of opinion on the financial statements [text block]

February 17, 2021

Date assembly in which the financial statements were approved [text block]

The consolidated financial statements and accompanying notes for the years ended December 31, 2020 y 2019 were approved by the Company's management and Board of Directors on February 17, 2021 and are subject to approval by the Shareholders meeting. Subsequently events are considered through this date.

The Shareholders meeting will be held on March 23, 2021.

Follow-up of analysis [text block]

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 2020-12-31	Close Previous Exercise 2019-12-31
Statement of financial position [abstract]		
Assets [abstract]		
Current assets [abstract]		
Cash and cash equivalents	35,670,360,000	30,857,090,000
Trade and other current receivables	15,453,300,000	12,374,923,000
Current tax assets, current	1,540,454,000	1,342,039,000
Other current financial assets	0	0
Current inventories	68,360,474,000	67,553,214,000
Current biological assets	0	0
Other current non-financial assets	700,350,000	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	121,724,938,000	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	121,724,938,000	113,905,166,000
Non-current assets [abstract]		
Trade and other non-current receivables	0	0
Current tax assets, non-current	622,310,000	580,217,000
Non-current inventories	0	0
Non-current biological assets	0	0
Other non-current financial assets	1,421,255,000	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	134,828,617,000	132,119,505,000
Investment property	6,305,920,000	6,644,218,000
Right-of-use assets that do not meet definition of investment property	50,319,784,000	49,675,185,000
Goodwill	34,997,380,000	35,145,361,000
Intangible assets other than goodwill	2,554,636,000	1,938,229,000
Deferred tax assets	9,108,261,000	7,908,566,000
Other non-current non-financial assets	0	0
Total non-current assets	240,158,163,000	235,267,103,000
Total assets	361,883,101,000	349,172,269,000
Equity and liabilities [abstract]		
Liabilities [abstract]		
Current liabilities [abstract]		
Trade and other current payables	114,753,063,000	106,101,567,000
Current tax liabilities, current	2,656,232,000	2,221,427,000
Other current financial liabilities	0	0
Current lease liabilities	3,216,799,000	3,044,328,000
Other current non-financial liabilities	0	0
Current provisions [abstract]		
Current provisions for employee benefits	0	0
Other current provisions	2,443,823,000	2,131,626,000
Total current provisions	2,443,823,000	2,131,626,000
Total current liabilities other than liabilities included in disposal groups classified as held for sale	123,069,917,000	113,498,948,000
Liabilities included in disposal groups classified as held for sale	0	0
Total current liabilities	123,069,917,000	113,498,948,000
Non-current liabilities [abstract]		
Trade and other non-current payables	4,172,623,000	4,522,312,000
Current tax liabilities, non-current	0	0

Concept	Close Current Quarter 2020-12-31	Close Previous Exercise 2019-12-31
Other non-current financial liabilities	0	0
Non-current lease liabilities	56,521,412,000	54,168,291,000
Other non-current non-financial liabilities	12,558,000	8,097,000
Non-current provisions [abstract]		
Non-current provisions for employee benefits	2,584,963,000	2,088,286,000
Other non-current provisions	0	0
Total non-current provisions	2,584,963,000	2,088,286,000
Deferred tax liabilities	6,402,935,000	6,741,568,000
Total non-current liabilities	69,694,491,000	67,528,554,000
Total liabilities	192,764,408,000	181,027,502,000
Equity [abstract]		
Issued capital	45,468,428,000	45,468,428,000
Share premium	(2,122,649,000)	(1,324,626,000)
Treasury shares	0	0
Retained earnings	111,361,546,000	108,860,208,000
Other reserves	14,411,368,000	15,140,757,000
Total equity attributable to owners of parent	169,118,693,000	168,144,767,000
Non-controlling interests	0	0
Total equity	169,118,693,000	168,144,767,000
Total equity and liabilities	361,883,101,000	349,172,269,000

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

Concept	Accumulated Current Year 2020-01-01 - 2020-12-31	Accumulated Previous Year 2019-01-01 - 2019-12-31	Quarter Current Year 2020-10-01 - 2020-12-31	Quarter Previous Year 2019-10-01 - 2019-12-31
Profit or loss [abstract]				
Profit (loss) [abstract]				
Revenue	701,734,164,000	646,846,434,000	195,988,319,000	185,743,639,000
Cost of sales	539,694,249,000	498,795,631,000	150,642,218,000	143,626,999,000
Gross profit	162,039,915,000	148,050,803,000	45,346,101,000	42,116,640,000
Distribution costs	0	0	0	0
Administrative expenses	105,041,809,000	94,426,416,000	27,552,772,000	25,988,698,000
Other income	1,069,547,000	1,113,372,000	252,013,000	296,219,000
Other expense	620,372,000	735,073,000	170,757,000	224,567,000
Profit (loss) from operating activities	57,447,281,000	54,002,686,000	17,874,585,000	16,199,594,000
Finance income	3,512,917,000	2,260,056,000	889,033,000	664,531,000
Finance costs	11,496,111,000	7,060,623,000	2,080,504,000	2,055,308,000
Share of profit (loss) of associates and joint ventures accounted for using equity method	0	0	0	0
Profit (loss) before tax	49,464,087,000	49,202,119,000	16,683,114,000	14,808,817,000
Tax income (expense)	16,029,226,000	11,304,347,000	4,080,064,000	3,577,223,000
Profit (loss) from continuing operations	33,434,861,000	37,897,772,000	12,603,050,000	11,231,594,000
Profit (loss) from discontinued operations	0	0	0	0
Profit (loss)	33,434,861,000	37,897,772,000	12,603,050,000	11,231,594,000
Profit (loss), attributable to [abstract]				
Profit (loss), attributable to owners of parent	33,434,861,000	37,897,772,000	12,603,050,000	11,231,594,000
Profit (loss), attributable to non-controlling interests	0	0	0	0
Earnings per share [text block]				
Earnings per share [abstract]				
Earnings per share [line items]				
Basic earnings per share [abstract]				
Basic earnings (loss) per share from continuing operations	1.92	2.17	0.72	0.64
Basic earnings (loss) per share from discontinued operations	0	0	0	0
Total basic earnings (loss) per share	1.92	2.17	0.72	0.64
Diluted earnings per share [abstract]				
Diluted earnings (loss) per share from continuing operations	1.92	2.17	0.72	0.64
Diluted earnings (loss) per share from discontinued operations	0	0	0	0
Total diluted earnings (loss) per share	1.92	2.17	0.72	0.64

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

Concept	Accumulated Current Year 2020-01-01 - 2020-12-31	Accumulated Previous Year 2019-01-01 - 2019-12-31	Quarter Current Year 2020-10-01 - 2020-12-31	Quarter Previous Year 2019-10-01 - 2019-12-31
Statement of comprehensive income [abstract]				
Profit (loss)	33,434,861,000	37,897,772,000	12,603,050,000	11,231,594,000
Other comprehensive income [abstract]				
Components of other comprehensive income that will not be reclassified to profit or loss, net of tax [abstract]				
Other comprehensive income, net of tax, gains (losses) from investments in equity instruments	0	0	0	0
Other comprehensive income, net of tax, gains (losses) on revaluation	0	0	0	0
Other comprehensive income, net of tax, gains (losses) on remeasurements of defined benefit plans	(423,816,000)	(496,214,000)	(423,816,000)	(496,214,000)
Other comprehensive income, net of tax, change in fair value of financial liability attributable to change in credit risk of liability	0	0	0	0
Other comprehensive income, net of tax, gains (losses) on hedging instruments that hedge investments in equity instruments	0	0	0	0
Share of other comprehensive income of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss, net of tax	0	0	0	0
Total other comprehensive income that will not be reclassified to profit or loss, net of tax	(423,816,000)	(496,214,000)	(423,816,000)	(496,214,000)
Components of other comprehensive income that will be reclassified to profit or loss, net of tax [abstract]				
Exchange differences on translation [abstract]				
Gains (losses) on exchange differences on translation, net of tax	(305,573,000)	(281,475,000)	(10,503,496,000)	(2,132,202,000)
Reclassification adjustments on exchange differences on translation, net of tax	0	0	0	0
Other comprehensive income, net of tax, exchange differences on translation	(305,573,000)	(281,475,000)	(10,503,496,000)	(2,132,202,000)
Available-for-sale financial assets [abstract]				
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
Cash flow hedges [abstract]				
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
Hedges of net investment in foreign operations [abstract]				
Gains (losses) on hedges of net investments in foreign operations, net of tax	0	0	0	0
Reclassification adjustments on hedges of net investments in foreign operations, net of tax	0	0	0	0
Other comprehensive income, net of tax, hedges of net investments in foreign operations	0	0	0	0
Change in value of time value of options [abstract]				

Concept	Accumulated Current Year 2020-01-01 - 2020- 12-31	Accumulated Previous Year 2019-01-01 - 2019- 12-31	Quarter Current Year 2020-10-01 - 2020- 12-31	Quarter Previous Year 2019-10-01 - 2019- 12-31
Gains (losses) on change in value of time value of options, net of tax	0	0	0	0
Reclassification adjustments on change in value of time value of options, net of tax	0	0	0	0
Other comprehensive income, net of tax, change in value of time value of options	0	0	0	0
Change in value of forward elements of forward contracts [abstract]				
Gains (losses) on change in value of forward elements of forward contracts, net of tax	0	0	0	0
Reclassification adjustments on change in value of forward elements of forward contracts, net of tax	0	0	0	0
Other comprehensive income, net of tax, change in value of forward elements of forward contracts	0	0	0	0
Change in value of foreign currency basis spreads [abstract]				
Gains (losses) on change in value of foreign currency basis spreads, net of tax	0	0	0	0
Reclassification adjustments on change in value of foreign currency basis spreads, net of tax	0	0	0	0
Other comprehensive income, net of tax, change in value of foreign currency basis spreads	0	0	0	0
Financial assets measured at fair value through other comprehensive income [abstract]				
Gains (losses) on financial assets measured at fair value through other comprehensive income, net of tax	0	0	0	0
Reclassification adjustments on financial assets measured at fair value through other comprehensive income, net of tax	0	0	0	0
Amounts removed from equity and adjusted against fair value of financial assets on reclassification out of fair value through other comprehensive income measurement category, net of tax	0	0	0	0
Other comprehensive income, net of tax, financial assets measured at fair value through other comprehensive income	0	0	0	0
Share of other comprehensive income of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss, net of tax	0	0	0	0
Total other comprehensive income that will be reclassified to profit or loss, net of tax	(305,573,000)	(281,475,000)	(10,503,496,000)	(2,132,202,000)
Total other comprehensive income	(729,389,000)	(777,689,000)	(10,927,312,000)	(2,628,416,000)
Total comprehensive income	32,705,472,000	37,120,083,000	1,675,738,000	8,603,178,000
Comprehensive income attributable to [abstract]				
Comprehensive income, attributable to owners of parent	32,705,472,000	37,120,083,000	1,675,738,000	8,603,178,000
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- 12-31	Accumulated Previous Year 2019-01-01 - 2019- 12-31
Statement of cash flows [abstract]		
Cash flows from (used in) operating activities [abstract]		
Profit (loss)	33,434,861,000	37,897,772,000
Adjustments to reconcile profit (loss) [abstract]		
+ Discontinued operations	0	0
+ Adjustments for income tax expense	16,029,226,000	11,304,347,000
+ (-) Adjustments for finance costs	5,518,458,000	5,235,901,000
+ Adjustments for depreciation and amortisation expense	17,939,624,000	17,002,507,000
+ Adjustments for impairment loss (reversal of impairment loss) recognised in profit or loss	12,078,000	(29,034,000)
+ Adjustments for provisions	585,943,000	496,173,000
+ (-) Adjustments for unrealised foreign exchange losses (gains)	(615,274,000)	112,162,000
+ Adjustments for share-based payments	386,922,000	330,777,000
+ (-) 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	(70,392,000)	155,811,000
	0	0
+ (-) Adjustments for decrease (increase) in inventories	(562,523,000)	(4,385,071,000)
+ (-) Adjustments for decrease (increase) in trade accounts receivable	(2,711,141,000)	(1,980,704,000)
+ (-) Adjustments for decrease (increase) in other operating receivables	706,083,000	106,526,000
+ (-) Adjustments for increase (decrease) in trade accounts payable	4,938,201,000	2,153,057,000
+ (-) Adjustments for increase (decrease) in other operating payables	1,972,826,000	(1,593,433,000)
+ 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)	44,130,031,000	28,909,019,000
Net cash flows from (used in) operations	77,564,892,000	66,806,791,000
- Dividends paid	0	0
	0	0
- Interest paid	0	0
+ Interest received	0	0
+ (-) Income taxes refund (paid)	16,191,826,000	9,450,296,000
+ (-) Other inflows (outflows) of cash	0	0
Net cash flows from (used in) operating activities	61,373,066,000	57,356,495,000
Cash flows from (used in) investing activities [abstract]		
+ Cash flows from losing control of subsidiaries or other businesses	0	0
- Cash flows used in obtaining control of subsidiaries or other businesses	0	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	397,872,000	218,959,000
- Purchase of property, plant and equipment	16,728,102,000	20,574,830,000
+ 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- 12-31	Accumulated Previous Year 2019-01-01 - 2019- 12-31
+ 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	986,291,000	1,218,688,000
	0	0
+ (-) Other inflows (outflows) of cash	(1,184,945,000)	(543,916,000)
Net cash flows from (used in) investing activities	(16,528,884,000)	(19,681,099,000)
Cash flows from (used in) financing activities [abstract]		
+ Proceeds from changes in ownership interests in subsidiaries that do not result in loss of control	0	0
- Payments from changes in ownership interests in subsidiaries that do not result in loss of control	0	0
+ Proceeds from issuing shares	0	0
+ Proceeds from issuing other equity instruments	0	0
- Payments to acquire or redeem entity's shares	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	8,675,223,000	8,076,297,000
+ Proceeds from government grants	0	0
- Dividends paid	30,933,523,000	35,957,290,000
- Interest paid	94,861,000	244,617,000
+ (-) Income taxes refund (paid)	0	0
+ (-) Other inflows (outflows) of cash	0	0
Net cash flows from (used in) financing activities	(39,703,607,000)	(44,278,204,000)
Net increase (decrease) in cash and cash equivalents before effect of exchange rate changes	5,140,575,000	(6,602,808,000)
Effect of exchange rate changes on cash and cash equivalents [abstract]		
Effect of exchange rate changes on cash and cash equivalents	(327,305,000)	(1,369,700,000)
Net increase (decrease) in cash and cash equivalents	4,813,270,000	(7,972,508,000)
Cash and cash equivalents at beginning of period	30,857,090,000	38,829,598,000
Cash and cash equivalents at end of period	35,670,360,000	30,857,090,000

[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]
Statement of changes in equity [line items]									
Equity at beginning of period	45,468,428,000	(1,324,626,000)	0	108,860,208,000	0	16,009,605,000	0	0	0
Changes in equity [abstract]									
Comprehensive income [abstract]									
Profit (loss)	0	0	0	33,434,861,000	0	0	0	0	0
Other comprehensive income	0	0	0	0	0	(305,573,000)	0	0	0
Total comprehensive income	0	0	0	33,434,861,000	0	(305,573,000)	0	0	0
Issue of equity	0	0	0	0	0	0	0	0	0
Dividends recognised as distributions to owners	0	0	0	30,933,523,000	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	(798,023,000)	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	(798,023,000)	0	2,501,338,000	0	(305,573,000)	0	0	0
Equity at end of period	45,468,428,000	(2,122,649,000)	0	111,361,546,000	0	15,704,032,000	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]
Statement of changes in equity [line items]									
Equity at beginning of period	0	0	0	0	0	(868,848,000)	0	0	0
Changes in equity [abstract]									
Comprehensive income [abstract]									
Profit (loss)	0	0	0	0	0	0	0	0	0
Other comprehensive income	0	0	0	0	0	(423,816,000)	0	0	0
Total comprehensive income	0	0	0	0	0	(423,816,000)	0	0	0
Issue of equity	0	0	0	0	0	0	0	0	0
Dividends recognised as distributions to owners	0	0	0	0	0	0	0	0	0
Increase through other contributions by owners, equity	0	0	0	0	0	0	0	0	0
Decrease through other distributions to owners, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through other changes, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through treasury share transactions, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through share-based payment transactions, equity	0	0	0	0	0	0	0	0	0
Amount removed from reserve of cash flow hedges and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of time value of options and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of forward elements of forward contracts and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of foreign currency basis spreads and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Total increase (decrease) in equity	0	0	0	0	0	(423,816,000)	0	0	0
Equity at end of period	0	0	0	0	0	(1,292,664,000)	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]	
Statement of changes in equity [line items]								
Equity at beginning of period	0	0	0	0	15,140,757,000	168,144,767,000	0	168,144,767,000
Changes in equity [abstract]								
Comprehensive income [abstract]								
Profit (loss)	0	0	0	0	0	33,434,861,000	0	33,434,861,000
Other comprehensive income	0	0	0	0	(729,389,000)	(729,389,000)	0	(729,389,000)
Total comprehensive income	0	0	0	0	(729,389,000)	32,705,472,000	0	32,705,472,000
Issue of equity	0	0	0	0	0	0	0	0
Dividends recognised as distributions to owners	0	0	0	0	0	30,933,523,000	0	30,933,523,000
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	(798,023,000)	0	(798,023,000)
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	(729,389,000)	973,926,000	0	973,926,000
Equity at end of period	0	0	0	0	14,411,368,000	169,118,693,000	0	169,118,693,000

[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]
Statement of changes in equity [line items]									
Equity at beginning of period	45,468,428,000	(1,111,487,000)	0	104,638,687,000	0	16,291,080,000	0	0	0
Changes in equity [abstract]									
Comprehensive income [abstract]									
Profit (loss)	0	0	0	37,897,772,000	0	0	0	0	0
Other comprehensive income	0	0	0	0	0	(281,475,000)	0	0	0
Total comprehensive income	0	0	0	37,897,772,000	0	(281,475,000)	0	0	0
Issue of equity	0	0	0	0	0	0	0	0	0
Dividends recognised as distributions to owners	0	0	0	30,250,014,000	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	(3,426,237,000)	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	(213,139,000)	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	(213,139,000)	0	4,221,521,000	0	(281,475,000)	0	0	0
Equity at end of period	45,468,428,000	(1,324,626,000)	0	108,860,208,000	0	16,009,605,000	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]
Statement of changes in equity [line items]									
Equity at beginning of period	0	0	0	0	0	(372,634,000)	0	0	0
Changes in equity [abstract]									
Comprehensive income [abstract]									
Profit (loss)	0	0		0	0	0	0	0	0
Other comprehensive income	0	0		0	0	(496,214,000)	0	0	0
Total comprehensive income	0	0		0	0	(496,214,000)	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	(496,214,000)	0	0	0
Equity at end of period	0	0	0	0	0	(868,848,000)	0	0	0

Sheet 3 of 3	Components of equity [axis]							
	Reserve for catastrophe [member]	Reserve for equalisation [member]	Reserve of discretionary participation features [member]	Other comprehensive income [member]	Other reserves [member]	Equity attributable to owners of parent [member]	Non-controlling interests [member]	Equity [member]
Statement of changes in equity [line items]								
Equity at beginning of period	0	0	0	0	15,918,446,000	164,914,074,000	0	164,914,074,000
Changes in equity [abstract]								
Comprehensive income [abstract]								
Profit (loss)	0	0	0	0	0	37,897,772,000	0	37,897,772,000
Other comprehensive income	0	0	0	0	(777,689,000)	(777,689,000)	0	(777,689,000)
Total comprehensive income	0	0	0	0	(777,689,000)	37,120,083,000	0	37,120,083,000
Issue of equity	0	0	0	0	0	0	0	0
Dividends recognised as distributions to owners	0	0	0	0	0	30,250,014,000	0	30,250,014,000
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	(3,426,237,000)	0	(3,426,237,000)
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	(213,139,000)	0	(213,139,000)
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	(777,689,000)	3,230,693,000	0	3,230,693,000
Equity at end of period	0	0	0	0	15,140,757,000	168,144,767,000	0	168,144,767,000

[700000] Informative data about the Statement of financial position

Concept	Close Current Quarter 2020-12-31	Close Previous Exercise 2019-12-31
Informative data of the Statement of Financial Position [abstract]		
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	1,046,954,000	929,670,000
Number of executives	190	213
Number of employees	231,081	238,759
Number of workers	0	0
Outstanding shares	17,461,402,631	17,461,402,631
Repurchased shares	0	0
Restricted cash	188,487,000	116,480,000
Guaranteed debt of associated companies	0	0

[700002] Informative data about the Income statement

Concept	Accumulated Current Year 2020-01-01 - 2020- 12-31	Accumulated Previous Year 2019-01-01 - 2019- 12-31	Quarter Current Year 2020-10-01 - 2020- 12-31	Quarter Previous Year 2019-10-01 - 2019- 12-31
Informative data of the Income Statement [abstract]				
Operating depreciation and amortization	17,939,624,000	17,002,507,000	4,471,935,000	4,391,628,000

[700003] Informative data - Income statement for 12 months

Concept	Current Year 2020-01-01 - 2020- 12-31	Previous Year 2019-01-01 - 2019- 12-31
Informative data - Income Statement for 12 months [abstract]		
Revenue	701,734,164,000	646,846,434,000
Profit (loss) from operating activities	57,447,281,000	54,002,686,000
Profit (loss)	33,434,861,000	37,897,772,000
Profit (loss), attributable to owners of parent	33,434,861,000	37,897,772,000
Operating depreciation and amortization	17,939,624,000	17,002,507,000

[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	0
Banks - secured																	
TOTAL					0	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	0
Other banks																	
TOTAL					0	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	0
Stock market [abstract]																	
Listed on stock exchange - unsecured																	
TOTAL					0	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	0
Private placements - unsecured																	
TOTAL					0	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	0
Total listed on stock exchanges and private placements																	
TOTAL					0	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	0
Total other current and non-current liabilities with cost																	
TOTAL					0	0	0	0	0	0	0	0	0	0	0	0	0
Suppliers [abstract]																	
Suppliers																	
PROVEEDORES AUTOSERVICIO B1	NO				72,672,470,000												
PROVEEDORES AUTOSERVICIO B2	SI										19,683,827,000						
TOTAL					72,672,470,000	0	0	0	0	0	19,683,827,000	0	0	0	0	0	0
Total suppliers																	
TOTAL					72,672,470,000	0	0	0	0	0	19,683,827,000	0	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	0
Total other current and non-current liabilities																	
TOTAL					0	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																	
TOTAL					72,672,470,000	0	0	0	0	0	19,683,827,000	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]
Foreign currency position [abstract]					
Monetary assets [abstract]					
Current monetary assets	179,996,000	3,581,954,000	914,204,000	18,192,728,000	21,774,682,000
Non-current monetary assets	0	0	0	0	0
Total monetary assets	179,996,000	3,581,954,000	914,204,000	18,192,728,000	21,774,682,000
Liabilities position [abstract]					
Current liabilities	769,498,000	15,313,730,000	544,872,000	10,843,054,000	26,156,784,000
Non-current liabilities	83,229,000	1,656,266,000	440,880,000	8,773,551,000	10,429,817,000
Total liabilities	852,727,000	16,969,996,000	985,752,000	19,616,605,000	36,586,601,000
Net monetary assets (liabilities)	(672,731,000)	(13,388,042,000)	(71,548,000)	(1,423,877,000)	(14,811,919,000)

[800005] Annex - Distribution of income by product

	Income type [axis]			
	National income [member]	Export income [member]	Income of subsidiaries abroad [member]	Total income [member]
VENTAS				
VENTAS	570,191,216,000		126,519,638,000	696,710,854,000
ARRENDAMIENTO				
ARRENDAMIENTO	1,809,810,000		222,657,000	2,032,467,000
OTROS INGRESOS				
OTROS INGRESOS	2,952,005,000		38,838,000	2,990,843,000
TOTAL	574,953,031,000	0	126,781,133,000	701,734,164,000

[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]

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 subjected 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.

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

The calculation agent or IFD valuation are counterparties 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 calculation of the fair value for 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.

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

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.

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

As of December 31st, 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-Forward 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 the purpose of speculation.

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 institution counterparties. In addition, the Company has established 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 Treasury Vice-president and, if necessary, to the Board of Directors.

Additionally, the Treasury director is responsible for continuous monitoring and reporting to Treasury 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.

Quantitative information for disclosure [text block]

As of December 31st, 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	423	\$ 217	\$ 4,489

Maturity current quarter	482	\$	301	\$	6,651
Open contracts current	281	\$	164	\$	3,358

The change in fair value during the three-months period ended December 31st, 2020 that was recognized for such contracts, amounts to MXN \$155 million, net and it is presented in the finance income (cost) line items in the consolidated income (expense) of comprehensive results.

The fair value of these instruments represents less than 3% 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 December 31st, 2020, there are no instances of non-compliance with IFD contracts, nor are there any 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	<u>Counterpart 1</u>	<u>Counterpart 2</u>	<u>Counterpart 3</u>	<u>Counterpart 4</u>	<u>Total</u>
Underlying value assets USD/MXN \$19.9001					
Notional Amount (million pesos)	\$ 1,175	\$ 589	\$ 1,509	\$ 85	\$ 3,358
Fair Value	\$ (25)	\$ (17)	\$ (39)	\$ (1)	\$ (82)
Settlements Next 12 months					\$ 3,358
Previous quarter					
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

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
	-50%	-25%	-5%	50%	25%	5%
Exchange Rate in USD 19.9001	9.9501	14.9251	18.9051	29.8502	24.8751	20.8951

Sensitivity Scenario (million pesos)	-1,630.10	-815.05	-163.01	1,630.10	815.05	163.01
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Liquidity and credit risk

The Company does not have liquidity risk from its IFD as of December 31st, 2020.

The Company manages credit risk related to its portfolio of derivatives transactions by engaging only with recognized and creditworthy counterparties. As of December 31st, 2020, counterparty credit risk is immaterial.

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

Concept	Close Current Quarter 2020-12-31	Close Previous Exercise 2019-12-31
Subclassifications of assets, liabilities and equities [abstract]		
Cash and cash equivalents [abstract]		
Cash [abstract]		
Cash on hand	396,722,000	414,747,000
Balances with banks	26,180,465,000	18,753,815,000
Total cash	26,577,187,000	19,168,562,000
Cash equivalents [abstract]		
Short-term deposits, classified as cash equivalents	0	0
Short-term investments, classified as cash equivalents	9,093,173,000	11,688,528,000
Other banking arrangements, classified as cash equivalents	0	0
Total cash equivalents	9,093,173,000	11,688,528,000
Other cash and cash equivalents	0	0
Total cash and cash equivalents	35,670,360,000	30,857,090,000
Trade and other current receivables [abstract]		
Current trade receivables	1,572,657,000	2,290,284,000
Current receivables due from related parties	33,543,000	95,736,000
Current prepayments [abstract]		
Current advances to suppliers	0	0
Current prepaid expenses	0	0
Total current prepayments	0	0
Current receivables from taxes other than income tax	10,829,622,000	7,702,170,000
Current value added tax receivables	10,829,622,000	7,702,170,000
Current receivables from sale of properties	0	0
Current receivables from rental of properties	0	0
Other current receivables	3,017,478,000	2,286,733,000
Total trade and other current receivables	15,453,300,000	12,374,923,000
Classes of current inventories [abstract]		
Current raw materials and current production supplies [abstract]		
Current raw materials	0	0
Current production supplies	0	0
Total current raw materials and current production supplies	0	0
Current merchandise	68,360,474,000	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	68,360,474,000	67,553,214,000
Non-current assets or disposal groups classified as held for sale or as held for distribution to owners [abstract]		
Non-current assets or disposal groups classified as held for sale	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
Trade and other non-current receivables [abstract]		
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 2020-12-31	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
Investments in subsidiaries, joint ventures and associates [abstract]		
Investments in subsidiaries	0	0
Investments in joint ventures	0	0
Investments in associates	0	0
Total investments in subsidiaries, joint ventures and associates	0	0
Property, plant and equipment [abstract]		
Land and buildings [abstract]		
Land	31,693,080,000	31,132,440,000
Buildings	64,516,281,000	62,619,744,000
Total land and buildings	96,209,361,000	93,752,184,000
Machinery	0	0
Vehicles [abstract]		
Ships	0	0
Aircraft	0	0
Motor vehicles	539,124,000	587,441,000
Total vehicles	539,124,000	587,441,000
Fixtures and fittings	0	0
Office equipment	33,441,059,000	32,747,438,000
Tangible exploration and evaluation assets	0	0
Mining assets	0	0
Oil and gas assets	0	0
Construction in progress	4,639,073,000	5,032,442,000
Construction prepayments	0	0
Other property, plant and equipment	0	0
Total property, plant and equipment	134,828,617,000	132,119,505,000
Investment property [abstract]		
Investment property completed	6,305,920,000	6,644,218,000
Investment property under construction or development	0	0
Investment property prepayments	0	0
Total investment property	6,305,920,000	6,644,218,000
Intangible assets and goodwill [abstract]		
Intangible assets other than goodwill [abstract]		
Brand names	812,691,000	799,592,000
Intangible exploration and evaluation assets	0	0
Mastheads and publishing titles	0	0
Computer software	1,741,945,000	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	2,554,636,000	1,938,229,000
Goodwill	34,997,380,000	35,145,361,000
Total intangible assets and goodwill	37,552,016,000	37,083,590,000
Trade and other current payables [abstract]		
Current trade payables	92,356,297,000	87,115,823,000
Current payables to related parties	1,343,502,000	1,248,841,000
Accruals and deferred income classified as current [abstract]		

Concept	Close Current Quarter 2020-12-31	Close Previous Exercise 2019-12-31
Deferred income classified as current	1,458,114,000	1,348,990,000
Rent deferred income classified as current	320,043,000	339,789,000
Accruals classified as current	8,882,741,000	7,154,116,000
Short-term employee benefits accruals	0	0
Total accruals and deferred income classified as current	10,340,855,000	8,503,106,000
Current payables on social security and taxes other than income tax	1,300,344,000	1,071,591,000
Current value added tax payables	1,300,344,000	1,071,591,000
Current retention payables	286,409,000	699,410,000
Other current payables	9,125,656,000	7,462,796,000
Total trade and other current payables	114,753,063,000	106,101,567,000
Other current financial liabilities [abstract]		
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
Trade and other non-current payables [abstract]		
Non-current trade payables	0	0
Non-current payables to related parties	0	0
Accruals and deferred income classified as non-current [abstract]		
Deferred income classified as non-current	4,172,623,000	4,522,312,000
Rent deferred income classified as non-current	4,172,623,000	4,522,312,000
Accruals classified as non-current	0	0
Total accruals and deferred income classified as non-current	4,172,623,000	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	4,172,623,000	4,522,312,000
Other non-current financial liabilities [abstract]		
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
Other provisions [abstract]		
Other non-current provisions	0	0
Other current provisions	2,443,823,000	2,131,626,000
Total other provisions	2,443,823,000	2,131,626,000
Other reserves [abstract]		
Revaluation surplus	0	0
Reserve of exchange differences on translation	15,704,032,000	16,009,605,000
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	(1,292,664,000)	(868,848,000)

Concept	Close Current Quarter 2020-12-31	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	14,411,368,000	15,140,757,000
Net assets (liabilities) [abstract]		
Assets	361,883,101,000	349,172,269,000
Liabilities	192,764,408,000	181,027,502,000
Net assets (liabilities)	169,118,693,000	168,144,767,000
Net current assets (liabilities) [abstract]		
Current assets	121,724,938,000	113,905,166,000
Current liabilities	123,069,917,000	113,498,948,000
Net current assets (liabilities)	(1,344,979,000)	406,218,000

[800200] Notes - Analysis of income and expense

Concept	Accumulated Current Year 2020-01-01 - 2020- 12-31	Accumulated Previous Year 2019-01-01 - 2019- 12-31	Quarter Current Year 2020-10-01 - 2020- 12-31	Quarter Previous Year 2019-10-01 - 2019- 12-31
Analysis of income and expense [abstract]				
Revenue [abstract]				
Revenue from rendering of services	0	0	0	0
Revenue from sale of goods	696,710,854,000	641,824,646,000	194,724,435,000	184,368,545,000
Interest income	0	0	0	0
Royalty income	0	0	0	0
Dividend income	0	0	0	0
Rental income	2,032,467,000	2,063,744,000	553,866,000	533,663,000
Revenue from construction contracts	0	0	0	0
Other revenue	2,990,843,000	2,958,044,000	710,018,000	841,431,000
Total revenue	701,734,164,000	646,846,434,000	195,988,319,000	185,743,639,000
Finance income [abstract]				
Interest income	986,291,000	1,218,688,000	234,432,000	235,641,000
Net gain on foreign exchange	1,514,149,000	628,207,000	542,502,000	299,138,000
Gains on change in fair value of derivatives	1,012,477,000	413,161,000	112,099,000	129,752,000
Gain on change in fair value of financial instruments	0	0	0	0
Other finance income	0	0	0	0
Total finance income	3,512,917,000	2,260,056,000	889,033,000	664,531,000
Finance costs [abstract]				
Interest expense	0	0	0	0
Net loss on foreign exchange	1,256,758,000	619,192,000	93,660,000	165,472,000
Losses on change in fair value of derivatives	1,038,764,000	396,321,000	266,621,000	193,436,000
Loss on change in fair value of financial instruments	0	0	0	0
Other finance cost	9,200,589,000	6,045,110,000	1,720,223,000	1,696,400,000
Total finance costs	11,496,111,000	7,060,623,000	2,080,504,000	2,055,308,000
Tax income (expense)				
Current tax	17,466,309,000	11,143,214,000	6,198,842,000	2,588,129,000
Deferred tax	(1,437,083,000)	161,133,000	(2,118,778,000)	989,094,000
Total tax income (expense)	16,029,226,000	11,304,347,000	4,080,064,000	3,577,223,000

[800500] Notes - List of notes

Disclosure of notes and other explanatory information [text block]

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. Transactions, relevant events and others disclosure

a) On May 25, 2020, **WALMEX** made a payment of \$8,079 million pesos to the Mexican Tax Authorities (SAT by its acronym in Spanish) to finalize substantial tax matters (including the sale of VIPs restaurant division to Alsea). This amount is recognized in the following items in the financial statements of the year ended on December 31, 2020: general expenses (VAT) of \$1,813 million; financial expenses (surcharges) of \$2,406 million; income tax (current tax) of \$3,856 million and income tax pending to recover (balance sheet) of \$4 million.

b) On November 23, 2020, **WALMEX** received a notification from the Federal Economic Competition Commission (COFECE), in connection to an ex officio investigation initiated in the wholesale supply and distribution of consumer goods, retail and related services market for an alleged commission of relative monopolistic practices.

WALMEX is confident that its actions have always adhered to applicable legislation, and that its participation in the Mexican market has always resulted in lower prices for the consumer, particularly benefiting lower-income Mexican families, and in remote areas of the country that have not been served by others; which we will demonstrate before the corresponding authorities and in the appropriate forums, in which we will exercise our rights.

C. New accounting pronouncements

a) International Financial Reporting Standards ("IFRS") new and revised effective as of January 1, 2020

Amendments to IFRS 3, "Business Combinations"

The IASB (International Accounting Standard Board) issued amendments to the definition of a "business" to help entities determine whether an acquired set of activities and assets needs to be considered as 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, 2020. These modifications did not have impact on the consolidated financial statements.

Amendments to IFRS 7, IFRS 9 and IAS 39, "Interest Rate Benchmark Reform"

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

These amendments have no impact on the consolidated financial statements of the Company as it does not have any interest rate hedge relationships.

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

The amendments provide a new definition of "material" that states that "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". The amendments clarify that materiality will depend on the nature or magnitude of the information, either individually or in combination with other information, in the context of the financial statements. These modifications have not had an impact on WALMEX's consolidated financial statements and no future impacts are expected.

Amendments to Conceptual Framework for Financial Reporting

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Company.

Amendments to IFRS 16, "Covid-19 Related Rent Concessions"

On May 28, 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification.

The amendment applies to annual reporting periods beginning on or after June 1, 2020. Earlier application is permitted. This amendment had no significant impact on the consolidated financial statements of the Company.

b) IFRS issued but not yet effective

IFRS 17, "Insurance Contracts"

This IFRS will replace IFRS 4 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 grandfathering 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, 2023, with comparative figures required. Early application is permitted, 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.

Amendments to IAS 1, "Classification of Liabilities as Current or Non-current"

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- Changes in criteria to classify a liability as current or non-current.
- Considerations about substantial right to defer the liability settlement.
- Settlement definition and possibility of settling liabilities in cash, other economic resources, or entity's equity instruments.
- New disclosures by liabilities deferrals.

Classification as current or non-current liability will not be affected by the probability that the entity exercises or not its deferral right.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Reference to the Conceptual Framework – Amendments to IFRS 3, “Business Combinations”

In May 2020, the IASB issued Amendments to IFRS 3 “Business Combinations” - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 “Levies”, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

The Company's management estimates that these modifications will not have a significant impact on the consolidated financial statements.

Amendments to IAS 16, “Property, Plant and Equipment: Proceeds before Intended Use”

In May 2020, the IASB issued these amendments, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, directly in the income statement.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The Company's management estimates that these modifications will not have a significant impact on the consolidated financial statements.

Amendments to IAS 37, “Onerous Contracts – Costs of Fulfilling a Contract”

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

The Company's management estimates that these modifications will not have a significant impact on the consolidated financial statements.

IFRS annual improvements 2018-2020

IFRS 1, "First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter"

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

IFRS 9, "Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities"

The amendment mentions when derecognize a financial liability that has been modified or exchanged, it must be evaluated whether the terms are substantially different between the new or modified financial liability and the original financial liability. A substantial difference is considered when the present value of the discounted cash flows under the new conditions, including commissions paid net, differs at least 10 percent from the present value of discounted cash flows that still remain from the original financial liability, using for discounting, the original effective interest rate.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The Company's management estimates that these modifications will not have a significant impact on the consolidated financial statements.

IAS 41, "Agriculture – Taxation in fair value measurements"

The amendment removes the requirement in paragraph 22 of IAS 41 where entities needed to exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted.

The Company's management estimates that these modifications will not have a significant impact on the consolidated financial statements.

Disclosure of accounting judgements and estimates [text block]

The preparation of 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 mainly include the following:

- 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.

Disclosure of auditors' remuneration [text block]

The fees approved for the audit of financial statements and other services as of December 31, 2020 amounted to \$33.2 millions pesos.

Disclosure of authorisation of financial statements [text block]

The consolidated financial statements and their notes for the year ended December 31, 2020 and 2019, were approved by the Company's management and Board of Directors on February 17, 2021 and are subject to approval by the Shareholders meeting. Subsequent events are considered through this date.

Disclosure of basis of consolidation [text block]

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. Net income for the consolidated period considers a remaining attributable to the results of the investees of \$(39,343) in 2020 and \$(12,797) in 2019; and the statement of financial position contains a remaining attributable to the minority interest of the investees of \$(52,139) and \$(16,289), respectively.

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

The consolidated statements of comprehensive income were prepared based on the function of its 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 exchange rate for the consolidated statement of comprehensive income and the year-end 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.

Disclosure of cash and cash equivalents [text block]

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

Disclosure of cash flow statement [text block]

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 \$(1,184,945) in 2020 and \$(543,916) for 2019.

Disclosure of commitments [text block]

a. Commitments

As of December 31, 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:

Year	Amount
2021	\$ 21,413,075
2022	\$ 1,649,988
2023	\$ 1,744,100
2024	\$ 1,812,240
2025	\$ 1,883,054
2026 and thereafter	\$ 14,440,005

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 \$2,443,823 as of December 31, 2020 (\$2,131,626 in 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.

Disclosure of deferred income [text block]

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.

Disclosure of deferred taxes [text block]

An analysis of the effects of income taxes long term, assets and liabilities, as of December 31, 2020 and 2019, is as follows:

2020

2019

Deferred tax assets:		
Leases and other long-term liabilities	\$ 3,193,277	\$ 3,175,816
Other accounts payable	2,795,104	2,168,464
Inventories	893,041	826,628
Labor obligations	860,356	789,490
Tax losses carryforward from subsidiaries	1,075,277	908,628
Provision for impairment of other receivables	127,346	39,540
Other items	163,860	-
	<u>\$ 9,108,261</u>	<u>\$ 7,908,566</u>
Deferred tax liabilities:		
Property and equipment	\$ 4,727,787	\$ 4,278,470
Prepaid expenses	293,405	988,959
Other items	33,550	221,530
Subtotal	\$ 5,054,742	\$ 5,488,959
Long-term income tax	\$ 1,348,193	\$ 1,252,609
Income taxes	<u>\$ 6,402,935</u>	<u>\$ 6,741,568</u>

The deferred income tax asset derived from tax losses not amortized is recognized to the extent that related tax benefit through future taxable profits is probable.

The Company has the following tax losses from subsidiaries may be carried forward against the taxable income generated in future years, as follows:

Year of expirations	Amount
2027	\$ 283,283
2028	777,313
2029	2,079,675
2030	443,985
	<u>\$ 3,584,256</u>

Changes in the assets and liabilities for long-term income taxes, net as of December 31, 2020 and 2019, is as follows:

	2020	2019
Balances as of beginning of the year	\$ 1,166,998	\$ 1,680,690
Income tax change in the year	1,691,467	47,155
Excess of previous years	(254,384)	(219,828)
Other comprehensive income items	171,100	191,446
IFRS 16 adoption	-	739,729
Long-term income taxes	(95,584)	(1,252,609)
Translation effect	25,729	(19,585)
Balance as of end of the year	<u>\$ 2,705,326</u>	<u>\$ 1,166,998</u>

Disclosure of depreciation and amortisation expense [text block]

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

Disclosure of derivative financial instruments [text block]

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

Each Fx-forwards operation contracted with the banking institutions is agreed by means of a confirmation letter and consists in the exchange in kind of currencies with the same counterpart that occurs simultaneously at the settlement date agreed in the confirmation letter.

Disclosure of dividends [text block]

a) At an ordinary meeting held on March 24, 2020, the shareholders adopted the following resolutions:

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

b) At an ordinary meeting held on March 21, 2019, the shareholders adopted the following resolutions:

The shareholders declared an ordinary cash dividend of \$0.84 pesos per share, paid in three installments of \$0.28 pesos each on April 25, 2019; August 28, 2019 and November 27, 2019; and an extraordinary dividend to be paid in cash at a rate of \$0.91 pesos per share in three installments: \$0.35 pesos on April 25, 2019, \$0.30 pesos on August 28, 2019 and \$0.26 pesos on November 27, 2019.

After 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.

As of December 31, 2020 and 2019, the decreed dividends are as follows:

	<u>2020</u>	<u>2019</u>
Dividends in cash decreed and paid		
Ordinary dividend \$0.87 per share (\$0.84 in 2019)	\$ 15,033,906	\$ 14,520,791
Extraordinary dividend \$0.92 per share (\$0.91 in 2019)	<u>15,899,617</u>	<u>15,729,223</u>

<u>\$ 30,933,523</u>	<u>\$ 30,250,014</u>
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Disclosure of earnings per share [text block]

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.

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

As of December 31, 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	31.019945
Guatemala	Quetzal	Q	0.391646
Honduras	Lempira	L	1.211758
Nicaragua	Cordoba	C\$	1.749966
El Salvador	US Dolar	US\$	0.050251

As of December 31, 2020, the exchange rate used to translate assets and liabilities denominated in USD was \$19.90.

Disclosure of employee benefits [text block]

As of December 31, 2020 and 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	\$ 1,844,268	\$ 1,489,633	\$ 1,787,649	\$ 1,528,323
Plan assets	(1,046,954)	(929,670)	-	-
Net projected liability	<u>\$ 797,314</u>	<u>\$ 559,963</u>	<u>\$ 1,787,649</u>	<u>\$ 1,528,323</u>

Changes in the net present value of the defined benefit obligations (DBO) as of December 31, 2020 and 2019, are shown below:

	Seniority premiums		Retirement benefits	
	2020	2019	2020	2019
DBO at beginning of year	\$ 1,489,633	\$ 1,015,698	\$ 1,528,323	\$ 1,446,924
Net period cost charged to results:				
Labor cost from actual services	194,426	141,596	210,392	205,925
Interest cost on DBO	110,799	97,129	149,141	130,003
Other comprehensive income items	192,933	358,572	357,993	323,897
Benefits paid	(143,523)	(123,362)	(505,133)	(521,263)
Translation effect	-	-	46,933	(57,163)
DBO at end of the year	<u>\$ 1,844,268</u>	<u>\$ 1,489,633</u>	<u>\$ 1,787,649</u>	<u>\$ 1,528,323</u>

Changes in the net present value of the plan assets (PA) as of December 31, 2020 and 2019, are shown below:

	Seniority premiums	
	2020	2019
PA at beginning of year	\$ (929,670)	\$ (819,595)
Return on plan assets	(77,456)	(78,480)
Other comprehensive income items	43,990	5,191
Plan contributions	(227,229)	(160,075)
Benefits paid	143,411	123,289
PA at the end of the year	<u>\$ (1,046,954)</u>	<u>\$ (929,670)</u>

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 December 31, 2020 and 2019, the plan assets have been invested through the trust mostly in money market instruments. As of December 31, 2020 and 2019, actuarial gains/losses from labor obligations, net of taxes are recognized as a component of other comprehensive income in the amount of \$1,292,664 and \$868,848, respectively.

The assumptions used in the actuarial valuations of Mexico and Central America are as follows:

	Mexico		Central America	
	2020	2019	2020	2019
Financial:				
Discount rate	7.00%	7.45%	6.14% - 8.79%	5.30% - 9.37%
Salary increase rate	5.25%	5.25%	3.50% - 6.30%	2.50% - 7.51%
Minimum salary increase rate	4.50%	4.50%	2.00% - 5.00%	2.00% - 5.00%
Inflation rate	4.00%	4.00%	0.50% - 4.70%	1.20% - 4.52%
Biometrics:				
Mortality	IMSS 2009 ⁽¹⁾	IMSS 2009 ⁽¹⁾	RP-2000 ⁽²⁾	RP-2000 ⁽²⁾
Disability	21.04%	21.10%	15.40%	15.40%
Retirement age	65 years	60 years	50-65 years	50-65 years

⁽¹⁾Mexican Social Security Institute experience for males and females

⁽²⁾RP-2000 for Costa Rica, Guatemala, Honduras, Nicaragua and El Salvador

A sensitivity analysis of the DBO as of December 31, 2020, is as follows:

	Amount
DBO at December 31, 2020	\$ 3,631,917
DBO at discount rate +1%	\$ 3,417,238
DBO at discount rate -1%	\$ 4,023,554
Effects over DBO:	
Discount rate +1%	\$ (252,257)
Discount rate -1%	\$ 429,436

The discount rate in Mexico is determined using the curve of government bonds issued by the Federal Government known as M Bonds. In Central America, the discount rate is determined using the curve of government bonds of United States of America plus the risk of each country.

Disclosure of entity's operating segments [text block]

Segment financial information is prepared based on the information used by the CODM to make business decisions.

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

Segment	Year ended December 31, 2020		
	Operating income	Financial expenses, net	Income before income taxes
Mexico	\$ 50,088,473	\$ (6,943,394)	\$ 43,145,079
Central America	7,358,808	(1,039,800)	6,319,008
Consolidated	<u>\$ 57,447,281</u>	<u>\$ (7,983,194)</u>	<u>\$ 49,464,087</u>
	Year ended December 31, 2019		

Segment	Operating income	Financial expenses, net	Income before income taxes
Mexico	\$ 47,403,081	\$ (4,125,047)	\$ 43,278,034
Central America	6,599,605	(675,520)	5,924,085
Consolidated	<u>\$ 54,002,686</u>	<u>\$ (4,800,567)</u>	<u>\$ 49,202,119</u>

Year ended December 31, 2020

Segment	Purchase of long term definite-lived assets	Depreciation and amortization	Total assets	Current liabilities
Mexico	\$ 13,396,116	\$ 13,502,523	\$ 254,187,765	\$ 101,306,858
Central America	3,331,986	4,437,101	72,697,956	21,763,059
Goodwill	-	-	34,997,380	-
Consolidated	<u>\$ 16,728,102</u>	<u>\$ 17,939,624</u>	<u>\$ 361,883,101</u>	<u>\$ 123,069,917</u>

Year ended December 31, 2019

Segment	Purchase of long term definite-lived assets	Depreciation and amortization	Total assets	Current liabilities
Mexico	\$ 15,391,225	\$ 13,178,163	\$ 247,035,722	\$ 93,743,259
Central America	5,183,605	3,824,344	66,991,186	19,755,689
Goodwill	-	-	35,145,361	-
Consolidated	<u>\$ 20,574,830</u>	<u>\$ 17,002,507</u>	<u>\$ 349,172,269</u>	<u>\$ 113,498,948</u>

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

Disclosure of expenses by nature [text block]

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, technical assistance, and includes the payment to Mexican tax authorities (SAT) of \$1,813 million of non-deductible expenses, to conclude substantial fiscal matters, made on May, 2020, as mentioned in Note Disclosure of notes and other explanatory information paragraph B), subparagraph a).

Disclosure of fair value measurement [text block]

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

Disclosure of finance cost [text block]

Other finance cost item includes interest on finance leases, the payment of interest to Mexican tax authorities (SAT) of \$2,406 million to conclude substantial fiscal matters, made on May, 2020, as mentioned in Note Disclosure of notes and other explanatory information paragraph B), subparagraph a), and other minor expenses; the balances for this concept are presented in the finance costs section in [800200] Notes – Analysis of income and expense.

Disclosure of finance income [text block]

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

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

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

Disclosure of financial risk management [text block]

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, interest rate and liquidity risk. The Company manages those risks that impede or endanger its financial objectives, seeking to minimize potential negative effects through different strategies.

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").

At December 31, 2020 the exchange rate used to translate assets and liabilities denominated in US dollars was \$19.90 per dollar (\$18.93 in 2019).

Considering the net monetary position in dollars at December 31, 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 \$204,313.

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 Note 3 "Summary of significant accounting policies - Financial assets and liabilities and fair value measurement").

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 year 2020 between 1.60% and 7.42%. As of December 31, 2020 the financial income amounted to \$986,291 (\$1,218,688 in 2019).

Considering the highly liquid instruments as of December 31, 2020, if there was an increase or decrease in the interest rate of 0.50%, there would be a favorable or unfavorable effect on the financial income of the Company of \$98,348.

Liquidity risk:

The Company is subject to liquidity risks to meet its payment obligations to suppliers, payment of taxes, acquisitions of fixed assets and other working capital requirements, which are settled through the cash flow generated in the operation. For this reason, in order to avoid the breach of its obligations, the Company has contracted lines of credit and overdraft with different Banks.

As of December 31, 2020, the credit and overdraft lines contracted and no used amounted \$41,001 million that give additional liquidity to that generated by the operating activities, if it is necessary.

Disclosure of general information about financial statements [text block]

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).

Disclosure of going concern [text block]

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.

Disclosure of impairment of assets [text block]

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

Disclosure of income tax [text block]

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. At December 31, 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 December 31, 2020 and 2019, the Company's effective tax rate is 32.4% and 23.0%, respectively. The difference between the statutory tax rate and Company's effective tax rate is mainly due to inflationary effects and other permanent items, among which is the taxes paid on May 2020 to the Mexican tax authorities (SAT) of \$3,856 million pesos to conclude substantial fiscal matters, as is mentioned in Note Disclosure of notes and other explanatory information paragraph B, subparagraph a).

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%

Disclosure of information about employees [text block]

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

Disclosure of information about key management personnel [text block]

Remuneration to the Company's principal officers and Board of Directors for the years ended December 31, 2020 and 2019 is as follows:

	2020	2019
Short-term benefits	\$ 1,352,873	\$ 1,133,350
Termination benefits	41,588	84,491
Share-based payments	149,400	167,092
	<u>\$ 1,543,861</u>	<u>\$ 1,384,933</u>

Disclosure of intangible assets and goodwill [text block]

An analysis of intangible assets at December 31, 2020 and 2019, is as follows:

	2020	2019
Balance at the beginning of the year	37,083,590	\$ 36,997,739
Additions	805,175	291,275
Disposals	(8,804)	(6,332)
Amortization of the period	(476,293)	(479,026)
Transfers	269,715	136,471
Translation effect	(121,367)	143,463

Balance at the end of the year	<u>37,552,016</u>	<u>\$ 37,083,590</u>
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The assumptions used in the goodwill impairment test are:

- Net book value of long-lived assets with a defined and indefinite life.
- Projection period of financial and operational assumptions (Revenues, EBITDA, Working Capital and Capex) of 5 years for each cash generating unit (CGU).
- Estimate of the terminal value in perpetuity based on the latest estimated flow, considering a growth between 0.8% and 4% in nominal terms, which correspond to the estimated average inflation for each CGU.
- Appropriate discount rate, based on the weighted average cost of capital (WACC) methodology, which vary in a range of 8.8% to 12.2% determined according to the associated risks for each CGU.
- The effect of the contingency caused by the COVID-19 pandemic did not have a significant impact on the growth of cash flows.

As a result of its impairment testing, the Company concluded that there was no impairment in the value of the Goodwill as of December 31, 2020 and 2019.

Disclosure of inventories [text block]

An analysis of inventories as of December 31, 2020 and 2019, is as follows:

	<u>2020</u>	<u>2019</u>
Merchandise for sale	\$ 64,648,896	\$ 63,951,823
Agro-industrial Development	<u>842,787</u>	<u>841,245</u>
	65,491,683	64,793,068

Merchandise in transit	<u>2,868,791</u>	<u>2,760,146</u>
	<u>\$ 68,360,474</u>	<u>\$ 67,553,214</u>

As of December 31, 2020 and 2019, the effect of inventory impairment is \$1,351,173 and \$1,326,742, respectively, which was included in cost of sales in the consolidated comprehensive income statement.

Disclosure of investment property [text block]

An analysis of investment properties as of December 31, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Balance at the beginning of the year	6,644,218	\$ 4,853,970
Additions	14,595	22,742
Modifications and updates	132,507	1,528,058
Disposals	(125,957)	(186,181)
Depreciation of the period	(358,985)	(369,977)
Transfers	<u>(458)</u>	<u>795,606</u>
Balance at the end of the year	<u>6,305,920</u>	<u>\$ 6,644,218</u>

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

As of December 31, 2020 and 2019, the fair values of the properties are based on Management's valuations. To calculate the value of a commercial property, the rental approach was used, applying the corresponding gross rent multiplier (GRM). The Company determines the estimated fair value based on its annual rental income before expenses, divided by the capitalization rate used in the real estate sector (Cap rate). Annual rental income before expenses for the year ended December 31, 2020 was reduced by 24% from the previous year mainly due to the contingency caused by the COVID-19 pandemic; On the other hand, the capitalization rates used for the year ended December 31, 2020 and 2019, were

8.5% in both periods. Effects on annual income and the update of the capitalization rate were considered in the calculation of the estimated fair value.

The Company's Management determined that there is no impairment in the investment properties as of December 31, 2020 and 2019. The estimated fair value of the investment properties as of December 31, 2020 and 2019 is \$ 7,011,501 and \$ 9,238,994, respectively. The Company compares the estimated fair value and the net book value to determine if there are impairment.

Disclosure of issued capital [text block]

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 December 31, 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
86	2,295,809,324	15,165,593,307	17,461,402,631	\$5,591,362	\$36,935,265	\$42,526,627

Disclosure of leases [text block]

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 said renewal option.

In addition, the Company has also entered into finance leases for the rental of residual water treatment plants with lease 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.

As of December 31, 2020 and 2019, the right of use assets balance is as follows:

	<u>2020</u>	<u>2019</u>
Balance at the beginning of the year	\$ 49,675,185	\$ 12,724,731
IFRS 16 initial adoption	-	33,812,340
Additions of right of use assets	1,819,675	2,447,597
Modifications and updates	2,853,228	5,670,229
Disposals	(187,437)	(473,459)
Depreciation of the period	(3,893,398)	(3,844,268)
Transfers	(137,074)	(851,965)
Translation effect	189,605	189,980
Balance at the end of the year	<u>\$ 50,319,784</u>	<u>\$ 49,675,185</u>

As of December 31, 2020, the balance of the right of use assets of properties amounted \$48,671,340 (\$47,488,942 in 2019) and furniture and equipment amounted \$1,648,444 (\$2,186,243 in 2019)

An analysis of lessee liabilities are as follows:

<u>Year</u>	<u>December 31, 2020</u>
2021	\$ 8,711,518
2022	8,348,178
2023	7,944,476
2024	7,685,599
2025	7,449,804
2026 and thereafter	<u>101,595,596</u>

Nominal lease payments	141,735,171
Net present value adjustment	(81,996,960)
Lease liabilities – net	<u>\$ 59,738,211</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 statements of income for the years ended December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Depreciation expense for the right of use assets, by type:		
Property	\$ 3,514,541	\$ 3,218,362
Equipment	\$ 378,857	\$ 625,906
Interest on lease liabilities	\$ 6,409,888	\$ 5,752,506
Expenses related to short-term leases	\$ 379,211	\$ 495,219
Expenses related to leases of low-value assets	\$ 13,853	\$ 4,260
Variable lease payments (not included in the measurement of lease liabilities)	\$ 3,291,749	\$ 2,656,794
Sub lease revenue	\$ (471,070)	\$ (114,085)

Amounts recognized in the consolidated statements of cash flow are as follow:

	<u>2020</u>	<u>2019</u>
Rent payments – principal	\$ 2,265,335	\$ 2,323,791
Rent payments – interest	\$ 6,409,888	\$ 5,752,506
Additions of right of use assets	\$ 1,819,675	\$ 2,447,597
Modifications and updates	\$ 2,853,228	\$ 5,670,229

Disclosure of other current assets [text block]

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

Disclosure of other non-current assets [text block]

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.

Disclosure of prepayments and other assets [text block]

Prepaid expenses are recorded at cost and recognized as current assets in the consolidated statement of financial position as of 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.

Disclosure of property, plant and equipment [text block]

An analysis of property and equipment at December 31, 2020 and 2019, is as follows:

	<u>2020</u>	<u>2019</u>
Balance at the beginning of the year	\$ 132,119,505	\$ 126,643,278
Additions	15,908,332	20,260,813
Disposals	(293,442)	(1,886,176)
Depreciation of period	(13,210,948)	(12,309,236)
Transfers	(132,183)	(80,112)
Translation effect	437,353	(509,062)
Balance at the end of the year	<u>\$ 134,828,617</u>	<u>\$ 132,119,505</u>

Disclosure of related party [text block]

a) Related party balances

As of December 31, 2020 and 2019, the consolidated statement of financial position includes the following balances with related parties:

	<u>2020</u>	<u>2019</u>
Accounts receivable, net:		
Walmart Inc.	<u>\$ 33,543</u>	<u>\$ 95,736</u>
Accounts payable:		
C.M.A. – U.S.A., L.L.C.	\$ 795,111	\$ 695,229
Swiss Asia Minor GmbH	<u>152,934</u>	<u>101,254</u>
	<u>\$ 948,045</u>	<u>\$ 796,483</u>
Other accounts payable:		
Walmart Inc.	\$ 1,088,239	\$ 1,223,695
Newgrange Platinum Services LTD	<u>228,591</u>	<u>-</u>
	<u>\$ 1,316,830</u>	<u>\$ 1,223,695</u>

Additionally, as of December 31, 2020 and 2019, the company has other accounts payable with others related parties of \$26,672 and \$25,146, respectively.

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, for the years ended December 31, 2020 and 2019, there were no uncollectible related party balances.

b) Related party transactions

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

- Imports of goods for resale, 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.
- Administrative and Operating services with Newgrange Platinum Service, LTD, that are payable monthly.
- Royalties for trademark use with Walmart, Inc., payable quarterly based on a percentage of sales of the retail businesses and Sam's.

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 years ended December 31, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Purchases and commissions related to the import of goods for resale:		
C.M.A. – U.S.A., L.L.C.	\$ 4,361,302	\$ 4,432,605
Swiss Asia Minor GmbH	278,351	255,494
	<u>\$ 4,639,653</u>	<u>\$ 4,688,099</u>
Costs and expenses related to technical assistance, services and royalties:		
Walmart Inc.	\$ 6,438,839	\$ 6,183,120
Newgrange Platinum Service, LTD	417,956	-
	<u>\$ 6,856,795</u>	<u>\$ 6,183,120</u>

For the years ended December 31, 2020 and 2019, the Company made transactions with other related parties of \$178,727 and \$125,500, respectively.

Disclosure of reserves within equity [text block]

At December 31, 2020, the Company's legal reserve amounts to \$9,104,745, which represents 20% of its capital stock, which under the Mexican Corporations Act is the maximum level the balance of the reserve can reach.

Disclosure of revenue [text block]

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

	For the years ended December 31,	
	2020	2019
Memberships	\$ 1,991,653	\$ 1,783,884
Rental	2,032,467	2,063,744
Sale of waste	641,578	555,810
Bank bonuses	278,415	534,895
Parking	79,197	83,455
Total	\$ 5,023,310	\$ 5,021,788

As of December 31, 2020, rental income includes investment properties of \$541,698 (\$593,530 in 2019).

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 years ended December 31,	
	2020	2019
Mexico:		
Self-service	61.0%	61.5%
Price clubs	20.8%	20.7%
Central America:	18.2%	17.8%

Of **WALMEX**'s total net sales, approximately \$21.6 billion and \$8.0 billion relates to electronic commerce in Mexico for the years ended December 31, 2020 and 2019, respectively.

In Central America, the net sales related to electronic commerce are \$962 million pesos for the year ended December 31, 2020, and includes the sales made through home delivery platforms.

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

a) In the Ordinary Meeting held on March 24, 2020 and March 21, 2019, the shareholders approved a cap of \$5,000,000 on the amount the Company would use in 2020 and 2019 to repurchase its own shares. As of December 31, 2020 and 2019, 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 December 31, 2020 and 2019, the total balance of the tax accounts related to equity is \$63,746,299 and \$66,451,789, respectively, in conformity with the current tax laws.

Disclosure of share-based payment arrangements [text block]

The employee stock option plan fund consists of 178,390,481 **WALMEX** shares, which have been placed in a trust created for the plan.

The total compensation cost charged to Operating results in the years December 31, 2020 and 2019 was \$386,922 and \$330,777, respectively, which represented no cash outflow for the Company and it is included in the general expenses line in the consolidated comprehensive income statement.

Changes in the stock option plan are as follows:

	Number of shares	Weighted average price per share (pesos)
Balance as of December 31, 2018	159,552,202	38.38
Granted	41,020,219	49.54
Exercised	(30,471,230)	33.38
Cancelled	(11,552,726)	43.34
Balance as of December 31, 2019	158,548,465	41.87
Granted	33,132,414	55.41
Exercised	(23,651,790)	38.59
Cancelled	(11,521,595)	47.21
Balance as of December 31, 2020	<u>156,507,494</u>	44.64
Shares available for option grant:		
As of December 31, 2020	<u>21,882,987</u>	
As of December 31, 2019	<u>6,620,210</u>	

As of December 31, 2020 and 2019, the granted and exercisable shares under the stock option plan fund are 156,507,494 and 60,704,490, respectively.

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 as of December 31, 2020 and 2019 are show below:

	2020	2019
Fund stock options	\$ (6,666,394)	\$ (5,642,730)
Premium on sale of shares	4,543,745	4,318,104
	<u>\$ (2,122,649)</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.

Disclosure of subsidiaries [text block]

WALMEX holds 100% of equity interest in the following groups of companies in Mexico and Central America:

Group	Line of business
Nueva Walmart	Operation of 2,088 Bodega Aurrerá discount stores, 287 Walmart hipermarkets, 89 Superama supermarkets, 6 Walmart Express supermarkets and 164 Sam's Club membership self-service wholesale stores in 2020.
Import companies	Import of goods for resale.
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, as well as shareholding.
Walmart Central America	Operation of 563 discount stores (Despensa Familiar and Pali), 100 supermarkets (Paiz, La Despensa de Don Juan, La Unión and Más x Menos), 157 Bodegas (Maxi Bodega and Maxi Palí); and 35 Walmart hypermarkets in 2020. These stores are located in Costa Rica, Guatemala, Honduras, Nicaragua and El Salvador.

Disclosure of significant accounting policies [text block]

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.

Disclosure of tax receivables and payables [text block]

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.

Disclosure of trade and other payables [text block]

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 \$154,752 as of December 31, 2020 (\$136,999 in 2019).

Disclosure of trade and other receivables [text block]

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 30 to 90 days.

The allowance for impairment of other receivables includes of \$187 million of provision for impairment of other receivables corresponding to tenant rent receivables, which amounted to \$487 million (included within other accounts receivable line). Due to the contingency generated by the COVID-19 pandemic, the recovery risk of these receivables has increased.

[800600] Notes - List of accounting policies

Disclosure of significant accounting policies [text block]

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.

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

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.

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

Deferred income taxes result from applying the applicable enacted or substantively enacted income tax rate at the reporting date to all temporary differences between the financial reporting and tax values of assets and liabilities in the consolidated balance sheet. 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 asset 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 offsets tax assets and liabilities only if it has a legally enforceable right to offset tax assets and liabilities and deferred tax assets and liabilities relating to income taxes that pertain to the same authority.

Description of accounting policy for depreciation expense [text block]

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%
Computer equipment	12.5%	to	33.3%
Transportation equipment	10.0%	to	33.3%

Description of accounting policy for derivative financial instruments [text block]

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.

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

Cash and cash equivalents principally 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.

Description of accounting policy for dividends [text block]

The company recognize a liability to pay dividends when these are decreed and are approved through a shareholders meeting. The corresponding accrual is recognized as a decrease in stockholders' equity directly.

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

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 and 2019 is of \$0.002 and \$0.001 pesos per share, respectively.

Description of accounting policy for employee benefits [text block]

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.

WALMEX recognizes the 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.

Description of accounting policy for expenses [text block]

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

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

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.

Description of accounting policy for financial assets [text block]

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.

Description of accounting policy for financial liabilities [text block]

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.

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

The Company's foreign currency denominated assets and liabilities are translated to the 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.

Description of accounting policy for functional currency [text block]

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

Description of accounting policy for goodwill [text block]

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.

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

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.

Description of accounting policy for income tax [text block]

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.

Uncertain tax positions

The Company reviews its criteria for the recognition and measurement of income taxes when there are uncertain tax positions. Uncertain tax positions are those tax positions where there is uncertainty about whether the competent tax authority of each of the countries where WALMEX operates will accept the tax position under current tax laws.

If the Company concludes that a particular tax treatment is likely to be accepted, it determines the taxable profit (tax loss), tax basis, unused tax losses, unused tax credits, or tax rates consistent with the tax treatment included in its tax return. If the Company concludes that a particular tax treatment is unlikely to be accepted, the entity uses the most probable amount or expected value of the tax treatment that the authority would accept when determining the tax profit (tax loss), tax basis, non-tax losses used, unused tax credits or tax rates.

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

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%.

Description of accounting policy for investment property [text block]

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.

Description of accounting policy for leases [text block]

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.

Description of accounting policy for measuring inventories [text block]

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.

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

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

Description of accounting policy for provisions [text block]

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.

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

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.

Description of accounting policy for segment reporting [text block]

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.

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

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 of 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 has two grant plans to executives; the first one grant stock options and the second one grant restricted shares (the last one is offered only to certain executive levels). In the stock option plan, the term to exercise the option is released in four years in two equal parts: 50% in two years and the remaining 50% by the end of the fourth year. 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 option is up to 10 years starting from the date of the assignment. 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 may exercise their option to acquire shares in equal parts over five years. The right to exercise the employee stock option expired after ten years as of the grant date or after sixty days following the date of the employee's termination and there was no restricted share 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.

Description of accounting policy for subsidiaries [text block]

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 Note 1, and prepared considering the same accounting period.

Subsidiaries or investees 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.

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

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.

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

As of December 31, 2020, the Company has no other relevant policies to understanding the consolidated financial statements.

[813000] Notes - Interim financial reporting

Dividends paid, ordinary shares:	30,933,523,000
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Dividends paid, other shares:	0
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Dividends paid, ordinary shares per share:	1.79
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Dividends paid, other shares per share:	0
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